

**FINANCIAL COMPANY
SN FINANSII DOO – BITOLA**

**FINANCIAL REPORTS
For the period that ends on 31 December 2020,
With reports from independent auditors**



LOGO RUSSEL BEDFORD

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Attachments

Attachment 1 – Final account

Attachment 2 – Annual report for operations



REPORT OF THE INDEPENDENT AUDITOR

TO the manager of the Financial company SN FINANSII DOO – Bitola

We have audited the attached financial statements of the Financial Company SN FINANSII DOO - Bitola, which include the statement of financial balance as of December 31, 2020, as well as the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year that ended then and the review of significant accounting policies and other explanatory notes.

Management responsibility for financial statements

The management of the financial company SN FINANSII DOO - Bitola is responsible for the preparation and objective presentation of these financial statements in accordance with the International Financial Reporting Standards accepted and published in the Republic of North Macedonia and for internal control relevant to the preparation and objective presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

It is our responsibility to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with International Standards on Auditing, which are accepted and published in the Republic of North Macedonia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor, including assessing 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 preparation and fair presentation of the Company's financial statements to form auditing procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Ground for opinion with reservation

As stated in the note from these financial statements, the Company has receivables for loans in the amount of 367,209 thousand denars. The Company did not measure the fair value of these loans, which is not in accordance with the requirements of International Accounting Standard 39 - Financial Instruments: Recognition and Measurement, which is accepted and published in the Republic of North Macedonia. If an estimate is made of the fair value of these loan claims, the value of the loan claims may need to be reduced and expenses should be recognized on the basis of the reduction in the value of the loan claims and as a consequence we were not able to obtain reasonable assurance about its fair value in accordance with the requirements of International Financial Reporting Standards.

Opinion with reservation

In our opinion, except for what is stated in the previous paragraph, the financial statements objectively present, from all material aspects, the financial condition of the Financial Company SN FINANSII DOO - Bitola as of December 31, 2020, as well as its financial performance and cash flows for the year completed then in accordance with the International Financial Reporting Standards accepted and published in the Republic of North Macedonia.

Report on other legal and regulatory requirements

The management of the company is also responsible for preparing the annual report in accordance with Article 384 of the Law on Trade Companies. It is our responsibility under the Law on Audit to report whether the annual work report is consistent with the annual accounts and financial statements for the year ended 31 December 2020. Our work in relation to the annual work report has been performed in accordance with ISA 720 and is limited to reporting whether the historical financial information presented in the annual statement of operations is consistent with the annual accounts and the audited financial statements.



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The financial information in the annual work report is consistent in all material aspects, with the annual account and the audited financial statements of the Financial Association SN FINANSII DOO - Bitola for the year that ended 31 December 2020.

Skopje, 26 May 2021

Authorized auditor

Atanasovski Borislav

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Russell Bedford Atanasovski

DOO Skopje

Manager

Round seal Atanasovski Borislav

Illegible signature



FINANCIAL COMPANY SN FINANSII DOO – BITOLA

INCOME STATEMENT
 For the period that ends on 31 December 2020

In thousand denars	Note	2020	2019
Income from sale	7	1.632	1.047
Other operative income	8	1.312	1.249
Expenditures for employees	9	-17.935	-9.985
Raw material costs	10	-1.317	-536
Services with character of material costs	11	-38.856	-37.485
Depreciation	15	-2.919	-1.574
Other operative expenditures	12	-7.921	-5.700
Operative loss		-66.004	-52.984
Income from financing	13	130.734	114.573
Expenditures from financing	14	-18.279	-13.393
Profit before taxing		46.451	48.196
Profit tax		-4.191	-3.981
Profit after taxing		42.460	44.215

Manager

Attached noted are integral part
 of these financial reports



FINANCIAL COMPANY SN FINANSII DOO – Bitola

REPORT ON COMPREHENSIVE PROFIT

In thousand denars	Note	2020	2019
Net profit / loss for the period		42.460	44.215
Other comprehensive profit			
Unrealized profit (loss) from investment available for sale		-	-
Total other comprehensive profit			
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		42.460	44.215

Attached notes are integral part
of these financial reports



FINANCIAL COMPANY SN FINANSII DOO – Bitola

BALANCE SHEET

For the period that ends on 31 December 2020

In thousand denars	Note	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	15	28.157	26.634
Non-tangible assets	15	1.143	552
Other long-term assets	16		10.000
Total non-current assets		29.300	37.186
CURRENT ASSETS			
Reserves		29	29
Customer receivables	17	2.173	1.093
Receivables for given advances	18	1.998	2.365
Other receivables	19	2.737	2.733
Receivables on given loans	20	367.209	330.587
Paid expenses for future periods (AVR)	21	243	339
Money assets	22	3.257	2.449
Total current assets		377.646	339.595
TOTAL ASSETS		406.946	376.781
EQUITY AND RESERVES			
Equity			
Basic equity		12.915	12.915
Legal reserves		43.016	43.016
Accumulated profit		86.490	44.230
		142.421	100.161
Long-term loans	23	5.494	6.399
Current obligations			
Obligations towards suppliers	24	13.313	30.856



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Other financial obligations	25	5.098	3.885
Obligations on short-term loans	27	239.690	235.480
PVR	26	930	
		259.031	270.221
TOTAL EQUITY RESERVES AND OBLIGATIONS		406.946	376.781

Manager

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FINANCIAL COMPANY SN FINANSII DOO – Bitola

REPORT FOR CHANGES IN EQUITY
 For the period that ends on 31 December 2020

In thousand denars	Basic equity	Legal reserves	Accumulated loss	Total
Balance 01.01.2020	12.915	43.016	44.230	100.161
Comprehensive profit				
Profit 2020			42.260	42.260
Total comprehensive profit			42.260	42.260
Transactions with owners				
Distribution of profit				
Payments from the owner				
Balance on 31.12.2020	12.915	43.016	86.490	142.421
In thousand denars				
Balance 01.01.2019	12.915	43.016	15	55.946
Comprehensive profit				
Profit 2020			44.215	44.215
Total comprehensive profit			44.215	44.215
Transactions with owners				
Distribution of profit				
Payments from the owner				



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Balance on 31.12.2019	12.915	43.016	44.230	100.161
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FINANCIAL COMPANY SN FINANSII DOO – Bitola

REPORT FOR THE CASH FLOW
 or the period that ends on 31 December 2020

In thousand denars	2020	2019
A. Cash flow from business activity		
Net profit / loss	42.260	44.215
Corrected for:		
Depreciation	2.919	1.574
Customers receivables	-1.080	-1.093
Receivables on given advances	367	-2.365
Other receivables	-4	-2.733
Paid expenses for future periods	96	117
Obligations toward suppliers	-17.543	25.720
Other obligations	1.213	1.412
PVR	930	
Net flows from business activities	29.158	66.847
B. Cash flows from investment activities		
Long – term financial assets	10.000	-10.000
Receivables on given loans	-36.622	-150.264
Non – tangible assets		-440
New supply of basic assets	-5.034	-22.296
Net cash flows from investment activities	-31.656	-183.000
C. Cash flows from financial activities		
Long – term loans	-876	-3.166
Obligations for loans	4.181	120.781
Net cash flows from financial activities	3.305	117.615



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DECREASE / INCREASE OF MONEY ASSETS	807	1.462
Money assets at the beginning of the year	2.449	990
Money assets at the end of the year	3.257	2.449

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of these financial reports



FINANCIAL COMPANY SN FINANSII DOO – BITOLA

NOTES TO THE FINANCIAL REPORTS

1. GENERAL DATA

The financial company SN FINANSII DOO Bitola (hereinafter "Company") is registered in accordance with the Law on Trade Companies, the Law on Financial Companies, with decision number 13-14385 / 4 issued by the Ministry of Finance, the company received a license to establish and operate the financial company SN FINANSII DOO Bitola. The company was founded on 19.12.2016. The basic capital of the company amounts to 210,000 euros or 12,914,615 denars.

According to the current situation from the Central Register of the Republic of North Macedonia, the priority activity under code 64.92 is another credit intermediation.

There are no related legal entities in the founding structure. The founders of the financial company are the following individuals: Blagoj Krstevski, Hristo Kondovski, Nikola Mitrovski, Nikola Joshevski, Peco Stojanovski, Petar Miloshevski and Zoran Pejchinovski, all 30,000 euros each.

The address of the company is st. Mihail Apostoloski – Doncho no. 7 Bitola.

The total number of employees as of December 31, 2020 is 44 employees (December 31, 2019: 21 employees).

Significant activities performed by:

- lending to individuals and legal entities with short-term and long-term cash placements
- factoring
- issuance and administration of credit cards
- issuance of guarantees.



2. BASIS FOR PREPARATION OF FINANCIAL REPORTS

2.1. COMPLIANCE REPORT

The financial statements of SN FINANSII DOO Bitola are prepared in accordance with the legal regulations, international accounting standards and international financial reporting standards, which are accepted and published in the Republic of Macedonia in the Accounting Rulebook (Official Gazette 159/2009) applicable from January 1st 2010, as well as the internal procedures adopted as normative acts of the Financial Company.

These acts have been submitted to the Ministry of Finance, together with the request for establishment of the Financial Company and it describes the credit procedures, as follows:

- Procedures for approving micro loans
- Procedures for approving non-purpose and purpose loans to individuals and farmers and credit cards
- Procedures for approving loans, guarantees and repurchase of receivables (factoring) of legal entities.

The financial statements are prepared as of and for the period ending 31 December 2020 and 2019. Current data are shown in thousands of denars, unless otherwise stated.

2.2. Basic accounting methods

The financial statements are prepared using the cost method except for financial assets (investments) at fair value through profit or loss that are carried at fair value.

2.3. Continuity in operation

The financial statements are prepared on the basis of the assumption of continuity of operations. This means that the Company will continue to operate in the foreseeable future.

2.4. Use of accounting estimates and judgments

In preparing the financial statements, the Company applies certain accounting estimates. Some items in the financial statements are valued because they cannot be measured accurately. The assessment includes judgments based on the latest available information.



Accounting estimates are used to estimate the useful life of tangible and intangible assets, the fair value of receivables, ie their collectibility, the fair value of available-for-sale investments and other items.

During periods, certain estimates may be revised if changes occur in the circumstances that were the basis for the assessment, as a result of new information or subsequent developments.

3. BASIC ACCOUNTING POLITICS

The financial statements are prepared on the basis of the fair value of the financial assets, except for those whose fair value cannot be measured reliably. Other financial assets and liabilities and non-financial assets and liabilities are presented at amortized cost or historical values.

3.1. Revenues and expenses from interest

Revenues and expenses from interest are recognized in the income statement for all interest-bearing financial assets and liabilities, using the effective interest method.

Revenues and expenses from interest may arise from: cash and cash equivalents, loans and credits, investments in debt securities, short-term and long-term liabilities on loans and credits, and more.

Revenues and expenses from interest are calculated and collected on the basis of an agreement concluded between the creditor and the debtor and in accordance with the legal regulations in the Republic of North Macedonia.

The effective interest rate is the rate that discounts the estimated future cash flows for the expected life of the financial instrument and the calculation includes all fees paid or received, transaction costs and premiums or discounts between the parties.

The fees and commissions that constitute an integral part of the financial instrument's effective interest, the transaction costs that are directly attributable to the transaction and the premiums and discounts granted to the financial instrument are deemed to be directly related to the approval of the financial instrument.

They are not fully recognized as income from fees and commissions in the income statement, but are appropriately differentiated and recognized in the income statement during the



maturity of the financial instrument. Interest income and expense are allocated over a reporting period by comparing the amortized cost of the financial instrument at the beginning of the period with that at the balance sheet date.

3.2. Administrative expenses

Administrative expenses are expenses that refer to various expenses on various bases in performing the basic activity and that refer to the period for which the financial statements have been prepared.

3.3. Other expenses

Other expenses are expenses incurred by the management company of the financial company during its operation and represent expenses for insurance, material and similar expenses, expenses for various services, expenses for business trips and expenses for advertising, propaganda and representation.

3.4. Revenues and expenses from commissions and fees

Common types of fees and commissions are:

- different types of commissions that represent income or expenses from commissions paid for provided or received professional services
- advisory services
- arise on the basis of foreign currency liabilities when the exchange rate of the foreign currency in which the commissions for payment transactions are
- commission for loans or other products
- asset management fee and, etc.

Fee and commission income is recognized at the time the relevant service is performed. Fees and commissions are recognized on an accrual basis.

3.5. Revenues and expenses from exchange rate differences

Negative exchange rate differences arise from foreign currency liabilities, when the exchange rate of the domestic currency in relation to the currency in which it is expressed declines. Negative exchange rate differences also occur on the basis of foreign currency receivables when the exchange rate of the domestic currency in relation to the currency in which the foreign currency receivables are expressed increases.



Positive exchange rate differences occur after foreign currency receivables, when the exchange rate of the foreign currency in which the receivables are expressed increases. Positive exchange rate differences also arise on the basis of foreign currency liabilities when the exchange rate of the domestic currency in relation to the currency in which the liabilities are expressed decreases.

3.6. Profit tax

If the legal entity makes a profit before tax, it is obliged to pay profit tax. Profit before tax, determined according to the provisions of the Law on Profit Tax, is adjusted for certain revenues, expenditures and investments.

The profit tax rate in the Republic of Macedonia is 10% (10% in 2019 as well).

3.7. Cash and cash equivalents

The funds are kept in the balance sheet according to the nominal value. For the purposes of the financial statements, money consists of cash on hand and cash on bank accounts and short-term bank deposits.

3.8. Receivables

Receivables are recorded at the moment when the right of the Management Company to claim certain amounts of cash arises. Receivables include interest receivables on bank deposits.

3.9. Real estate, plants and equipment

Purchases of property, plant and equipment are recorded at cost. The cost value is the invoice value of the purchased assets increased by all costs incurred until their commissioning.

Expenses for current and investment maintenance are recorded at the expense of expenses at the time of their occurrence.

Depreciation of fixed assets is calculated at rates not lower than the rates prescribed by law. The cost or revaluation of fixed assets is amortized in equal annual amounts over the estimated useful life of the fixed assets.



The prescribed depreciation rates for fixed assets owned by the Company are as follows:

Computers	25%
Office furniture	20%
Other equipment	25%

3.10. Impairment of non-financial assets

Property, plant and equipment are checked for possible impairment whenever conditions arise that indicate that their carrying amount is higher than the estimated recoverable amount. Impairment loss (impairment) is recorded for the amount for which the present value exceeds the recoverable amount of the asset. The replacement value is a higher value than the net selling price of the asset and its use value.

Net selling price is the amount obtained from the sale of an asset in a transaction between well-known entities. Use value is the present value of the estimated future cash inflows expected to arise from the continuing use of the assets and their disposal at the end of the useful life. The recoverable amount is estimated for individual assets or if this is not possible for the entire group of assets that generates cash flow.

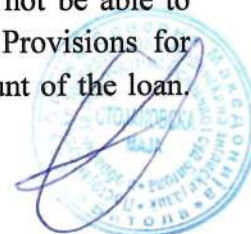
3.11. Loss due to impairment of financial assets

The financial company assesses at the date of preparation of the balance sheet, whether there is objective evidence, that the financial asset or group of financial assets has a loss due to impairment.

The amount of impairment losses on financial assets that are carried at amortized cost is calculated as the difference between the carrying amount and the present value of the expected cash inflows discounted at the original effective interest rate of such financial instrument.

3.12. Provisions for losses due to impairment of loans and receivables

Provisions for impairment of loans and receivables are established if the Financial Company determines that there is objective evidence that the Financial Company will not be able to collect all due amounts on the loan under the original contractual terms. Provisions for impairment losses on loans are expressed as a reduction in the carrying amount of the loan.



The increase of the reservations is made through the declared losses due to impairment of your recognized income statement.

3.13. Equity

The equity is the own permanent sources of funds for the operation of the Company. Equity includes initial own funds for operating, together with accumulated gains / losses. Equity can be used to cover the loss, if the reserves are not sufficient for that. The basic equity is recognized in the amount of the nominal value of the issued shares. The basic equity of the Company is 12,915 thousand denars.

3.14. Financial obligations

Financial liabilities are classified according to the content of the contract. Financial liabilities are classified as deposits of other customers and other liabilities.

3.15. Obligations towards suppliers

Liabilities to creditors are expressed in the amount of nominal amounts arising from business transactions. Liabilities to creditors are written off after the expiration of the statute of limitations or by out-of-court settlement.

3.16. Liabilities on loans

All liabilities to third parties for which interest is paid are presented as financial liabilities. Liabilities with a maturity of more than one year are classified as non-current liabilities, while those with a maturity of up to one year as current liabilities together with the current part of long-term loans. Long-term loan liabilities consist of long-term loan liabilities and are stated at face value. The amounts of the contractual interest are expressed in favor of the other liabilities, at the expense of the financing expenses.

3.17. Benefits for employees

Pension insurance contributions

During its normal operation, the Company makes payments in favor of its employees for pension insurance, health insurance, employment and personal income tax in accordance with



the applicable legal rates during the year. The basis for calculating the contributions is the gross salary. The company pays a contribution for pension insurance in the first and second pension pillar, ie in the State Pension Fund, and partly in private pension funds. There are no additional obligations regarding these pension plans.

Retirement obligations

The company, in accordance with the domestic legal regulations, pays the employees who retire in the amount of two monthly average salaries paid in the country at the moment of retirement. The Company has not made any reservations about this right to employees because it considers the amount to be intangible in the financial statements.

3.18. Reservations

Provisions are recognized and calculated when the Company has a legal obligation or a liability arising out of a contract as a result of a past event and when it is probable that an outflow of funds will be required to settle the liability and when a reasonable estimate can be made. Provisions are checked at each balance sheet date and adjusted to match the best current estimate.

3.19. Uncertain liabilities and uncertain assets

A contingent liability is a possible liability arising from past events, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not under the control of the Company. Non-performing liabilities are only disclosed in the financial statements. Unreal assets are possible assets arising from past events, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not under the control of the Company. Uncertain assets are recognized if the inflow of economic benefits is probable.

4. FINANCIAL RISK MANAGEMENT

4.1. Market risk

Risk of exchange rate changes



In its operations, the Company enters into international transactions on a small scale for the purchase of goods and services. These purchases are expressed in foreign currencies. The Company also uses long-term loans denominated in foreign currency.

The Company does not use appropriate financial instruments to reduce this risk, as such instruments are not accepted in the Republic of Macedonia. Therefore, the Company is exposed to risk related to possible fluctuations in foreign exchange rates.

Risk of price changes

The Company is not exposed to the risk of changes in market prices of available-for-sale investments because the Company has no available-for-sale investments.

4.2.Credit risk

The Company is exposed to credit risk in case the users of their services are unable to fulfill their obligations to the Company. The Company is exposed to credit risk, which is the most significant risk arising from its business activities. Credit risk is related to traditional, classic credit products and occurs in all forms of credit exposure, and is a result of the inability of the client or the other contracting party to timely fulfill contractual obligations when they mature and timely settlement in full of the agreed amount.

Credit risk management is a whole management system that includes coverage throughout the process of accepting, monitoring and minimizing credit risk, ie the process of approving the collection of loans, undertaking activities to reduce risk.

The monitoring and measurement of credit risk is performed through decision-making by a commission for approval of exposures and the Sector for monitoring and collection of receivables, through procedures determined in the Credit Risk Management Policy adopted by the Manager of the company.

Credit risk exposure, which is subject to classification - ranking covers active balance sheet claims based on: overdue and overdue loan principals, doubtful and disputed, claims based on regular and default interest, doubtful interest, claims based on commissions and fees, deposits with banks and other financial institutions, other due non-performing receivables, other receivables that expose the company to credit risk and receivables based on commissions and fees.



Classification according to the credit risk exposure of the following items: cash, intangible assets, real estate and equipment, working capital, inventories, items that expose it. The company on market or other risk other than credit risk is not shown.

The following elements are taken as criteria in the classification: creditworthiness of the client, tidiness and delay in settling the obligations by the client and the quality of the collateral.

Credit risk monitoring is based on certain general indicators used by the Financial Company through: late payment, partial payment or non-payment, difficulties with future cash flows, non-fulfillment of the terms of the loan agreement, information on the financial difficulty of client, information on reduced solvency of the client, information on deterioration of economic conditions in a particular local area, change of legislation, which would indirectly affect creditworthiness, deterioration of the competitive position, decrease in the value of collateral.

The Company is exposed to credit risk within the prescribed limits for credit exposure in the Law on Financial Companies.

4.3. Risk of interest rate changes

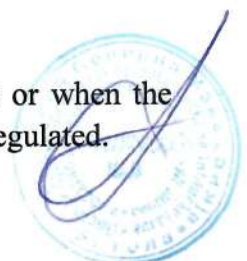
The Company is exposed to the risk of interest rate changes when it uses loans and when it has deposits in banks. Loan liabilities are usually repaid at variable interest rates. Deposits in banks are also subject to changes in interest rates depending on movements in the financial markets. This exposes the Company to a potential risk of interest rate changes.

The risk of interest rate changes and reduction of interest rate risk was regulated through direct negotiations with banks.

Liquidity risk or illiquidity risk exists when the Company will not be able to pay its liabilities to creditors and creditors on time. The Company has no liquidity problems in its operations because it pursues a policy of timely provision of the necessary funds to pay the due liabilities.

4.4. Legal risk

Legal risk arises due to breach or non-compliance with laws, rules, standards or when the legal rights and obligations of the participants in the transaction are not legally regulated.



Hence, legal risk can be understood as potential damage that may arise from the current situation or future event, ie loss caused by legal relations imposed by judicial coercion or legal consequences as a result of embedded conditions in contractual relations with clients and external collaborators.

Legal risk adjustments are regulated by the Financial Company by harmonization and observance of legal regulations and other bylaws, use of legal advice by experts in contractual relations, application of laws, representation before courts, legal representation of the Company's employees, legal protection the interests of the financial company. The financial company is not involved in litigation in which it is a defendant, but has taken legal action.

5. Determining fair value

The Company has financial assets and liabilities that include receivables from customers, available-for-sale investments, liabilities to suppliers, loan liabilities, and non-financial assets for which a number of accounting policies and disclosures require the determination of their fair value.

The fair value of financial assets and liabilities is close to their carrying amount due to the fact that they have a relatively short maturity of up to one year from the balance sheet date, with the exception of available-for-sale investments that are long-term assets. and for which the fair value is determined on the basis of their last market price at the balance sheet date.

6. FINANSIAL INSTRUMENTS

6.1.Risk from financing

The Company manages the equity to ensure that it will continue to operate in the future according to the principle of continuity, by striving to achieve an optimal balance between debts and total equity.

The equity structure of the Company consists of paid-in capital, legal reserves, revalued reserves, investment reserves and accumulated profit.



Debt ratio

The management monitors the structure of the sources of financing of the Company on an annual basis. This indicator is calculated as the ratio between net liabilities and total equity. The manager of SN FINANSII DOO Bitola regularly monitors the credit indebtedness.

The debt ratio as of December 31, 2020 and 2019 is as follows:

In thousand denars	2020	2019
Liabilities on loans	254.184	241.879
Money assets	-3.257	-2.449
Net liabilities on loans	241.927	239.430
Equity and reserves	142.421	100.161
% of credit indebtedness	169,87%	239,05%

The credit indebtedness ratio of the Financial Company SN FINANSII DOO Bitola in 2020 decreased by 69.18% compared to 2019.

6.2. Significant accounting policies related to financial instruments

Details of significant accounting policies and methods, as well as the criteria and basis for recognizing the benefits and costs of all classes of financial assets and financial liabilities, are disclosed in Note 3 to these financial statements.

6.3. Categories of financial instruments

In thousand denars	2020	2019
Financial assets		
Money assets	3.257	2.449
Receivables from customers	2.173	1.093
Receivables on given advances	1.998	2.365
Other receivables	2.737	2.733
AVR	243	339



Short – term financial assets	367.209	330.587
	377.617	339.566
Financial obligations		
Obligations towards suppliers	13.313	30.856
Other current obligations and PVR	6.028	3.885
Loans	254.184	241.879
	264.525	276.620

6.4. Objectives of financial risk management

Financial risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. Financial risks are monitored on a timely basis and are avoided primarily by reducing the Company's exposure to these risks. The Company does not use special financial instruments to avoid these risks because such instruments are not widely used in the Republic of Macedonia.

6.5. Market risk

In the course of its operations, the Company is primarily exposed to financial risks from changes in foreign exchange rates and interest rates.

Market risk exposure is monitored through sensitivity analysis. There was no change in the Company's exposure to market risks or in the way the Company manages or measures risk.

6.6. Foreign exchange risk management

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

The situation with the foreign exchange amounts of assets and liabilities denominated in denars on December 31, 2020 and 2019 is as follows:

In thousand denars	assets		Obligations	
	2020	2019	2020	2019
EUR	-366	-581	366	581
USD				



	-366	-581	366	581

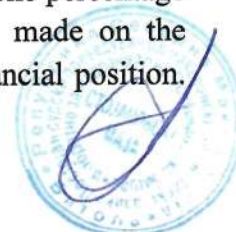
6.7. Risk of changes in interest rates

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

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

In thousand denars	2020	2019
Financial assets		
non-interest bearing		
Money assets	3.257	2.449
Receivables from customers	2.173	1.093
Receivables on given advances	1.998	2.365
Other receivables	2.737	2.733
AVR	243	339
	10.408	8.979
Interest bearing		
Short – term financial assets	367.209	330.587
	10.408	8.979
Financial obligations		
non-interest bearing		
Obligations towards suppliers	13.313	30.856
Other current obligations and obligations on advances	6.028	3.885
	19.341	34.741
Interest bearing		
Loans	245.184	241.879
	264.525	276.620

The following table shows the sensitive analysis of an increase or decrease of one percentage point in the interest rates on loans and outstanding loans. The analysis is made on the balances of deposits and outstanding loans at the date of the statement of financial position.



The positive amounts are the increase of the profit, and the negative ones are the decrease of the profit for the respective period.

In thousand denars	Increase		Decrease	
	2020	2019	2020	2019
Given deposits	3.672	3.306	-3.672	-3.306
Received loans	-2.452	-2.419	2.452	2.419
	1.220	887	-1.220	-887

6.8. Liquidity risk

The following table shows the deadlines for payment of financial obligations of the Company as of December 31, 2020 and 2019

31.12.2020

In thousand denars	From 1-3 months	3-6 months	6-12 months	Above 12 months	Total
Loans			239.690	5.494	254.184
Obligations towards suppliers	13.313				13.313
Other obligations and PVR	6.208				6.208
	19.521		239.690	5.494	264.705

31.12.2019

In thousand denars	From 1-3 months	3-6 months	6-12 months	Above 12 months	Total
Loans			235.480	6.393	241.873
Obligations towards suppliers	30.856				30.856
Other obligations and PVR	3.885				3.885
	34.741		235.480	6.393	276.614



The following table gives the structure of the Company's financial assets as of December 31, 2020 and 2019

2020

In thousand denars	From 1-3 months	3-6 months	6-12 months	Above 12 months	Total
Money assets	2.449				2.449
Receivables from customers	1.093				1.093
Receivables on given advances	2.365				2.365
Other receivables	3.072				3.072
	8.979				8.979

7. SALE REVENUES

In thousand denars	2020	2019
Revenues from services in the country	1.632	1.047
Total revenues from commissions and fees	1.632	1.047

8. OTHER REVENUES

In thousand denars	2020	2019
Revenues from collection of court dispute	900	1.100
Other revenues	412	149
Total revenues from commissions and fees	1.312	1.249

9. EXPENSES FOR THE EMPLOYEES

In thousand denars	2020	2019
Gross salary	16.365	9.673
Other expenses for the employees	449	214
Compensations of the	1.121	98



employees		
Total revenues from commissions and fees	17.935	9.985

10. EXPENSES FOR RAW AND OTHER MATERIALS

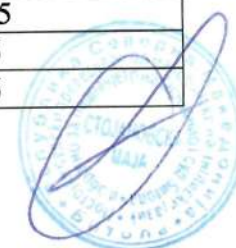
In thousand denars	2020	2019
Spent basic raw materials	1.241	515
spent auxiliary materials	76	21
Total expenses from commissions	1.317	536

11. SERVICES WITH CHARACTER OF MATERIAL EXPENSES

In thousand denars	2020	2019
Expenses for spent electricity	1.181	809
Expenses for mobile, phone and internet	1.368	1.283
External services	3.978	4.061
Expenses for maintenance and protection	4.536	6.647
Expenses for leasing	5.050	3.851
Expenses for advertisement and propaganda	2.431	1.994
Consultant services	3.789	5.842
Awards for members of supervisory board	5.600	4.356
Expenses for MCB	2.582	2.681
Wages for business travels	1.734	498
Other material expenses	6.607	5.463
Total	38.856	37.485

12. OTHER EXPENSES

In thousand denars	2020	2019
Expenses for sponsorship and donation	2.708	3.056
Expenses for representation	2.099	1.385
Insurance expenses	725	326
Bank services	860	576



Other	1.529	357
Total	7.921	5.700

13. FINANCIAL REVENUES

In thousand denars	2020	2019
Revenues from interest of operations	17.745	15.094
Other financial revenues	112.989	99.479
Total revenues from commissions and fees	130.734	114.573

Other financial income in the amount of 112,988 thousand denars includes income from commissions, income from fees, income from factoring and other income.

14. FINANCIAL EXPENSES

In thousand denars	2020	2019
Expenses from interest	18.279	13.393
Total	18.279	13.393

15. TANGIBLE ASSETS

In thousand denars	Construction objects	equipment	Other assets	total	Non tangible assets	–
dealer cost						
Balance 01.01.2020	16.716	10.271	1.539	28.526	611	
New supplies		3.882	408	4.290	744	
Sale / expense						
Re entering						
Balance 31.12.2020	16.716	14.153	1.947	32.816	1.355	



Correction of value					
Balance 01.01.2020	35	1.857		1.892	59
Depreciation	418	2.349		2.767	153
Expense and sale					
Balance 31.12.2020	453	4.206		4.659	212
Current value on 31.12.2020	16.263	9.947	1.947	28.157	1.143

In thousand deans	Construction objects	equipment	Other assets	total	Non tangible assets –
dealer cost					
Balance 01.01.2019	1.415	4.219	634	6.268	133
New supplies	15.301	6.053	905	22.259	478
Sale / expense					
Re entering					
Balance 31.12.2019	16.716	10.272	1.539	28.527	611
Correction of value					
Balance 01.01.2019		357		357	21
Depreciation	35	1.501		1.536	38
Expense and sale					
Balance 31.12.2019	35	1.858		1.893	59
Current value on 31.12.2019	16.681	8.414	1.539	26.634	552



16. LONG – TERM FINANCIAL ASSETS

In thousand denars	2020	2019
Given deposits		10.000
Total		10.000

17. RECEIVABLES FROM CUSTOMERS

In thousand denars	2020	2019
Receivables from customers in the country	2.173	1.093
Total	2.173	1.093

18. RECEIVABLES ON GIVEN ADVANCES

In thousand denars	2020	2019
Receivables on given advances in the country	1.998	2.365
Total	1.998	2.365

19. OTHER RECEIVABLES

In thousand denars	2020	2019
VAT	2.737	2.733
Total	2.737	2.733

20. RECEIVABLES ON GIVEN LOANS

In thousand denars	2020	2019
Given loans on physical entities	269.842	259.373
Given loans on legal entities	43.559	40.954
interests	7.184	3.979
Commissions on administrative expenses	46.615	26.272
Other	9	9



Total	367.209	330.587
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21. PAID EXPENSES FOR FUTURE PERIODS

In thousand denars	2020	2019
Paid expenses in advance	243	339
Total	243	339

22. MONEY ASSETS AND MONEY EQUIVALENTS

In thousand denars	2020	2019
Account	2.699	2.114
Cash	558	335
Total	3.257	2.449

23. LONG – TERM OBLIGATIONS

In thousand denars	2020	2019
SILK ROAD BANK AD SKOPJE	1.928	1.647
UNI BANKA AD SKOPJE	4.055	5.212
Current maturity	-489	-460
Total	5.494	6.399

24. OBLIGATIONS TOWARDS SUPPLIERS

In thousand denars	2020	2019
Obligations towards suppliers in the country	9.650	25.048
Obligations towards suppliers abroad	3.663	5.808
Total	13.313	30.856

25. OTHER OBLIGATIONS



In thousand denars	2020	2019
Profit tax	1.256	1.904
Obligations for salaries	1.906	1.427
Other obligations	1.936	554
Total	5.098	3.885

26. PVR

In thousand denars	2020	2019
Postponed revenues acknowledgment	930	
Total	930	

27. SHORT – TERM FINANCIAL OBLIGATIONS

In thousand denars	2020	2019
Legal entities	76.523	64.519
Physical entities	160.263	168.150
interests	2.415	2.351
Current maturity	489	460
Total	239.690	235.480

28. POTENTIAL OBLIGATIONS

The company does not have potential obligations for court disputes where it is sued by other companies nor has given warranties to other companies or mortgages on its property as collateral for obligations.

29. EXCHANGE RATES

Middle exchange rates that were applied for showing the positions in the Balance sheet denominated in foreign currency are as follows:

In thousand denars	2020	2019
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LOGO RUSSEL BEDFORD

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+389 (2) 30 96 226
e- mail: rba@russellbedford.mk

1 EUR	61.48	61.48
1 USD	50.23	54.93

30. EVENTS AFTER THE DATE OF THE BALANCE SHEET

There are no significant events that happened and have had significant influence after preparing these financial reports.



03/03/21

PIN: 07172451

Complete title: Financial company SN FINANSII DOO Bitola

Type of activity: 450

Type of account: Final

Type of document: Final account

Year: 2020

List of attached documents:

Explanation notes

Structure of revenues per activities

Mark for AOP	Description	Net for the current year	Gross for the current year	Correction of value for the current year	Previous year
2477	64.92 – other loan mediation	133.677.602,00			

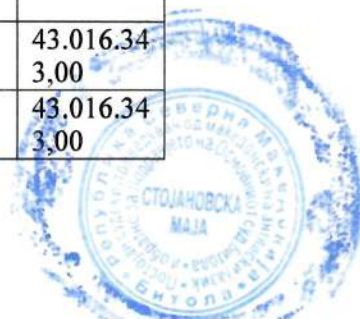
BALANCE SHEET

Or.no.	Description	Mark for AOP	Note no.	Amount	
				Current year	Previous year
1	2	3	4	5	6
1	--ASSETS: A. NON – CURRENT ASSETS (002+009+020+021+031)	1		29.300.569,00	37.185.648,00
2	--I. INTANGIBLE ASSETS (003+004+005+006+007+008)	2		1.143.478,00	551.855,00
3	--Development expenditures	3		0	0
4	--Concessions, patents, licenses, trademarks and similar rights	4		1.143.478,00	551.855,00
5	--Goodwill	5		0	0
6	--Advances for purchase of intangible assets	6		0	0
7	--Intangible assets in preparation	7		0	0
8	--Other intangible assets	8		0	0
9	--II. TANGIBLE ASSETS (010+013+014+015+016+017+018+019)	9		13.238.750,00	11.332.930,00
10	--Real estates (011+012)	10		1.344.492,00	1.379.873,00
11	--Land	11		0	0
12	--Construction objects	12		1.344.492,00	1.379.873,00
13	--hardware and tools	13		2.098.271,00	1.954.195,00

14	--transport assets	14		4.397.66 7,00	5.744.608 ,00
15	--Tools, drive and office inventory and furniture	15		3.451.24 4,00	715.386,0 0
16	--Biologic assets	16		0	0
17	--Advances for purchase of tangible assets	17		0	0
18	--Tangible assets in preparation	18		0	0
19	--Other tangible assets	19		1.947.07 6,00	1.538.868 ,00
20	--III. INVESTING IN REAL ESTATES	20		14.918.3 41,00	15.300.86 3,00
21	--IV. LONG-TERM FINANCIAL ASSETS (022+023+024+025+026+030)	21		0	10.000.00 0,00
22	--Investment in subsidiaries	22		0	0
23	--Investments in associated companies and participation in joint ventures	23		0	0
24	--Receivables after given long-term loans to related companies	24		0	0
25	--Receivables after given long – term loans	25		0	0
26	--Investments in long – term securities (027+028+029)	26		0	0
27	--Investments in securities held until maturity	27		0	0
28	--Investments in securities available for sale	28		0	0
29	--Investments in securities by fair value through profit or loss	29		0	0
30	--Other long – term financial assets	30		0	10.000.00 0,00
31	--V. LONG-TERM RECEIVABLES (032+033+034)	31		0	0
32	--Receivables from associated companies	32		0	0
33	--Receivables from customers	33		0	0
34	--Other long – term receivables	34		0	0
35	--VI. Deferred tax assets	35		0	0
36	--B. CURRENT ASSETS (037+045+052+059)	36		377.403. 362,00	339.256.7 04,00
37	--I. STOCKS (038+039+040+041+042+043)	37		28.526,0 0	28.526,00
38	--Stocks of raw materials	38		0	0
39	--Stocks of spare parts, small inventory, packaging and tires	39		28.526,0 0	28.526,00
40	--Stocks of unfinished products and semi-finished products	40		0	0
41	--Stocks of finished products	41		0	0
42	--Stocks of trade goods	42		0	0
43	--Stocks of biologic assets	43		0	0
44	--II. ASSETS (OR ALIENATION GROUPS INTENDED FOR SALE AND DISCONTINUED OPERATIONS)	44		0	0
45	--III. SHORT – TERM RECEIVABLES	45		6.908.06	6.191.390



	(046+047+048+049+050+051)		8,00	,00
46	--Receivables from associated companies	46	0	0
47	--Receivables from customers	47	2.173.11 0,00	1.093.392 ,00
48	--Receivables for given advances to suppliers	48	1.998.00 0,00	2.364.720 ,00
49	--receivables from the state on base taxes, contributions, custom, excise duties and other duties to the state	49	2.736.95 8,00	2.733.278 ,00
50	--Receivables from the employees	50	0	0
51	--Other short – term receivables	51	0	0
52	--IV.SHORT – TERM FINANCIAL ASSETS (053+056+057+058)	52	367.209. 433,00	0330.587. 318,00
53	--Investments in securities (054+055)	53	0	0
54	--Investments in securities held until maturity	54	0	0
55	-- Investments in securities by fair value through profit or loss	55	0	0
56	--Receivables for given loans to associated companies	56	9.392,00	9.392,00
57	--Receivables for given loans	57	367.200. 041,00	330,577.9 26,00
58	--Other short – term financial assets	58	0	0
59	--V. CASH AND CASH EQUIVALENTS (060+061)	59	3.257.33 5,00	2.449.470 ,00
60	--Cash	60	3.257.33 5,00	2.449.470 ,00
61	--Cash equivalents	61	0	0
62	--VI. PAID EXPENSES FOR FUTURE PERIODS AND CALCULATED INCOME (EIA)	62	242.882, 00	339.027,0 0
63	--TOTAL ASSETS: ASSETS (001+035+036+044+062)	63	406.946. 813,00	376.781.3 79,00
64	--C. OFF-BALANCE SHEET RECORDS - ASSETS	64	1.760.82 3,00	0
65	--LIABILITIES: A. CAPITAL AND RESERVES (066+067-068-069+070+071+075-076+077-078)	65	142.420. 713,00	100.160.8 45,00
66	--I. BASIC CAPITAL	66	12.915.0 00,00	12.915.00 0,00
67	--II. PREMIUMS OF EMITTED SHARES	67	0	0
68	--III. OWN SHARES (-)	68	0	0
69	--IV. REGISTERED, UNPAID CAPITAL (-)	69	0	0
70	--V. REVALUATION RESERVE AND DIFFERENCES FROM VALUATION OF COMPONENTS OF THE REMAINING COMPREHENSIVE PROFIT	70	0	0
71	--VI. RESERVES (072+073+074)	71	43.016.3 43,00	43.016.34 3,00
72	--Legal reserves	72	43.016.3 43,00	43.016.34 3,00



73	--Statutory reserves	73		0	0
74	--Other reserves	74		0	0
75	--VII. ACCUMULATED PROFIT	75		44.229.5 02,00	15.000,00
76	--VIII. TRANSFERRED LOSS (-)	76		0	0
77	--IX. PROFIT FOR THE BUSINESS YEAR	77		42.259.8 68,00	44.214.50 2,00
78	--X. LOSS FOR THE BUSINESS YEAR	78		0	54,308
79	--XI. CAPITAL OF THE OWNERS OF THE PARENT COMPANY	79		0	0
80	--XII. UNCONTROLLED PARTICIPATION	80		0	0
81	--B. OBLIGATIONS (082+085+095)	81		263.596. 123,00	276.620.5 34,00
82	--I. LONG – TERM RESERVATIONS FOR RISKS AND COSTS (083+084)	82		0	0
83	--reservations for pensions, severance pay and similar obligations towards the employees	83		0	0
84	--Other long – term reservations for risks and costs	84		0	0
85	--II. LONG – TERM OBLIGATIONS (from 086 to 093)	85		0	0
86	--Obligations towards associated companies	86		0	0
87	--Obligations towards suppliers	87		0	0
88	--Obligations for advances, deposits and bails	88		0	0
89	--Obligations for loans and credits towards associated companies	89		0	0
90	--Obligations for loans and credits	90		0	0
91	--Obligations for securities	91		0	0
92	--Other financial obligations	92		0	0
93	--Other long – term obligations	93		0	0
94	--III. POSTPONED TAX OBLIGATIONS	94		0	0
95	--IV. SHORT – TERM OBLIGATIONS (from 096 to 108)	95		263.596. 123,00	276.620.5 34,00
96	--obligation towards associated companies	96		1.705.07 5,00	434.825,0 0
97	--Obligations towards suppliers	97		13.313.0 30,00	30.855.72 2,00
98	--Obligations for advances, deposits and bails	98		0	0
99	--Obligations for taxes and contributions of salary and compensation of salaries	99		547.182, 00	335.081,0 0
100	--Obligations towards employees	100		1.160.43 2,00	2.345.959 ,00
101	--Current tax obligations	101		1.484.06 6,00	2.345.959 ,00
102	--Short – term reservations for risks and costs	102		0	0

103	--Obligations for loans and credits towards associated companies	103		0	0
104	--Obligations for loans and credits	104		245.183.700,00	241.878.735,00
105	--Obligations for securities	105		0	0
106	--obligations on base participation in the result	106		0	0
107	--Other financial obligations	107		0	0
108	--Other short – term obligations	108		202.638,00	58.839,00
109	--V. DEFERRED PAYMENT OF EXPENSES AND INCOME IN FUTURE PERIODS (PIA)	109		929.977,00	0
110	--VI. OBLIGATIONS ON BASE NON-CURRENT ASSETS (OR ALIENATION GROUPS) KEPT FOR SALE AND TERMINATED OPERATIONS	110		0	0
111	--TOTAL LIABILITIES: CAPITAL, RESERVES AND OBLIGATIONS (065+081+094+109+110)	111		406.946.813,00	376.781.379,00
112	--C. OFF-BALANCE SHEET RECORDS – LIABILITIES	112		1.760.823,00	0



Income statement

Description	Mark for AOP	Note number	Amount	
			Current year	Previous year
2	3	4	5	6
--I. OPERATING INCOME (202+203+206)	201		2.943.999,00	2.295.946,00
--Income from sale	202		1.784.675,00	1.174.080,00
--Other income	203		1.159.324,00	1.121.866,00
--Stock of finished products and unfinished production in the beginning of the year	204		0	0
--Stock of finished products and unfinished production in the end of the year	205		0	0
--Capitalized own production and services	206		0	0
--II. OPERATING EXPENDITURES (208+209+210+211+212+213+218+219+220+221+222)	207		68.947.754,00	55.280.385,00
--Costs for raw and other materials	208		2.498.697,00	1.344.629,00
--Purchase value of sold goods	209		0	0
--purchase value of sold materials, spare parts, small inventory, packaging and tires	210		0	0
--Services with character of material costs	211		17.528.221,00	17.928.454,00
--Other operating costs	212		25.494.940,00	20.319.707,00
--Costs for employees (214+215+216+217)	213		19.959.202,00	10.483.201,00
--Salaries and compensations of salaries (net)	214		10.845.366,00	6.439.114,00
--Costs for taxes of salaries and compensation of salaries	215		842.573,00	570.306,00
--contributions of mandatory social insurance	216		4.676.579,00	2.663.594,00
--Other costs for employees	217		3.594.684,00	810.187,00
--Depreciation of tangible and intangible assets	218		2.919.405,00	1.573.723,00
--Value adjustment (devaluation) of non - current assets	219		0	0
--Value adjustment (devaluation) of current assets	220		301.741,00	0
--Reservations for costs and risks	221		0	0
--Other operating expenditures	222		245.548,00	3.630.671,00
----III. FINANCIAL INCOME	223		130.773.603,00	114.572.944,00



(224+229+230+231+232+233)				
--Financial income from relations with associated companies (225+226+227+228)	224		0	0
--Income from investments in associated companies	225		0	0
--Income on base interest from working with associated companies	226		0	0
--Income on base exchange differences from working with associated companies	227		0	0
--Other financial income from working with associated companies	228		0	0
--Income from investments in unrelated companies	229		0	0
--Income on base interests from working with unrelated companies	230		17.745.439,00	15.093.746,00
-- Income on base exchange differences from working with unrelated companies	231		0	1,348
--unrealized profits (incomes) from financial assets	232		0	0
--Other financial income	233		112.988.164,00	99.479.198,00
--IV.FINANCIAL EXPENDITURES (235+239+240+241+242+243)	234		18.278.577,00	13.392.906,00
--Financial expenditures from relations with associated companies (236+237+238)	235		2.405.993,00	2.172.408,00
--Expenditures on base interests from working with associated companies	236		2.405.993,00	2.172.408,00
--Expenditures on base exchange differences from working with associated companies	237		167,00	0
--Other financial expenditures from associated companies	238		0	0
--Expenditures on base interests from working with unrelated companies	239		15.872.584,00	11.220.498,00
--Expenditures on base exchange differences from working with unrelated companies	240		0	0
--Unrealized loss (expenditures) from financial assets	241		0	0
--Value adjustment of financial assets and investments	242		0	0
--Other financial expenditures	243		0	0
-- Share in the profits of the associated companies	244		0	0
--Share in the loss of the associated companies	245		0	0



--Profit from regular operations (201+223+244) – (204-205+207+234+245)	246		46.451.271,00	48.195.599,00
--Loss from regular operations (204-205+207+234+245) – (201+223+244)	247		0	0
--Net profit from terminated operations	248		0	0
--Net loss from terminated operations	249		0	0
--Profit before taxing (246+248) or (246-249)	250		46.451.271,00	48.195.599,00
--Loss before taxing (247-249) or (247-248)	251		0	0
--Profit tax	252		8,312	4,313
--Deferred income tax	253		0	0
--Deferred expenses tax	254		0	0
--NET PROFIT FOR THE BUSINESS YEAR (250-252+253-254)	255		4.191.403,00	3.981.097,00
--NET LOSS FOR THE BUSINESS YEAR (251+252-253+254)	256		0	0
--Average number of employees based on working hours in the calculation period (in absolute amount)	257		44,00	21,00
--Number of working months (in absolute amount)	258		12	12
--PROFIT / LOSS FOR PERIOD	259			
--Profit that belongs to the shareholders of the parent company	260		0	0
--Profit that belongs to uncontrolled participation	261		0	0
--Loss referred to the shareholders of the parent company	262			0
--Loss referred to the uncontrolled participation	263		0	0
--EARNINGS PER SHARE	264		0	0
--Total basic earnings per share	265		0	0
--Total diluted earnings per share	266		0	0
--Basic earnings per share from terminated operations	267		0	0
--Diluted earnings per share from terminated operations	268		0	0
--Profit for the year	269		42.259.868,00	44.214.502,00
--Loss for the year	270		0	54,308
--Other comprehensive profit (273+275+277+279+281+283) –	271		0	0



(274+276+278+280+282+284)				
--Other comprehensive loss (274+276+278+280+282+284) – (273+275+277+279+281+283)	272		0	0
--Profits arising from translation from foreign operations	273		0	0
--Losses arising from translation from foreign operations	274		0	0
--Profits from re-measurement of financial assets available for sale	275		0	0
--Losses from re-measurement of financial assets available for sale	276		0	0
--Effective part from profits from hedging instruments for hedging cash flows	277		0	0
--Effective part from losses from hedging instruments for hedging cash flows	278		0	0
--Changes of revalorization reserves for non – current assets	279		0	0
--Changes of revalorization reserves for non – current assets	280		0	0
--Actual profits on defined employee benefit plans	281		0	0
--Actual losses on defined employee benefit plans	282		0	0
--Share in the remaining comprehensive profit of associated companies (only for consolidation needs)	283		0	0
--Share in the remaining comprehensive loss of associated companies (only for consolidation needs)	284		0	0
--Income tax of components of other comprehensive profit	285		0	0
--Net comprehensive profit (271-285)	286		0	0
--Net other comprehensive loss (285-271) or 272+285)	287		0	0
--Total comprehensive profit for the year (269+286) or 286-270)	288		42.259.868,00	44.214.502,00
--Comprehensive profit that belongs to the shareholders of the parent company	289		0	0
--Comprehensive profit that belongs to uncontrolled participation	290		0	0
--Total comprehensive loss for the year (270+287) or (270-286) or (287-269)	291		0	0
--Comprehensive loss that belongs to the shareholders of	292		0	0

the parent company				
--Comprehensive loss that belongs to uncontrolled participation	293		0	0



Annual report for the operations 2020

ANNUAL REPORT FOR THE OPERATIONS
OF FC SN FINANSII DOO BITOLA FOR THE YEAR 2020



Annual report for the operations 2020

CONTENT

1. Manager's notes
2. Achieved financial results
3. Credit activity
4. Risks management
5. Marketing activities
6. Consistence with provisions, human resources and AML
7. Social responsibility



Annual report for the operations 2020

FC SN FINANSII is a financial company operating on the basis of a Decision issued by the Ministry of Finance of the Republic of Macedonia no. 13-14385 / 4 dated 14.12.2016, registered administrator of personal data from the Agency for Personal Data Protection and holds a license for: approval of loans and credit cards, issuance of guarantees and factoring.

The first Fintech company in Bitola, also the first Fintech Company in R. Northern Macedonia with domestic capital which is mainly focused on granting loans, issuing guarantees and factoring. Our proactive approach to customers, quality of service and speed of approval and payment are undoubtedly key factors influencing customers to decide for us.

As a fast-growing company in the financial sector, a fact that is indisputably confirmed by the financial results compared to the years from its establishment until today, including the vision for future operations, we base our work on establishing superior customer relationships and stable financial management, which results and will result in long-term yields both socially and strategically. We create higher returns through high quality services tailored to customer needs, by raising awareness of the importance of financial investments to meet long-term goals and through polite, personalized communications.

Our strategies and products are designed to maximize our potential for success. We are present in the regions with the greatest potential. we are constantly exploring the potential for success and striving to maximize it. The dynamics of success that is growing rapidly from year to year is due to the work and commitment of all of us, the entire team that creates the best products and provides excellent service.

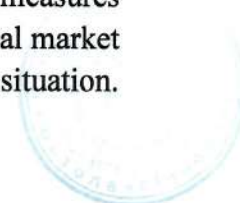
The individual approach to each client, the care for the existing users of our services is our recognition that sets us apart from other financial companies and further strengthens our market share.

The long-term focus of the management is based on well-thought-out and evaluated decisions, putting in the foreground the protection and consolidation of capital on the one hand and the satisfaction of the financial needs of the population on the other hand.

1. Manager's comment

The activities of the financial company during 2020 were completely shaped by the conditions and ways in which our and other countries dealt with the spread of the Covid 19. virus In March, with the declaration of a global pandemic, the measures taken globally to prevent its expansion has been limited to movement, delays in a number of activities, significant aggravation of global production and logistics chains, changes in the prices of financial instruments and primary products.

In order to support the economic activity in conditions of application of emergency measures to deal with covidium 19, the financial companies as an important part of the financial market were forced to revise the already set projections for 2020 and to adapt to the new situation.



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The financial company actively participated in the implementation of the anti-crisis package of measures adopted by the Government through the introduction of provisions of the Law on Financial Companies, where special emphasis was placed on the population and reducing the repayment of annuities by 70%, thus showing exceptional responsibility to our customers in parallel with making every effort to maintain operating liquidity and financial condition.

Through its regular operational operations, the Financial Company achieved a positive financial result of Denar 42.46 million, which is an indicator for efficient management and implementation of strategically justified decisions in the emergency situation imposed by the pandemic.

But our mission and vision does not stop here. 2021 will be a year where we will primarily focus on increasing market share by expanding the range of products and increasing competitiveness. Clients are the focus of our work, and by increasing the network of branches we will enable the availability of our products with special emphasis in Western Macedonia, which is our target group this 2021.

The introduction of a co-branded Visa card is one of the products that will mark 2021. Already in the second quarter, we expect the realization of the first card, and thus strengthening our market position.

In terms of credit exposure, in 2020, despite the bad climate caused by the pandemic, there is still no deterioration in the loan portfolio.

However, in 2021 we will be fully focused on stabilizing the risk portfolio.

Intensive work will be done on the development and offer of products adapted to the needs of the clients that were most affected by the Covid 19 crisis and at the same time, one of the most important strategic commitments of the Financial Company remains the continuous development and improvement of information technology.

Manager
Of FC SN FINANSII
Nikola Joshevski



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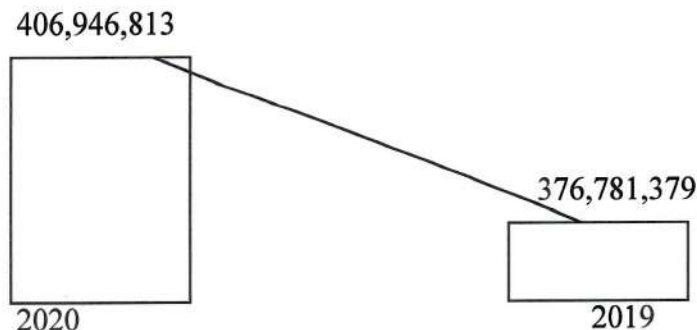
I. Achieved financial results

The total balance sheet amount of the Financial Company on 31.12.2020 amounted to 406.95 million denars. In terms of dealing with, as well as taking all measures related to the new situation with the covidium 19 virus pandemic, which strongly affected the overall domestic and global economic environment, the total balance sheet of the financial company increased by 8% compared to 31.12.2019 year, which is generally a result of the measures taken in terms of lending restrictions with special emphasis on refinancing and offering favorable loans to disadvantaged customers, which as a percentage would be higher if the corona crisis did not cause a major negative effect on the economic situation of the population.

On the assets side, the sources were focused on loans to individuals as one of the strategic commitments of the financial company to focus on lending to individuals through risk diversification and greater prompt repayment. With that, we once again confirmed the support we give to individuals in conditions when it is most needed, and we directly influenced the support of the overall economic activity and revival of the economy after the contraction caused by the pawn pandemic 19.

Financial balance

□ Total assets / liabilities



Relation of financial balance 2019 – 2020

In 2020, the Financial Company continued the multi-year trend of profitable operations by achieving a positive financial result, donso net profit in the amount of 42.26 million dollars.

Analysis of revenues / expenses			
	2020	2019	%
Revenues	133,677,602	116,868,890	14.38
Expenses	87,226,331	68,673,291	27.02
Profit before taxing	42,259,868.00	44,214,502.00	-4.42

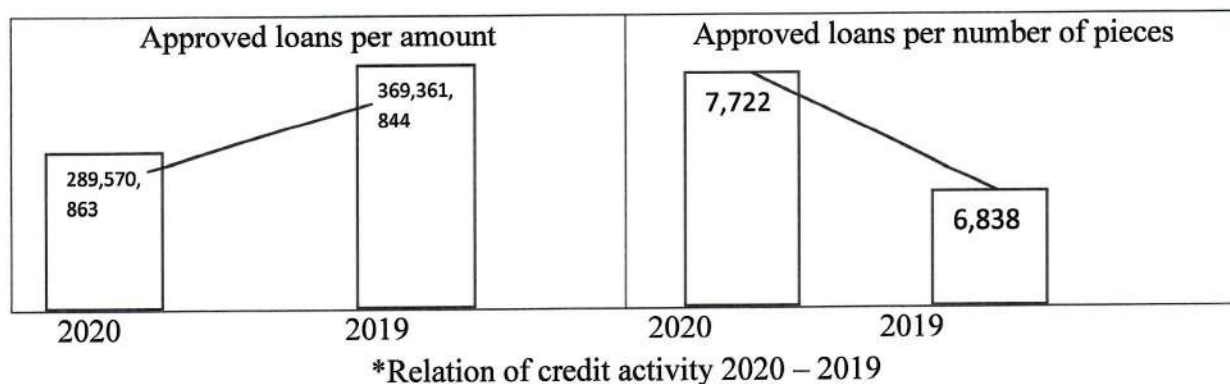
During 2020, the financial company recorded revenue growth of 14.38 percentage points, which is an indicator of successful management in difficult conditions imposed by the

Annual report for the operations 2020

pandemic. The increase is a result of the increase in interest rates and fees from regular operations. In 2020, although we operated with restrictive measures imposed by the Government of the RSM, we still not only managed to save every job, but also doubled the number of employees, which automatically caused an increase in the expenditure side of the income statement and directly reflected an increase. of operating costs of the operation. We have invested in equipping and branding the existing branches, as well as opening two new branches.

II. Credit activity

During 2020, the financial company (hereinafter: the financial company) continuously adapted its operations to the emerging situation with the covidium 19 virus pandemic, which strongly affected the overall domestic and global economic environment. Keeping the focus on achieving the key strategic goals, the Financial Company primarily acted in the direction of collection of some non-performing receivables, while continuing to provide credit support to customers, while maximally advocating for customer security when using the services of the financial company, as and for the safety of employees in the workplace.



Credit activity during 2020 amounts to Denar 289.57 million and is 21% lower compared to 2019 analyzed in terms of approved amount, compared to the number of approved loans per piece, which increased by 13% compared to 2019.

During 2020, the financial company after the revision of the set projections for 2020 as a result of the new decision of the management team to limit lending, ie. great caution in approving loans, focused on risk diversification, ie. approval of smaller loans in the amount of more secure customers as well as refinancing, in order to meet the existing customers who were most affected by the crisis. This is reflected in the reduction of the amount of approved loans versus the increased number of approved pieces.

During 2021, the financial company will refinance its lending policy alternately with the easing of government measures in relation to the set restrictions imposed by the covid pandemic.

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Key objectives in lending will be the following:

- Increasing the share of small loans to individuals in the total loans of the financial company due to the planned diversification of the loan portfolio, which would ensure risk dispersion and would generate solid interest income
- increasing the market share on the financial market by offering new competitive products and modernizing the existing ones
- increase of the client base

The following measures and activities will be undertaken to achieve the set business goals:

- introduction of new products and services that will fully meet the needs of customers, as well as expanding the offer of local loans for the purchase of goods and services
- promotion of existing products, primarily electronic banking, SMS notification, mobile application
- Introducing the clients with the products and services of the financial company by holding presentations in the legal entities while respecting the measures and recommendations prescribed by the Government of RNM for protection in conditions of pandemic
- further rationalization of the credit approval process at the same time increased prudence in the analysis of credit applications
- in cooperation with the sector of organization and administration, continuous monitoring of the loan portfolio for early warning of loans that could turn into non-performing (up to 90 days late)
- introduction of motivation programs and products for attracting new clients and upgrading the existing client base
- in coordination and cooperation with the service for human resources, trainings for development of the sales skills of the employees and new employments in accordance with the plan for expansion of the branch network of the financial company
- introduction and promotion of a co-branded Visa card

(IMAGE)

The development and expansion of the branch network will take place in accordance with market conditions, while supporting the strategic goals of the Financial Company taking into account the emerging situation of the Corona virus. The number of branches as of 31.12.2020 is seven, two of which are branches opened during 2020.

In this context, the main business objectives in the operation of the distribution network will be:

- increasing the presence of the financial company on the market in Skopje, eastern and central Macedonia
- the branch network to include 9 branches by the end of 2021



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- Improving the operation of the existing branches, by constantly upgrading the existing systems and introducing innovative technology that would increase the performance of the operation, and thus the competitiveness itself.

III. Risks management

The financial policy of the financial company for 2020 is based on the legal provisions and internal policies and procedures related to risk management to which the financial company is exposed. As before, so in the future, an inevitable element in the risk management process will be compliance with the current practice of reporting to the manager, in accordance with the prescribed dynamics.

The key business objectives of the financial company in risk management are:

- Adherence to the already established system and risk management strategy which includes timely identification, assessment, monitoring and control of risks in order to achieve the optimal relationship (Trade - off) between risks and profits, as well as achieving the planned growth, solvency, preserving the value of capital and maintaining the long-term stability of the financial company
- reduction of the share of non-performing loans in the total credit exposure

According to the revised plans for growth of credit activity, during 2020 special emphasis was placed on credit risk management through regular monitoring of the loan portfolio and appropriate classification of clients, which means monthly and quarterly reporting to the manager and timely alert on the risk of payment.

In order to improve the quality of the loan portfolio, in addition to the activities in the area of credit risk management, the measures for collection of non-performing loans have a significant contribution, among which would be:

- system for early warning when monitoring the placements and determining the placements that could turn into a non-functional status, ie intensified monitoring of all placements with days of delay up to 90 days by the organizational parts that are responsible for regular collection and monitoring of all placements with days of delay over 120 days by the organizational units responsible for enforced collection. At the same time, by monitoring at an early stage and appropriate measures are taken.
- improvement of the software solution for monitoring the collection
- establishment of monthly targets per employee for collection of non-functional portfolio
- introduction of new reporting forms to the manager
- professional training and continuous upgrading of employees through internal and external trainings.

In the area of management of other types of risks (liquidity, market, strategic, operational, reputational, interest rate risk and other types of risks) it is planned to implement the following measures and activities:

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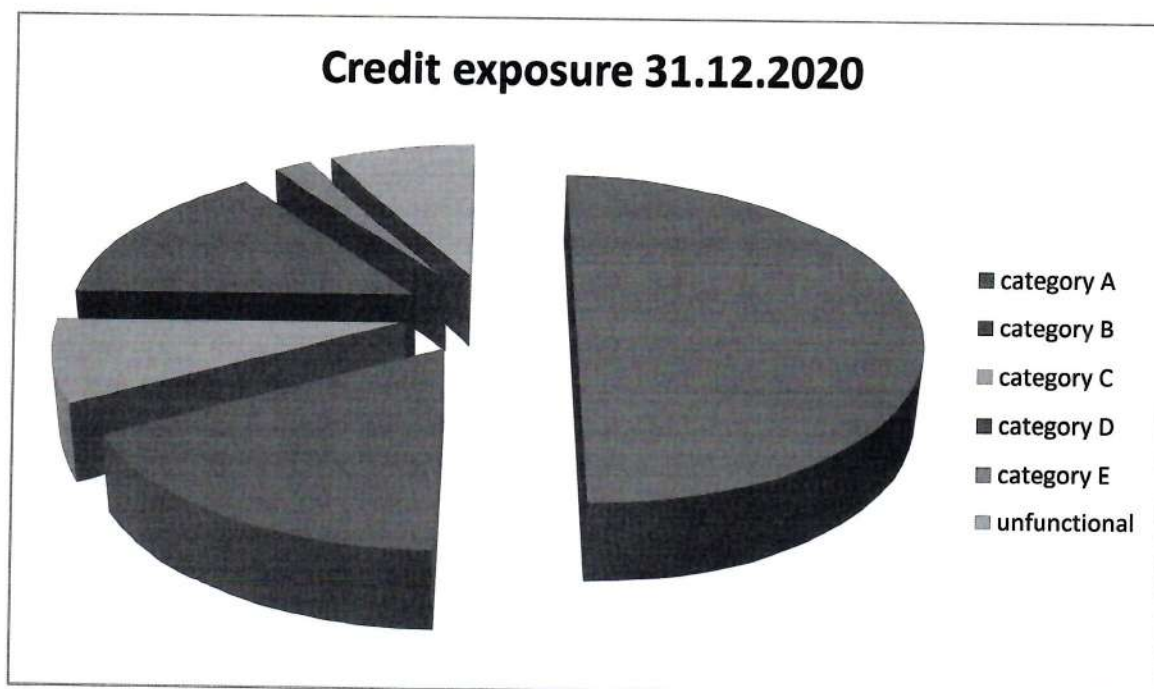
- identification and measurement of potential risks when introducing new products and services
- conducting simulations according to internal needs in the area of credit exposure
- revision of the internal acts in the part of risk management following the changes in the regulation and the internal needs.

Special emphasis in 2020 is placed on monitoring and analysis of the loan portfolio.

Credit exposure as of 31.12.2020 amounted to 367.20 million denars, which is 11% higher compared to 2019. although in difficult operating conditions according to the restrictions we had by the Ministry of Finance through the adoption of lending provisions, we still managed skillfully to fight for maintaining the quality of the existing portfolio and its evident increase.

The NPL coefficient in 2020 was 17.36% and is mostly caused by the limitation in collection, according to the fact that starting from June until September, due to the regulations where according to the law for execution it was not allowed to be collected.

Limited lending due to the preservation of operating liquidity in order to protect against bad loans against the reduced collection of sued loans are the biggest reasons for the growth of the percentage of NPL. During 2021, the planned projections for the percentage of NPL are 12.99%.



Balance of credit exposure on 31.12.2020

49,45% from the existing portfolio for the year 2020 is classified in category A i.e. portfolio of regular clients.



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IV. Consistence with provisions, human resources and AML

The priority goal in the field of compliance with regulations was to minimize the likelihood of an event that would cause harmful consequences for the financial company due to non-compliance or improper application of applicable regulations. In that direction, a series of measures and activities were undertaken to achieve the set goal, among which the most important would be:

- daily monitoring of the changes in the regulation, assessment of their impact on the operation of the financial company and reporting to the manager on the changes in the regulation with proposed measures for appropriate application of the same
- giving guidelines for proper implementation of regulations in the form of policies, procedures and other similar acts, as well as providing answers to employees on questions related to the implementation of regulations
- identification and monitoring of the risks from non-compliance of the financial company with the regulations
- assessment of the impact of the complaints on the reputation of the financial company, if any
- if necessary, preparation and implementation of internal presentations in the area of compliance with regulations

* HUMAN RESOURCES

From the aspect of human resource management, the main focus of the human resources service was dealing with and managing employees in a pandemic. The period of 2020 required the Human Resources Service to adapt the operation in emergency conditions of interruption and closure, to establish a system of remote operation and management of human resources and the needs of work processes.

The past year has posed a challenge in how to ensure safe and secure working conditions and environment for employees, while preventing contamination and the spread of infection. Through the development of protocols for work and supervision in their implementation, provision and deployment of personal disinfectants, continuous epidemiological control of pronounced measures and timely raising of staff awareness of the presence, causes and consequences of pandemic of the virus covid 19, were successfully overcome challenges in human resource management in 2020.

The number of employees as of 31.12.2020 was 44, while we ended 2019 with a total number of 21 employees. Despite the poor condition caused by the Corona virus, which inevitably affected our operations, the Financial Company still managed to preserve and double the number of employees in 2020.

Employees are the key to a successful business story, and that is why the Financial Company constantly strives to preserve the team work spirit, with a high degree of professionalism and care for its employees. During the whole pandemic, in order to protect the health of our



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employees, we provided working conditions from home for each employee, and protection of the workplace, which contributed to maintaining the dynamics of the work process.

In the area of human resource management, a key commitment of the financial company for 2021 will be the development of staff potential in accordance with modern trends, in order to increase employee productivity while maintaining an optimal level of employment in accordance with the strategic development goals of the financial company.

*Educational structure

	Number of employees
Degree of education	31.12.2020
High school	8
University education	28
Master degree	5
PhD	
Other	
Total	44
Average age of employees	29

Educational structure on 31.12.2020

Measures and activities to be taken in human resource management in 2021 are the following:

- optimization of the number of employees in accordance with the plans for expansion of the branch network and development of the other organizational parts in the financial company so that during the whole year a total of 10 new employments are planned
- organization of internal, external trainings and seminars for professional development of the employees
- continuation of the current practice for organizing and conducting practical classes for students
- Improving the process of recruiting staff by conducting standardized tests and interviews with potential candidates for employment and establishing internal databases that will be the starting point for new employments
- Improving the organization of the financial company through changes and additions to the systematization by jobs, opening of new organizational units and jobs if such a need is perceived
- organization of regular sports and cultural, local and regional gatherings of employees which would instill the spirit of cooperation and loyalty to the financial company taking into account the measures and recommendations for the Covid crisis
- Adherence to legally prescribed measures for health and safety of employees at work
- preparation of annual training plans
- team building activities (team building)



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- Improving the existing reward system in order to motivate employees and comply with market standards which would reduce the rate of staff change

* PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

During the planning period for 2021, the main goal in performing the function of preventing money laundering and terrorist financing will be to protect the financial company from the negative financial and reputation effects that would arise from a possible event characterized as money laundering or financing of terrorism.

Measures and activities that will be taken to prevent such activities and their timely detection are the following:

- compliance with the procedures for: customer acceptance, customer analysis, risk analysis and risk analysis indicators, risk assessment of a public official, recognition of unusual transactions and suspicion of money laundering and terrorist financing, storage of data and documents, submission of reports to the Financial Intelligence Unit, performing internal control and audit of the implementation of measures and actions
- preparation and implementation of an annual plan for continuous training of employees in the field of prevention of money laundering and terrorist financing
- respecting and promoting the established way of cooperation with the Financial Intelligence Unit
- Continuous improvement of the process of prevention of money laundering and financing of terrorism in the Financial Company

V. MARKETING ACTIVITIES

The activities in the field of marketing and communications in 2020 were aimed at improving the public perception of the financial company, i.e. building the image of the financial company that instills confidence in customers while offering products and services that will fully meet their needs. in order for the financial company to be the first choice of the clients to solve their financial issues.

To achieve this business goal, the following measures and activities were taken:

- use of internal methods and techniques for gathering information regarding the potential needs and desires of the clients
- regular thorough public opinion polls of existing and potential clients.

Research to determine:

- the public recognition of the financial company
- points of differentiation of the financial company in relation to the competition
- Determining groups of clients targets of the financial company

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- determining the key messages for communication
 - creating a basic motivation threshold for management and employees
 - analysis of compliance of objectives and partners and managers
-
- unified arrangement of the branches of the financial company - from the aspect of interior, tidiness of the branches and the attitude of the employees towards the clients
 - creation of a database of clients who agree to be targeted with direct email marketing and introduction of the direct email marketing tool
 - strategy for presenting the financial company on social media
 - advertising campaigns and campaigns targeting certain groups - students, administration, small and medium enterprises
 - ongoing advertising campaigns
 - updating the website of the financial company (visual and content)
 - making a corporate animated video and video for products and their presentation in electronic media
 - organized presentations to the members of various types of associations and chambers
 - presence in the form of sales desks at various types of fairs (technoma, construction fair, furniture fair, car fair)
 - preparation of flyers and banners for the products and services of the financial company as well as their distribution to the public through the network of branches, insertion in the print media and printed excerpts by transaction accounts, as well as setting up an appropriate website with high attendance
 - informing the existing clients about the new products and services of the financial company via e-mail
 - active maintenance of public relations
 - sponsorships and donations to support events in the field of: science, sports, culture, art, humanitarian affairs, conferences, etc.

*SOCIAL RESPONSIBILITY

FS SN FINANSII Bitola is a socially responsible company which since its inception has focused on donating to socially disadvantaged categories of citizens and sponsoring sports activities in our country. In 2020 alone, the financial company set aside MKD 2.6 million for donations and sponsorships, primarily in sponsorship of sports activities for support and development of sports, sponsoring Football Club Pelister, Bowling Club Pelister 1982, RK Europharm Pelister 2 and Basketball Club Pelister .

The observance of the social aspect and the selfless humanitarian side of the financial company is also shown by the donations in the Home for children with cerebral palsy where we managed to capture the smile of the youngest who need it the most. Also, in cooperation with the Red Cross, we awarded a hot meal for the vulnerable categories of citizens, initiated by the motto, our little is a lot for someone.

Throughout our existence, we selflessly financially support mountaineers and young chemists, as well as the chamber orchestra, helping them to achieve their ambitions through

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which they would present our country. We will continue this practice in 2021, selflessly helping the social categories that need it the most.

Manager
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Потврдувам дека веродостојно го
извршив преводот од Македонски на
Англиски јазик
Постојан судски преведувач
Маја Стојановска
Битола 11.11.2021

I do hereby certify that I have correctly done
the translation
from Macedonian to English.
Permanent judicial translator
Maja Stojanovska
Bitola 11.11.2021