Financial Company
IUTE CREDIT MACEDONIA
DOOEL - Skopje

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2022

Skopje, May 2023

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF Financial Company IUTE CREDIT MACEDONIA DOOEL - Skopje

Report on the Financial Statements

We have audited the accompanying financial statements of Financial Company IUTE CREDIT MACEDONIA DOOEL – Skopje ("the Company"), which comprise Statement of Financial Position as at 31 December 2022, and the Statement of Comprehensive Income, Statement of changes in equity and Cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Law and International Standards on Auditing which are accepted and published in the Official gazette of the Republic of Macedonia (79/2010). 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 polices used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE
SHAREHOLDER OF
Financial Company IUTE CREDIT MACEDONIA DOOEL - Skopje

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Financial Company IUTE CREDIT MACEDONIA DOOEL – Skopje as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting standards which are accepted in the Republic of North Macedonia.

Emphasis of matter

Without qualifying our opinion, we turn our attention to Note 22.a. stating that as of 31 December 2022, in accordance with the Security Agent Agreement between IUTE Credit Finance S.A.R.L Luxembourg and Greenmark Restriction Solutions GMBH Germany, IUTE Credit Macedonia has pledged its loan receivables and has issued a promissory note in the form of a guarantee in favor of Greenmark Restriction Solutions GMBH Germany, with which it accepts all liabilities arising from bonds issued by IUTE Credit Finance S.A.R.L. , in the amount of EUR 125 million. Based on the attached financial statements, as of December 31, 2022, the total assets of the Company amount to EUR 30 million.

Report on Other Legal or Regulatory Requirements

The management of the Company is also responsible for preparation of the annual business report according to the article 384 from the Law on trade companies. Our responsibility, according to the Audit Law, is to report whether the annual business report is consistent with the annual accounts and the financial statements for the year ended 31 December 2022. Our job regarding the annual business report is conducted according to the ISA 720 and is restricted to reporting whether the historical financial information presented in the annual business report are consistent to the annual accounts and the audited financial statements.

The annual business report is consistent, in all material aspects, with the annual account and the audited financial statements of Financial Company IUTE CREDIT MACEDONIA DOOEL – Skopje as of 31 December 2022.

Skopje, 22 May 2023

Certified Auditor	**Manager and Certified Auditor**
Milena Jovanova Dimoska	Antonio Veljanov

	Note	2022 (000) MKD	2021 (000) MKD
Interest and commission income for:			
Loans to other clients	7	901,191	708,604
Deposits in banks and saving houses		-	-
		901,191	**708,604**
Interest and commission expense for:			
Loans to other clients	11	(128,793)	(109,545)
Loans from banks		-	-
		(128,793)	**(109,545)**
Net income from interest and fees		**772,398**	**599,059**
Other operating income	9	31,499	-
Foreign exchange income (expense) (net)	11	6,889	9,373
Employees expenses	8	(104,462)	(72,174)
Depreciation and amortization	16;17	(5,496)	(5,033)
Impairment of loans	15	(278,099)	(137,580)
Other operating expenses	10	(369,357)	(288,937)
Income (loss) before taxation		**53,372**	**104,708**
Income tax	12	(42,897)	(31,863)
Net income (loss) for the period		**10,475**	**72,845**
Other comprehensive income:			
Other comprehensive income		-	-
Total other comprehensive income		**-**	**-**
Total comprehensive loss for the period		**10,475**	**72,845**

	Note	2022 (000) MKD	2021 (000) MKD
ASSETS			
Cash and cash equivalents	13	106,340	78,695
Loans to customers	15	1,694,508	1,230,552
Other receivables and prepaid expenses	14	29,177	14,137
Intangible assets	16	742	147
Equipment and other	17	7,373	10,708
Long-term deposits	18	13,446	13,413
TOTAL ASSETS		**1,851,586**	**1,347,652**
PAYABLES AND EQUITY			
Current payables			
Trade payables	19	10,024	26,884
Borrowings	20	1,562,915	1,103,377
Other payables	19	82,315	62,376
Total payables		**1,655,254**	**1,192,637**
Equity			
Share capital	21	181,668	150,826
Legal reserves		4,189	-
Other reserves		-	-
Accumulated profit (loss)		10,475	4,189
Total equity		**196,332**	**155,015**
TOTAL PAYABLES AND EQUITY		**1,851,586**	**1,347,652**

Skopje, 30.03.2023

Approved by,

Manager
Goran Vasilev

Финансиско друштво ИУТЕ КРЕДИТ МАКЕДОНИЈА ДООЕЛ Скопје

	Note	2022 (000) MKD	2021 (000) МКД
Cash flows from operating activities			
Income (loss) before taxation		**53,372**	**104,708**
Adjustments for:			
Equipment depreciation	17	5,277	5,420
Amortization on intangible assets	16	-	-
Interest and commission income		(901,191)	(708,604)
Interest and commission expense		128,793	109,545
Impairment of financial assets		278,099	137,580
Reconciliations		-	-
Revenues from interest and commission		857,615	665,865
Paid interest		(121,889)	(114,293)
Capital (profit) loss on sale and expenditure on fixed assets		29	-
Write off of financial assets		(159,213)	(77,189)
Profit (loss) before changes in working capital		**140,892**	**123,032**
Loans to other clients, (net)		(539,266)	(550,112)
Other current assets and prepayments		(15,040)	(4,901)
Liabilities from suppliers		(16,860)	6,874
Other current liabilities and accruals		21,518	34,098
Net money cash used in the operation		**(408,756)**	**(391,009)**
Income tax (Paid)/received		(44,476)	(17,544)
Net cash flows from operating activities		**(453,232)**	**(408,553)**
Cash flows from investing activities			
Acquisition of intangible assets	16	(595)	(1,034)
Given deposits	18	(33)	93
Acquisition of the equipment and other	17	(1,971)	(3,704)
Net cash flows from investing activities		**(2,599)**	**(4,645)**
Cash flows from financial activity			
Paid in capital	21	30,842	80,051
Used (repaid) loans, net	20	452,634	364,364
Net cash flows from financial activity		**483,476**	**444,415**
Net increase (decrease) in cash assets		**27,645**	**31,217**
Cash funds at the beginning of the year		**78,695**	**47,478**
Cash funds at the end of the year		**106,340**	**78,695**

	Share equity	Legal reserves	Other reserves	Accumulated Profit (loss)	Total equity
In 000 MKD					
Balance on 1-st of January 2021	**70,775**	**-**	**-**	**(68,656)**	**2,119**
Comprehensive income:					
Profit (loss) for the period	-	-	-	72,845	72,845
Reconciliations				-	-
Total comprehensive income	**-**	**-**	**-**	**72,845**	**72,845**
Transactions with owners (shareholders):					
Paid in capital	80,051	-	-	-	80,051
Distribution for reserves	-	-	-	-	-
Distribution for dividends	-	-	-	-	-
Balance at 31-st December 2021	**150,826**	**-**	**-**	**4,189**	**155,015**
Comprehensive income:					
Profit (loss) for the period	-	-	-	10,475	10,475
Reconciliations				-	-
Total comprehensive income	**-**	**-**	**-**	**10,475**	**10,475**
Transactions with owners (shareholders):					
Paid in capital	30,842	-	-	-	30,842
Distribution for reserves	-	4,189	-	(4,189)	-
Distribution for dividends	-	-	-	-	-
Balance at 31-st December 2022	**181,668**	**4,189**	**-**	**10,475**	**196,332**

1. Basic data and activity

The financial company IUTE CREDIT MACEDONIA DOOEL – Skopje (herein after the Company), is founded in July 2017 as limited liability company according to the Law on Financial Companies.

The basic activity of the Company for which it is registered and licence is acquired from the Ministry of finance on 24.07.2017 and 18.09.2017 is approval of loans and issuing and administration of credit cards.

The head office of the Company is at St.1732 No.4 Lamela A/DP No.1, Skopje.

The total number of employees in the Company as of 31 December 2022 is 94 employees (2021: 80 employees).

2. Basis of preparation of the financial statements

2.1. Basis of preparation

The financial statements set on pages 3 to 29 are prepared in accordance with the International Financial Reporting Standard (IFRS) which were published in the Official gazette of the Republic of Macedonia No.159/2009 and became effective from 1 January 2010.

The financial statements were prepared for the period ending 31 December 2022 and 2021. The figures for the current period are shown in thousands of Macedonian denars (MKD). Comparative figures are presented.

2.2. Basic accounting methods

The financial statements are based on the cost method.

2. Basis of preparation of the financial statements (Continued)

2.3. Accounting estimates and judgements

The Company is applying certain accounting estimates and judgments during the process of preparation of the financial statements. Certain items in the financial statements, which can not to be accurately measured, are estimated. The estimation process includes judgments based on the latest available information.

Estimates are used in determining the useful life of assets, fair value of receivables or their uncollectibility etc.

During the periods, certain estimates can be revised if there are changes in the circumstances on which the estimation was based or as a result of new information, grater experience and subsequent events.

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

2.4. Going concern concept

The financial statements are prepared based on the going concern concept which means that the Company will continue to operate in the future on a continuing basis.

3. Basic accounting policies and estimates

The principal accounting policies applied for the preparation of these financial statements are set out below. These policies have been applied consistently for the years presented.

3.1. Recognition of interest income and expense

Interest income and expenses are recognized as accrued income and expenses based on all interest-bearing assets and liabilities.

Interest income and expenses are calculated according to the loan agreement between the lender and borrower and are recognized if there is a possibility for future cash inflows or outflows for the Company and also, they can be measured reliably.

The interest is recognized based on the agreed interest rate from the loan agreements for the period which cannot be longer than the period of the financial statements. Interest calculation is based on the value of the loan.

Other income is recognised on an accrual basis for the period to which they relate.

3.2. Exchange rate differences

Business transactions in foreign currency are recorded in MKD by applying the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currencies are denominated into MKD at the exchange rates ruling at the balance sheet date.

Gains and losses on exchange arising on the translation of receivables and liabilities in foreign currencies into Denar counter value are reported in the income statement as other income or expenditure, in the year to which they refer.

3.3. Income tax (current and deferred)

Income tax for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date.

Current income tax is calculated according to the regulations of the Republic of Macedonia. According the changes in the tax regulations, current income tax is calculated on the basis which represents the profit before taxation increased for expenses which are not deductible for the taxation purposes and less reported revenues with related parties. Income tax is calculated based on the relevant tax rate at the balance sheet date of 10% (2021: 10%).

Deferred tax is provided using the balance sheet liability method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

Calculation of the effective tax rate is presented in Note 12.

3. Basic accounting policies and estimates (Continued)

3.4. Cash and cash equivalents

Cash and cash equivalents are carried out at cost in the balance sheet. For the purposes of these financial statements, cash and cash equivalents are comprised of cash in hand, cash in banks denar and foreign currency accounts, demand deposits and time deposits with maturity up to three months.

3.5. Loans and impairment

Loans

Loan receivables are comprised of loans to customers which are recognized at their par value in the moment of payment, less any impairment losses for all bad and doubtful receivables in order to present their recoverable value.

According to IFRS, all loans to customers are presented in net value (less for the impairment losses).

Financial instruments are classified in one of the following categories:
- financial instruments at amortized cost
- financial instruments at fair value through income statement
- financial instruments at fair value through other comprehensive income

The management classifies the financial assets at the initial recognition.

The loan portfolio of the Company based on the current business model and SPPI (Solely payment of principal and interest) test, is measured at amortized cost.
Subsequent to initial recognition, the debt financial asset is measured at amortized cost using the effective interest rate (“EIR”) method for the allocation and recognition of interest revenue in line item “interest and similar income” of the income statement over the relevant period. The amortized cost is the amount at which the financial asset is measured at initial recognition minus any principal repayments, plus or minus the cumulative amortization using the EIR method of any difference between that initial amount and the maturity amount, adjusted for the impairment. The gross carrying amount is the amortized cost of a financial asset before adjusting for the impairment.

Impairment

By charging the expenses, an impairment is formed for all receivables that are considered uncollectible at the balance sheet date.

The main criteria for determining the impairment and the reserve are the creditworthiness of the client and the value of the assets provided as collateral by the client (the coverage of the Company's receivables). Doubtful receivables are fully written off when they are identified as such.

Provisions for potential losses are recognized in the income statement. Withdrawals are not a tax-deductible expense, except in exceptional cases. The reduction of provisions for potential losses is carried out through the profit and loss account, whereby the right to a tax credit is realized for the previously paid tax.

3. Basic accounting policies and estimates (Continued)

3.5. Loans and impairment (continued)

The Company adjusts the impairment of the receivables from loans and interests according to the collectability, assessed by the management of the Company and their grouping on an individual basis.

Credit and interest receivables are assessed on an individual basis, grouped into several groups according to their delay in payment.

3.6. Equipment

(1) Basic presentation

Initially, equipment is measured at cost. The cost of an item comprises its purchase price, including import duties and non-refundable purchase taxes, as well as any costs directly attributable to bringing the asset to the location and condition for its intended use.

Subsequently, an item of equipment is recorded at cost less accumulated depreciation and any impairment.

Administrative and other general indirect costs do not represent part of the cost of equipment.

The advance payments performed for acquisition of equipment is recognized as given advances for acquisition.

An item of PPE shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognising of an item of equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

(2) Depreciation

Depreciation is charged on a straight-line basis at prescribed rates to allocate the cost of the equipment over their estimated useful lives. Equipment is depreciated on a single asset basis, until the asset is fully depreciated.

The depreciation annual rates and estimated useful lives applied in 2022 and 2021 are as follows:

	2022	2022	2021	2021
Equipment	5 %	20 years	5 %	20 years
Computers	25 %	4 years	25 %	4 years
Office furniture	20 %	5 years	20 %	5 years

3.7. Intangible assets

An asset should be recognized as intangible asset in the financial statements if, and only if, it is controlled from the company, it is probable that the future economic benefits will flow, the cost of the asset can be measured reliably and it has non-material form.

3. Basic accounting policies and estimates (Continued)

3.7. Intangible assets

An intangible asset should be recognized initially, at cost, and that is the amount of cash and cash equivalents paid for its acquisition. Subsequently, the intangible assets are recognized at cost less accumulated amortization and any impairment losses.

Intangible assets should be amortized over the best estimate of their useful life. The annual amortization rate is 20% (2021: 20% per year).

3.8. Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.9. Trade payables

Trade payables are stated at their nominal value (cost).

Trade payables are written off by crediting other revenues, after the expiration of the legal maturity period or by off-court agreement between parties.

3.10. Borrowings

Borrowings represent short-term and long-term interest-bearing borrowings stated at their nominal value. The amounts of the interest agreed are shown as financing expenses in the income statement and as short-term financial liabilities in the balance sheet. Foreign interest-bearing borrowings are stated at the exchange rate at 31st December, and losses or gains of exchange are stated as financial income or expense.

3.11. Equity

(1) Shareholders capital

The Company's shareholders capital is recognized in the amount of the nominal (par) value of the authorized and issued shares.

(2) Legal reserves

Legal reserves are formed from the net profit based on the local statutory legislation, and could be used for loss recovery. Under the local statutory legislation, the Company is required to set aside minimum 5% of its year net profit in the reserves until the level of this reserve reaches 10% of the registered share capital. Until reaching the minimum required, level reserves could be used only for loss recovery. When the minimum level is reached, legal reserves can also be used for distribution of dividends, based on a decision of the Shareholders' Assembly.

3. Basic accounting policies and estimates (Continued)

3.12. Employee benefits

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

(1) Short-term employee benefits

Short-term employee benefits are employee benefits which fall due wholly within twelve months after the end of the period in which the employees render the related services. These benefits include items such as: wages, salaries and social security contributions, short-term compensated absences, profit-sharing and bonuses and other non-monetary benefits. All short-term employee benefits are recognized as a liability and expense for the undiscounted amount.

(2) Post-employment benefits

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

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

3.13. Provisions

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

3.14. Contingencies

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liability is not recognized in the financial statements, only are disclosed.

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent asset are recognized only when the realization of income is virtually certain.

4. Risk management

The Company in engaged in different kind of business transactions which derive from its daily activities and which are connected with the customers, suppliers and creditors. The main financial risks to which the Company is exposed during its business and the policies for their management are the following:

4.1. Market risk

Foreign exchange risk

The Company does not enter in transactions denominated in foreign currencies and therefore the Company is exposed to foreign currency risk.

All loan agreements are without FX clause and therefore the Company is not exposed to foreign currency risk

Equity price risks

The Company is not exposed to this kind of risk as it does not own any securities.

4.2. Credit risk

The Company is exposed to credit risk through its credit activities.

The credit risk represents risk in the event where its customers fail to meet their payment obligations. The management of the credit risk is done by the Company based on the estimation of its clients and their credit liability.

According to the local legislation (Law on financial companies) there are limits for the total credit exposure which cannot be more than 10 times of the Company's equity and reserves. The Company has no breach of this limitation (2021: none).

According to the local legislation (Law on financial companies) the Company is not allowed to make loans to owners and related parties. The Company has no breach of this limitation (2021: none).

Generally, the Company's policy is to work with clients with good credit rating.

Regarding the impairment of bad and doubtful loans, the Company has implemented system of grading and recording of impairment losses for bad and doubtful loans based on the estimated losses in credit portfolio.

4. Risk management (Continued)

4.3. Interest rate risk

All active interest-bearing assets which are related to the loan agreements are with adjustable interest rates which are implemented by the Company according to the legislation. All loans are short-term. According to this there is interest rate exposure but it depends on the market fluctuations and the Company can manage it with his own decisions for the rates.

The Company is exposed to risk of interest rate fluctuation, which relates to the loans, borrowings or bank deposits concluded with variable interest rates. Considering that the Company has no agreed loans with variable interest rates but it has bank deposits, the Company is exposed to this kind of risk but it depends of the movements on the financial markets and the Company cannot hedge it.

4.4. Liquidity risk

Liquidity risk includes the risk of being unable to fund its liabilities at appropriate maturities with its cash. This kind of risk is managed by maintaining sufficient cash for regular funding of its committed credit facilities. The Company has no such liquidity issues.

4.5. Taxation risk

According to local legislation, the tax authorities may at any time inspect the books and records subsequent to the reported tax year, and may impose additional tax assessments. Up to the date of the Auditors report, inspection for income tax (taxable expenses) and personnel income tax for period ended 31 December 2022 is not yet executed. Management of the Company considers that there is no information for any kind of significant errors or irregularities in respect of these taxes.

5. Fair value estimation

The Company has financial assets and liabilities which include loan receivables, borrowings and trade payables as well as non-financial assets, for which large number of accounting policies and disclosures require establishing of their fair value.

The fair value of financial assets and liabilities generally approximate their carrying amount as most of it have short-term due in period of 1 year from the date of the balance sheet.

6. Financial instruments

6.1. Capital risk management

The Company uses loans from companies during the periods in 2022 and 2021. The debt ratio as of 31 December 2022 and 2021 is as follows:

	2022	2021
Borrowings	1,562,915	1,103,377
Cash	(106,340)	(78,696)
Net borrowings (cash)	**1,456,575**	**1,024,681**
Equity	**196,332**	**155,015**
% debt	**741,98%**	**661,02%**

6.2. Foreign currency risk

The Company does enter into transactions in foreign currencies and therefore the Company is exposed to foreign currency risk, except for the used loan from the parent company. The total exposure on foreign currency as at 31 December 2022 in financial liabilities is in amount of 1,550,218 thousand of MKD (2021: 1,112,333 thousand of MKD), while the exposure with the financial assets is in amount of 75,593 thousand of MKD (2021: 29,448 thousand of MKD).

The Company is generally exposed to EUR.

Change of +-10% of the FX rate of EUR would cause net effect of 147,463 thousand of MKD on the Company's profit/ loss (2021: 108,289 thousand of MKD).

6. Financial instruments (Continued)

6.3. Interest rate risk

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

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

	31 December	
	2022	**2021**
Financial assets		
Non – interest bearing:		
- Cash and cash equivalents	144	18
- Deposits	13,446	13,413
	13,590	**13,431**
Interest bearing with fixed interest:		
- Loans	1,514,196	1,093,816
	1,514,196	**1,093,816**
Interest bearing with variable interest:		
- Cash and cash equivalents	106,196	78,678
	106,196	**78,678**
	1,633,982	**1,185,925**
Financial liabilities		
Non – interest bearing:		
- Trade payables	10,024	26,885
- Interest	27,659	20,755
- Other current liabilities	7,772	7,298
	45,455	**54,938**
Interest bearing with fixed interest:		
- Loans from companies	12,491	10,420
	12,491	**10,420**
Interest bearing with variable interest:		
- Loans from companies	1,522,765	1,072,202
	1,522,765	**1,072,202**
	1,580,711	**1,137,560**

Change of +-2 pp. of the interest rate on the loans would cause net effect of 30,455 thousand of MKD on the Company's profit/ loss (2021: 21,444 thousand of MKD).

6. Financial instruments (Continued)

6.4. Liquidity risk

The following table details the Company's remaining contractual maturity for its financial assets and liabilities as at 31 December 2022:

	Less than 1 month	1 to 3 month	3 to 12 month	Over 12 months	Total
Cash	106,340	-	-	-	**106,340**
Deposits	-	-	-	13,446	**13,446**
Loans, without any provision	162	17,867	265,986	1,690,875	**1,974,889**
	162	**17,867**	**265,986**	**1,704,321**	**2,094,675**
Trade payables	10,062	-	-	-	**10,062**
Borrowings	-	-	12,491	1,522,765	**1,535,256**
Interest	27,659	-	-	-	**27,659**
Other payables	82,315	-	-	-	**82,315**
	120,036	**-**	**12,491**	**1,522,765**	**1,655,292**

The following table details the Company's remaining contractual maturity for its financial assets and liabilities as at 31 December 2021:

	Less than 1 month	1 to 3 month	3 to 12 month	Over 12 months	Total
Cash	78,696	-	-	-	**78,696**
Deposits	-	-	-	13,413	**13,413**
Loans, without any provision	1,033	24,845	385,446	980,722	**1,392,046**
	79,729	**24,845**	**385,446**	**994,135**	**1,484,155**
Trade payables	26,885	-	-	-	**26,885**
Borrowings	-	-	10,420	1,072,402	**1,082,822**
Interest	20,755	-	-	-	**20,755**
Other payables	62,379	-	-	-	**62,379**
	83,134	**-**	**10,420**	**1,072,402**	**1,192,841**

6. Financial instruments (Continued)

6.5. Credit risk

The Company is exposed to credit risk in the event where its customers fail to meet their payment obligations. The following table presents the structure of the loan receivables from the customers as at 31 December 2022 according to the estimates risk and impairment:

	In (000) MKD		
	Gross amount	**Impairment**	**Net amount**
Principal	1,794,576	(247,487)	1,547,089
Interest	134,556	(32,893)	101,663
Fees	45,757	-	45,757
Undue interest and fees	-	-	-
	1,974,889	**(280,380)**	**1,694,509**

The following table presents the structure of the loan receivables from the customers as at 31 December 2021 according to the estimates risk and impairment:

	In (000) MKD		
	Gross amount	**Impairment**	**Net amount**
Principal	1,255,309	(133,776)	1,121,533
Interest	90,951	(27,717)	63,234
Fees	45,785	-	45,787
Undue interest and fees	-	-	-
	1,392,045	**(161,493)**	**1,230,552**

6. Financial instruments (Continued)
6.6. Capital management

Basic goal of the Company regarding the capital management policy is to be in adhere of the Law on financial companies (The Law). According to the Law, the Company is obliged to maintain at any time share capital not less than 6,000 thousand of MKD. Also, the Company cannot have loan receivables in amount of more than 10 times of the amount of the share capital and reserves.

Equity maintenance and investments in loans are managed by the Company on a regular basis.

The following tables are presenting the share capital and investments in loan receivables of the Company as at 31 December 2022 and 2021 according to the regulations.

	2022 (000) MKD	2021 (000) MKD
1. Total equity		
Share capital	181,668	150,826
Total	**181,668**	**150,826**
2.Share capital based on limit		
Equity of 6,000 thousands of MKD	6,000	6,000
Total	**6,000**	**6,000**
3. Amount above share capital	**175,668**	**144,826**

	2022 (000) MKD	2021 (000) MKD
1. Total investments		
Loan receivables	1,694,508	1,230,555
Total	**1,694,508**	**1,230,555**
2. Limit according to the law		
Share capital, reserves and profit (losses)	181,668	150,826
Ratio	10	10
Total	**1,816,680**	**1,508,260**
3. Amount above limit	**-**	**-**

7. INTEREST AND FEE INCOME

	2022 (000) MKD	2021 (000) MKD
Interest income	112,497	69,020
Income from commission	654,980	486,874
Income from the warning letters	82,469	88,455
Income from transactions with issued cards	49,443	61,741
Income from the penalty interest	1,802	2,514
Total	**901,191**	**708,604**

8. COST FOR EMPLOYEES

	2022 (000) MKD	2021 (000) MKD
Employees net salaries	65,084	44,019
Taxes and contributions for wages	33,749	22,967
Other costs for the employees	3,608	4,126
Business trip expenses	2,021	1,062
Total	**104,462**	**72,174**

9. Other operating income

	0 (000) MKD	0 (000) MKD
Collected written-off and terminated receivables based on loans	27,537	-
Income from marketing activities	2,011	-
Income from issued certificates	1,918	-
Other operating income	33	-
Total	**31,499**	**-**

10. OTHER OPERATING EXPENSES

	2022 (000) MKD	2021 (000) MKD
Rental of the business offices and equipment	12,196	10,590
Costs for electricity and heating	3,895	2,015
Maintenance cost	8,114	5,992
Phone and internet services	3,973	3,576
Advertising, representation and sponsorship cost	35,710	28,491
Costs from domestic payment and banks commission	15,290	15,784
Expenses for the use of rights	5,039	5,139
IT services	3,392	1,935
Other services	8,169	7,563
Management and guarantee services from AS IuteCredit Europe Estonia	253,038	191,897
Other operating expenses	20,541	15,955
Total other operating expenses	**369,357**	**288,937**

The Company has concluded Management and guarantee fee contracts with the parent company, which refer to fees for consulting services that the Company needs for rendering financial services to its clients, as well as fee that the parent company will guarantee the continuous business activity of the Company. The contracts are valid until 31 December 2024.

11a. FINANCING INCOME

	2022 (000) MKD	2021 (000) MKD
Interest income	-	1,938
Foreign exchange gains	17,230	7,689
Other financing income	3,378	7,503
Total financing income	**20,608**	**17,130**

11b. FINANCING EXPENSES

	2022 (000) MKD	2021 (000) MKD
Interest expenses	128,793	109,545
Foreign exchange losses	13,719	7,757
Total financing expenses	**142,512**	**117,302**

12. INCOME TAX

	2022 (000) MKD	2021 (000) MKD
Current income tax	42,897	31,863
Deferred income tax	-	-
Total	**42,897**	**31,863**

Calculation of the income tax:

	2022 (000) MKD	2021 (000) MKD
Income (loss) before taxation	**53,372**	**104,708**
Unrecognized expenses:		
Representation	2,119	2,425
Interest on loans	126,739	63,801
Donations and sponsorships	4,100	-
Impairment of loans	278,100	137,581
Withholding tax	104	3,448
Other	5,432	6,670
Tax base before tax exemptions	**469,966**	**318,633**
Other exemptions	-	-
Exemption for loss from the previous years	-	-
Tax base	**469,966**	**318,633**
Calculated income tax with 10% (2019: 10%)	**46,997**	**31,863**
Other exemptions	(4,100)	-
Income tax	**42,897**	**31,863**
Income before taxation	**10,475**	**72,845**
Effective tax rate	**0.00%**	**0.00%**

13. CASH AND CASH EQUIVALENTS

	2022 (000) MKD	2021 (000) MKD
Denar's Ziro accounts with banks	44,073	62,638
Foreign currency accounts with the bank	62,123	16,035
Cash in hand	144	17
Other cash equivalents	-	5
Total cash and equivalents	**106,340**	**78,695**

14. OTHER CURRENT ASSETS AND PRE PAID EXPENSES

	2022 (000) MKD	2021 (000) MKD
Claims for guarantees	503	1,003
Advances paid and deposit	1,679	3,126
Receivables for income tax	-	-
Inventories	1,569	850
Receivables from employees and other receivables	4,086	4,132
Receivables from a bankrupt bank	1,246	1,912
Receivables from Mintos on the basis of loan repurchases	9,692	-
Other receivables	9,602	2,919
Prepaid expenses	800	195
Total other current assets	**29,177**	**14,137**

15. LOANS TO CUSTOMERS

	2022 (000) MKD	2021 (000) MKD
Retail loans	1,794,575	1,255,309
Interest on retails loans	134,557	90,951
Commissions on retail loans	45,755	45,785
Undue interest, commissions and other	-	-
	1,974,887	**1,392,045**
Impairment on loans	(280,379)	(161,493)
	(280,379)	**(161,493)**
Total loans to customers	**1,694,508**	**1,230,552**
Movement of the impairment on loans:		
Balance 1-st of January	**161,493**	**101,102**
New impairment	278,099	137,580
Write-offs	(159,213)	(77,189)
Balance 31-st of December	**280,379**	**161,493**

16. INTANGIBLE ASSETS

	2022 (000) MKD	2021 (000) MKD
Purchase value		
Balance 1-st of January	**147**	**10,239**
Additions	595	1,034
Rewriting	-	(11,126)
Write off	-	-
Balance 31-st of December	**742**	**147**
Accumulated amortization		
Balance 1-st of January	**-**	**3,608**
Amortization for the current year	-	-
Rewriting	-	(3,608)
Write off	-	-
Balance 31-st of December	**-**	**-**
Carrying amount as at 31-st December	**742**	**147**

17. EQUIPMENT AND OTHER

	Equipment & inventory (000) MKD	Investment in other asset (000) MKD	Total (000) MKD
Cost			
Balance 1-st of January	**20,795**	**3,452**	**24,247**
Additions	1,619	352	1,971
Disposals	(72)	-	(72)
Rewriting	-	-	-
Balance 31-st of December	**22,342**	**3,804**	**26,146**
Accumulated depreciation			
Balance 1-st of January	**11,211**	**2,328**	**13,539**
Depreciation	5,075	202	5,277
Disposals	(43)	-	(43)
Rewriting	-	-	-
Balance 31-st of December	**16,243**	**2,530**	**18,773**
Carrying amount:			
31.12.2022	**6,099**	**1,274**	**7,373**
31.12.2021	**9,584**	**1,124**	**10,708**

The company does not have its own business premises and therefore uses leased space under an operating lease for which monthly rent is paid.

18. GIVEN DEPOSITS

Given deposits in amount of 13,446 thousand of MKD comprise in full of long-term deposit in Master Card in amount of 214,957 euro based on agreement for using Master card.

19. TRADE PAYABLES AND OTHER

	2022 (000) MKD	2021 (000) MKD
Domestic suppliers	10,024	7,283
Foreign suppliers	-	19,601
Income tax liabilities	16,498	18,077
Liabilities for salaries	6	-
Liabilities for early repayment of loans	38,967	36,072
Liabilities for unused funds from approved loans	19,006	804
Other liabilities	7,838	7,423
Total trade payables and other	**92,339**	**89,260**

20. LONG-TERM BOROWINGS

	2022 (000) MKD	2021 (000) MKD
Borrowings from:		
AS IuteCredit Europe Estonia	1,413,404	1,039,696
AS IuteCredit Europe Estonia	-	13,245
AS Mintos Latvia	109,361	19,261
Individuals	12,491	10,420
Interest from borrowings from AS IuteCredit Europe Estonia	26,680	20,404
Interest from borrowings from AS Mintos Latvia	773	125
Individuals	206	226
Total	**1,562,915**	**1,103,377**

Long-term loan from AS IuteCredit Europe Estonia in the amount of 1,413,404 thousands of MKD or 22,984,460 EUR with a deadline of repayment up to 31.12.2022 and an interest rate of 10% per annum. The loan arise from concluded master loan agreement for the amount of maximum 5,000,000 EUR. In 2022, the Company has concluded annexes for increasing the credit limit to a maximum amount of 30,000,000 EUR and the repayment period is up to 01.09.2029.The loan is in EUR. Collateral for the loan are loan receivables from customers of the Company.

Long-term loan from AS IuteCredit Europe Estonia in the amount of 13,245 thousands of MKD or 214,924 EUR with a deadline of repayment up to 01.06.2020 and an interest rate of 10% per annum. The loan arise from concluded master loan agreement for the amount of maximum 300,000 EUR. In 2020, the Company has concluded annex for extension of the loan repayment until 01.09.2024. The loan is in EUR. Collateral for the loan are loan receivables from customers of the Company. During 2022, the loan is fully repaid.

Long-term loan from AS Mintos Latvia, which in 2022 amounted to 109,361 thousands of MKD or 1,778,397 EUR originates from a contract for the purchase of receivables based on given loans, between the Company as the borrower, SIA Mintos Finance No. 39 from Latvia as the issuer and AS Mintos Latvia as an investor. In accordance with this agreement, the repayment term of the loan follows the repayment terms of the purchased receivables on the basis of given loans. Collateral for the loan is a pledge on the Company's receivables from its customers, in an amount that does not exceed 5 million EUR.

Long-term loan from local inventors in the amount of 12,491 thousands of MKD with a repayment term of Fevruary 2023 to December 2025 and an interest rate of 8-11.5% per annum.

21. SHARE CAPITAL

	2022 (000) MKD	2021 (000) MKD
Share capital		
AS IuteCredit Europe Estonia	181,668	150,826
	181,668	**150,826**

The structure of the owners as of 31 December is as follows:

	2022 %	2021 %
Owners:		
AS IuteCredit Europe Estonia	100%	100%

During 2022, share capital increase was done with additional 500,000 EUR or 30,842 thousands of MKD.

During 2021, share capital increase was done with additional 1,300,000 EUR or 80,051 thousands of MKD.

During 2019, share capital increase was done with additional 600,000 EUR or 36,897 thousands of MKD.

22. CONTINGENCIES

Contingent liabilities are recognized in the financial statements only when it is probable an outflow of resources embodying economic benefits and when the amount can be measured reliably.

a) Guarantees

IuteCredit Finance S.A.R.L. Luxemburg has issued bonds with nominal value of 40 million EUR, with ISIN number XS2033386603, from which obligations towards bondholders arised in maximum amount of 125 million EUR. The Company Greenmarck Restructuring Solutions GMBH Germany is appointed as joint representative (Security Agent) of the bondholders and acts together with them as a solidary creditor.

In 2019, IuteCredit Finance S.A.R.L. Luxembourg (hereinafter referred to as "the Issuer") has concluded a Security Agent agreement with Greenmarck Restructuring Solutions GMBH Germany. According to this agreement, the Issuer shall grant the following security in favor of the bondholders in total amount of 40 milion EUR: first ranking pledges over shares, present and future loan receivables granted to customers, bank accounts and promissory note in form of notarial deed, owned by all subsidiaries of AS IuteCredit Europe in Luxembourg, Estonia, Moldova, Kosovo, Albania and Macedonia. During 2021, new Security Agent agreement is signed, with which the amount of the issued bonds increases for 10 milion EUR, i.e. total issued bonds in amount of 50 milion EUR.

Pursuant to the Security Agent agreement, as security for the obligations of the Issuer arising from the issued bonds, the Company IUTE Credit Macedonia has concluded an Agreement for pledge of loans receivables with Greenmarck Restructuring Solutions GMBH Germany and has issued a promissory note of EUR 40 million in the name of Greenmarck Restructuring Solutions GMBH Germany, with which it accepts all liabilities arising from the issued bonds, in the amount of EUR 40 million.

22. CONTINGENCIES (Continued)

a) Guarantees (Continued)

In 2021, the amount of issued bonds increased by EUR 10 million, ie a total amount of EUR 50 million with maturity until 07.08.2023.

In January 2022, the amount of bonds issued by IUTE Credit Finance S.A.R.L. Luxembourg is increased by the amount of EUR 75 million, ie the total amount for which the IUTE Credit Macedonia Company acts as a guarantor with an issued promissory note and pledge of receivables is EUR 125 million. The maturity date of these bonds is extended to October 6, 2026.

a) Litigation

The Company is a claimant in court cases with individuals on the basis of debt and damage compensations in total amount of 3,290 thousand MKD. The procedures are in progress.

As of December 31, 2022, no lawsuits have been initiated against the Company.

23. OPERATING LEASES

The Company lessees business premises for its main activities under operating lease. The Company has conclude the following lease agreement:

Agreement with Imoreks Macedonia DOO Skopje for rent of business premises on for 515 m2 with monthly rent of 6,695 EUR without VAT (412 thousands of MKD) and period of rent for 5 years commencing from 01.02.2019. The future payments for this agreement are in amount of 5,438 thousands of MKD for the period of two years.

24. POST BALANCE SHEET EVENTS

After the reporting date, no events occurred that have material significance to the business activities of the Company or that require disclosure in these financial statements.

25. RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

	31 December 2022	
Receivables from and payables to:	**Receivables**	**Payables**
AS IuteCredit Europe	-	1,441,045
Total	**-**	**1,441,045**

	31 December 2021	
Receivables from and payables to:	**Receivables**	**Payables**
AS IuteCredit Europe	-	1,092,988
Total	**-**	**1,092,988**

	31 December 2022	
Income and expenses:	**Income**	**Expenses**
AS IuteCredit Europe	-	379,487
Total	**-**	**379,487**

	31 December 2021	
Income and expenses:	**Income**	**Expenses**
AS IuteCredit Europe	-	255,697
Total	**-**	**255,697**

26. DIFFERENCES BETWEEN THE ANNUAL ACCOUNT AND FINANCIAL STATEMENTS

As a result of the different way of presentation of certain items in the annual account and the financial statements the following differences exist:

	2022 (000) MKD	2021 (000) MKD
Total assets according Balance sheet in Annual Account	**1,850,228**	**1,346,291**
Off set of credit balance of income tax receivables	1,358	1,358
Other off sets	-	3
Total assets according Statement of financial position in the Financial Statements	**1,851,586**	**1,347,652**