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# **POPOVA KULA AD – Demir Kapija**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING ON 31.12.2022**

**WITH INDEPENDENT AUDITOR'S REPORT**

**Skopje, February 2023**

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## Contents

INDEPENDENT AUDITOR'S REPORT .....	3
<b>Statement of Comprehensive Income .....</b>	<b>5</b>
Statement of financial position .....	6
Statement of Changes in Capital .....	7
Cash Flow Statement.....	8
1. GENERAL INFORMATION .....	9
2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS .....	10
3. ACCOUNTING POLICIES .....	16
4. SIGNIFICANT ACCOUNTING ESTIMATES .....	21
5. CHANGE OF ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS	22
6. FINANCIAL RISK MANAGEMENT .....	22
7. FINANCIAL INSTRUMENTS .....	24
Notes to the Income Balance .....	26
Notes to the Balance sheet .....	28
39. CAPITAL.....	32
40. DIVIDEND .....	32
41. TAKEN POTENTIAL LIABILITIES.....	32
42. Transactions with related entities .....	33
43. Events after the reporting date .....	33
<b>ANNEX 1 – Legal obligation for compiling annual account and annual report .....</b>	<b>34</b>
ANNEX 2 – Annual Account .....	35
ANNEX 3 – Annual report .....	36

## **INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT AND SHAREHOLDERS OF POPOVA KULA AD Demir Kapija**

We have performed audit of the financial statements of **POPOVA KULA AD Demir Kapija** which include the following: Statement of financial position as of 31 December 2022, Statement of Comprehensive Income, Cash flow statement, Statement of changes in equity for the year ending on the aforementioned date, as well as the Summary of relevant accounting policies and other explanatory notes.

### **Responsibility of the Management for the Financial Statements**

The Management is responsible for the preparation and objective disclosure of these financial statements, in accordance with the accounting standards adopted and applicable in the Republic of North Macedonia, as well as for the internal controls relevant for drafting and objective presentation of the financial statements, free of any misstatements, regardless whether due to fraud or error.

### **Responsibility of the auditor**

Our responsibility is expressing an opinion about these financial statements based on the performed audit. We have performed the audit according to the International audit standards adopted and applicable in the Republic of North Macedonia. These standards require compliance with the ethical principles and planning and performing the audit in a manner to obtain reasonable assurance whether the financial statements are free of any material misstatements. The audit includes procedures for obtaining audit evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's reasoning, including the risk evaluation against material misstatements in the financial statements, regardless whether due to fraud or error. When performing risk evaluation, the auditor inspects the internal control, relevant for preparation and objective presentation of the financial statements of the entity, in order to establish audit procedures adequate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the entity. Furthermore, the audit also includes an evaluation about the adequacy of the applied accounting policies and the reasonability of the accounting evaluations made by the Management, as well as an evaluation of 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 financial statements present objectively, from all material aspects, the financial position of **POPOVA KULA AD Demir Kapija** as of 31 December 2022 and the results of its operations and its cash flows for the year ending then, in accordance with the accounting standards accepted in the Republic Northern Macedonia.

### Other questions

The financial statements of the Company **POPOVA KULA AD - Demir Kapija** for the year ending on December 31, 2021 have been audited by another auditing company, which in its report on February 17, 2022 expressed an unqualified opinion.

### Report on other legal and regulatory requirements

The management of the Company is also responsible for the preparation of the annual report on the operation in accordance with Article 384 paragraph 7 for JSC of the Law on Trade Companies. Our responsibility in accordance with the Law for Audit is to report whether the annual report for the work is consistent with the annual account and the financial statements for the year ending on 31 December 2022 year. Our work in relation with the annual report was concluded in accordance with IAS 720 and is limited to report whether the historical financial information presented in the annual report are consistent with the annual account and the audited financial reports.

The financial information in the annual report on the operation are consistent, in all material aspects, with the annual account and the audited financial statements of **POPOVA KULA AD Demir Kapija** for the year ending on 31 December 2022.

Certified Auditor  
Tina Neshovska

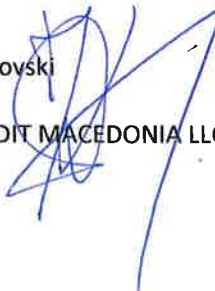
Skopje, 27<sup>th</sup> February 2023



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ДОО Скопје

Manager  
Kiril Andonovski

ECOVIS AUDIT MACEDONIA LLC SKOPJE



РЕВИЗОРСКИ ИЗВЕШТАЈ		
ДАТУМ	ОЗНАКА	БРОЈ
29.02.2023	T.H.	05-4/06

**Statement of Comprehensive Income**  
**For the year ended on 31 December 2022**

(In thousand denars)

	Note	31 December 2022	31 December 2021
<b>Revenues</b>			
Revenues from sales	8	33,819	41,971
Other revenues	9	1,728	2,164
		<b>35,547</b>	<b>44,134</b>
<b>Costs</b>			
Changes in inventories		4,293	(5,207)
Cost of used raw materials and other materials	10	(15,741)	(14,225)
Services with the character of material costs	11	(2,996)	(3,421)
Other operational costs	12	(4,674)	(6,062)
Salaries and salary allowances	13	(6,777)	(7,551)
Other operational expenses	14	(852)	(305)
Value adjustment (impairment) of non-current assets	15	(790)	(788)
Depreciation		(5,310)	(5,214)
		<b>(32,846)</b>	<b>(42,772)</b>
<b>Operational profit/(loss)</b>		<b>2,702</b>	<b>1,362</b>
Financial incomes	16	706	360
Financial costs	17	(1,759)	(1,720)
<b>profit/(loss) before tax</b>		<b>1,649</b>	<b>2</b>
Income tax		-	-
<b>Net Profit (loss) for the financial year</b>		<b>1,649</b>	<b>2</b>
Other comprehensive income			
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,649</b>	<b>2</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>			
<b>BELONGING TO THE OWNERS</b>		<b>1,649</b>	<b>2</b>
Earnings per share		0.61	0.00

Financial statements are prepared by:

Responsible person for preparation of financial statements

These financial statements are approved by the Management of the Company on 17 February 2023 and are signed on his behalf by

Responsible person



Notes to the Financial Statements are an integral part of these financial statements

## Statement of financial position as of 31 December 2022

(In thousand MKD)

	Note	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	18	115,148	119,481
Long term financial assets	19	2,952	2,643
<b>TOTAL NON-CURRENT ASSETS</b>		<b>118,100</b>	<b>122,124</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	20	7,095	3,971
Receivables from related parties	21	1,634	1,421
Trade Receivables	22	12,357	11,907
Receivables from state institutions	23	333	333
Receivables from employees	24	-	91
Short term financial assets	25	6,249	8,932
Prepaid expenses for future periods and accrued income	26	-	22
Stock of raw materials	27	3,780	3,202
Stocks of production, finished products and goods, biological assets and non-current assets held for sale and discontinued operation	28	14,780	13,670
Inventories of trade goods	29	-	161
Spare parts supplies, small inventory, packaging	30	1,159	1,218
Production	31	15,446	12,254
<b>TOTAL CURRENT ASSETS</b>		<b>62,833</b>	<b>57,181</b>
<b>TOTAL ASSETS</b>		<b>180,932</b>	<b>179,305</b>
<b>CAPITAL, RESERVES AND LIABILITIES</b>			
<b>CAPITAL</b>			
Written capital		166,050	166,050
Profit/Loss for the financial year		1,649	2
Transferred gain /(loss)		(46,965)	(46,967)
<b>TOTAL CAPITAL</b>		<b>120,734</b>	<b>119,084</b>
<b>Non-current liabilities</b>			
Long term liabilities	32	45,987	47,160
<b>Total non-current liabilities</b>		<b>45,987</b>	<b>47,160</b>
<b>Current liabilities</b>			
Trade liabilities	33	5,434	6,013
Liabilities toward employees	34	827	626
Current tax liabilities	35	449	503
Deferred payments of expenses and income for future periods	36	3,516	4,186
Other short-term liabilities and short-term provisions	37	7	8
Short term liabilities for loans	38	3,978	1,725
<b>Total current liabilities</b>		<b>14,211</b>	<b>13,061</b>
<b>TOTAL LIABILITIES</b>		<b>60,198</b>	<b>60,221</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>		<b>180,932</b>	<b>179,305</b>

Notes to the Financial Statements  
 are an integral part of these financial statements

**Statement of Changes in Capital  
 for the year ended on 31 December 2022**

(In thousand denars)

	Share capital	Reserves	Transferred gain /(loss)	TOTAL
<b>Balance at 01.01.2021</b>	<b>166,050</b>	-	<b>(46,967)</b>	<b>119,083</b>
New emission	-	-	-	-
Paid dividends	-	-	-	-
Profit/Loss for the period	-	-	2	2
Reinvested profit	-	-	-	-
Changes in the fair value of available-for-sale investments	-	-	-	-
Revaluation surplus from valuation of fixed assets	-	-	-	-
<b>Balance at 31.12.2021</b>	<b>166,050</b>	-	<b>(46,966)</b>	<b>119,084</b>
Profit distributed to the owners	-	-	-	-
<b>Balance at 01.01.2022</b>	<b>166,050</b>	-	<b>(46,966)</b>	<b>119,084</b>
Correction of errors in previous periods	-	-	-	-
Impact of changes in accounting policies	-	-	-	-
<b>Corrected balance on 01.01.2022</b>	<b>166,050</b>	-	<b>(46,966)</b>	<b>119,084</b>
New emission	-	-	-	-
Paid dividends	-	-	-	-
Profit/Loss for the period	-	-	1,649	1,649
Reinvested profit	-	-	-	-
Increase of reserves	-	-	-	-
Revaluation surplus from valuation of fixed assets	-	-	-	-
<b>Balance at 31.01.2022</b>	<b>166,050</b>	-	<b>(45,317)</b>	<b>120,733</b>
Correction of errors in previous periods	-	-	-	-
Impact of changes in accounting policies	-	-	-	-
<b>Corrected balance on 31.12.2022</b>	<b>166,050</b>	-	<b>(45,317)</b>	<b>120,733</b>

Notes to the Financial Statements  
 are an integral part of these financial statements

## Cash Flow Statement for the year ending on 31 December 2022

(In thousand denars)

	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>A. Cash flow from operating activities</b>		
Net income/(loss) after taxation	1,649	2
<b>Adjustments:</b>		
<b>Depreciation</b>	4,333	5,214
Increase/decrease of receivables from related parties	(213)	(275)
Increase/decrease of trade receivables	(450)	(324)
Increase/decrease of given advances	-	-
Increase/decrease of received advances	-	-
Increase/decrease of other receivables	112	705
Increase/decrease of inventories	(4,659)	5,317
Increase/decrease of liabilities toward related parties	-	-
Increase/decrease of trade liabilities	(579)	(8,675)
Increase/decrease of other short-time liabilities	1,729	(7,602)
<b>Net (outflows) / inflows from operating activities</b>	<b>1,922</b>	<b>(5,639)</b>
<b>B. Cash flow of investment activities</b>		
Purchase (sale) of tangible and intangible assets	0	(2,363)
Increase/decrease of long-term investments	(309)	-
Increase/decrease of given loans	2,683	-
<b>Net (outflows) / inflows from investment activities</b>	<b>2,374</b>	<b>(2,363)</b>
<b>C. Cash flow of financing activities</b>		
Increase of the capital	-	-
Increase/decrease of long-term loans	(1,173)	6,404
Increase/decrease in deferred income	-	-
Increase in reserves	-	-
Correction of errors in previous periods	-	-
Paid dividends	-	-
<b>Net (outflows) / inflows from financing activities</b>	<b>(1,173)</b>	<b>6,404</b>
<b>Increase/decrease of cash</b>	<b>3,124</b>	<b>163</b>
<b>Cash on beginning of the year</b>	<b>3,971</b>	<b>3,808</b>
<b>Cash on the end of the year</b>	<b>7,095</b>	<b>3,971</b>

Notes to the Financial Statements  
 are an integral part of these financial statements



## 1. GENERAL INFORMATION

Company for production and trade **Winery POPOVA KULA AD Demir Kapija**, with seat at Boulevard Street no. 1 Demir Kapija was established in the Central Registry of Republic of North Macedonia on 29<sup>th</sup> March 2006 year.

The abbreviated name of the company is:

**POPOVA KULA AD Demir Kapija**

According to the Decision for distribution of the business entity by predominant activity, the taxpayer is registered under an activity code: **11.02 – Production of grape wine**.

The financial operations are performed through the following bank accounts:

Bank	Account number	Signatory
1. Sparkasse Bank AD Skopje	250000000199931	Jordan Trajkov
2. NLB Bank AD Skopje	210046645310119	Jordan Trajkov

**Authorized person of the Company is:**

- Jordan Trajkov

**The registration number of the company is:** 6100937.

**Tax number of the company is:** 4019006111464.

**Basic capital:**

Non-monetary investment: 0,00 MKD.

Monetary investment: 166.050.000,00 MKD.

Total basic capital MKD: 166.050.000,00 MKD.

**Executive director of the Company is:**

- **Jordan Trajkov**, with residence on Partizanska street no. 7 Demir Kapija, with a total percentage amount of the stake, shares or voting rights of 37.9%.

**The following are appointed as non-executive members of the Company:**

- **Zlatko Danev** with IDN 1410969483006, with residence on Prilepska street no. 28 Kavadarci.

Authorization: Non-executive member of the Board of Directors.

- **Grigori Popovski** with IDN 0204952450063, with residence on Ankarska street no. 33/23 Skopje.

Authorization: Non-executive member of the Board of Directors.

- **Klime Babunski** with IDN 1301958450013, with residence on 8<sup>th</sup> March street no. 13 - 2/ Skopje.

Authorization: Non-executive member of the Board of Directors.

- **Ivona Koleva** with IDN 1008991455064, with residence on Dimitrie Chupovski street no. 19 - 1/3 Skopje.

Authorization: Non-executive member of the Board of Directors.

**For the VAT purposes the taxpayer is registered.**

**During 2022 the company has 12 employees.**

On 31.12.2022 the company employed 12 persons, while the number of employees in 2021 was 24 persons.

The company in its composition as of 31.12.2022 has registered 7 subsidiaries in several cities and settlements in the country.

## **2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**

### **2.1 Basis for preparation of financial statements**

In accordance with the provisions of the Law on Trade Companies (Official Gazette of RNM no. 28/04, 84/05, 71/06, 25/07, 87/08, 17/09, 23/09, 42/10, 48 / 10, 8/11, 21/11, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 38/14, 41/14, 138/14, 88/15, 192/15, 6/16, 30/16 and 61/16) legal entities in the Republic of North Macedonia are obliged to keep accounting and prepare financial statements in accordance with the adopted international financial reporting standards published in the Official Gazette of the Republic of North Macedonia.

On December 29, 2009, a new Rulebook on Accounting was adopted ("Official Gazette of RNM 159/09, 164/10 and 107/11"), which published the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), together with the interpretations of the Standing Interpretation Committee (IAC) and the International Financial Reporting Interpretation Committee (IFRS), as set forth and issued by the International Accounting Standards Board (IASB) as of January 1, 2009. This Rulebook shall apply from 1 January 2010.

However, as of the date of preparation of the financial statements, not all amendments to IAS / IFRS and IFRS interpretations that have entered into force for annual periods beginning on or after 1 January 2009 have been translated and published. The accompanying financial statements of the Company are presented in accordance with the balance sheet schemes published in the Rulebook on the form and content of the annual account ("Official Gazette of the Republic of North Macedonia" no. 60/14), whose set of financial statements deviates from those defined in IAS 1. -Presentation of the financial statements and in individual parts deviates from the manner of presentation of certain balance sheet positions provided by the stated standard.

In connection with the above, and having in mind the potentially material significant effects of differences between the accounting regulations of Republic of North Macedonia and IFRS / IAS, which may affect the relevance and objectivity of the Company's financial statements, the accompanying financial statements may not be consider financial statements prepared in accordance with IFRS and IAS.

The financial statements are prepared in accordance with the cost principle, unless otherwise stated in the accounting policies set out below.

In compiling these financial statements, the Company applies the accounting policies set out in note 2.

The amounts contained in the financial statements of the Company are shown in thousands of Macedonian denars. The Denar is the official reporting currency in the Republic of North Macedonia.

## **2.2 Published standards and interpretations that are in force in the current period, and which have not yet been officially translated and adopted.**

At the date of issue of these financial statements, the following standards and amendments were issued by the International Accounting Standards and Interpretations Committee published by the International Financial Reporting Interpretations Commission, but they have not been formally adopted in the Republic of North Macedonia.

- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Amendments that improve fair value disclosures and liquidity risk (revised in March 2009, effective for annual periods beginning on or after 1 January 2009).
- Amendments to IFRS 1 "Initial Adoption of International Financial Reporting Standards" - Additional Exceptions for Entities Applying IFRSs for the first time. The amendments relate to assets in the oil and gas industry and to determine whether the contracts contain leasing (revised in July 2009, effective for annual reporting periods beginning on or after 1 January 2010).
- Amendments to various standards and interpretations as a result of the IFRS Annual Quality Improvement Project published on 16 April 2009 (IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 39, IFRS 16) - primarily with the intention of removing inconsistencies and clarifying the wording in the text (the amendments to the standards are applicable for annual reporting periods beginning on or after 1 January 2010, while the amendments to the IFRIC for annual reporting periods beginning on or after 1 July 2009).
- Amendments to IAS 38 "Intangible Assets" (effective for annual periods beginning on or after 1 July 2009).
- Amendments to IFRS 2 "Share-based Payment"- Amendments as a result of the IFRS Annual Quality Improvement Project (revised April 2009, effective for annual reporting periods beginning on or after 1 July 2009) and changes relating to group transactions cash payments based on shares (revised in June 2009, effective for annual reporting periods beginning on or after 1 January 2010).
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" (effective for annual periods beginning on or after 1 July 2009) and IAS 39 Financial Instruments: Recognition and

Measurement - Embedded Derivatives (Applicable for Annual Reporting Periods) starting on or after June 30, 2009).

- IFRIC 18 "Transfer of Assets from Customers" (applicable for annual reporting periods beginning on or after 1 July 2009) "Comprehensive Financial Reporting Framework for 2010" which is an amendment to the Framework for the Preparation and Presentation of Financial Statements" (Applicable for transfer of funds from customers received on or after September 2010).
- Additions to IFRS 1 "Initial Adoption of International Financial Reporting Standards" - limited exemption from comparative disclosures prescribed under IFRS 7 for entities first applying IFRSs (effective for annual periods beginning on or after 1 July 2010). year).
- Amendments to IAS 24 Related Party Disclosures - Simplified disclosure requirements for entities under (substantial) government control or influence and clarification of the definition of related parties (applicable to annual reporting periods beginning on or after 1 January 2011).
- Amendments to IAS 32 "Financial Instruments: Presentation" - Accounting for the issuance of new shares (effective for annual reporting periods beginning on or after 1 February 2010).
- Additions to various standards and interpretations "Improvements to IFRS 2010 as a result of the IFRS Annual Quality Improvement Project published on May 6, 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRS 13) "- primarily with the intention of removing inconsistencies and clarifying the wording of the text (most of the amendments will be applicable to the annual reporting periods beginning on or after 1 January 2011).
- Amendments to IFRIC 14 "IAS 19 - Limitation on Defined Income, Minimum Funding Requirements and Their Interaction" Advance Payment of Minimum Funding Requirements (applicable for annual reporting periods beginning on or after 1 January 2011).
- IFRIC 19 "Settlement of Financial Liabilities with Equity Instruments" (applicable for annual reporting periods beginning on or after 1 July 2010).
- Additions to IFRS 1 "Initial Adoption of International Financial Reporting Standards" - High hyperinflation and removal of fixed dates for entities first applying IFRSs (effective for annual reporting periods beginning on or after 1 July 2011).
- Additions to IFRS 7 "Financial Instruments: Disclosures" - Transfer of funds (effective for annual periods beginning on or after 1 July 2011).
- Amendments to IAS 12 "Tax Profit" - Deferred Tax: Refund of underlying assets (effective for annual periods beginning on or after 1 January 2012).
- IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013).
- IFRS 11 "Joint Arrangements" (effective for annual reporting periods beginning on or after 1 January 2013).
- IFRS 12 "Disclosures of Investments in Other Legal Entities" (effective for annual reporting periods beginning on or after 1 January 2013).
- IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).
- IAS 27 (Revised 2011) "Periodic Financial Statements" (effective for annual periods beginning on or after 1 January 2013).

- IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures" (effective for annual reporting periods beginning on or after 1 January 2013).
- Amendments to IFRS 1 "Initial Adoption of International Financial Reporting Standards" - Government Loans (effective for annual reporting periods beginning on or after 1 January 2013).
- Additions to IFRS 7 "Financial Instruments: Disclosures" - Settlement of Financial Assets and Financial Liabilities (effective for annual reporting periods beginning on or after 1 January 2013).
- Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosures of Investments in Other Legal Entities: Transitional Guidelines" (effective for annual reporting periods beginning on or after 1 January 2013).
- Additions to IAS 1 "Presentation of Financial Statements" - Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012).
- Amendments to IAS 19 "Employee Benefits" - Improvement of accounting for benefits after termination of employment (effective for annual pay periods beginning on or after 1 January 2013).
- Additions to various standards "Improvements to IFRSs (cycle 2009-2011) as a result of annual IFRS improvement projects (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) mainly related to elimination for annual reporting periods beginning on or after January 1, 2013).
- IFRIC 20 "Exploration Costs in the Surface Mining Production Phase" (applicable for annual reporting periods beginning on or after 1 January 2013).
- Additions to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Investments in Other Legal Entities" and IAS 27 "Single Financial Statements" - Investing Entities (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 32 "Financial Instruments: Presentation" - Settlement of Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 36 "Impairment of Assets" - Reimbursement of Non-Financial Assets (applicable for annual reporting periods beginning on or after 1 January 2014).
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Substitute Derivatives and Accounting for Hedging Transactions (effective for annual periods beginning on or after 1 January 2014).
- IFRIC 21 "Levies" (interpretation applicable to annual reporting periods beginning on or after 1 January 2014).
- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (Applicable to annual reporting periods beginning on or after 1 July 2014).
- Additions to various standards "Improvements to IFRSs" (cycle 2010-2012) as a result of annual IFRS improvement projects (IFRS2, IFRS 3, MDFI 8, IFRS 13, IAS 16, IAS 24 and IAS 38) mainly related to elimination inconsistent and terminological explanations (changes are variable for annual reporting periods beginning on or after 1 July 2014).
- Additions to various standards "Improvements to IFRSs (cycle 2011-2013) as a result of annual IFRS improvement projects (IFRS 1, IFRS 3, IFRS 13 and IAS 40) mainly related to the elimination of inconsistencies and terminological explanations (changes are applicable for annual reporting periods beginning on or 1 July 2014).

- IFRS 14 "Regulatory Deferral Account" (applicable for annual reporting periods beginning on or after 1 January 2016).
- Supplement to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Participation in Associates and Joint Ventures" - Sale or investment in assets of the investor and his associate or joint venture (applicable to annual reporting periods beginning on or after January 1, 2016).
- Amendment to IFRS 11 "Joint Arrangements" - Accounting for Acquired Shares in Joint Operations (effective for annual reporting periods beginning on or after 1 January 2016).
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual reporting periods beginning on or after 1 January 2016).
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods for Calculating Depreciation (Applicable to Annual Reporting Periods Beginning on or after 1 January 2016).
- Amendment to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (applicable for annual reporting periods beginning on or after 1 January 2016).
- Amendment to IAS 27 "Single Financial Statements" - Equity method in separate financial statements (effective for annual periods beginning on or after 1 January 2016).
- Additions to various standards "Improvements to IFRSs" (cycle 2012-2014) as a result of annual IFRS improvement projects (IFRS 5, IFRS 7, IAS 19 and IAS 34) mainly related to the elimination of inconsistencies and terminological explanations (changes are applicable for annual reporting periods beginning on or after 1 January 2016).

### **2.3 Published standards and interpretations that have not yet entered into force in the current period**

On the day of issuance of these financial statements, the following standards, their amendments and interpretations were published, that have not yet entered into force:

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual reporting periods beginning on or after 1 January 2017).
- IFRS 16 "Leasing" (effective for annual reporting periods beginning on or after 1 January 2019).
- Amendments to IFRS 2 "Share-based Payment" - Classification and measurement of transactions (effective for annual reporting periods beginning on or after 1 January 2018).
- Amendments to IFRS 4 "Insurance Contracts" - IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018, when IFRS 9 "Financial Instruments" is applied for the first time).
- Additions to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Participations in Associates and Joint Ventures" - Sale or allocation of funds between the investor and his associate or joint ventures and further additions (effective date is delayed) indefinitely until the equity method research project is completed).

- Amendments to IAS 7 Cash Flow Statement - Disclosure Initiative (effective for annual reporting periods beginning on or after 1 January 2017).
- Amendments to IAS 12 "Income Taxes" - Recognition of deferred tax assets for unrealized losses (effective for annual periods beginning on or after 1 January 2017).
- Amendments to IAS 40 "Real Estate Investments" - Transfers of Real Estate Investments (effective for annual reporting periods beginning on or after 1 January 2018).
- Additions to various standards "Improvements to IFRSs" (cycle 2014-2016) as a result of annual IFRS improvement projects (IFRS 1, IFRS 12 and IAS 28) mainly related to the elimination of inconsistencies and terminological explanations (IFRS 12 amendments are applicable to annual reporting periods beginning on or after 1 January 2016, while amendments to IFRS 1 and IAS 28 are applicable to annual reporting periods beginning on or after 1 January 2018).

Management assesses the impact of IAS changes, new IFRSs and interpretations of financial statements. Although most of these changes are not applicable in the operations of the Company, the management does not make an explicit and unreserved statement about the compliance of the financial statements with IAS and IFRS, which apply for the period presented in the attached financial statements.

The preparation of financial statements in accordance with the Law on Trade Companies and the Rulebook on Accounting requires the application of estimates and assumptions by the management of the Company, which affect the positions expressed in the financial statements. Although management estimates are based on reasonable information and knowledge of events and activities, the actual results may differ from those estimated. Management estimates are shown in Note 4.

#### **2.4 Functional and reporting currency**

The financial statements are presented in Macedonian denars (MKD or denars), which is the reporting and functional currency of the company. Current and comparative data in the financial statements are given in thousands of Macedonian denars.

#### **2.5 Using assessments and reasoning**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect policy changes and the amounts of assets and liabilities shown, income and expenses. Real situations may differ from these estimates. Estimates and assumptions are constantly reviewed. Changes in accounting estimates are recognized in the period in which the change is made and in future periods if the change affects the future period.

#### **2.6 Going concern**

The financial statements are prepared on the basis of the assumption of going concern that is 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 operations.

### 3. ACCOUNTING POLICIES

The basic accounting policies applied in the preparation of the financial statements are given below. Accounting policies are applied consistently throughout the year presented.

The accounting policies of the company are in accordance with our legal regulations. The records of all business events are kept according to the valid regulations in that area that are valid in our country, i.e. in accordance with the Law on Trade Companies and the Rulebook on Accounting.

#### 3.1. Exchange rate differences

Transactions made in foreign means of payment are calculated in denars at the exchange rate valid on the day of the transaction. Foreign currency balances are calculated at the exchange rate prevailing on the balance sheet date. Exchange rate differences arising during the year are recognized in the income statement as income or expenses in the period in which they arise.

The Company is exposed to the foreign currency EURO.

The exchange rates used for denomination are as follows:

	31.12.2022	31.12.2021
EYP	61,4932	61,6270
\$	57,6535	54,3736
£	69,3350	73,4267

Transactions made in foreign currency of payment are calculated in Macedonian Denars at the exchange rate valid on the day of the transaction. Exchange rate differences arising from such transactions during the year and from the deduction of assets and liabilities denominated in foreign currency at the exchange rate ruling at the date of the statement of financial position are recognized in the income statement as income or expense. Exchange rates arising from Denar statements and investments denominated in foreign currencies are shown in equity.

#### 3.2. Basic Assets

Purchases of fixed assets during the year are recorded at cost value. The cost value is the invoice value of the purchase fixed assets, increased by all costs incurred until their commissioning. Purchase value is the invoice value, including customs duties and taxes, deducted from discounts and rebates resulting from such disposal and is shown in the statement of comprehensive income.

Disposed or otherwise disposed of tangible assets are eliminated from the Statement of Financial Position together with the impairment.

The gain or loss arising on such disposal shall be disclosed in the Statement of Comprehensive Income.



Property and equipment are stated at cost less accumulated amortization. Cost includes costs that are directly attributable to the acquisition of the assets. The cost of real estate, built on your own, consists of the cost of material, direct labor and corresponding general production costs.

Subsequent purchases are included in the recorded value of the asset or recognized as a separate asset, respectively, only when inflow of future economic benefits to the Company related to the item and when the cost of the item can be reasonably measured. All other regular maintenance and repairs are recorded as an expense in the income statement during the period in which they occur.

### 3.2.1 Depreciation

When calculating depreciation, the company independently determines the rates for calculating depreciation in accordance with International Accounting Standards. Given the fact that the Republic of North Macedonia has fully accepted the International Accounting Standards, which regulate the method of calculating depreciation and determining the amount of depreciation rates, the company should be guided by the useful life of basic assets when calculating depreciation rates.

Depreciation is calculated from the first day of the following month. Depreciation of land and ongoing investments is not calculated.

Depreciation of real estate, plant and equipment and office equipment and furniture, vehicles is calculated in direct proportion in order to distribute the purchase value to their residual values over the estimated useful life, as following:

Description of basic asset	Depreciation rate (2022)	Estimated useful life (2022)	Depreciation rate (2021)	Estimated useful life (2021)
<b>Buildings</b>	2,5%	40	2,5%	40
<b>Plant and equipment</b>	25%	4	25%	4
<b>Tools, plant and business inventory and furniture</b>	10%	10	10%	10
<b>Transportation vehicles</b>	15%-25%	7-4	15%-25%	7-4
<b>Biological agents</b>	10%	10	10%	10

The costs for regular maintenance and repairs are recorded at the expense of the costs of maintenance and protection at the time of their occurrence.

Expenses for reconstruction, adaptation or other investment that increase the useful life or capacity are capitalized upon their occurrence.

Residual asset values and estimated useful lives are reviewed and if necessary adjusted on every date of the Statement of financial position. When the recorded amount of the asset is higher than its estimated recoverable amount, it is immediately written off to its recoverable amount.

Revenue or expenses related to alienations are determined by comparing the inflows with the recorded amount. The differences are included in the Statement of Comprehensive Income at the time they arise.

Ongoing investments are recorded at purchase value on the date of procurement, i.e. based on temporary situations obtained from the contractors.

Depreciation is not calculated on the assets recorded on the account for ongoing investment up to the moment of their commissioning.

### **3.3 Inventory**

The inventory is consisted of inventory of raw materials, inventory of trade goods and finished products. The value of the inventory is determined according to the method of purchase price at wholesale. The purchase value of trade goods is consisted of invoice value, customs, taxes, transportation costs, insurance and other related procurement costs. Discounts and rebates are not included in the purchase price. Net expected sales value is the estimated selling price in the normal course of operations, decreased for the sell costs.

### **3.4 Trade receivables**

The trade receivables are presented according to their fair value, decreased for the discounts and impairment. The impairment of the trade receivables is done whenever there is objective evidence that the trade receivable cannot be collected.

The indicators used in assessing the possibility of impairment of receivables are:

- Insolvency,
- the possibility of liquidation and bankruptcy and
- delay in the payment of claims.

The amount of the impairment is the difference between the invoice value of the receivables and the amount that is expected to be recovered.

In case of non-collection of the claim, it is written off and taxed in accordance with the legal regulations. Subsequent collection of previously written off amounts is recognized as current gains.

### **3.5 Money and money equivalents**

Money and cash equivalents consist of cash on bank accounts - denary and foreign currency and treasury.

### **3.6. Employee benefits**

The Company, during its normal operation, makes payments in favor of its employees for pension and health insurance, employment and personal income tax which are calculated on the basis of gross salaries.

The Company does not operate any pension schemes or post-retirement benefits plan and consequently have no pension liabilities.

### **3.7 Income tax**

The income tax is calculated and paid according to the provisions of the Law on profit tax. The payment of the monthly tax is made in advance determined by the tax authorities. The final tax at the rate of 10% is determined from the financial result adjusted for non-tax deductible expenses.

### **3.8 Value added tax**

Value added tax is calculated and paid on the turnover of products, goods and services performed on the domestic market, in accordance with the Law on Value Added Tax.

The company's turnover is subject to value added tax, with the right to deduct the previous VAT.

### **3.9 Trade liabilities**

Trade liabilities are initially recognized based on the amount stated on the invoice.

### **3.10 Loan liabilities**

Initially, loans are denominated at face value, decreased for the transfer costs. In subsequent periods, loans are shown reduced by the accrued interest.

Loans are presented as long-term liabilities, with their redistribution for the part maturing as short-term credit.

### **3.11 Revenues**

Revenues are measured according to their objective value of the amount at which is received and claimed as a result of sale of the Company's regular activities. Income from sale is recognized after the goods are delivered and accepted by the buyer, decreased for the VAT and other discounts.

The Company measures its incomes according to the objective value of received amount or receivable. Incomes are recognized if at the same time the assets increase or the liabilities decrease.

Incomes from sale are recognized if:

- All risks and benefits from the ownership over products are transferred to the buyer,
- The company doesn't maintain nor permanent management, nor control over the products,
- the amount of income can be measured,
- it is probable that the products sold will be charged,
- the costs incurred or to be incurred in connection with the sale can be measured with certainty.

If at the moment of occurrence of the event is estimated that the collection is uncertain, the incomes are deferred. For realization from previous accounting periods and for that from the current accounting period is calculated in favor of incomes impairment of receivables is done on the burden of the expenses.

In the expense recognition policy, the company adheres to the following criteria:

- expenditures result in reduction of assets or an increase of liabilities, which can be measured with certainty,
- expenditures are directly related to the incurred costs and special revenue positions,
- when the realization of the revenues in several future accounting periods is expected, then the recognition of the expenditures is performed with the procedure of reasonable allocation of accounting periods
- the expense is immediately recognized in the accounting period when the expense does not realize future economic benefits, and there are no conditions to be recognized as an asset position in the balance sheet,
- the expense is immediately recognized in the accounting period and when the liability has arisen and there are no conditions to be recognized as an asset position.

### **3.12 Borrowing cost**

Borrowing costs, including interest expense related to borrowing assets (loans and credits), are recognized as an expense in the statement of comprehensive income for the period in which they are occurred.

### **3.13 Comparatives**

The comparative amounts in the report have been changed where necessary, in order to be consistent with the changes in this year's report.

### **3.14 Capital and reserves**

Capital Capital represents the nominal value of invested assets.

Reserves The reserves consist of legal reserves, created during the periods based on the distribution of accumulated profits in accordance with the legislation and the decisions of the Company and other reserves which include the part of reinvested earnings.

Accumulated gains / losses Accumulated gains / losses include the current, as well as from previous periods, retained earnings and losses.

### **3.15 Reservations**

A provision is recognized in the balance sheet when the Company has a current liability as a result of a past event and it is probable that an outflow of funds including economic benefits will be required to settle the liability, and a reliable estimate of the liability will be made. Provisions are checked at each balance sheet date and adjusted to reflect the best current estimate. When the effect of the time value of money is material, the amount of the provision is the present value of the costs that are expected to be incurred in settling the liability.

#### **4. SIGNIFICANT ACCOUNTING ESTIMATES**

The accounting estimates made by the Company are constantly monitored and based on prior experience and other factors, including the forecasting of future events that are considered reasonable in the circumstances.

##### **4.1 Significant accounting estimates and assumptions**

The Company makes estimates and assumptions for the future. Estimates are constantly monitored and based on past experiences and other factors, including expectations for future events. The most common estimates and assumptions are shown below:

##### **A) Useful life of assets**

The useful life of assets is determined on the basis of past experience with similar assets, as well as future technological development and changes in economic and industrial factors. The adequacy of the estimated useful life is assessed annually, or when there are indications of significant changes in estimates.

##### **B) Impairment of property, plant and equipment and intangible assets**

We assess the need for impairment of property, plant and equipment and intangible assets whenever there is a reason that the accounting value may significantly exceed the recoverable amount and when impairment is foreseen. The compensatory value is determined by means of calculations, using a wide range of estimates and factors that affect it. In addition, we take into account future revenues and costs, technological obsolescence, downtime and other changes in factors that may lead to impairment.

If impairment is identified, the difference between fair value and cost of sales is also determined in order to calculate the exact amount of impairment. Because this calculation is subjective, the amount of potential damage may differ significantly from the results of these calculations.

##### **C) Impairment of trade receivables and other receivables**

The calculation of impairment of doubtful receivables is calculated on the basis of estimated losses from the inability of the buyers to pay the required amounts. For those buyers who are bankrupt or liquidated, the impairment is calculated individually, while for other buyers it is calculated based on the portfolio, taking into account the age structure of receivables and past write-offs, the creditworthiness of buyers and changes in payment terms. These factors are assessed periodically and changes are made if necessary. Estimates include forecasts of the buyer's future activities and future receivables collection. If the financial condition of buyers deteriorates, write-offs of current receivables will be higher than anticipated and may exceed the level of loss.

##### **D) Reservations**

Reservations are generally subjective, especially in the case of litigation. The Company assesses the possibility of a negative event as a result of past events and if it is over fifty percent, the Company

fully discloses the liability. The company usually makes a reasonable assessment, but due to the high level of uncertainty, in some cases the evaluation may differ in the final effect. In the current 2022, the company participates in litigations.

## **5. CHANGE OF ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS**

There are no changes of accounting policies.

There is full compliance with the legislation.

The Company performs its activities in accordance with the legislation of Republic of North Macedonia.

## **6. FINANCIAL RISK MANAGEMENT**

### **6.1. Financial risk factors**

In its operations, the Company is exposed to several types of financial risks such as market risk (exchange rate risk), credit risk, risk of insolvency, interest rate risk and tax risk. The Company's approach to financial risk management is aimed at assessing the unpredictability of the financial market and seeks to find a way to timely minimize potential adverse effects. Risk management is performed by the Financial Sector, based on policies approved by the Manager.

#### **a) Market risk**

Market risk is defined as "the risk of fluctuations in market value or future cash flows of financial instruments as a result of changes in market prices" and includes interest rate risk, currency risk and other price risks. Due to the fact that most of the income and expenses of the Company are realized in Macedonian denars (MKD), the functional currency of the Company is MKD and as a result, the goal of the Company is to minimize the level of financial risk in MKD conditions.

Presentation of market risks requires sensitive analyzes to show the effects of hypothetical changes on the relevant risk variables of profit or loss or share capital. Periodic effects are determined by the correlation between the hypothetical changes of the relevant risk variables and the balance sheet of the financial instruments at the balance sheet date. The balance sheet on the day of the balance sheet shows the whole year.

#### **b) Foreign exchange risk**

The Company is involved in international transactions and is exposed to exchange rate risk as a result of domestic currency exposure to various foreign currencies. Long-term credit liabilities and receivables and payables to foreign buyers / suppliers are denominated in foreign currencies. Therefore, the company is exposed to risk related to possible fluctuations in exchange rates. A significant part of the Company's operations such as: sales of products and services, procurement of fixed assets, raw materials and services, services and loans are denominated in Denars from foreign

currencies. The Company does not use financial instruments to minimize risk, due to the fact that such instruments do not exist on the market in Republic of North Macedonia.

**c) Credit risk**

The Company does not have a significant concentration of credit risk. Established policies and procedures enable sales to customers with an appropriate credit history. Trade receivables consist of a large number of balances. Thus, credit risk management includes a policy of reasonable reduction and dispersion of the concentration of receivables in the client portfolio.

**d) Interest rate risk**

Interest rate risk is the risk of fluctuations in the market value or future cash flows of financial instruments due to fluctuations in market interest rates. Changes in interest rates and interest margins can affect financial costs and financial investment. The Company has no significant interest-bearing claims. The Company does not have significant financial resources that would provide interest income, so the cash flow of the Company is not affected by changes in market interest rates. The Company is exposed to interest rate risk on its long-term loan liabilities. Loans with variable interest rate increase the exposure to cash flow-related interest rate risk. Loans approved with fixed interest rate, increase the exposure to interest rate risk at fair value.

The Company regularly monitors interest rate risk exposure.

**e) Risk of insolvency**

Risk of insolvency is the risk of the Company's inability to pay its obligations on time. The management of the company takes care of providing liquidity. The policy of the company is to maintain an adequate amount of money and cash in order to settle liabilities in the future. An additional amount of money is usually deposited in commercial banks. The risk insolvency management process includes the projection of cash flows by foreign exchange currencies and the determination of the required amount of liquid assets, taking into account the business plan, the collection of receivables and the outflow of cash. In appropriate cases, the Company uses short-term and long-term loans to finance its operations. The Management manages risk of insolvency by maintaining a certain amount of free money and cash equivalents, daily monitoring of the cash balances and projections for future cash inflows and outflows.

**f) Tax risk**

Macedonian tax legislation is subject to various interpretations and frequent changes. The interpretation of the tax legislation applied by the tax authorities to the transactions and activities of the Company may not coincide with the interpretations of the management. As a result, certain transactions may be subject to tax control which may result in additional taxes, penalties and interest that may be material. The company documentation can be subject to tax control for a period of up to ten years.

**g) Capital risk management**

The purpose of the Company in managing capital is to maintain the ability to continue its activities continuously and thus provide profit to shareholders and benefits to other shareholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

**h) Fair value assessment**

The categories of money and cash, trade receivables and other financial assets have a short maturity. For this reason, their carrying amount on the reporting date is similar to their fair value.

Fair value is the amount for which an asset can be exchanged or a liability settled on market terms, i.e. between parties entering into voluntary transactions. Fair value is based on management's assessment, depending on the type of assets and liabilities.

The recorded value of liabilities and assets corresponds to their fair value due to their short-term maturity.

The fair value of monetary assets, which include cash, is considered to be close to their respective accounting values by definition and due to their maturity of less than 3 months.

The recorded amount of liabilities to suppliers and other liabilities is close to their fair value.

## 7. FINANCIAL INSTRUMENTS

**Financing risk**

The Company finances its operations through the use of long-term loans in order to ensure adequate return on investment. This indicator is the ratio between net liabilities and total capital. Net liabilities represent the difference between loan liabilities (including long-term loans) and cash.

The Company continuously monitors its indebtedness through an appropriate analysis which as of 31 December 2022 and 31 December 2021 is as follows:

The management of the company performs regular analysis of the credit indebtedness.

	2022	2021
Loan liabilities	49,965	48,885
Money and money equivalents	-7,095	-3,971
Net loan liabilities	42,870	44,914
Capital	120,734	119,084
Net loan liabilities / capital	36%	38%

**Foreign exchange risk**

The Company enters into transactions in foreign currency, arising from sales and purchases in foreign markets, whereby it is exposed to daily changes in the exchange rates of foreign currencies.



The company is exposed to foreign currency EUR. Exposure to EUR on liabilities includes liabilities on loans from domestic banks that have a foreign exchange clause and whose repayment in Denars depends on the movements of the Denar exchange rate against the Euro.

#### Interest rate risk

The Company is exposed to interest rate risk in case it uses loans or when it has placed funds with other companies or banks agreed at variable interest rates.

The accounting value of financial assets and liabilities according to its exposure to interest rate risk at the end of the year is as follows:

#### Financial assets

<b>Non-interest bearing:</b>	<b>2022</b>	<b>2021</b>
Money and money equivalents	7,095	3,971
Trade receivables	13,991	13,328
Other receivables and loans	333	446
<b>Total</b>	<b>21,420</b>	<b>17,745</b>
<b>Interest-bearing with variable interest</b>	<b>0</b>	<b>0</b>
-Money assets on bank accounts	50	50
Given loans and deposits	6,249	8,932
<b>Total</b>	<b>6,299</b>	<b>8,982</b>

#### Financial liabilities

<b>Non-interest bearing:</b>	<b>2022</b>	<b>2021</b>
Trade liabilities	5,434	6,013
Other short-term liabilities	4,799	5,323
<b>Total</b>	<b>10,233</b>	<b>11,336</b>
<b>Interest-bearing with variable interest</b>	<b>0</b>	<b>0</b>
Loans	49,965	48,885
<b>Total</b>	<b>49,965</b>	<b>48,885</b>

The following table shows the sensitive analysis of increase or decrease of interest rates on used loans and given bank deposits by 1% points. The analysis is made on the balance of loan liabilities and deposits given at the date of the Statement of financial position.

The positive amounts are increases in profit, and the negative amounts are decreases in profit for the respective period.

	Increase for 1% point		Decrease for 1% point	
	2022	2021	2022	2021
Loan liabilities	-500	-489	500	489
Loan receivables	499.65	488.85	-499.65	-488.85
<b>Net effect</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Liquidity risk**

Liquidity ratios

(In thousand denars)

	<b>2022</b>	<b>2021</b>
Current assets	62,833	57,181
Current liabilities	14,211	13,061
Inventories	35,164	30,505
<b>Current ratio</b>	<b>4.42</b>	<b>4.38</b>
<b>Fast coefficient</b>	<b>1.95</b>	<b>2.04</b>

**Notes to the Income Balance**

**8 Revenue from sales**

<b>Description</b>	<b>2022</b>	<b>2021</b>
Revenue from sales of goods and services on domestic market	23,757	38,543
Revenue from sales of goods on domestic market	17	10
Revenue from sales of goods on foreign market	8,992	2,686
Income based on the use of own goods	1,053	732
<b>TOTAL</b>	<b>33,819</b>	<b>41,971</b>

**9 Operational incomes**

<b>Description</b>	<b>2022</b>	<b>2021</b>
Gains from the sale of intangible and tangible assets	584	0
Surplus	20	333
Incomes from written-off liabilities and from recovery of written off receivables	2	0
Incomes from premiums, subventions, dotation and donations	1,014	1,759
Other operational incomes	108	71
<b>TOTAL</b>	<b>1,728</b>	<b>2,164</b>

**10 Cost of raw materials and other materials**

<b>Description</b>	<b>2022</b>	<b>2021</b>
Cost of materials (production)	8,405	9,878
Energy costs (production)	1,068	1,941
Energy costs (administration, management)	298	242
Costs for small inventory, packaging and car tires	88	362
Cost of goods sold	5,881	1,801
<b>TOTAL</b>	<b>15,741</b>	<b>14,225</b>

**11 Services with the character of material costs**

Description	2022	2021
Transport services	1,036	339
Telephone services, internet services	136	204
Maintenance services	509	694
Rent	77	78
Utilities	594	735
Advertising costs, propaganda, fairs	586	1,255
Other services	58	116
<b>TOTAL</b>	<b>2,996</b>	<b>3,421</b>

**12 Other operational expenses**

Description	2022	2021
Per diem for business travel and travel expenses	687	247
Reimbursement of staff costs and gifts	4	383
Sponsors and donations	1	6
Representation	327	362
Insurance premiums	19	27
Bank provision	209	367
Taxes that do not depend on the result, membership fees, etc.	293	401
Other costs	3,135	4,267
<b>TOTAL</b>	<b>4,674</b>	<b>6,062</b>

**13 Gross salaries of employees and other compensations**

Description	2022	2021
Gross salaries of employees	6,713	7,551
Other costs	64	-
<b>TOTAL</b>	<b>6,777</b>	<b>7,551</b>

**14 Other operating expenses**

Description	2022	2021
Expenses for approved discounts, rebates, advertisements	78	114
Penalties, shortages, reimbursement and other	62	-
Other operating expenses	712	191
<b>TOTAL</b>	<b>852</b>	<b>305</b>

**15 Value adjustment (impairment) of non-current assets**

Description	2022	2021
Value adjustment (impairment) of real estate investments	790	788
<b>TOTAL</b>	<b>790</b>	<b>788</b>

**16 Financial incomes**

Description	2022	2021
Income from exchange rate differences with related parties	213	275
Incomes from interest from working with unrelated parties	493	85
<b>TOTAL</b>	<b>706</b>	<b>360</b>

**17 Financial expenses**

Description	2022	2021
Expenses from interest with related parties	939	989
Expenses for interest from unrelated parties	527	696
Expenses from exchange rate differences with unrelated parties	292	34
<b>TOTAL</b>	<b>1,759</b>	<b>1,720</b>

**Notes to the Balance sheet**

**18 Property, plant and equipment**

Description	Land	Buildings	Plant and equipment	Tools, plant and office equipment, furniture	Real estate investments in preparation	Tangible assets in preparation	TOTAL
<b>Changes in 2021</b>							
Purchased Value on 01.01.	4,581	119,609	56,233	9,157	2,235	3,037	194,851
New supplies	-	226	193	87	1,857	-	2,363
Alienated, Scrapped assets	-	-	-	-	-	-	-
<b>Balance on 31.12.</b>	<b>4,581</b>	<b>119,835</b>	<b>56,426</b>	<b>9,244</b>	<b>4,092</b>	<b>3,037</b>	<b>197,214</b>
<b>Accumulated depreciation</b>							
Balance on 01.01.	-	(31,917)	(39,623)	(979)	-	-	(72,520)
Current depreciation	-	(3,000)	(2,157)	(56)	-	-	(5,214)
Alienated, Scrapped assets	-	-	-	-	-	-	-
<b>Balance on 31.12.</b>	<b>-</b>	<b>(34,918)</b>	<b>(41,781)</b>	<b>(1,035)</b>	<b>-</b>	<b>-</b>	<b>(77,733)</b>
<b>Changes in 2022</b>							
Purchased Value on 01.01.	4,581	119,835	56,426	9,244	4,092	3,037	197,214
New supplies	-	3,246	228	440	-	-	3,913
Alienated, Scrapped assets	-	-	(977)	-	-	(2,937)	(3,914)
<b>Balance on 31.12.</b>	<b>4,581</b>	<b>123,081</b>	<b>55,677</b>	<b>9,683</b>	<b>4,092</b>	<b>101</b>	<b>197,214</b>
<b>Accumulated depreciation</b>							
Balance on 01.01.	-	(34,918)	(41,781)	(1,035)	-	-	(77,733)
Current depreciation	-	(3,018)	(2,190)	(102)	-	-	(5,310)
Alienated, Scrapped assets	-	-	977	-	-	-	977
<b>Balance on 31.12.</b>	<b>-</b>	<b>(37,935)</b>	<b>(42,994)</b>	<b>(1,137)</b>	<b>-</b>	<b>-</b>	<b>(82,066)</b>
<b>Book value</b>							
<b>Balance on 31.12.2022</b>	<b>4,581</b>	<b>85,146</b>	<b>12,683</b>	<b>8,546</b>	<b>4,092</b>	<b>101</b>	<b>115,148</b>
<b>Balance on 31.12.2021</b>	<b>4,581</b>	<b>84,917</b>	<b>14,645</b>	<b>8,209</b>	<b>4,092</b>	<b>3,037</b>	<b>119,481</b>

POPOVA KULA AD - Demir Kapija  
Notes to the financial statements  
Balance for the year ended on 31.12.2022

**19 Long term financial assets**

ОПИС	2022	2021
STANUSHINA DOOEL Skopje	12	12
PKT DOOEL	309	0
POPOVA KULA POLSKA SP. ZOO	2,631	2,631
<b>TOTAL</b>	<b>2,952</b>	<b>2,643</b>

**20 Cash and cash equivalent**

Description	2022	2021
NLB BANK AD Skopje - bank accounts local currency	1	27
SPARKASSE BANK AD Skopje - bank accounts foreign currency	22	413
EUROSTANDARD BANK AD Skopje - bank accounts foreign currency	-	5
Money on bank accounts foreign currency	7,010	2,995
Cash at hand	12	268
Securities - cash equivalents	-	213
Deposits - cash equivalents	50	50
<b>TOTAL</b>	<b>7,095</b>	<b>3,971</b>

**21 Receivables from related parties**

Description	2022	2021
STANUSHINA DOOEL Skopje	1,634	1,421
<b>TOTAL</b>	<b>1,634</b>	<b>1,421</b>

**22 Trade Receivables**

Description	2022	2021
Trade receivables - domestic	9,106	8,562
Trade receivables - foreign	3,225	3,125
Receivables for given advances, deposits domestic	24	24
Receivables for given advances, deposits foreign	-	197
Disputed and doubtful receivables	2	-
<b>TOTAL</b>	<b>12,357</b>	<b>11,907</b>

**23 Receivables from state institutions**

Description	2022	2021
Receivables for overpaid profit tax, total income tax	333	333
Other receivables from state institutions	-	-
<b>TOTAL</b>	<b>333</b>	<b>333</b>

**24 Receivables from employees**

Description	2022	2021
Other receivables from employees	-	91
<b>TOTAL</b>	<b>-</b>	<b>91</b>

**25 Short-term financial assets**

Description	2022	2021
STANUSHINA DOOEL Skopje	6,129	8,812
GSO TRANS DOO	120	120
<b>TOTAL</b>	<b>6,249</b>	<b>8,932</b>

**26 Prepaid expenses for future periods and accrued income**

Description	2022	2021
Prepaid expenses	-	22
<b>TOTAL</b>	<b>-</b>	<b>22</b>

**27 Stock of raw materials**

Description	2022	2021
Raw materials in stock	3,780	3,202
<b>TOTAL</b>	<b>3,780</b>	<b>3,202</b>

**28 Stocks of production, finished products and goods, biological assets and non-current assets held for sale and discontinued operation**

Description	2022	2021
Stock of goods	12,296	11,195
Stock in warehouse	9	14
Goods in store	-	660
Value added tax	-	(101)
Deviation from the standard (planned) prices of the products	2,474	1,902
<b>TOTAL</b>	<b>14,780</b>	<b>13,670</b>

**29 Trade goods**

Description	2022	2021
Goods in store	-	(51)
Value added tax	-	(153)
Deviation from the standard (planned) prices of the products	-	161
<b>TOTAL</b>	<b>2,022</b>	<b>1,978</b>

**30 Spare parts supplies, small inventory, packaging**

Description	2022	2021
Small inventory	59	58
Small inventory in use	1,760	1,880
Packaging	220	220
Value adjustments to spare parts supplies, small inventory	- 880	- 940
<b>TOTAL</b>	<b>1,159</b>	<b>1,218</b>

**31 Production**

Description	2022	2021
Production (wine bulk)	15,446	12,254
<b>TOTAL</b>	<b>15,446</b>	<b>12,254</b>

**32 Long-term liabilities**

Description	2022	2021
Long-term liabilities towards a shareholder in the company	4,213	4,074
Long-term liabilities towards individuals	3,366	3,274
Development Bank of Macedonia	348	1,044
Long-term liabilities towards the largest shareholder in the company - individual	31,737	31,013
Sparkasse Bank AD Skopje	6,323	7,755
<b>TOTAL</b>	<b>45,987</b>	<b>47,160</b>

**33 Trade liabilities**

Description	2022	2021
Trade liabilities- domestic	4,502	3,901
Trade Liabilities - foreign	391	645
Liabilities for received advances, deposits domestic	65	273
Liabilities for received advances, deposits foreign	110	794
Liabilities from specific activities with unrelated parties	367	401
<b>TOTAL</b>	<b>5,434</b>	<b>6,013</b>

**34 Liabilities toward employees**

Description	2022	2021
Salary liabilities	390	509
Liabilities for employee expenses	0	3
Other liabilities to employees	437	114
<b>TOTAL</b>	<b>827</b>	<b>626</b>

**35 Current tax liabilities**

Description	2022	2021
Liabilities for value added tax	254	258
Personal income tax liabilities	3	0
Other tax liabilities	192	245
<b>TOTAL</b>	<b>449</b>	<b>503</b>

**36 Deferred payments of expenses and income for future periods**

Description	2022	2021
Deferred payments of expenses	-	-
Grant from International Bank of Reconstruction and Development	3,516	4,186
<b>TOTAL</b>	<b>3,516</b>	<b>4,186</b>

**37 Other short-term liabilities and short-term provisions**

Description	2022	2021
Other short-term liabilities	7	8
<b>TOTAL</b>	<b>7</b>	<b>8</b>

**38 Short - term financial liabilities**

Description	2022	2021
Sparkasse Bank AD Skopje	1,432	1,377
Development Bank of Macedonia	2,546	348
<b>TOTAL</b>	<b>3,978</b>	<b>1,725</b>

### 39. CAPITAL

	(In thousand denars)	
	2022	2021
Basic capital	166,050	166,050
Accumulated gain / (Accumulated loss)	(46,965)	(46,967)
Gain / (loss) for the current year	1,649	2
<b>Total</b>	<b>120,734</b>	<b>119,084</b>

The ownership structure of the Company on 31.12.2022 is presented in the following table:

Share Book	Number of shares	Nominal value	Basic capital
	2.700.000	61,50	166.050.000
<b>Total</b>	<b>2.700.000</b>	<b>61,50</b>	<b>166.050.000</b>

\* INTECO DOO Skopje is major shareholder of the Company with 50.5% of the published shares.

### 40. DIVIDEND

In the current 2022 the Company did not pay any dividend.

### 41. TAKEN POTENTIAL LIABILITIES

#### A) Legal disputes

##### *Court disputes*

The Company is a defendant party in a number of court proceedings arising from the regular operation of the Company. The management of the Company considers that there are no significant future obligations from these lawsuits.

On the other hand, the Company appears as a plaintiff in a number of court proceedings arising from the regular operation of the Company, which are mainly lawsuits due to uncollected claims for performed works. Contingent assets are not recognized in the financial statements.

#### B) Bank guarantees

As of 31 December 2022, the company has used a bank guarantee in the amount of 50.000.00 denars in Sparkasse Bank AD Skopje.

#### C) Mortgages

The company has mortgaged part of its movable and immovable property and equipment, namely:

- Construction building with property deed number 1557 in use by Sparkasse Bank AD Skopje in the amount of 18,000,000 denars.



- Construction building with property deed number 1734 in use by Sparkasse Bank AD Skopje in the amount of 18,000,000 denars.

*Capital liabilities*

No liabilities are recorded at the balance sheet date that are not already recognized in the financial statements.

## 42. Transactions with related entities

In 2022, the Company has transactions with entities that according to the Law on Trade Companies have treatment of related parties. Transactions with related entities are shown in the following table:

DESCRIPTION	(in thousand denars)	
	Receivables	Liabilities
STANUSHINA DOOEL	6,449	-
STANUSHINA DOOEL – loans	6,129	-
STANUSHINA DOOEL - interest	1,634	-
POPOVA KULA SP ZOO Polska	1.145	-
INTEKO DOO Skopje	-	297
PKT DOOEL	2,073	1,645
<b>TOTAL</b>	<b>17,430</b>	<b>1,942</b>

## 43. Events after the reporting date

No events which, by their importance, would cause necessary change in the financial statements have occurred in the period from 31<sup>st</sup> December 2022 until the date of the issuance of the auditor's report.

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## **ANNEX 1 – Legal obligation for compiling annual account and annual report**

According to Article 476 from the Trade Law the annual account is prepared by the trade companies is consisted of Balance Sheet, Income statement and Explanatory Notes.

According to Article 476 from the Trade Law the Annual account and the financial statement that are related to the same fiscal year and that are prepared according the provisions of the Law and the accounting regulations should include identical information for the condition of assets, liabilities, incomes, expenses, capital and gain or loss of the company for the business year.

According to Article 477 from the Trade Law, the Managing Authority of the Company, in addition to the annual account, i.e. the financial statements, is obliged, after the end of each business year, to prepare a report on the operations of the Company in the previous year with the content specified in Article 384 paragraph 7 za AD of the Trade Law.

The annual account of the Company and the Annual Report are given in Appendix 2 and 3.

The Managing Authority of the Company reviewed and approved the Annual Report.

Mr. Jordan Trajkov

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Executive director of POPOVA KULA AD Demir Kapija

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## ANNEX 2 – Annual Account

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## **ANNEX 3 – Annual report**