SUBJECT: Answers to the questions raised by the shareholders at the Shareholders' Assembly held on 30.05.2025.

Question 1 and 7:

Note: Question no. 1 and question no. 7 will be answered together as they represent a group of questions related to the approval of related-party transactions.

1. Is the Company obliged to revise the related-party transactions approved in 2020 and to obtain an independent auditor's opinion to ensure whether the transactions are objective, fair, and in the interest of all shareholders?
7. Why has the Company not complied with the obligation under the Companies law and for the related-party transactions hasn't requested an opinion from an authorized auditor for the subsequent periods after 2021, including for 2024, and why has it not requested new Resolutions for the approval of related-party transactions by the Shareholders' Assembly for the subsequent periods after 2021, including for 2024?

Answer:

Regarding the questions concerning related-party transactions, consisting of the Framework Conversion Agreement between Makstil AD Skopje and Duferco SA (the "**Conversion Agreement**" or the "**Related Party Transactions**") the Related-Party Transactions were approved by the Shareholders' Assembly held on 16.07.2020, by a majority of the minority shareholders, i.e., by a majority of all shareholders who have voting shares.

Before adopting the resolutions to approve the Related-Party Transactions, an opinion was obtained from an authorized auditor confirming, following review of the contractual documentation of the Relating-Party Transactions, that these transactions are fully compliant with the applicable legal regulations in the country, that they were concluded under fair and transparent conditions, that their value was determined according to market conditions and principles, that there is no disproportion in the mutual benefits of the parties, and that there are no other facts and circumstances that could constitute a basis for causing damage. Based on the actual situation determined by the auditor, a recommendation was given for the minority shareholders to support the Related-Party Transactions.

The foregoing is in accordance with the Companies law, specifically the provisions relating to related-party transactions.

From the moment of approval of the Related-Party Transactions by the Shareholders' Assembly and the obtained opinion from the authorized auditor, no change has been made to the contract underlying the Related-Party Transactions and therefore they remain as approved by the resolutions of the Shareholders' Assembly.

Question 2:

What are the profits of Makstil AD Skopje from these related-party transactions?

Answer:

From the Conversion Agreement, which was concluded as a related-party transaction, Makstil achieved a profit before tax in the amount of 1.604.000 EUR in 2023, and in 2024, the profit before tax based on this agreement is 2.157.000 EUR.

Question 3:

Since Makstil AD Skopje is supported by Duferco through related-party transactions, has Duferco faced any damage from these transactions, and if so, what losses or profits has it incurred?

Answer:

Makstil AD Skopje does not possess information regarding the financial results, profits, or losses of its majority shareholder – Duferco – which is a separate legal entity and operates independently from Company.

The Company, in accordance with good corporate practices, has no right to comment on or provide information related to the operations of any shareholder. According to the legal framework, the questions raised at the Shareholders' Assembly should exclusively pertain to the operations of the Company itself.

Question 4:

Can Makstil operate independently without these transactions?

Answer:

Makstil AD Skopje, through its own sales capacities, can place on the market approximately around 1/3 of its total annual production.

This percentage represents a minimal part of the production capacity and does not ensure the long-term sustainability of operations.

The majority of Makstil AD Skopje's production, therefore, is sold to Duferco SA and placed on international markets exclusively through the sales network and customer base provided by Duferco SA Lugano, within the framework of the Conversion Agreement. Furthermore, the Conversion Agreement provides financing for two-thirds of the production costs, based on advances received for these costs from Duferco SA.

In light of the above, termination or substantial change to this agreement would mean a serious disruption to the company's ability to proceed with its normal continuous operations, due to the absence of alternative channels for product placement.

This clearly shows the relevance of the Conversion Agreement for Makstil.

Question 5:

The independent member of the Board of Directors to explain the two most important and significant actions taken in the past 12 months regarding increasing shareholder trust and protecting their interests?

Answer:

During the specified period, the independent members of the Board of Directors participated in the review and adoption of resolutions within the competence of the Board of Directors, in order to ensure that all resolutions are made in the best interest of the Company and the shareholders. In the past 12 months, the Company worked on restructuring its internal processes through their mapping and improvement.

The role of independent members in this process contributed to the parallel improvement of the risk management system, in order to provide improved control and assurance to shareholders that their capital is managed responsibly.

In the last period, the company has also placed emphasis on improving transparency in operations and reporting. In this segment, the independent members actively supported the establishment and monitoring of internal mechanisms for transparent operations, which has a significant impact on the trust of all shareholders.

Question 6:

When does the Company plan to distribute profits as dividends?

Answer:

The Shareholders' Assembly of Makstil AD Skopje, at its session held on 30.05.2025, adopted a resolution to allocate last year's profit to cover the Company's losses incurred from operations in previous years.

Essentially, the distribution of profit depends on multiple factors, including the Company's financial capabilities, cash flow status, investment and growth plans, market conditions, and legal regulations. The Board of Directors regularly reviews the Company's financial strategy and capital allocation priorities and will make resolutions on dividends in a manner consistent with long-term shareholder value and the overall state of the business.