

**POPOVA KULA Winery AD Demir Kapija
Consolidated Financial Statements for the
Year Ended 31 December 2021 and
Independent Auditor's Report**

Skopje, April, 2022

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FREE TRANSLATION FROM MACEDONIAN ORIGINAL

Skopje April 28, 2022

INDEPENDENT AUDITORS' REPORT

To the shareholders of POPOVA KULA Winery, AD Demir Kapija

We have audited the accompanying consolidated financial statements of the Joint stock company POPOVA KULA Winery AD Demir Kapija (hereinafter the "Company"), which comprise the consolidated statement of financial position as of 31 December 2021, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for 2021 and a summary of significant accounting policies and other explanatory notes, in accordance with the International Financial Reporting Standards accepted and issued in the Republic of Macedonia.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards accepted and issued in the Republic of Macedonia. Which are relevant of the preparation and fair presentation of this financial statement and those internal controls that management concern as relevant of the preparation and fair presentation of this financial statement that are free from the misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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 auditing standards 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 judgment, 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 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.

Opinion

In our opinion, the accompanying consolidated financial statements of POPOVA KULA Winery AD Demir Kapija present fairly, in all material respects, the financial position of the Company as of 31 December 2021, and of its financial performance and its cash flows for the year ended 31 December 2021, in accordance with Financial Reporting Standards, accepted and issued in the Republic of Macedonia.

Report on other legal and regulatory matters

The management of the company is also responsible for preparing the annual working report, in accordance with Article 384 of the Companies Act. Our responsibility in accordance with the audit is to know whether the annual work report is consistent with the annual accounts and financial statements for the year ended December 31, 2021. Our work, in terms of annual work report is made in accordance with Standard 720 of International Standards of Auditing and is limited to information, whether historical financial information presented in the annual work report are consistent with the annual accounts and audited financial statements.

The annual business report of the Company is consistent in all material respects with the annual accounts and the audited financial statements of POPOVA KULA Winery AD Demir Kapija for the year ended 31 December 2021.

Other questions

Financial statements for the year ended 31 December 2020 have been audited by the previous auditor, who expressed a positive opinion for them, on 17 June 2021.

ELIT DOOEL, Licence No.18

Skopje, 28 April 2022

Certified Auditor

Dance Zografaska



Manager

Dance Zografaska

POPOVA KULA Winery AD Demir Kapija

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended as of 31 December 2021
In thousands of MKD

	Note	31.12.2021	31.12.2020
Sales	5	41,662	19,100
Other income from operations	5	3,010	4,126
Changes in inventories	6	(5,355)	6,629
Materials and Energy Spent	6	(10,377)	(13,358)
Cost of goods sold	6	(1,935)	(2,133)
Utilities	6	(4,760)	(2,803)
Other operating expenses	6	(6,243)	(5,211)
Employee cost	7	(8,228)	(8,379)
Depreciation	6	(5,360)	(5,555)
Other expenses	6	(974)	(2,555)
Gross profit/loss		1,440	(10,139)
Income from financing	8	86	103
Expenses from financing	9	(1,723)	(1,401)
Profit/loss before taxation		(197)	(11,437)
Taxation	10	-	-
Net Profit for the year		(197)	(11,437)
Other comprehensive income for the period		-	-
Total comprehensive income for the year net		(197)	(11,437)
Part of minority owners		(65)	(26)

Authorized by the general manager

The accompanying notes form is an integral part of these financial statements



POPOVA KULA Winery AD Demir Kapija

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended as of 31 December 2021
In thousands of MKD

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	12,13	132,546	135,878
Long term investments		-	-
		132,546	135,878
Current assets			
Inventories	14	31,301	36,488
Accounts receivable	15	4,892	6,746
Other current assets and prepayments	16	776	1,527
Short term financial assets	17	120	-
Cash and cash equivalents	18	5,591	5,195
Pre-paid costs		22	22
Total current assets		42,702	49,978
TOTAL ASSETS		175,248	185,856
EQUITY AND LIABILITIES			
Equity			
Owner's equity	19	166.050	166.050
Minority		1,312	1,334
Reserve		752	750
Accumulated loss		(52,452)	(41,290)
Net profit for the current year		(196)	(11,437)
Total Shareholders' Equity		115,466	115,407
Long term financial liabilities	20	47,507	39,432
Short-term part of long-term liabilities	20	1,377	1,324
Short-term financial liabilities	21	-	8,886
Accounts payable	22	4,286	12,023
Other current liabilities and accruals	23	2,426	3,658
Deferred costs		4,186	5,126
Total short-term liabilities		12,275	31,017
Total liabilities		59,782	70,449
TOTAL EQUITY AND LIABILITIES		175,248	185,856

Authorized by the general manager

The accompanying notes form is an integral part of these financial statements



STATEMENT OF CASH FLOWS
For the year ended as of 31 December 2021
In thousands of MKD

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	(197)	(11.437)
<i>Adjustment to reconcile profit to net cash provided by operating activities:</i>		
Amortization/Depreciation	5.360	5.555
Inventories	5.187	(5.301)
Accounts receivable	2.605	2.232
Accounts payable	(7.737)	8.177
Other liabilities	(2.172)	(3.333)
Net cash flows used in operating activities	<u>3.637</u>	<u>(4.107)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase (sale) of property, plant and equipment	(2.363)	1.782
Gain from sale of property, plant and equipment	-	-
Received interest	120	-
Net cash flows used in investing activities	<u>(2.483)</u>	<u>(1.782)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term financial liabilities	(8.886)	-
Long-term financial liabilities	8.128	3.715
Net cash flows from financing activities	<u>(758)</u>	<u>3.715</u>
Net increase/(decrease) in cash and cash equivalents	396	1.390
Cash and cash equivalents, beginning of year	5.195	3.805
Cash and cash equivalents, end of year	<u>5.591</u>	<u>5.195</u>

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY
For the year ended as of 31 December 2021
In thousands of MKD

	Owners' Equity	Reserves	Non- controlling interests	Accumula ted profit / (loss)	Total
Balance as of 1 January 2020	166.050	816	1.106	(41.434)	126.538
Changes	-	(66)	228	144	306
Total comprehensive income for the year	-	-	-	(11.437)	(11.437)
Balance as of 31 December 2020	166.050	750	1.334	(52.727)	115.407
Changes		2	(21)	275	256
Total comprehensive income for the year	-	-	-	(197)	(197)
Balance as of 31 December 2021	166.050	752	1.313	(52.255)	115.466

The accompanying notes form an integral part of these financial statements



APPENDIX 3

1. CORPORATE INFORMATION

The Company for production and trade POPOVA KULA Winery AD Demir Kapija (in the following text "the Company") is registered according to the Trade Company's Law on 29.03.2006. The Company's main activity is wine production. The Company's majority owner of the Company is the Company for production, trade and consulting Inteko DOO Skopje, with a 50,58% ownership in the Company's capital.

The Company is registered on the following address: Wine Boulevard No.1, Demir Kapija, Republic of Macedonia.

The company owns a 100% stake in STANUSHINA DOOEL Demir Kapija, also has a 100% stake in POPOVA KULA SP ZOO Poland and a 100% stake in the newly established PKT DOOEL Demir Kapija.

The Company publishes individual and consolidated financial statements.

The financial statements of VV POPOVA KULA AD were adopted and approved by the management on 30.03.2022.

COVID-19 PANDEMIC AND ITS IMPACT

2021 as well as 2020 will be remembered after the terrifying pandemic COVID-19, which started in early 2020 and quickly took over the world. The beginning of the pandemic, in order to stop it, marked a slowdown in economic activity, even the total closure of some economic activities, in the manufacturing and service sectors, as well as tourism, closure lasted differently, from three to six months, followed by gradual easing of the measures by applying established protocols, by reducing the utilization of the capacities, ie by reducing the number of present visitors or users. To reduce the consequences of the pandemic, the Government is taking more monetary and fiscal measures to help the most vulnerable categories of activities.

The slowdown in economic flows, by reducing consumption, led to a decrease in real GDP by 4.6% in 2020, and inflation in the same period reached 2.2%, with a tendency to accelerate.

In 2021, the economy began to recover gradually, with the easing of anti-covid measures, which led to GDP growth in the third quarter of the year by 3%. The economic environment also had a positive impact on the results of the Company with increased realization and profit margin compared to 2020.

2. Basis of Preparation and Presentation of the Financial Statements

The financial statements have been prepared in accordance with the legal regulations of Republic of Macedonia, with certain reclassifications and additions due to compliance with reporting requirements, in accordance with International Standards on financial reporting. The company, may in certain cases, make a choice of certain accounting policies within the legally prescribed accounting policies or to decide independently whether to implement them or not to apply the prescribed accounting policies.

Accounting policies are consistently applied by management in previous accounting periods.

The financial statements have been prepared on the assumption of continuity of operations, ie that the Company will continue to operate in near future.

2.1. Basics of accounting

In accordance with the accounting principles, in order to realistically represent the income and expenses, ie the financial result and the share capital of the company. The financial statements have been prepared using the historical principle values, modified by the effect of inflationary changes affecting certain assets, liabilities and capital.

The basic accounting policies that are applied in compiling Financial statements for the period 01.01 to 31.12.2021 (unless otherwise stated) are in accordance with International Financial Reporting Standards, accepted and published in the Republic of Macedonia.

2. 2. Functional currency

The financial statements shown on page 4-7 are expressed in accordance with legal regulations of the Republic of Macedonia, in the functional, national currency of the Republic of Macedonia - Macedonian denar. Financial statements for the period 01.01-31.12.2021 of the Company are prepared in thousands of denars (in 000 MKD).

2. 3. Transactions in foreign currencies

The calculation of foreign assets, ie receivables and liabilities, are performed according to the average exchange rate of the foreign assets of the NBRM in Denar equivalent value on the day of compiling the annual financial statements, and the expression of transactions expressed in foreign currencies is performed according to the foreign exchange rate on the day of the transaction.

FOREIGN EXCHANGE RATES

The official exchange rates of foreign currencies on 31.12.2021 in denars

Currency	31.12.2021	31.12.2020
1 EUR	61,6270	61,6940
1 USD	54,3720	50,2353

2.4. Income

Income is measured at the fair value of the consideration received or receivable, net of discounts and value added tax. Income is recognized and recorded at the moment that the contracted services have been provided or the goods have been sold.

2.5. Expenses

Expenses are recognized according the accrual basis of accounting (invoiced realization).

2.6. Investment and ongoing maintenance

The costs of investment and current maintenance of fixed assets are cover from the income in the accounting period, at the moment when they occur.

Reconstructions and adaptations of capacities, which change, improve, increases or modernizes the capacity and purpose of fixed assets, are records as an increase in the value of those fixed assets.

2.7. Borrowing costs

Borrowing costs that are directly attributable to the purchase or production of a particular asset which is a means of further use or sale are directly added and increase its value until the asset is ready for use or sale.

Interest accrued on the basis of liabilities, calculated up to the date of the Report for financial condition, with the exception of interest on the basis of third parties for basic assets, which are reimbursed at the expense of the revaluation reserve are expressed in the Comprehensive Income Statement within Financial Expenses. Accordingly legal regulations, how interest is treated and any form of revaluation of obligations, if so agreed or prescribed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7. Maintenance and Repairs

The maintenance and repair of property, plant and equipment are expensed as incurred at the effective amounts and recognized in the Company's Statement of Comprehensive income.

2.8. Borrowing Costs

Borrowing costs are recorded as an expense during the period in which they are incurred.

2.9. Property, Plant and Equipment

Property, plant and equipment of the Company at 31 December 2021 comprise of land, property and equipment. Property and equipment are stated at cost less accumulated depreciation.

Cost comprises the purchase price including import duties, non-refundable taxes, and any directly-attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and/or rebates received are deducted in arriving at the purchase price. The cost of self-constructed property and equipment is its cost at the date upon which its construction or development was completed.

Property and equipment are capitalized as tangible assets if their expected useful life exceeding one year.

Gains from the disposal of property and equipment are credited directly to "Other operating income", whereas any losses arising on the disposal of property and equipment are charged to "Other operating expenses".

Capital improvements, renewals and repairs that extend the useful life of an asset are capitalized. Repairs and maintenance are expensed as incurred and are shown as operating expenses. When there is a significant deviation between the carrying and fair values of the assets, the Company makes revaluation of tangible assets through assessment.

2.10. Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Costs associated with maintaining of the assets are recognised as an expense as incurred.

Subsequent additions are included in the cost of the asset, or they are recognised as separate asset, accordingly, only if related future inflows are probable and the cost of the asset can be fairly measured.

2.11. Biological Assets

Biological assets which entirely consist of perennial vineyards are recognized at their fair value less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure the asset to its fair value less estimated costs at point of sale.

The yield of biological assets (vintage) is recognized as inventories at its fair value less estimated costs of sell at the time of the vintage.

2.12. Depreciation and Amortization

Depreciation of property and equipment and amortization of intangible assets is provided on a straight-line basis in order to fully write off the cost of the assets over their estimated useful lives. The depreciation of property and equipment and amortization of intangible assets is provided at rates based on the estimated useful life of property and equipment as estimated by the Company's management. Competent departments of the Company revise the useful life of property and equipment periodically. The principal annual depreciation/amortization rates in use for classes of property, equipment and intangible assets are as follows:

Property	2,5%-10%
Biological assets and stainless-steel equipment	2,5%
Office inventory	5%-10%
Furniture	20%
Computer equipment with software	25%

Telecommunication equipment and vehicles	25%
Other equipment	10%
Long - term intangible assets	25%

Depreciation and amortization on property and equipment and intangible assets begins when the related assets are placed in service.

2.13. Impairment of Non-Financial Assets

In accordance with accepted accounting policies, at the end of each year, the Company's management assesses the carrying value of the Company's intangible assets and property and equipment. If there is any indication that those assets have been impaired, recoverable amount of the assets is calculated to determine the amount of impairment loss. If the recoverable amount of the asset is estimated as lower than its current value, the current value reduces the carrying amount to its recoverable amount, which is the higher of the asset's net selling value and value in use. Impairment losses, which represent the difference between the carrying amount and recoverable amount of tangible and intangible assets, are shown in the statement of comprehensive income in accordance with IAS 36 "Impairment of assets". Impaired financial assets are assessed on each reporting date to determine possible impairment recoveries.

2.14. Inventories

Inventories, except inventory yield of biological assets, are initially stated at the lower of cost and net realizable value. Cost value includes the invoiced value, transport and other attributable expenses. The carrying amount is determined by the method of planning prices. Net realizable value represents the price at which inventories could be sold in the ordinary course of business, less costs of sale. The cost of inventories includes the cost of direct materials, direct labor, other direct costs and related general production costs.

Allowances that are charged to "Other operating expenses" are made where appropriate in order to reduce the carrying value of such inventories to management's best estimate of their net realizable value. Inventories found to be damaged or of a substandard quality are written off in full.

2.15. Equity Investments

Equity investments in associates are stated at cost. Associate is a legal entity in which the Company has a significant influence (usually 20% or more of voting rights).

2.16. Financial Instruments

All financial instruments are initially recognized at nominal value (usually equal to the consideration paid) including any directly attributable costs of acquisition or issue of the financial asset or financial liability, except for financial assets and financial liabilities at fair value through profit and loss. All regular way purchases and sales of financial assets are recognized on the settlement date. Financial assets and financial liabilities are recognized in the Company's statement of financial position on the date upon which the Company becomes counterparty to the contractual provisions of a specific financial instrument.

Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired. Financial assets cease to be recognized when the Company loses control of the contractual rights governing such instruments; which occurs when the rights of use of such instruments have been realized, expired, abandoned, and/or ceded. Financial liabilities cease to be recognized when the Company fulfils the obligations, or when the contractual repayment obligation has either been cancelled or has expired.

(a) *Accounts Receivable*

Accounts receivable are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. An allowance for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

A provision for impairment is made on the basis of the ageing of the receivables balances and historical experience, and when the partial or full collection of an account receivable is deemed to be no longer probable. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognised in the Statement of Comprehensive Income within "Other expenses" (Note 9). When a receivable is uncollectible, it is written off against the allowance account for accounts receivable. Subsequent recoveries of amounts previously written off and reversal of the impairment are credited to "Other income".

(b) Loans Received from Banks and Suppliers

Loans received from banks and suppliers are initially measured at the amount of the loan disbursements received (i.e., nominal value). Borrowings are subsequently measured at the amortized cost that is computed based on the effective interest rate. Liability is classified as short-term if it is expected to be settled in the Company's normal operating cycle, i.e. which matures in the period up to 12 months from the statement of financial position date. All other liabilities are classified as long term.

(c) Operating Liabilities

Obligations towards suppliers and other short-term liabilities are measured at the amount of the consideration received.

2.17. Cash and Cash Equivalents

Cash and cash equivalents include cash on current accounts held with banks, cash on hand and any other highly-liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.18. Employee Benefits

Taxes and social security contributions of employees

In accordance with the legislation of the Republic of Macedonia, the Company is obliged to pay contributions to several state social insurance funds. The Company makes these contributions to the Government's health and retirement funds, at the statutory rates in force during the year, based on gross salary payments.

The Company is also legally obliged to retain contributions from gross wages of employees and on behalf of the employees to pay the retained amounts in the appropriate state funds. The Company has no legal obligation to pay additional contributions to the Macedonia's pension and retirement fund with retirement. These obligations are recognized as an expense at the time of their occurrence.

The Company does not operate any other pension scheme or post-retirement benefits plan and consequently, has no obligation in respect of pensions. The Company also pays an amount equal to twice the amount of an average net salary in the Republic of Macedonia as a retirement benefit.

2.19. Income tax

Current income tax

Current income tax represents an amount that is calculated and paid in accordance with the effective Profit Tax Law of the Republic of Macedonia. Income tax is payable at the rate of 10% (2020: 10%) on the tax base reported in the annual corporate income tax return as reduced by any applicable tax credits. The taxable base stated in the income tax return includes profit for the year increased by the unrecognized expenses and less declared revenues that are specifically defined under statutory tax rules and decreased by tax relief.

2.20. Value added tax

Revenues, expenses and assets are recognized less the amount of value added tax, except when value added tax from the purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the cost where appropriate and when receivables and payables that are stated with the amount of included VAT.

The net amount of value added tax which is reimbursed by or paid to the tax authorities is included as part of receivables or liabilities in the Statement of financial position.

2.21. Dividends

Dividends are recognized as a liability and deducted from equity in the period in which they are approved by the Company's owners. Dividends for the year that are declared after the Statement of financial position date are disclosed as an event after the Statement of financial position date.

2.22. Disclosures on related parties

For the purpose of the financial statements, related parties are those in which one entity has the ability to control another entity or has the right to govern the financial and business operations of the person, as defined by IAS 24 "Related parties' disclosure".

The relations between the Company and its related parties are set out on a contractual basis, conducted at market conditions. Balances of the liabilities and assets on the date of Statement of Financial Position, as well as transactions with related parties that occurred in the reporting period are stated separately in the notes to the financial statements

2.23. Government grants

Government grants, are recognized at fair value when there is reasonable assurance that the conditions attached to them are fulfilled, and that the grants will be received. Government grants are recognized in profit or loss on a systematic basis in the period in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants are present as approvals in other comprehensive income, either separately or under a general heading such as "Other income".

2.24. Events after the reporting period

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

3. ACCOUNTING ESTIMATES

The company assesses future events. Estimated amounts, usually are equal to the actual amounts of the realized events. Estimates they may have material impact on the present value of assets and liabilities in the future are described below.

Determining fair value

The fair value of the estimated tangible and financial assets and financial liabilities that are not quoted in active markets - receivables from customers, other receivables, loans, liabilities to suppliers and others liabilities are analyzed by the Company at the date of the financial statement condition, whether they have undergone significant changes in the value of the day of the assessment. The company's assessment is that the difference between their market value and estimated carrying amount is intangible and does not affect the expressed result.

Continuity in operation

The financial statements have been prepared on a going concern basis operation, ie that the Company will continue to operate in the foreseeable future.

The Company has no intention or need to liquidate or materially limit the scope of its operation.

4. FINANCIAL RISK MANAGEMENT

In the ordinary course of business, the Company is exposed to a different extent to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

4.1. Market risk

(a) *Currency risk*

The Company is exposed to foreign exchange risk because the Company has business activities in foreign markets, i.e. receivables and liabilities stated in foreign currency. Company does not use special financial instruments to reduce this risk.

b) *Interest rate risk*

Interest rate risk is a risk of interest rate changes rates on loans taken, if tied to SKIBOR; or EURIBOR. The borrowing company pays contractual, fixed interest rates.

(c) *Price risk*

Company is not exposed to price risk associated with initial investments since it has no investments classified in the Statement of financial position as available-for-sale or at fair value through displays of capital gain or loss.

The Company's exposure to price risk associated with the products is controlled by management that constantly monitors the competition, analyze price risk and take appropriate corrective measures.

4.2. Liquidity Risk

Liquidity management is centralized in the Company. The Company has sufficient highly liquid funds (cash and cash equivalents), as well as a continuous inflow of cash from products sold and services rendered, to meet its commitments on due dates.

Management of the Company has responsibility for providing liquidity. The Company manages liquidity risk by maintaining a certain amount of free cash and cash equivalents and performs daily monitoring of cash and projections of future cash inflows and outflows.

The Company does not use financial derivatives.

4.3. Credit risk

Credit risk arises from cash and cash equivalents, deposits in banks and financial institutions as well as credit exposure to corporate and retail clients, including the trade receivables and liabilities.

The Company's exposure to credit risk is limited. Credit risk management is performed by taking appropriate measures and activities by the Company. The Company monitors existing customers and other contracting parties and include this information in the management of credit risk, continually. Cash and cash equivalents's credit risk is considered insignificant as the Company works with reputable banks with high credit ratings.

On 31.12.2021 the Company had a total of 26,677 thousand MKD financially assets and a total of 60,211 thousand MKD financial liabilities.

4.4. Capital risk management

The Company has adopted the concept of financial capital and its preservation under which capital is defined on the basis of nominal monetary units.

Company in connection with the management objectives of Company's capital preservation ability to continue to operate based on the assumption of continuity to maintain an optimal capital structure that would reduce the cost of capital and would provide returns for owners.

In order to maintain or adjust the capital structure, the Company may consider the following options: to adjust the number of dividends paid to the owner, to return capital to the owner, to issue new shares or to sell assets to reduce debts.

4.5. Fair Value Estimation

It is a policy of the Company to disclose the fair value information of those components of assets and liabilities for which published or quoted market prices are readily available, and of those for which the fair value may be materially different than their recorded amounts.

In the Republic of Macedonia, sufficient market experience, stability and liquidity do not exist for the purchase and sale of receivables and other financial assets or liabilities, for which published market prices are presently not readily available. As a result, fair value cannot readily or reliably be determined in the absence of an active market. The Company's management assesses its overall risk exposure, and in instances in which it estimates that the value of assets stated in its books may not have been realized, it recognizes a provision.

The Company's management considers that the reported carrying amounts are the most valid and useful reporting values under the present market conditions.

5. SALES

	2021	2020
Sales in domestic market - wine	15,768	3,909
Sales - restaurant and hotel	13,402	7,772
Sales - services restaurant and hotel	9,783	2,632
Sales in foreign market	1,826	3,861
Other revenues	883	926
Total	41,662	19,100

Inventory surpluses	333	42
Financial government grants	1,795	3,893
Revenues from sale of materials	-	83
Other operating income	918	108
Total	44,672	23,226

6. COST FOR MATERIALS AND MAINTANCE

Costs of sold goods	1,935	2,005
Materials	7,104	11,679
Electricity	2,183	1,375
Small inventory write-off	362	104
Maintenance	728	200
Total cost of materials	10,377	13,358
Transport, telecom and other services	543	583
Promotion and advertising services	1,371	1,020
Rent	335	77
Utility services	735	505
Investment maintenance	694	618
Other services	1,082	-
Total costs for services performed	4,760	2,803
Gross salaries	7,590	8,375
Other reimbursements to employees	638	4
Total costs for employees	8,228	8,370
Depreciation	5,360	5,555
Representation	362	391
Insurance	26	71
Banking commissions	375	236
Taxes, fees and customs	405	145
Professional and other services	1,359	3,108
Other costs	3,716	1,260
Total other operating costs	6,243	5,211
Shortages	-	13
Additionally approved discounts	114	405
Value adjustment of non-current assets	-	2,023
Other	71	114
Total operating costs	37,876	39,994

7. WAGES, SALARIES AND OTHER PERSONAL EXPENSES

	2021	2020
Gross salaries	7,590	8,375
Other reimbursements to employees	638	4
Total	8,228	8,379

8. INTEREST INCOME

	31.12.2021	31.12.2020
Interest income of given loans	48	17
Positive exchange rate differences	38	86
Total	86	103

9. INTEREST EXPENSE

	31.12.2021	31.12.2020
Loans' interest expense	1,689	1,251
Negative exchange rate differences	34	150
Total	1,723	1,401

10. INCOME TAXES

Numerical Reconciliation of Income Tax and Profit Before
Tax Multiplied by the Statutory Income Tax Rate

	2021	2020
Profit before tax	(197)	(11,437)
Unrecognized expenses	1	2,374
Tax base - unrecognized expenses	(196)	(9,063)
Income tax at the rate of 10%	(196)	(9,063)
Tax credit	-	-
Income tax	-	-

11. PROFIT DISTRIBUTION

At the Shareholders Meeting held on 11.08.2021, a decision was made according to which the loss from 2020 will be covered by accumulated profit.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Property	equipment	Assets in progress	Total
Cost value at					
01.01.2020	4,517	118,982	65,215	6,196	197,910
Purchases during the year	64	627	295	-	986
Internal transfers	-	-	(629)	-	(629)
Balance at 31.12.2020	4,581	119,609	67,881	6,196	198,267
Value correction					
AT 01.01.2020	-	28,922	40,005	-	68,927
Depreciation	-	2,996	2,380	-	5,376
Disposals	-	-	(629)	-	(629)
Balance at 31.12.2020	-	31,918	41,756	-	73,674
Net balance at 31.12.2020	4,581	87,691	26,125	6,196	124,593
Cost value at					
01.01.2021	4,581	119,609	67,881	6,196	198,267
Purchases during the year	-	226	280	1,857	2,363
Internal transfers	-	-	-	(2,789)	(2,789)
Disposals	-	-	-	-	-
Balance at 31.12.2021	4,581	119,835	68,161	5,264	197,841
Value correction					
At ocrjba 01.01.2021	-	31,918	41,756	-	73,674
Depreciation	-	3,000	2,296	-	5,296
Disposals	-	-	-	-	-
Balance at 31.12.2021	-	34,918	44,052	-	78,970
Net balance 31.12.2021	4,581	84,917	24,109	5,264	118,871

13. BIOLOGICAL ASETS

Total	vineyards	other	Assets in progress	
Value at				
01.01.2020	13,950	506	-	14,456
Purchases during the	-	-	-	-
Balance at 31.12.2020	13,950	506	-	14,456
Value correction				
At 01.01.2020	3,041	74	-	3,115
Depreciation	56	-	-	56
Balance at 31.12.2020	3,097	74	-	3,171
Net balance 31.12.2020	10,853	432	-	11,285
Value at				
01.01.2021	13,950	506	-	14,456
Purchases during the	2,789	-	-	2,789
Internal transfers	-	-	-	-
Dissposals	-	-	-	-

Balance at 31.12.2021	16,739	506	-	17,245
Value correction				
Value at 01.01.2021	3,097	74	-	3,171
Depreciation	349	50	-	399
Balance at 31.12.2021	3,446	124	-	3,570
Net value at 31.12.2021	13,293	382	-	13,675

14. INVENTORY

	2021	2020
Raw materials	3,202	3,039
Small inventory and packaging	1,218	1,254
Ongoing production	12,254	17,110
Finished products	12,005	14,929
Purchased goods for sale	2,622	156
Total	31,301	36,488

15. ACCOUNTS RECEIVABLE

	31.12.2021	31.12.2020
Domestic accounts receivable	4,927	4,088
Foreign accounts receivable	3,912	2,658
Receivables write off	(3,947)	-
Total	4,892	6,746

ACCOUNTS RECEIVABLE - structure

Up to 30 days**between 31-90 days****between 91-180 days****between 181-360 days****over 360 days**

82
184
96
2,120
4,892

16. OTHER ACCOUNTS RECEIVABLE

	31.12.2021	31.12.20
Receivables for given advances	179	199
Receivables from employees	74	74
Receivables for taxes and contributions	472	978

Other	51	276
Advanced paid costs	22	22
Total	798	1,549

Other receivables - financial	326	571
Other receivables – non financial	472	978

17. SHORT-TERM FINANCIAL ASSETS

	31.12.2021	31.12.20
Short-term loans	120	-
Total short-term financial assets	120	-

18. CASH AND CASH EQUIVALENTS

	31.12.202	31.12.2020
Current account	1,039	810
Cash in hand	4,339	4,312
Cash deposits	213	73
Total	5,591	5,195

19. EQUITY

As of 31 December 2021, and 2020, the shareholders' equity amounts 166.050 thousand of denars and is divided into 2.700.000 ordinary shares with a nominal value of 61,5 denars per share.

The Company's shareholders' equity structure as of 31 December 2021 and 2020 is as follows:

	Number of shares	% according to Central Register of RM
Inteko Doo Skopje	1.365.576	50,58%
Other minor shareholders	1.334.424	49,42%
Balance as of 31 December 2021	2.700.000	100%
	Number of shares	% according to Central Register of RM
Inteko Doo Skopje	1.365.576	50,58%
Other minor shareholders	1.334.424	49,42%
Balance as of 31 December 2020	2.700.000	100%

20. LONG-TERM FINANCIAL LIABILITIES

	31.12.2021	31.12.2020
Long-term loan from banks	10,523	9,131
Long-term loans from	38,361	31,624
Other long-term loans	-	-
TOTAL long-term loans	48,884	40,755

Credit liabilities relate to:

Lender	Currency	Amount	Payment to	Interest
Sparkasse Bank AD Skopje	MKD	9,131,297	28.07.2027	Bank.Rec.+1.2% до
MBPD	MKD	1,392,000	25.04.2025	0.00%
loan to individual- related	EUR	321,845	2026	4.00%
Interest to loan to individual- related	EUR	181,402	2023	-
loan to individual- related	EUR	60,000	2026	4.00%
Interest to loan to individual- related	EUR	6,103	2023	-
loan to other individuals	EUR	20,000	2026	4.00%
Interest to loan to other individuals	EUR	6,563	2023	-
loan to other individuals	EUR	20,000	2026	4.00%
Interest to loan to other individuals	EUR	6,563	2023	-

Short-term part of long-term loans - total 1,377 mkd.

The loan from Sparkasse Bank AD is secured by a mortgage on real estate owned by the Company.

21. SHORT-TERM FINANCIAL LIABILITIES

	2021	2020
Short-term loan to banks	-	3,702
Short-term loan to individual- related party	-	-
Short-term loan to other individuals	-	5,184
Balance as of 31 December	-	8,886

22. ACCOUNTS PAYABLE

	2021	2020
Domestic accounts payable	4,107	12,023

Foreign accounts payable	179	-
Balance as of 31 December	4,286	12,023

STRUCTURE OF LIABILITIES

Not due for payment	718
to 30 days	995
between 31-90 days	371
between 91-180 days	422
between 181-360 days	802
over 360 dana	1,174
	4,482

23. OTHER SHORT TERM LIABILITIES

	31.12.2021	31.12.2020
Receive advances	1,024	2,795
Liabilities for net salaries	511	430
Liabilities for salary contributions	245	196
Current tax liabilities	-	-
Other liabilities to employees	263	3
Other liabilities	383	234
Advance payed costs	4,186	5,126
Total	6,612	8,784

24. RELATED PARTIES TRANSACTIONS

	31.12.2020	31.12.2019
RECEIVABLE		
* Popova Kula SP Zoo Polska	859	-
**Inteko doo Skopje	-	-
*** Stanusina Dooel Demir Kapija	6,210	4,840
Stanusina Dooel Demir Kapija - loan interest	1,421	1,146
Stanusina Dooel Demir Kapija - loan	8,812	10,692
Total	17,302	-

LIABILITIES

* Popova Kula SP Zoo Polska	42	-
** Inteko doo Skopje	237	182
*** Stanusina Dooel Demir Kapija	-	-
Popova Kula's major shareholder- given loan and interest	31,013	30,253
Popova Kula's shareholder- given loan and interest	4,074	-
	-	-
Total	35,366	-

REVENUE**EXPENSES****Revenue / expenses for 2021**

* Popova Kula SP Zoo Polska	858	617
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*** Stanusina Dooel Demir Kapija	1,422	1,863
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Financial revenue / expenses for 2021

*** Stanusina Dooel Demir Kapija

<i>Popova Kula's major shareholder</i>	13,854	793
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<i>Popova Kula's shareholder</i>	4,263	195
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* POPOVA KULA WITH ZOO, Poland, is owned by the Company, with a 100% share.

** INTEKO DOO Skopje is the majority owner of the Company with 50.56% of the total shares.

*** STANUSHINA DOOEL Demir Kapija is owned by the Company, with a 100% stake.

25. UNCERTAIN RECEIVABLES / LIABILITIES

The company has sued claims in the total amount of MKD 1,465,343.00. As a defendant appears in court disputes in the total amount of MKD 271,600.00.

26. SUBSEQUENT EVENETS

With 31.12.2021 there are not subsequent events that would have a material impact on the understanding of the financial statements.