PUBLIC ENTERPRISE
FOR STATE ROADS

INDEPENDENT AUDITOR’S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 DECEMBER 2025

Skopje, June 2026

CONTENTS **Page**

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INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF THE PUBLIC ENTERPRISE FOR STATE ROADS

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of PUBLIC ENTERPRISE FOR STATE ROADS – Skopje (the "Enterprise"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Enterprise as at 31 December 2025, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) as applied in the Republic of North Macedonia.

Basis for Qualified Opinion

Property, Plant and Equipment
As explained in Note 3.9 to the financial statements, in prior years the Enterprise revalued its property, plant and equipment using statutory revaluation coefficients based on the increase in producer prices of industrial products. In our opinion, this method of revaluation is not in accordance with IAS 16 – Property, Plant and Equipment, which requires assets to be carried either at cost less accumulated depreciation and accumulated impairment losses, or at a revalued amount, being their fair value at the date of the revaluation. The Enterprise has not performed a valuation of its property, plant and equipment by professionally qualified valuers in accordance with the requirements of IAS 16. Consequently, we were unable to obtain sufficient appropriate audit evidence regarding the valuation of these assets and the possible effect on the financial statements.

Capitalisation of Foreign Exchange Losses
As explained in Note 20 to the financial statements, as at 31 December 2025 the Enterprise capitalised foreign exchange losses in the amount of MKD 2,391,080 thousand within construction in progress – motorways and MKD 720,407 thousand within buildings and structures – motorways. These foreign exchange losses arise from payments made in United States dollars (USD) to project contractors. This accounting treatment was applied pursuant to a Report and Order issued by the State Audit Office. However, in our opinion, and in accordance with IAS 16 – Property, Plant and Equipment, IAS 21 – The Effects of Changes in Foreign Exchange Rates and IAS 23 – Borrowing Costs, foreign exchange losses arising from the settlement of foreign currency liabilities do not meet the criteria for capitalisation as part of the cost of the assets, but should instead be recognised in profit or loss in the period in which they arise. As a result, the cost of construction in progress and buildings and structures is overstated by the above amounts. During 2025, foreign exchange losses in the amount of MKD 403,167 thousand were capitalised, as a result of which profit for the year is overstated by the same amount. Our auditor's report for the prior year was also qualified in respect of this matter, for a total amount of MKD 316,034 thousand.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE
MANAGEMENT OF THE
PUBLIC ENTERPRISE FOR STATE ROADS

Construction in Progress – Local Roads
As explained in Note 20 to the financial statements, as at 31 December 2024 the Enterprise recognised construction in progress – local roads in the amount of MKD 4,227,687 thousand, financed by loans from the International Bank for Reconstruction and Development (IBRD) and the European Bank for Reconstruction and Development (EBRD), within the projects for improvement of existing regional and local roads. Upon completion of construction and technical acceptance, the local roads, which under the law fall under the competence of the municipalities, should be financially and physically transferred to the municipalities as their owners. Given that no financial handover of these assets had been performed as at the reporting date, and the assets are still recorded in the Enterprise's accounting records, we were unable to obtain sufficient appropriate audit evidence regarding the appropriateness of the recognition, measurement and presentation of construction in progress in the financial statements.

We conducted our audit in accordance with International Standards on Auditing as applied in the Republic of North Macedonia. 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 Enterprise in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the other ethical requirements applicable in the Republic of North Macedonia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to Note 26 to the financial statements, which explains that as at 31 December 2025 the Enterprise's current ratio was 0.7, which is below the prescribed minimum level of 1, and therefore the requirement for an adequate current ratio was not met. In addition, the Enterprise's debt service coverage ratio was 0.9, which is below the prescribed minimum level of 1, and therefore the requirement for an adequate debt service coverage ratio was not met. Our opinion is not modified in respect of this matter.

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 International Financial Reporting Standards (IFRSs) as 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 Enterprise'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 Enterprise or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Enterprise's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE
MANAGEMENT OF THE
PUBLIC ENTERPRISE FOR STATE ROADS

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 ISAs will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- 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 Enterprise'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 Enterprise'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 Enterprise 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.
- 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.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE
MANAGEMENT OF THE
PUBLIC ENTERPRISE FOR STATE ROADS

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

Skopje, 30 June 2026

Certified Auditor	**Manager and Certified Auditor**
Kostadinka Kitanoska	Antonio Veljanov

Друштво за ревизија МУР СТИВЕНС ДОО СКОПЈЕ

PUBLIC ENTERPRISE FOR STATE ROADS
STATEMENT OF COMPREHENSIVE INCOME for the year ended at 31 December

	Notes	2025 (000) MKD	2024 (000) MKD
Revenue from fees	8	11.880.707	11.513.548
Other income	9	649.069	627.174
		12.529.776	**12.140.722**
Costs of operating activities	10	(1.872.796)	(1.586.059)
Depreciation		(2.615.258)	(2.580.040)
Employee costs	11	(590.304)	(549.243)
Other costs	12	(1.060.220)	(1.078.676)
Provisions		(17.069)	(16.564)
OPERATING PROFIT		**6.374.129**	**6.330.140**
Financing income	13	3.736.375	1.221.164
Financing costs	14	(449.809)	(3.697.826)
PROFIT BEFORE TAX		**9.660.695**	**3.853.478**
Income tax	0	(612.905)	-
NET PROFIT		**9.047.790**	**3.853.478**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**9.047.790**	**3.853.478**

Skopje, 13.03.2026

Acting Director
Koce Trajanovski

Република Северна Македонија - Republika e Maqedonisë së Veriut
ЈАВНО ПРЕТПРИЈАТИЕ ЗА ДРЖАВНИ ПАТИШТА
NDËRMARRJA PUBLIKE PËR RRUGË SHTETËRORE
Скопје - Shkup

	Notes	2025 (000) MKD	2024 (000) MKD
ASSETS			
Current assets			
Cash and cash equivalents	15	2.583.486	3.421.246
Loans given (Current part)	0	-	-
Income tax receivables and other current assets	18	41.872	327.440
Prepayments and accrued income		88.847	60.262
Inventories	16	1.963	2.081
Total current assets		**2.716.168**	**3.811.029**
Non-Current assets			
Loans given	0	-	-
Advances for Property, Plant and Equipment	17	3.148.808	3.226.793
Intangible assets	20	6.792	4.932
Property, Plant and Equipment	19	187.404.000	167.832.307
Total Non-current assets		**190.559.600**	**171.064.032**
TOTAL ASSETS		**193.275.768**	**174.875.061**
LIABILITIES AND EQUITY			
Current liabilities			
Trade Payables	21	8.310.998	6.081.482
Current maturities of long term interest bearing borrowings	24	6.131.954	6.251.141
Other liabilities	22	733.382	586.169
Provisions	27	142.914	126.087
Total Current liabilities		**15.319.248**	**13.044.879**
Non-Current liabilities			
Government grants (deferred income)	23	40.852.242	33.792.363
Long term interest bearing borrowings	24	53.465.175	53.446.506
Total Non-Current liabilities		**94.317.417**	**87.238.869**
Total liabilities		**109.636.665**	**100.283.748**
Equity			
State capital	25	5.000	5.000
Revaluation reserve		9.796.453	9.796.453
Accumulated profit (loss)		73.837.650	64.789.860
Total equity		**83.639.103**	**74.591.313**
TOTAL LIABILITIES AND EQUITY		**193.275.768**	**174.875.061**

	2025 (000) MKD	2024 (000) MKD
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflows from fees	11.852.122	11.511.609
Cash inflows from other operating activities	7.978.625	17.802.179
Payments to suppliers for basic activities	(1.885.501)	(1.618.963)
Paid wages	(590.304)	(549.243)
Payments for other operating expenses	(1.043.656)	(1.077.976)
Paid income tax	(339.559)	(112.593)
Received interest	224.214	2.412
Net cash flow from operating activities	**16.195.941**	**25.957.425**
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans given/collected to other entities	-	6.326
Acquisition of intangible assets	(5.160)	(5.012)
Acquisition of PPE	(19.956.209)	(27.051.450)
Paid advances for PPE, net	77.985	40.798
Net cash flow from investing activities	**(19.883.384)**	**(27.009.338)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit payouts	-	-
Paid interest	(464.274)	(719.109)
Proceeds from / repayments of long-term borrowings, net	3.313.957	2.306.265
Net cash flow from financing activities	**2.849.683**	**1.587.156**
Net increase (decrease) of cash and cash equivalents	**(837.760)**	**535.243**
Cash and cash equivalents at the beggining of the year	**3.421.246**	**2.886.003**
Cash and cash equivalents at the end of the year	**2.583.486**	**3.421.246**

	State owned capital	Revaluation reserve	Reinvested profit	Accumulated profit (loss)	Total equity
	(000) MKD	(000) MKD	(000) MKD	(000) MKD	(000) MKD
Balance as at 1 January 2024	**5.000**	**9.796.453**	**3.448.047**	**57.488.335**	**70.737.835**
Adjustments	-	-	-	-	-
Balance as at 1 January 2024 - restated	**5.000**	**9.796.453**	**3.448.047**	**57.488.335**	**70.737.835**
Profit (loss) for the year	-	-	-	3.853.478	**3.853.478**
Reinvested profit from previous year according to Board of Directors Decision and Government of RM approval	-	-	5.906.427	(5.906.427)	**-**
Utilized reinvested profit	-	-	(3.448.047)	3.448.047	**-**
Balance as at 31 December 2024	**5.000**	**9.796.453**	**5.906.427**	**58.883.433**	**74.591.313**
Balance as at 1 January 2025	**5.000**	**9.796.453**	**5.906.427**	**58.883.433**	**74.591.313**
Reconciliation	-	-	-	-	-
Balance as at 1 January 2025	**5.000**	**9.796.453**	**5.906.427**	**58.883.433**	**74.591.313**
Profit (loss) for the year	-	-	-	9.047.790	**9.047.790**
Reinvested profit from previous year according to Board of Directors Decision and Government of RM approval	-	-	3.853.478	(3.853.478)	**-**
Utilized reinvested profit	-	-	(5.906.427)	5.906.427	**-**
Balance as at 31 December 2025	**5.000**	**9.796.453**	**3.853.478**	**69.984.172**	**83.639.103**

1. Basic information and activity

The Public Enterprise for State Roads, previous Agency for state roads ("The Enterprise") was established in accordance with the Law on Public Enterprises and it is engaged in the management, maintenance, protection, development and improvement of the state (national and regional) roads in the Republic of North Macedonia.

Specifically, the Enterprise is engaged in the following activities:

- management of the state roads;
- development, maintenance, operation and monitoring of state roads;
- investment activities relating to public roads;
- encumber with debts in domestic and foreign financial institutions for financing of its activities and
- other activities relating to the Law.

According to the Law on Public Roads, the financing of the Enterprise activities is provided with the following allowances:

- transfers from the State Budget (part of the excise duty on petroleum products);
- allowances for use of public roads by motor vehicles, collected upon vehicle registration;
- allowances for utilization of national and regional roads (road tolls);
- allowances for advertising billboards, connecting of access roads to state roads, setting of installations on roads, construction and using of commercial premises on state roads, excessive use of state roads, extraordinary transport, claims for damages on roads;
- borrowings and loans and
- other allowances according to the Law;

As at 31 December 2025, the Enterprise employed 507 employees (2024: 496 employees).

The Enterprise head office is at St. Dame Gruev No.14 in Skopje.

The governance of the Enterprise is organized according to a two-tier system, comprising a Management Board and a Supervisory Board. The Supervisory Board consists of three external members, while the Management Board is composed of seven members. The Enterprise is managed by a Director, who also represents the Enterprise in dealings with third parties. During 2024, and up to the date of signing these financial statements, the following individuals have served as Directors of the Enterprise:

1. Mr. Ejup Rustemi – served as Director until July 4, 2024.
2. Mr. Koce Trajanovski – appointed as Acting Director as of July 4, 2024.

2. Basis of preparation of the financial statements

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

2.1 Basis of Preparation of the Financial Statements

These financial statements, presented on pages 5 to 35, have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") published in the Republic of North Macedonia through the Rulebook on Accounting (Official Gazette of the Republic of North Macedonia Nos. 75/2024 and 274/2024), effective from 1 January 2025.

The comparative information for the prior year has been prepared in accordance with the accounting standards applicable during that reporting period and has not been restated to reflect the new accounting framework. The Enterprise assessed the potential impact of the changes introduced by IFRSs on its financial position and financial performance and concluded that these changes do not have a significant impact on its financial statements.

These financial statements have been prepared as at and for the years ended 31 December 2025 and 2024. The current and comparative financial information is presented in thousands of Macedonian Denars (MKD'000). Where necessary, comparative figures have been reclassified to conform to the presentation adopted in the current year.

2.2. Basic accounting methods

The financial statements are prepared based on historical cost basis.

2.3 Adoption of New and Revised IFRSs

Effective from 1 January 2025, the Enterprise has applied the International Financial Reporting Standards that are effective in accordance with the applicable regulatory framework in the Republic of North Macedonia.

New and amended IFRSs effective in the current reporting period

The following new and amended IFRSs are effective for the reporting period beginning on 1 January 2025:

- IFRS 15 – Revenue from Contracts with Customers, which introduces a single model for revenue recognition based on the identification and satisfaction of performance obligations; and
- IFRS 16 – Leases, which introduces a new accounting model for lessees, requiring the recognition of right-of-use assets and corresponding lease liabilities for lease arrangements that were previously accounted for as operating leases.

Management has assessed the impact of adopting the new and revised standards and interpretations on the financial statements.

The adoption of the new and revised standards and interpretations effective from 1 January 2025 did not have a material impact on the Enterprise's financial position, financial performance or cash flows during the current reporting period.

Standards issued but not yet effective

The following standards have been issued but their application has been deferred until 1 January 2028:

- IFRS 9 – Financial Instruments; and
- IFRS 17 – Insurance Contracts.

In view of the deferred effective date of these standards, and in accordance with the Opinion issued by the Council for Advancement and Oversight of the Accounting Profession of the Republic of North Macedonia, IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 4 – Insurance Contracts, as published in the Rulebook on Accounting (Official Gazette Nos. 159/2009, 164/2010 and 107/2011), remain applicable.

The Enterprise has not early adopted these standards in the current reporting period.

2.4 Use of Estimates and Judgements

The preparation of these financial statements requires the Enterprise to make accounting estimates and judgements. Certain amounts reported in the financial statements cannot be measured with precision and are therefore estimated. The estimation process involves judgements based on the latest available information.

Estimates are used primarily in determining the useful lives of assets, assessing the recoverability of trade receivables, determining inventory obsolescence, estimating the fair value of investments available for sale, and in other areas where management judgement is required.

Accounting estimates are reviewed on an ongoing basis and may be revised if changes occur in the circumstances on which they were based, or as a result of new information, increased experience or subsequent events.

The effects of changes in accounting estimates are recognised in profit or loss in the period of the change and in future periods if the change affects both current and future periods.
The Enterprise holds financial assets and liabilities, including trade receivables, investments and trade payables, as well as certain non-financial assets, for which the application of accounting policies and related disclosures requires the use of professional judgement.

In accordance with IFRS 13 – Fair Value Measurement, fair value is defined as 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.

The fair values of the Enterprise's financial assets and liabilities approximate their carrying amounts, as most of these instruments have short-term maturities, generally not exceeding one year from the reporting date.

Since the end of the previous annual reporting period, there have been no significant changes in market or economic conditions, nor in the valuation techniques or key assumptions applied, that would materially affect the fair value of the Enterprise's assets and liabilities.

During the current reporting period, there were no changes in the classification of assets and liabilities within the fair value hierarchy compared with the previous annual financial statements.

There were also no transfers of financial assets or financial liabilities between the levels of the fair value hierarchy during the current reporting period.

2.5 Going Concern

The financial statements have been prepared on the going concern basis, which assumes that the Enterprise will continue its operations for the foreseeable future. Given that the Enterprise was established to perform activities of public interest, management has neither the intention nor the need to liquidate the Enterprise or to materially curtail the scale of its operations.

3. Basic accounting policies and estimates

3.1. Revenue Recognition

Revenue is recognised when it is probable that future economic benefits will flow to the Enterprise and those benefits can be measured reliably. Revenue represents economic benefits arising in the course of the Enterprise's ordinary activities.
The Enterprise's revenue is generated from fees and charges prescribed by the Law on Roads, as described in Note 1 above. The principal sources of revenue include: toll charges for the use of public roads; the statutory share of excise duties on petroleum products; the statutory share of motor vehicle registration fees; and fees for permits issued for extraordinary transport.

Revenue is recognised when the Enterprise becomes entitled to the relevant fee or charge in accordance with the applicable legislation and when it is probable that the associated economic benefits will flow to the Enterprise and the amount of revenue can be measured reliably.

Revenue from toll charges is recognised at the point when the state road is used, being the point at which the Enterprise's right to consideration arises. Revenue from extraordinary transport permits is recognised upon the issuance of the relevant permit, when the statutory conditions have been satisfied. Revenue derived from the statutory share of excise duties on petroleum products and from the statutory share of motor vehicle registration fees is recognised in the period in which the Enterprise becomes entitled to those funds under the applicable legislation.

Revenue is measured at the amount of consideration to which the Enterprise is entitled.
In preparing these financial statements, the Enterprise applied the new and amended International Financial Reporting Standards effective for the annual reporting period ended 31 December 2025.

The adoption of these standards resulted in the alignment of the Enterprise's accounting policies and disclosures with the applicable financial reporting requirements, without having a material effect on the recognition, measurement or presentation of the Enterprise's assets, liabilities, revenue, expenses or cash flows.

Other Revenue

Other revenue is recognised in the period to which it relates on an accrual basis, irrespective of the timing of collection, provided that the relevant recognition criteria prescribed by the applicable International Financial Reporting Standards have been satisfied.

3. Basic accounting policies and estimates (Continued)

Finance Income

Finance income accrued up to the reporting date is recognised in profit or loss in the period to which it relates, regardless of whether it has been received. Finance income comprises interest income and foreign exchange gains.
Dividend income is recognised when the Enterprise's right to receive payment is established.
Interest income is recognised using the accrual basis over the period to which it relates.

3.2 Expense Recognition

Expenses are recognised in the statement of profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognised on the basis of the direct association between the costs incurred and the earning of the related revenue.

3.3 Finance Costs

Finance costs accrued up to the reporting date are recognised as expenses in the period to which they relate, irrespective of whether they have been paid. Finance costs comprise interest expense, commissions and foreign exchange losses.
Interest expense is recognised using the accrual basis over the period to which it relates.

3.4 Foreign Currency Transactions

The Enterprise maintains its accounting records and prepares its financial statements in Macedonian Denars ("MKD"), which is its functional and presentation currency.
Transactions denominated in foreign currencies are translated into MKD at the exchange rates prevailing on the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies are translated into MKD at the official middle exchange rates published by the National Bank of the Republic of North Macedonia prevailing at the reporting date.

Foreign exchange gains and losses arising from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss as finance income or finance costs.

The majority of the Enterprise's foreign currency transactions are denominated in Euros ("EUR") and United States Dollars ("USD"). The official middle exchange rates of the EUR and USD as at 31 December 2025 and 2024 were as follows:

In MKD	1 EUR	1 USD
31 December 2025	61.4950 MKD	52.3050 MKD
31 December 2024	61.4950 MKD	58.8808 MKD

3. Basic accounting policies and estimates (Continued)

3.5 Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at their nominal value. For the purposes of these financial statements, cash and cash equivalents comprise cash held in MKD and foreign currency current accounts, cash on hand, and demand deposits with banks having original maturities of up to three **months.**

3.6 Advances Paid

Advances paid are ecognized at their nominal value, less any allowance for doubtful and disputed advances. They primarily comprise advances paid to contractors in respect of current maintenance and capital maintenance activities.

3.7 Inventories

Inventories of small tools and consumable spare parts are measured at the lower of cost and net ealizable value. Cost comprises all costs incurred in bringing the inventories to their present location and condition. Net ealizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Advances for Property, Plant and Equipment

Advances for property, plant and equipment represent amounts paid to suppliers for the acquisition of property, plant and equipment. They are stated at their nominal value, less any allowance for doubtful and disputed advances.

3.9 Property, Plant and Equipment

(a) General

Property, plant and equipment are initially recognised at cost. Cost comprises the purchase price together with all directly attributable costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Up to and including 2012, property, plant and equipment were revalued at the end of each financial year by applying the statutory revaluation coefficient based on the annual increase in producer prices of industrial products, as published by the State Statistical Office of the Republic of North Macedonia, to the historical cost (or previously revalued amount) and accumulated depreciation of the assets. Effective from 1 January 2013, this statutory revaluation has no longer been applied.

The effect of the revaluation was recognised as an increase in the revaluation reserve, while depreciation was calculated from the following financial year based on the revalued carrying amount of the assets determined at the end of the preceding year**.**

(b) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets.
No depreciation is charged on construction in progress until the related assets are completed and brought into use.

3. Basic accounting policies and estimates (Continued)

3.9 Property, Plant and Equipment (Continued)

The annual depreciation rates applied during 2025 (2024: unchanged) are as follows:

Asset	2025	2024
Property	1 %	1 %
National Roads (motorways)	7 %	7 %
Regional Roads	3 %	3 %
Computer equipment	20 %	20 %
Other equipment	12 %	12 %
Motor vehicles	15 %	15 %

3.10. Trade and Other Payables

Trade payables are recognised at the nominal amounts arising from normal business transactions.
Trade payables are derecognised upon expiry of the applicable statutory limitation period or upon settlement by mutual agreement, with the corresponding amount recognised as other operating income.

3.11 Borrowings

Borrowings comprise both current and non-current loans and are initially recognised at their nominal value. Accrued interest is recognised as part of other liabilities, with a corresponding charge to finance costs and other expenses.

Foreign borrowings are translated at the official exchange rate of the Macedonian Denar prevailing at the reporting date. Foreign exchange gains and losses arising on the translation of such borrowings are recognised in profit or loss as finance income or finance costs.
A detailed breakdown of long-term borrowings is presented in Note 24 to the financial statements.

3.12 Equity

Up to 31 December 2012, the total equity of the Enterprise consisted of State capital amounting to MKD 38,926,796 thousand.

Changes in equity up to 31 December 2012 comprised revaluation reserves relating to property, plant and equipment, retained earnings, revaluation adjustments and other equity adjustments.

Following the transformation of the former Agency for State Roads into the Public Enterprise for State Roads on 1 January 2013, the share capital was restructured. As at 31 December 2025 (2024: same), the registered share capital amounts to MKD 5,000 thousand and consists entirely of a cash contribution.

The founder and sole owner of the Enterprise is the Government of the Republic of North Macedonia. The initial capital contribution was provided from the funds held in the treasury account of the former Agency for State Roads and represented part of the balance transferred upon the establishment of the Enterprise.

3. Basic accounting policies and estimates (Continued)

3.13 Provisions

Provisions are recognised when the Enterprise has a present legal or constructive obligation arising from a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably. Where reimbursement of part or all of a provision is expected, for example under an insurance contract, the reimbursement is recognised as a separate asset only when its receipt is virtually certain.

The expense relating to a provision is recognised in profit or loss, net of any expected reimbursement.

Where the effect of the time value of money is material, provisions are measured at the present value of the expected future cash outflows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.14 Contingencies

A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Enterprise. Contingent liabilities are not recognised in the financial statements but are disclosed where required.

Contingent assets are possible assets arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Enterprise. Contingent assets are not recognised; they are disclosed when an inflow of economic benefits is probable.

3.15 Government Grants

Government grants are recognised when there is reasonable assurance that the Enterprise will comply with the conditions attached to the grants and that the grants will be received. Government grants related to the acquisition, construction, reconstruction or improvement of non-current assets are recognised as deferred income in the statement of financial position. Deferred income is recognised systematically in profit or loss over the estimated useful life of the related asset, on the same basis as the depreciation expense of that asset is recognised. Government grants related to income are recognised in profit or loss on a systematic basis over the periods in which the related expenses that the grants are intended to compensate are recognised.

Non-monetary government grants are recognised at their nominal value where such measurement is appropriate, with the related asset and deferred income recognised simultaneously. The deferred income is subsequently recognised in profit or loss on a systematic basis over the estimated useful life of the related asset.

Government grants are not recognised directly in equity but are recognised in profit or loss on a systematic basis over the periods in which the Enterprise recognises the related expenses that the grants are intended to compensate.

3. Basic accounting policies and estimates (Continued)

3.16 Income Tax (Current and Deferred)

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss. Current income tax is calculated in accordance with the applicable tax legislation of the Republic of North Macedonia. Under the applicable tax regulations, current income tax is calculated based on taxable profit, which represents profit before tax increased by non-deductible expenses and reduced by understated revenue arising from transactions with related parties (2024: same). Income tax is calculated using the tax rate enacted at the reporting date of 10% (2024: 10%).

Deferred income tax is recognised using the liability method for all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related temporary differences reverse.

4. Financial Risk Management

The Enterprise is exposed to various financial risks arising from its day-to-day operating activities and transactions with customers, suppliers and lenders. The principal financial risks to which the Enterprise is exposed, together with its policies for managing these risks, are set out below.

4.1 Market Risk

Foreign Currency Risk

The Enterprise enters into transactions denominated in foreign currencies, primarily in connection with borrowings obtained in foreign currencies. Consequently, it is exposed to fluctuations in foreign exchange rates.

The Enterprise has not established a formal foreign currency risk management policy, as financial instruments for hedging such exposures are not readily available in the Republic of North Macedonia. Accordingly, the Enterprise remains exposed to fluctuations in foreign exchange rates, the effects of which are presented in the table below.

4.2 Interest Rate Risk

The Enterprise is exposed to interest rate risk through borrowings and loans, as well as deposits placed with banks that bear variable interest rates.

As the Enterprise has entered into such financing arrangements, it is exposed to changes in market interest rates. However, this exposure depends on developments in the financial markets, and the Enterprise has limited ability to mitigate this risk.

4. Financial Risk Management (Continued)

4.3 Liquidity Risk

Liquidity risk is the risk that the Enterprise will be unable to meet its financial obligations as they fall due.

The Enterprise manages liquidity risk by maintaining sufficient cash and cash equivalents to ensure the timely settlement of its financial obligations.

4.4 Tax Risk

In accordance with the tax legislation of the Republic of North Macedonia, the Enterprise's financial statements and accounting records are subject to examination by the tax authorities following the submission of the relevant tax returns.

As at the date of these financial statements, no tax audit has been performed in respect of the Enterprise's 2025 corporate income tax return, nor in respect of value added tax, personal income tax and related payroll contributions.

Accordingly, any additional tax liabilities that may arise as a result of future tax inspections cannot presently be determined with reasonable certainty.

5. Fair value estimation

The Enterprise holds financial assets and liabilities, as well as certain non-financial assets, for which a number of accounting policies and disclosure requirements require the determination of fair value.
The fair values of the Enterprise's financial assets and liabilities approximate their carrying amounts, as the majority of these financial instruments have relatively short maturities. The only exception relates to borrowings; however, as these bear variable interest rates, their carrying amounts are considered to approximate their fair values.

6. Financial instruments

6.1. Capital risk management

The Enterprise finances its operations through the use of long-term borrowings in order to secure an appropriate return on its investments.
The Enterprise continuously monitors its level of indebtedness through appropriate financial analyses. The capital structure as at 31 December 2025 and 2024 is presented below.

In (000) MKD	**2025**	**2024**
Debt	59,597,127	59,697,647
Cash and cash equivalents	(2,583,486)	(3,421,246)
Net debt (cash)	**57,013,643**	**56,276,401**
Total equity	**83,639,103**	**74,591,313**
% of debt	**68%**	**75%**

6. Financial instruments (Continued)

6.2. Foreign currency risk

The Enterprise enters into transactions denominated in foreign currencies, primarily in connection with borrowings obtained in foreign currencies. Consequently, the Enterprise is exposed to fluctuations in foreign exchange rates.

The carrying amounts of the Enterprise's foreign currency-denominated monetary assets and liabilities as at 31 December 2025 and 2024, translated into Macedonian Denars (MKD), are presented by currency as follows:

	Assets		Liabilities	
In (000) MKD	**2025**	**2024**	**2025**	**2024**
EUR	382,306	1,808,947	22,261,078	20,049,734
USD	459	171	28,406,731	31,412,585
other	1,225	595	-	-
	383,990	**1,809,713**	**50,667,809**	**51,462,319**

The Enterprise's exposure is primarily to the Euro (EUR) and the United States Dollar (USD). The exposure to EUR and USD in respect of liabilities mainly relates to bank borrowings and other loans denominated in, or indexed to, foreign currencies, the repayment of which in Macedonian Denars (MKD) depends on fluctuations in the exchange rate of the MKD against the EUR and USD.

The sensitivity analysis below has been determined based on the 10% increase or decrease of the Macedonian Denar (MKD) related to the foreign currencies. The analysis has been done based on the carrying amounts of the assets and liabilities denominated in foreign currency at the balance sheet date. A positive number below indicates an increase in profit and equity and negative number below indicates a decrease.

	+ 10%		- 10%	
In (000) MKD	**2025**	**2024**	**2025**	**2024**
EUR	(2,187,877)	(1,824,079)	2,187,877	1,824,079
USD	(2,840,627)	(3,141,241)	2,840,627	3,141,241
other	123	60	(123)	(60)
Net effect	**(5,028,382)**	**(4,965,261)**	**5,028,382**	**4,965,261**

6.3. Interest rate risk

The Enterprise is exposed to interest risk arising from deposits and borrowings from banks and other entities, with a variable interest rate clause.

The carrying amount of the financial assets and liabilities according to their exposure to interest risk at the end of the year is as follows:

6. Financial instruments (Continued)

6.3. Interest rate risk (Continued)

In (000) MKD	31 December 2025	2024
Financial assets		
Non-interest bearing:		
- Cash and cash equivalents	3,817	3,838
- Other assets	41,872	41,324
	45,689	**45,162**
Variable interest bearing :		
- Given loans	-	-
- Cash and cash equivalents	2,579,669	3,417,408
	2,579,669	**3,417,408**
	3,625,358	**3,462,570**
Financial liabilities		
Non-interest bearing:		
- Trade payables	8,310,998	6,081,482
- Other current liabilities	111	494,058
- Borrowings	13,800,077	10,113,752
	22,111,186	**16,689,292**
Variable interest bearing:		
- Borrowings	17,390,321	18,171,309
	17,390,321	**18,171,309**
Fixed interest bearing:		
- Borrowings	28,406,731	31,412,586
	28,406,731	**31,412,586**
	67,908,238	**66,273,187**

The sensitivity analysis below has been determined based on the exposure to interest rates as a result of a 1% points increase or decrease for the bank deposits and borrowings at the balance sheet date. A positive number below indicates an increase in profit and equity and negative number below indicates a decrease.

	plus 1% points		less 1% points	
In (000) MKD	**2025**	**2024**	**2025**	**2024**
Borrowings	(173,903)	(181,713)	173,903	181,713
Bank deposits	-	-	-	-
Net effect	**(173,903)**	**(181,713)**	**173,903**	**181,713**

6. Financial instruments (Continued)

6.4. Liquidity risk

The following table details the Enterprise's remaining contractual maturity for its financial assets and liabilities as at 31 December 2025:

In (000) MKD	Less than 1 month	1 to 3 month	3 to 12 month	Over 12 months	Total
Cash	2,583,486	-	-	-	2,583,486
Given loans	-	-	-	-	-
Other receivables	41,872	-	-	-	41,872
	2,625,358	**-**	**-**	**-**	**2,625,358**
Trade payables	8,310,998	-	-	-	8,310,998
Borrowings	1,408,386	1,350,836	3,372,732	53,465,175	59,597,129
Other payables	111	-	-	-	111
	9,719,495	**1,350,836**	**3,372,732**	**53,465,175**	**67,908,238**

The following table details the Enterprise's remaining contractual maturity for its financial assets and liabilities as at 31 December 2024:

In (000) MKD	Less than 1 month	1 to 3 month	3 to 12 month	Over 12 months	Total
Cash	3,421,246	-	-	-	3,421,246
Given loans	0	-	-	-	-
Other receivables	41,324	-	-	-	41,324
	3,462,570	**-**	**-**	**-**	**3,462,570**
Trade payables	6,081,482	-	-	-	6,081,482
Borrowings	1,579,069	1,275,334	3,396,739	53,446,505	59,697,647
Other payables	494,058	-	-	-	494,058
	8,154,609	**1,275,334**	**3,396,739**	**53,446,505**	**66,273,187**

7. Segment reporting

The Enterprise does not have any segment reporting as it has no obligation for such reporting neither is divided in separate business or geographical segments.

8. REVENUES FROM FEES

The revenues from allowances realized according to their types, is as follows:

	2025 (000) MKD	2024 (000) MKD
Revenue from petrol price (State Budget transfers)	5.400.833	5.345.675
Revenue from highway utilization pay-toll	4.178.655	4.038.697
Revenue from motor vehicles registration	2.301.219	2.129.176
Total revenues from allowances	**11.880.707**	**11.513.548**

9. OTHER OPERATING INCOME

The other operating income realized according to types, is as follows:

	2025 (000) MKD	2024 (000) MKD
Income from compensations by other entities	113.827	68.203
Income from free of charge assets (Note 20 and 24)	533.812	497.842
Income from releasing of provisions (Note 28)	101	57.455
Other income	1.329	3.674
Total other operating income	**649.069**	**627.174**

10. COST OF OPERATING ACTIVITIES

The cost for basic activities realized according to their types, is as follows:

	2025 (000) MKD	2024 (000) MKD
Expenses for road reconstruction and maintenance	1.572.796	1.286.059
Transfer of allowances to local communities	300.000	300.000
Total cost for basic activities	**1.872.796**	**1.586.059**

11. EMPLOYEES EXPENSES

The costs for employees realized according to their types, are as follows:

	2025 (000) MKD	2024 (000) MKD
Employees wages	516.989	493.687
Severance payments and bonuses	20.088	21.714
Business travel allowances	864	685
Temporary employment costs	29.484	1.868
Expenses for transport	22.879	31.289
Total	**590.304**	**549.243**

12. OTHER OPERATING EXPENSES

The other operating expenses realized according to their types, are as follows:

	2025 (000) MKD	2024 (000) MKD
Expenses for monitoring	39.537	54.022
Bank fees	73.051	71.406
Public utility services expenses	164.846	185.023
Expenses for motor vehicles association fees	68.792	87.974
Other services	61.792	55.245
Maintenance and repairing expenses	266.870	374.926
Consultants	100.350	42.394
Material costs	25.735	15.730
Insurance costs	4.085	1.351
Representation	16	419
Lawyers fee	4.380	2.429
Expenses for court litigations	50.903	3.721
Additionaly calculated taxes	-	-
Expenses for reimbursement of motorway toll fees	128.348	132.433
Other operating expenses	71.515	51.603
Total other operating expenses	**1.060.220**	**1.078.676**

13. FINANCING INCOME

The financing income realized according to their types, are as follows:

	2025 (000) MKD	2024 (000) MKD
Interest income	224.214	2.412
Gains on exchange	3.512.161	1.218.752
Total financing income	**3.736.375**	**1.221.164**

14. FINANCING COSTS

The financing costs realized according to their types, are as follows:

	2025 (000) MKD	2024 (000) MKD
Interest costs from borrowings	332.193	654.692
Penal interest	18.653	39.466
Loss on exchanges	98.963	3.003.668
Total financing costs	**449.809**	**3.697.826**

The interest costs according to the creditors, are as follows:

	2025 (000) MKD	2024 (000) MKD
EBRD - local and regional roads	79.437	125.143
The Export-Import Bank of China	135.738	163.737
EBRD - electronic toll sistem	2.673	1.483
EIB II	-	1.684
IBRD - The World Bank	105.680	154.060
Eksport-Import Banka Kina	-	191.968
EBRD Skopje - granica Kosovo	-	12.381
EBRD Kriva Palanka - Deve Bair	8.665	4.236
Total interest costs	**332.193**	**654.692**

15. CASH AND CASH EQUIVALENTS

The cash and cash equivalents as at 31 December consist of the following:

	2025 (000) MKD	2024 (000) MKD
Denar accounts at domestic banks	2.196.140	1.608.167
Cash in hand	3.356	3.366
Foreign currency accounts at domestic banks	92.300	22.886
Letters of credit	-	-
Cash in hand - foreign currency	461	472
Allocated funds	-	-
Foreign exchange accounts	291.229	1.786.355
Total cash and cash equivalents	**2.583.486**	**3.421.246**

Foreign exchange accounts as at 31 December 2025 are comprised of withdrawn but still not used cash from foreign creditors and received cash from litigation, as follows:

Account (SA) for IBRD Loans	36.665	164.018
Account (SA) for EBRD Loans	254.564	100.797
Deposit from budget funds from the Ministry of Transport	-	1.234.453
Deposits from litigation	-	287.087
Total	**291.229**	**1.786.355**

16. INVENTORIES

Inventories as at 31 December consist of the following:

	2025 (000) MKD	2024 (000) MKD
Materials	1.963	2.081
Total inventories	**1.963**	**2.081**

17. ADVANCES FOR PROPERTY AND EQUIPMENT

Advances given to:	2025 (000) MKD	2024 (000) MKD
Behtel Enka	3.074.750	3.074.750
GD Granit AD Skopje	11.917	49.728
Ilinden Struga	1.973	23.227
Aselsan	20.940	24.613
Alpine Podruznica Skopje	30.181	30.181
Pelagonija AD Gostivar	-	3.486
Zikol DOOEL	-	11.761
Elektrosoft Skopje	9.047	9.047
Bitem	-	-
Total advances for property and equipment	**3.148.808**	**3.226.793**

18. INCOME TAX RECEIVABLES AND OTHER CURRENT ASSETS

	2025 (000) MKD	2024 (000) MKD
Income tax receivables	-	286.116
Other current assets	41.872	41.324
Income tax receivables and other current assets	**41.872**	**327.440**

19. PROPERTY, PLANT AND EQUIPMENT

Changes of property and equipment during 2025 are as follows:

	Buildings (000) MKD	Roads (000) MKD	Equipment (000) MKD	Construction in progress (000) MKD	Total (000) MKD
Cost or revaluation					
Balance as at 1 January	**31.264**	**156.917.061**	**326.048**	**80.603.091**	**237.877.464**
Additions	-	1.370.176	806	20.410.158	21.781.140
Transfer from P/E in progress	-	-	-	-	-
Capitalized exchange rate differences	-	-	-	403.167	403.167
Donated fixed assets	-	-	-	-	-
Corrections (Note 24)	-	-	-	-	-
Released provision for court litigations (Note 28.b)	-	-	-	-	-
Write-off and other deductions	-	(593)	(3.115)	-	(3.708)
Balance as at 31 December	**31.264**	**158.286.644**	**323.739**	**101.416.416**	**260.058.063**
Accumulated depreciation					
Balance as at 1 January	**10.050**	**69.773.082**	**262.025**	**-**	**70.045.157**
Depreciation	184	2.594.736	17.038	-	2.611.958
Disposal of fixed assets	-	-	-	-	-
Write-off and other deductions	-	(593)	(2.459)	-	(3.052)
Balance as at 31 December	**10.234**	**72.367.225**	**276.604**	**-**	**72.654.063**
Carrying amount as at:					
31.December 2025	**21.030**	**85.919.419**	**47.135**	**101.416.416**	**187.404.000**
31.December 2024	**21.214**	**87.143.979**	**64.023**	**80.603.091**	**167.832.307**

Construction in progress as at 31 December 2024 in total amount of 101,416,416 thousands of MKD (2024: 80,603,091 thousands of MKD) are comprised of investments in building up to national, regional and local roads.

The Enterprise has acquired infrastructure assets free of charge arising from completed projects for the construction, reconstruction and upgrading of national and regional road infrastructure, financed through the Ministry of Transport and Communications, the Ministry of Finance and other sources of funding.

Depreciation is charged on assets that have been brought into use, based on their estimated useful lives. The corresponding amount of the government grant is recognised as deferred income and is recognised systematically in profit or loss over the useful life of the related assets, in an amount corresponding to the depreciation charged. For assets that are still recorded as construction in progress, no depreciation is charged and no grant income is recognised until the assets are brought into use.

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

Assets still classified as construction in progress

	Balance at 1 January 2025	Grants received during the year	Total
Assets received free of charge from the European Bank for Reconstruction and Development (EBRD) (Corridor VIII)	148.955	-	148.955
Assets received free of charge from the International Bank for Reconstruction and Development (IBRD) (Corridor VIII)	442.794	388.508	831.302
Assets received free of charge from the Ministry of Transport and Communications, financed from the Budget of the Republic of North Macedonia (Corridor VIII)	18.600.000	7.189.393	25.789.393
	19.191.749	**7.577.901**	**26.769.650**

Assets received free of charge transferred to property, plant and equipment

	Cost	Accumulated depreciation at 1 January 2025	Depreciation charge for the year	Carrying amount
Infrastructure assets received free of charge from the Ministry of Transport and Communications, financed from the Budget of the Republic of North Macedonia through the proceeds from the sale of Macedonian Telecom	875.058	357.973	13.031	504.054
Infrastructure assets received free of charge from the Ministry of Transport and Communications, financed from the Operational Programme for Regional Development	1.476.067	543.313	103.325	829.429
Infrastructure assets received free of charge from the Ministry of Finance (Corridor X)	13.361.182	360.563	394.647	12.605.972
Infrastructure assets received free of charge from the European Investment Bank (EIB) (Corridor X)	171.077	20.921	7.019	143.137
	15.883.384	**1.282.770**	**518.022**	**14.082.592**

20. INTANGIBLE ASSETS

Changes during 2025:

	Licenses (000) MKD	Software (000) MKD	Total (000) MKD
Cost			
Balance as at 1 January	**1.634**	**62.534**	**64.168**
Additions	-	5.160	5.160
Balance as at 31 December	**1.634**	**67.694**	**69.328**
Accumulated amortization			
Balance as at 1 January	**1.634**	**57.602**	**59.236**
Amortization	-	3.300	3.300
Balance as at 31 December	**1.634**	**60.902**	**62.536**
Carrying amount as at:			
31.December 2025	**-**	**6.792**	**6.792**
31.December 2024	**-**	**4.932**	**4.932**

21. TRADE PAYABLES

Trade payables as at 31 December consist of the following:

	2025 (000) MKD	2024 (000) MKD
Domestic payables for property, equipment and expenses	1.992.335	2.315.361
Domestic payables for retained deposits	1.447.906	1.887.696
Foreign payables	4.870.757	1.878.425
Total liabilities to suppliers	**8.310.998**	**6.081.482**

Domestic payables in amount of 1,992,335 thousands of MKD (2024: 2,315,361 tousands of MKD) mostly include obligations related to unpaid interim statements towards contractors.

Domestic payables for retained deposits to construction companies in amount of 1,447,906 thousands of MKD (2024: 1,887,696 thousands of MKD) arise from interim payment statement for building of roads and represent deposits to contractors as a security for quality performance, which are release at the end of the projects by adequate confirmation.

Foreign payables in amount of 4,870,757 thousands of MKD (2024: 1,878,425 thousands of MKD) include obligations related to unpaid interim statements towards foreign contractors.

22. OTHER SHORT-TERM LIABILITIES

The other short-term liabilities as at 31 December consist of the following:

	2025 (000) MKD	2024 (000) MKD
Liabilities for income tax	273.346	-
Interest liabilities	380.295	493.723
Liabilities for concessions	-	1.916
Liabilities for expropriation of land	79.630	90.195
Liabilities for net wages	-	-
Other liabilities	111	335
Total other current liabilities	**733.382**	**586.169**

Income tax is calculated on financial result presented in the income statement, adjusted for non-deductible expenses and redused by the amount of the reinvested profit in accordance with the tax regualtions, by applying a tax rate of 10% (2024: 10%).

23. GOVERNMENT GRANTS (DEFERRED INCOME)

Government grants as at 31 December consist of following:

	2025 (000) MKD	2024 (000) MKD
Balance as at 1 January	**33.792.363**	**16.273.317**
Received grants during the period	7.577.901	18.016.887
Correction of prior-year depreciation	15.790	-
Released to the income statement	(533.812)	(497.841)
Balance as at 31 December	**40.852.242**	**33.792.363**

The government grants relate to completed projects for the construction and reconstruction of national and regional roads implemented by the Ministry of Transport and Communications using funds from the Budget of the Republic of North Macedonia (proceeds from the sale of Macedonian Telecom), which were transferred to the Enterprise in prior years. As at 31 December 2025, the related deferred income amounted to MKD 504,054 thousand (2024: MKD 517,085 thousand). These deferred government grants are recognised in profit or loss systematically over the estimated useful lives of the related assets, commencing from the date on which the assets were fully completed and brought into use, namely 1 January 2008. The annual amortisation of these deferred government grants amounts to MKD 13,031 thousand.

The grant from the European Investment Bank (EIB) represents a dedicated grant for technical assistance in the implementation of the Corridor X motorway construction project (Demir Kapija – Smokvica). The grant was used to finance consultancy services provided by SAFEGE Consulting Engineers Belgium for the implementation of the Corridor X project. As at 31 December 2025, the related deferred income amounted to MKD 143,137 thousand (2024: MKD 150,155 thousand). This deferred government grant is recognised in profit or loss systematically over the estimated useful life of the related asset, commencing from the date on which the project was completed and brought into use, namely 1 February 2024. The annual amortisation of this deferred government grant amounts to MKD 7,018 thousand.

The grant from the International Bank for Reconstruction and Development (IBRD) represents a dedicated grant for financing the implementation of the expressway construction project on the Rankovce–Kriva Palanka section, forming part of the eastern section of Pan-European Corridor VIII. As at 31 December 2025, the related deferred income amounted to MKD 831,303 thousand (2024: MKD 442,794 thousand). The related deferred government grant will commence to be recognised in profit or loss when the respective road section is completed and brought into use, over the estimated useful life of the related asset.

23. GOVERNMENT GRANTS (DEFERRED INCOME) (Continued)

The government grants relate to completed projects for the construction of sections of Corridor X implemented by the Ministry of Transport and Communications using funds provided under the Operational Programme for Regional Development. The related road infrastructure was transferred to the Enterprise. As at 31 December 2025, the related deferred income amounted to MKD 829,429 thousand (2024: MKD 932,754 thousand). These deferred government grants are recognised in profit or loss systematically over the estimated useful lives of the related assets, commencing from the date on which the assets were fully completed and brought into use, namely 1 August 2019. The annual amortisation of these deferred government grants amounts to MKD 103,325 thousand.

The government grants relate to completed projects for the construction of Corridor VIII, including the Tetovo–Gostivar–Bukojčani section and the Trebeništa–Struga–Qafë Thanë motorway, implemented by the Ministry of Transport and Communications using funds from the Budget of the Republic of North Macedonia. The related road infrastructure was transferred to the Enterprise. As at 31 December 2025, the related deferred income amounted to MKD 25,789,393 thousand (2024: MKD 18,600,000 thousand). During 2025, the Enterprise received infrastructure assets free of charge with a total value of MKD 7,189,393 thousand. These deferred government grants are recognised in profit or loss systematically over the estimated useful lives of the related assets, commencing from the date on which the respective assets are fully completed and brought into use.

The grant from the European Bank for Reconstruction and Development (EBRD) represents a dedicated grant for financing the implementation of the road rehabilitation project on the Kriva Palanka–Deve Bair section, forming part of the eastern section of Pan-European Corridor VIII. As at 31 December 2025, the related deferred income amounted to MKD 148,955 thousand (2024: MKD 148,955 thousand). The related deferred government grant will commence to be recognised in profit or loss when the respective road section is completed and brought into use, over the estimated useful life of the related asset.

The government grants relate to completed projects for the construction of sections of Corridor X, including the Demir Kapija–Smokvica motorway section, implemented by the Ministry of Finance. The related road infrastructure was transferred to the Enterprise. As at 31 December 2025, the related deferred income amounted to MKD 12,605,972 thousand (2024: MKD 13,000,619 thousand). These deferred government grants are recognised in profit or loss systematically over the estimated useful lives of the related assets, commencing from the date on which the assets were fully completed and brought into use, namely 31 January 2024. The annual amortisation of these deferred government grants amounts to MKD 394,647 thousand.

2. LONG-TERM INTEREST BEARING BORROWINGS

a) Type analysis

Bank or creditor	Currency	Principal outstanding 31.12.2025, in currency	Exchange rate 31.12.2025, MKD	Interest rate %	terms and period of repayment	Principal outstanding 31.12.2025, MKD (000)	Principal outstanding 31.12.2024 MKD (000)
IBRD 7532 MK	EUR	12.020.662	61,4950	Libor	30 semiannually installments 15/09/2013 - 15/03/2028	739.211	1.033.208
The Export-Import Bank of China (Miladinovci - Stip)	USD	121.096.458	52,3050	2 % p/y	60 months grace period and 180 months repayment period	6.333.950	7.969.096
The Export-Import Bank of China (Kicevo - Ohrid)	USD	320.168.743	52,3050	2 % p/y	60 months grace period and 180 months repayment period	16.746.426	21.069.614
of China (Kicevo - Ohrid) additional	USD	101.832.613	52,3050	2 % p/y	60 months grace period and 180 months repayment period	5.326.355	2.373.875
IBRD 8420 MK	EUR	34.126.148	61,4950	Libor	32 semiannually installments 15/10/2020 - 15/10/2036	2.098.587	2.280.965
EBRD 45515 - Project corridor X	EUR	996.000	61,4950	Libor +1	22 semiannually installments 20.10.2015-20.04.2026	61.249	183.747
EBRD 45987 - National roads Program	EUR	101.590.137	61,4950	Libor +1	48 months grace period and 132 months repayment period 20.02.2019 - 20.08.2029	6.247.286	7.050.427
IBRD 8525 MK	EUR	64.683.472	61,4950	Libor	35 months grace period from 31.12.2020 and 40 semi anual repayment period 15.11.2023-15.05.2043	3.977.710	4.062.851
EBRD 47829	EUR	33.084.798	61,4950	Libor +1	23 semiannually installments 20/03/2020 - 20/03/2031	2.034.550	2.404.468
EBRD 49118	EUR	7.043.953	61,4950	Libor +1	24 semiannually installments 15/04/2022-15/10/2033	433.168	487.314
Ministry od finance RNM	MKD	1.700.271	1	-	grace period up to 01.01.2022 and 84 monthly installments	1.700.271	2.215.454
Ministry od finance RNM	MKD	661.653	1	-	grace period up to 01.02.2023 and 120 monthly installments	661.653	755.063
Ministry od finance RNM	MKD	529.744	1	-	grace period up to 01.10.2025 and 120 monthly installments	529.744	543.327
EBRD 50769	EUR	6.997.500	61,4950	Libor +1	24 semiannually installments 10/06/2023-10/12/2034	430.311	478.124
EBRD 49119 - corridor 8 phase 1	EUR	5.100.000	61,4950	Libor	24 semiannually installments 15/12/2025-15/12/2027	313.626	87.138
EBRD 52508	EUR	1.676.000	61,4950	Libor +1	24 semiannually installments 20/09/2026-20/03/2038	103.066	103.066
IBRD 96340 MK	EUR	15.473.743	61,4950	6m EURIBOR	grace period up to 15.05.2027 and 26 semiannually installments 15.05.2027-15.05.2029	951.558	-
Ministry od finance RNM	MKD	1.109.928	1,0000	-	grace period up to 01.02.2026 and 120 monthly installments	1.109.928	1.109.928
Ministry od finance RNM	MKD	1.107.116	1,0000	-	grace period up to 01.10.2028 and 120 monthly installments	1.107.116	1.107.116
Ministry od finance RNM	MKD	1.787.754	1,0000		grace period up to 01.02.2029 and 120 monthly installments	1.787.754	1.787.754
Ministry od finance RNM	MKD	1.764.943	1,0000		grace period up to 01.07.2029 and 120 monthly installments	1.764.943	1.764.943
Ministry od finance RNM	MKD	830.168	1,0000		grace period up to 01.09.2029 and 120 monthly installments	830.168	830.168
Ministry od finance RNM	MKD	1.631.627	1,0000		grace period up to 01.01.2027 and 24 monthly installments	1.631.627	-
Ministry od finance RNM	MKD	2.676.873	1,0000		grace period up to 01.02.2030 and 120 monthly installments	2.676.873	-
Total currency borrowings						**59.597.129**	**59.697.647**
Minus: Current portion of long-term foreign currency borrowings						(6.131.954)	(6.251.141)
Total net currency borrowings						**53.465.175**	**53.446.506**
Total long - term interest bearing borrowings						**53.465.175**	**53.446.506**

24. LONG-TERM INTEREST BEARING BORROWINGS (Continued)

b) Changes during the year	**2025 MKD (000)**	**2024 MKD (000)**
Balance as at 1 January	**59.697.647**	**55.617.065**
New borrowings	9.461.810	8.474.137
Repayment of principal of foreign borrowings	(6.147.852)	(6.167.872)
Losses (Gains) on exchange, net	(3.414.475)	1.774.317
Unused funds - repayment	-	-
Balance as at 31 December	**59.597.130**	**59.697.647**

c) Maturity of borrowings	**2025 MKD (000)**	**2024 MKD (000)**
In period of 1 year	6.131.954	6.251.141
In period of 1 to 3 years	14.071.132	12.996.217
Over 3 years	39.394.043	40.450.289
Total	**59.597.129**	**59.697.647**

25. EQUITY

As at 31 December 2025, the total equity of the Enterprise is in amount of 5,000 thousands of MKD and it is consist of cash share. Owner of the Enterprise is the Government of the Republic of North Macedonia. The assets for the basic capital arise from the cash on the bank accounts of the Agency for state roads which were balance on the opening date of the Enterprise account. The capital is registered in the Central Registry of the Republic of North Macedonia.

26. COMMITMENTS FROM LOAN AGREEMENTS

According to the concluded loan agreements with IBRD and EBRD, the Company is obliged to adhere to certain financial covenants during the whole period of Project realization, such as:

a) debt service coverage ratio - not less than 1.0

Debt service coverage ratio Means the ratio of (i) net Cash Flows Arising From Operating Activities for the 12 months preceding the date of calculation plus all interest charged on accrual basis during such period, minus those Cash Flows Arising From Operating Activities for such period which are applied during that period to acquiring long-term assets except to the extent financed by the Guarantor, to (ii) the sum of the principal repayment and all interest charged on an accruals basis on all Financial Debt during such period.

26. COMMITMENTS FROM LOAN AGREEMENTS (Continued)

	2025	2024
Net Cash Flows Arising From Operating Activities	16.195.941	25.957.425
Plus all interest charged on accrual basis	332.193	654.692
Minus Cash Flows Arising From Operating Activities for such period which are applied during that period to acquiring long-term assets	(19.883.384)	(27.015.664)
Plus Cash Flows Arising From Operating Activities for such period which are applied during that period to acquiring long-term assets financed by the Guarantor	9.461.810	8.474.137
Total	**6.106.560**	**8.070.590**
Sum of the principal repayment during such period	6.147.852	6.167.872
Sum of all interest charged on an accruals basis on all Financial Debt during such period	332.193	654.692
Total	**6.480.045**	**6.822.564**
Debt service coverage ratio (DSCR)	**0,9**	**1,2**

b) Estimated net revenues / estimated debt service ratio - not less than 1.2

Estimated net revenues / estimated debt service ratio means the ratio of (i) net revenues as a difference between revenues from all sources related to operations plus non-operating income and all expenses related to operations, excluding depreciation, non cash operating charges and interest on debt to (ii) the aggregate amounts of repayments of, and interest and other charges, on debt.

	2025	2024
Revenues from all sources	11.880.707	11.513.548
Plus non-operating income	649.069	627.174
Minus all expenses related to operations, excluding depreciation, non cash operating charges and interest	(3.523.320)	(3.213.978)
Total	**9.006.456**	**8.926.744**
Sum of the principal repayment during such period	6.147.852	6.167.872
Sum of all interest charged on an accruals basis on all Financial Debt during such period	332.193	654.692
Total	**6.480.045**	**6.822.564**
Estimated net revenues / estimated debt service ratio	**1,4**	**1,3**

c) current ratio - not less than 1

Current ratio means the ratio of (i) current assets including estimated net revenues for the next year to (ii) the current liabilities.

	2025	2024
Current assets	2.716.168	3.811.029
Estimated net revenues for next year	8.703.000	8.050.000
Total	**11.419.168**	**11.861.029**
Current liabilities	15.319.248	13.044.879
Current ratio	**0,7**	**0,9**

27. CONTINGENCIES AND PROVISIONS

The contingencies are recorded and shown in the financial statements only if a probability for future outflows of funds that include economic benefits and a possibility for reasonable estimate of the amount exist. Provisions are liabilities with uncertain time and amount. Provisions are recognized as liabilities, while contingencies are only disclosed.

a) Court procedures (contingencies)

The Enterprise is involved in routine legal proceedings with its clients. The list of court procedures against the Enterprise are as follows:

Basis:	2025 (000) MKD	2024 (000) MKD
Debts	151.042	144.969
Claims for damages	259.689	275.323
Arbitration dispute	217.342	217.342
Other	15.189	16.694
Total	**643.262**	**654.328**

Above mentioned amounts do not include interest.

The arbitration dispute before the International Court of Arbitration in Paris was initiated after Rubau's lawsuit against the Public Enterprise for State Roads, and claims the amount of 281,863 thousand MKD and 131,602 thousand MKD arbitration costs.
At the same time, the Public Enterprise for State Roads has submitted a counter-lawsuit and claims the amount of 748,412 thousand MKD and 212,919 thousand MKD.
With the decision made by the International Court of Arbitration in Paris in December 2021, the PE for State Roads does not have an obligation of payments towards Rubau. On the contrary, Rubau is obliged to a payment to the PE for State Roads amounting to a total of 4,485,167.83 EUR including a penalty interest- this amount represents an already fulfilled advance payment made by the PE of State Roads (note 18). Additionally, in March 2022, a decision was made by the International Court of Arbitration, in which all of the demands of the plaintiff were denied. In September 2022, the amount of an advance guarantee of EUR 4,485,167.83 was paid to the PESR account by Banco Sabadeld Spain.
A procedure for the recognition of the decision was conducted before the International Court of Arbitration before the Spanish court. In the course of the enforcement proceedings initiated in early 2025, interest in the amount of EUR 995,957 was collected. In accordance with the arbitral ruling, PESR has no obligation to make any payments to Rubau. In October 2022, PESR received a lawsuit from Rubau Spain for the partial annulment of the judgment of the arbitration court delivered by the Trade Court in Zagreb, to which PESR submitted a response to the lawsuit. There are several proceedings in progress before the regular courts in Spain, which were initiated by Rubau for the issuance of temporary measures. In two of the proceedings, Rubau is obliged to pay to the account of PESR an amount of EUR 80,245 and additional EUR 57,333.33 in the name of expenses, as well as an amount of 295,631.43 EUR and an amount of 3,114.00 expenses. Proceedings are ongoing before the Commercial CouThe last scheduled hearing in 2025 has been postponed and there is no new court date.

27. CONTINGENCIES AND PROVISIONS (Continued)

In August 2022, JPDP received a notification with a lawsuit from DG Beton AD Skopje for initiated arbitration proceedings before the Permanent Court of Arbitration at the Chamber of Commerce of North Macedonia for a debt in the amount of MKD 117,046,670 with interest and costs. In September 2022, the JPDP submitted a response to the lawsuit and announced a counterclaim. In January 2023, PESR filed a counterclaim, later specified in the amount of MKD 150,158,222. On April 27, 2023, the Basic Civil Court in Skopje with Decision 140/22 opened bankruptcy proceedings against AD Beton. PESR reported a claim in the bankruptcy procedure for 150,158,223 MKD principal debt in the name of damages with interest and costs. The procedure before the Permanent Selected Court-Arbitration at the Chamber of Commerce of North Macedonia has been stopped. The arbitration council proposes to wait for the outcome of the announced reorganization of AD Beton before making the final decision on the jurisdiction of the arbitration to act on the matter. Subsequently, the arbitral tribunal declared itself without jurisdiction to hear the claim and counterclaim, and the case was referred to the Civil Court Skopje. As of now, no case file has been formally opened before the court.

b) Provisions

	2025 (000) MKD	2024 (000) MKD
Balance as at 1 January	126.087	178.450
Provision for court litigations through balance sheet	1.054	1.695
Provision for court litigations through income statement	17.069	16.564
Paid amount	(1.195)	(846)
Released provision for court litigations through balance sheet	(101)	(57.456)
Released provision for court litigations through income statement	-	(12.320)
Balance as at 31 December	**142.914**	**126.087**

c) guarantees

The Enterprise has not given bank guarantees.

28. RELATED PARTY TRANSACTIONS

The Enterprise is wholly owned by the Government of the Republic of North Macedonia. In accordance with IAS 24 – Related Party Disclosures, the Government of the Republic of North Macedonia, entities controlled or significantly influenced by the Government, and the key management personnel of the Enterprise are considered to be related parties.

Transactions denominated in Macedonian Denars (MKD) with these related parties are presented below:

	2025 (000) MKD	2024 (000) MKD
Infrastructure assets received free of charge from the Ministry of Transport and Communications	-	4.100.000
Infrastructure assets received free of charge from the Ministry of Finance	-	13.361.182
Borrowings from the Ministry of Finance	-	-

The total net remuneration of the Enterprise's key management personnel for the year ended 31 December 2025 amounted to MKD 4,361 thousand.

29. POST BALANCE SHEET EVENTS

After the reporting date, no events have occurred that should be disclosed in these financial statements.