

**FINANCIAL COMPANY
SN FINANSII DOO – BITOLA**

**FINANCIAL REPORTS
For the period that ends on 31 December 2022,
With reports from independent auditors**



LOGO RUSSEL BEDFORD

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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, 2022, 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.

Opinion

According to our opinion, financial reports are presenting objectively, from all material aspects, the financial statement of the Financial Company SN FINANSII DOO Bitola on 31 December 2022, same as its financial success and cash flows for the year that ended then in accordance with International standards for financial report that are accepted and announced in 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 2022. 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.

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 2022.

Skopje, 15 May 2023

Authorized auditor

Atanasovski Borislav
Illegible signature

Round seal

Russell Bedford Atanasovski
DOO Skopje
Manager
Atanasovski Borislav
Illegible signature



FINANCIAL COMPANY SN FINANSII DOO – BITOLA

INCOME STATEMENT

For the period that ends on 31 December 2022

In thousand denars	Note	2022	2021
Income from sale	7	3.781	641
Other operative income	8	16.431	7.648
Expenditures for employees	9	-29.590	-22.791
Raw material costs	10	-2.012	-1.063
Services with character of material costs	11	-110.648	-102.776
Depreciation	15	-5.767	-4.226
Other operative expenditures	12	-18.723	-17.175
Operative loss		-146.528	-139.742
Income from financing	13	226.193	214.957
Expenditures from financing	14	-26.151	-27.873
Profit before taxing		53.514	47.342
Profit tax		-5.982	-8.203
Profit after taxing		47.532	39.139

Manager

Attached noted are integral part
 of these financial reports



FINANCIAL COMPANY SN FINANSII DOO – Bitola

REPORT ON COMPREHENSIVE PROFIT
 For the period that ends on 31 December 2022

In thousand denars	Note	2022	2021
Net profit / loss for the period		47.532	39.139
Other comprehensive profit			
Unrealized profit (loss) from investment available for sale		-	-
Total other comprehensive profit			
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		47.532	39.139

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 2022

In thousand denars	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	15	33.383	29.112
Non-tangible assets	15	1.293	1.841
Other long-term assets	16		
Total non-current assets		34.676	30.953
CURRENT ASSETS			
Reserves		370	663
Customer receivables	17	2.741	1.329
Receivables for given advances	18	6.526	8.485
Other receivables	19	2.738	2.736
Receivables on given loans	20	583.303	517.379
Paid expenses for future periods (AVR)	21	8.082	169
Money assets	22	4.364	3.648
Total current assets		608.124	534.409
TOTAL ASSETS		642.800	565.362
EQUITY AND RESERVES			
Equity			
Basic equity		12.915	12.915
Legal reserves		85.726	85.726
Accumulated profit		47.532	83.369
		145.723	181.560



Long-term loans	23	9.714	6.668
Current obligations			
Obligations towards suppliers	24	25.209	17.860
Other financial obligations	25	14.592	14.260
Obligations on short-term loans	26	447.561	345.014
		487.362	377.134
TOTAL EQUITY RESERVES AND OBLIGATIONS		642.800	565.362

These financial reports are adopted by the Manager of the Company on 15 March 2023 and approved for submission to the Central Registry of RM.

Manager

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FINANCIAL COMPANY SN FINANSII DOO – Bitola

REPORT FOR CHANGES IN EQUITY
 For the period that ends on 31 December 2022

In thousand denars	Basic equity	Legal reserves	Accumulated loss	Total
Balance 01.01.2022	12.915	85.276	83.369	181.560
Comprehensive profit				
Profit 2022			47.532	47.532
Total comprehensive profit			47.532	47.532
Transactions with owners				
Dividend			-83.369	-83.369
Payments from the owner				
Balance on 31.12.2022	12.915	85.276	47.532	145.723
In thousand denars				
Balance 01.01.2021	12.915	43.016	86.490	142.421
Comprehensive profit				
Profit 2021			39.139	39.139
Total comprehensive profit			39.139	39.139
Transactions with owners				
Distribution of profit		42.000	-42.260	
Payments from the owner				



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Balance 31.12.2021	on	12.915	85.016	83.369	181.560
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FINANCIAL COMPANY SN FINANSII DOO – Bitola

REPORT FOR THE CASH FLOW
 or the period that ends on 31 December 2022

In thousand denars	2022	2021
A. Cash flow from business activity		
Net profit / loss	47.532	39.139
Corrected for:		
Depreciation	5.767	4.226
Customers receivables	-1.412	844
Receivables on given advances	1.959	-6.487
Other receivables	-2	
Paid expenses for future periods	-7.913	74
Inventory	293	-634
Obligations toward suppliers	7.349	4.547
Other obligations	332	9.162
PVR		-930
Net flows from business activities	53.905	49.941
B. Cash flows from investment activities		
Long – term financial assets		
Receivables on given loans	-65.924	-150.170
Non – tangible assets	536	
New supply of basic assets	-10.026	-5.879
Net cash flows from investment activities	-75.414	-156.049
C. Cash flows from financial activities		
Long – term loans	3.046	1.175
Obligations for loans	102.547	105.324
Dividend	-83.369	
Net cash flows from financial activities	22.224	106.499

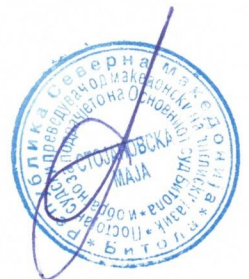


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DECREASE / INCREASE OF MONEY ASSETS	716	391
Money assets at the beginning of the year	3.648	3.257
Money assets at the end of the year	4.364	3.648

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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: Nikola Mitrovski, Nikola Joshevski and Petar Miloshevski.

The address of the company is st. General Vasko Karangeleski no.31, Bitola.

The total number of employees as of December 31, 2022 is 65 employees (December 31, 2021: 48 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 2022 and 2021. Current data are shown in thousands of denars, unless otherwise stated.

2.2. Basic accounting methods

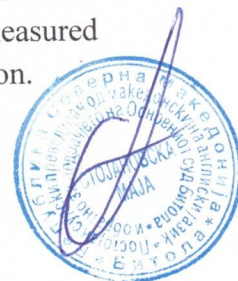
The financial statements are prepared using the cost method except for financial assets (investments) at fair value through profit or loss that are carried at fair value.

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.

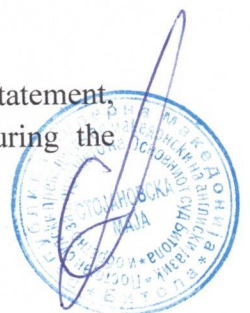
Revenues and expenses from interest may arise from: cash and cash equivalents, loans and credits, investments in debt securities, short-term and long-term liabilities on loans and credits, and more.

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

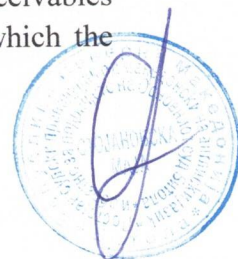
Common types of fees and commissions are:

- 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 2021 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

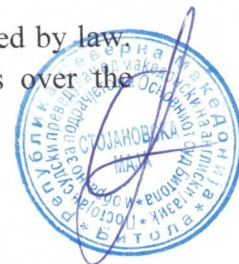
Receivables are recorded at the moment when the right of the Management Company to claim certain amounts of cash arises. Receivables include interest receivables on bank deposits.

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.

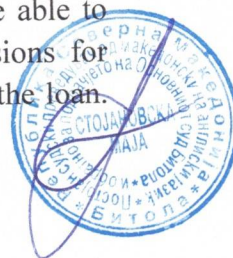
3.11. Loss due to impairment of financial assets

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.

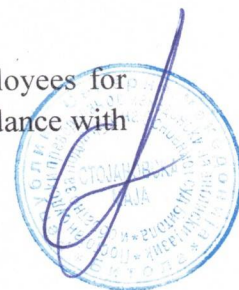
3.16. Liabilities on loans

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

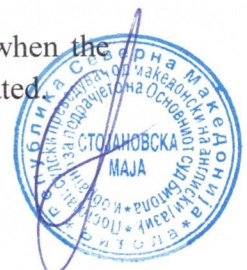
The Company is exposed to the risk of interest rate changes when it uses loans and when it has deposits in banks. Loan liabilities are usually repaid at variable interest rates. Deposits in banks are also subject to changes in interest rates depending on movements in the financial markets. This exposes 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, revalue 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, 2022 and 2021 is as follows:

In thousand denars	2021	2020
Liabilities on loans	457.275	351.682
Money assets	-4.364	-3.648
Net liabilities on loans	452.911	348.034
Equity and reserves	145.723	181.560
% of credit indebtedness	310.80%	191.69%

The credit indebtedness ratio of the Financial Company SN FINANSII DOO Bitola in 2022 decreased by 119.11% compared to 2021.

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	2022	2021
Financial assets		
Money assets	4.364	3.648
Receivables from customers	2.741	1.329
Receivables on given advances	6.526	8.485
Other receivables	2.738	2.736
AVR	8.082	169



Short – term financial assets	583.303	517.379
	607.754	533.746
Financial obligations		
Obligations towards suppliers	25.209	17.860
Other current obligations and PVR	14.592	14.260
Loans	457.275	351.682
	497.076	383.802

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, 2022 and 2021 is as follows:

In thousand denars	assets		Obligations	
	2022	2021	2022	2021
EUR			88.023	5.186
USD				



			88.023	5.186

Sensitive analysis

Following table is showing the sensitive analysis for increasing or decreasing of Macedonian denar for 10% in relation with foreign currencies. The analysis is made on foreign currency balances of assets and obligations on the date of report of the financial balance. The positive amounts are increasing of the profit and the negative are decreasing of the profit for the proper period.

In thousand denars	Increasing 10%		Decreasing 10%	
	2022	2021	2022	2021
EUR	-8.802	-518	8.802	518
USD				
	-8.802	-518	8.802	518

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	2022	2021
Financial assets		
non-interest bearing		
Money assets	4.364	3.648
Receivables from customers	2.741	1.329
Receivables on given advances	6.526	8.485
Other receivables	2.738	2.736
AVR	8.082	169
	24.451	16.367



Interest bearing		
Short – term financial assets	583.303	517.379
	607.754	533.746
Financial obligations		
non-interest bearing		
Obligations towards suppliers	25.209	17.860
Other current obligations and obligations on advances	14.592	14.260
	39.801	32.120
Interest bearing		
Loans	457.275	351.682
	497.076	383.802

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	
	2022	2021	2022	2021
Given deposits	5.833	5.174	-5.833	-5.174
Received loans	-4.573	-3.517	4.573	3.517
	1.260	1.657	-1.260	-1.657

6.8. Liquidity risk

The following table shows the deadlines for payment of financial obligations of the Company as of December 31, 2022 and 2021

31.12.2022

In thousand denars	From 1-3 months	3-6 months	6-12 months	Above 12 months	Total
Loans	-	-	447.561	9.714	457.275
Obligations towards suppliers	25.209	-	-	-	25.209



Other obligations and PVR	14.592	-	-	-	14.592
	39.801	-	447.561	9.714	497.076

31.12.2021

In thousand denars	From 1-3 months	3-6 months	6-12 months	Above 12 months	Total
Loans	-	-	345.014	6.668	351.682
Obligations towards suppliers	17.860	-	-	-	17.860
Other obligations and PVR	14.260	-	-	-	14.260
	32.120	-	245.014	6.668	383.802

The following table gives the structure of the Company's financial assets as of December 31, 2022 and 2021

2022

In thousand denars	From 1-3 months	3-6 months	6-12 months	Above 12 months	Total
Money assets	4.364	-	-	-	4.364
Receivables from customers	2.741	-	-	-	2.741
Receivables on given advances	6.526	-	-	-	6.526
Other receivables	10.820	-	-	-	10.820
	24.451	-	-	-	24.451

2021

In thousand denars	From 1-3 months	3-6 months	6-12 months	Above 12 months	Total
Money assets	3.648				3.648
Receivables from	1.329				1.329



customers				
Receivables on given advances	8.486			8.486
Other receivables	2.905			2.905
	16.367			16.367

7. SALE REVENUES

In thousand denars	2022	2021
Revenues from services in the country	3.781	641
Total revenues from commissions and fees	3.781	641

8. OTHER REVENUES

In thousand denars	2022	2021
Revenues from collection of court dispute	4.796	5.729
Revenues from subsidies		930
Revenues from sale of material assets	1.293	
Revenues from collected written of receivables	1.552	
Revenues from writing of obligations	7.467	
Other revenues	1.323	989
Total revenues from commissions and fees	16.431	7.648

9. EXPENSES FOR THE EMPLOYEES

In thousand denars	2022	2021
Gross salary	27.962	21.043
Other expenses for the employees	577	573
Compensations of the employees	1.051	1.175
Total revenues from	29.590	22.791



commissions and fees		
-----------------------------	--	--

10. EXPENSES FOR RAW AND OTHER MATERIALS

In thousand denars	2022	2021
Spent basic raw materials	1.730	925
spent auxiliary materials	282	138
Total expenses from commissions	2.012	1.063

11. SERVICES WITH CHARACTER OF MATERIAL EXPENSES

In thousand denars	2022	2021
Expenses for spent electricity	6.930	2.913
Expenses for mobile, phone and internet	2.600	2.143
External services	18.978	6.939
Expenses for maintenance and protection	9.913	6.523
Expenses for leasing	4.415	5.231
Expenses for advertisement and propaganda	6.904	5.706
Consultant services	10.638	10.920
Awards for members of supervisory board	14.722	32.193
Expenses for MCB	3.247	3.004
Wages for business travels	1.787	1.757
Expenses for direct write-off of claims	15.681	15.037
Other material expenses	14.833	10.410
Total	110.648	102.776

12. OTHER EXPENSES

In thousand denars	2022	2021
Expenses for sponsorship and donation	7.202	4.491



Expenses for representation	6.387	7.336
Insurance expenses	882	758
Bank services	3.612	3.975
Other	640	615
Total	18.723	17.175

13. FINANCIAL REVENUES

In thousand denars	2022	2021
Revenues from interest of operations	62.225	28.558
Other financial revenues	163.968	186.400
Total revenues from commissions and fees	226.193	214.957

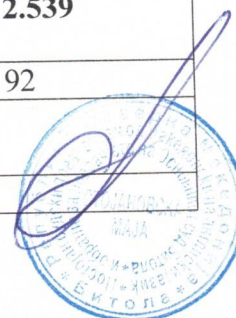
Other financial income in the amount of 163,968 thousand denars includes income from commissions, income from fees, income from factoring and other income.

14. FINANCIAL EXPENSES

In thousand denars	2022	2021
Expenses from interest	26.151	27.873
Total	26.151	27.873

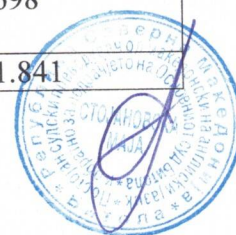
15. TANGIBLE ASSETS

In thousand denars	Construction objects	equipment	Other assets	total	Non tangible assets
dealer cost					
Balance 01.01.2022	16.716	17.919	2.876	27.511	2.539
New supplies		8.526	1.408	9.934	92
Sale / expense		-1.607		-1.607	
Re entering					



Balance 31.12.2022	16.716	24.838	4.284	45.838	2.631
Correction of value					
Balance 01.01.2022	870	7.384	145	8.399	698
Depreciation	418	4.419	290	5.127	641
Expense and sale		-1.071		-1.071	
Balance 31.12.2022	1.288	10.732	435	12.455	1.339
Current value on 31.12.2022	15.428	14.106	3.849	33.383	1.293

In thousand deanrs	Construction objects	equipment	Other assets	total	Non tangible assets
dealer cost					
Balance 01.01.2021	16.716	14.153	1.947	32.816	1.355
New supplies		3.776	929	4.695	1.184
Sale / expense					
Re entering					
Balance 31.12.2021	16.716	17.919	2.876	37.511	2.539
Correction of value					
Balance 01.01.2021	453	4.206		4.659	212
Depreciation	417	3.178	145	8.399	698
Expense and sale					
Balance 31.12.2021	870	7.384	145	8.399	698
Current	15.846	10.535	2.731	29.112	1.841



value on 31.12.2021					
--------------------------------	--	--	--	--	--

16. LONG – TERM FINANCIAL ASSETS

In thousand denars	2022	2021
Given deposits		
Total		

17. RECEIVABLES FROM CUSTOMERS

In thousand denars	2022	2021
Receivables from customers in the country	2.741	1.329
Total	2.741	1.329

18. RECEIVABLES ON GIVEN ADVANCES

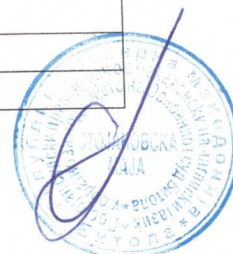
In thousand denars	2022	2021
Receivables on given advances in the country	6.526	8,485
Total	6.526	8.485

19. OTHER RECEIVABLES

In thousand denars	2022	2021
VAT	2.736	2.736
other	2	
Total	2.738	2.736

20. RECEIVABLES ON GIVEN LOANS

In thousand denars	2022	2021
Given loans on physical entities	305.295	303.067
Given loans on legal entities	58.946	65.799
interests	16.865	13.040



Commissions on administrative expenses	147.241	94.265
Sued principles	61.388	43.435
Other	22.718	12.810
	612.453	532.416
Correction of value	-29.150	-15.037
Total	583.303	517.379

21. PAID EXPENSES FOR FUTURE PERIODS

In thousand denars	2022	2021
Paid expenses in advance	8.082	169
Total	8.082	169

22. MONEY ASSETS AND MONEY EQUIVALENTS

In thousand denars	2022	2021
Account	1.232	2.665
Cash	3.093	922
	39	61
Total	4.364	3.648

23. LONG – TERM OBLIGATIONS

In thousand denars	2022	2021
SILK ROAD BANK AD SKOPJE	5.632	1.575
UNI BANKA AD SKOPJE	5.102	5.582
Current maturity	-1.020	-489
Total	9.714	6.668

24. OBLIGATIONS TOWARDS SUPPLIERS



In thousand denars	2022	2021
Obligations towards suppliers in the country	19.431	12.622
Obligations towards suppliers abroad	5.778	5.238
Total	25.209	17.860

25. OTHER OBLIGATIONS

In thousand denars	2022	2021
Profit tax	126	6.076
Obligations for salaries	3.344	2.587
Obligations on base participation in profit	2.738	
Other obligations	8.384	5.597
Total	14.592	14.260

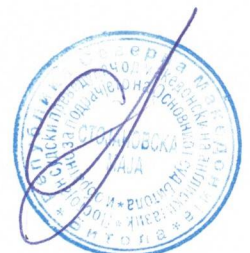
26. SHORT – TERM FINANCIAL OBLIGATIONS

In thousand denars	2022	2021
Legal entities	170.770	178.000
Physical entities	273.833	162.038
interests	1.938	4.487
Current maturity	1.020	489
Total	447.561	345.014

27. 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.

28. EXCHANGE RATES



LOGO RUSSEL BEDFORD

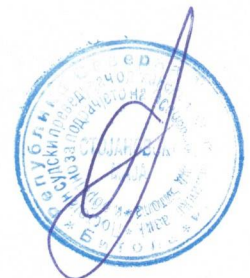
Russell Bedford Atanasovski
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Republic of North Macedonia
Phone: +389 (2) 30 90 495
+389 (2) 30 96 226
e- mail: rba@russellbedford.mk

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

In thousand denars	2022	2021
1 EUR	61.49	61.63
1 USD	57.65	54.37

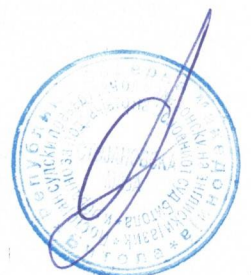
29. EVENTS AFTER THE DATE OF THE BALANCE SHEET

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



APPENDIX 1

ANNUAL ACCOUNT



PIN: 07172451

Complete title: Financial company SN FINANSII DOO Bitola

Type of work: 450

Type of annual account: annual account

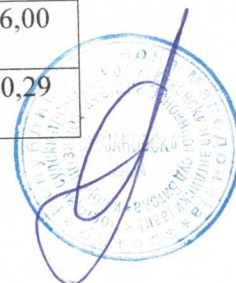
Type of document: Annual account

Year: 2022

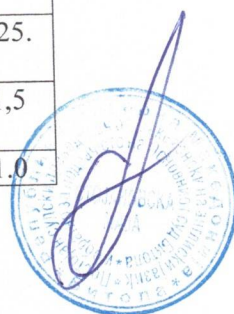
List of attached documents:
Explanation notes and other attachments
Financial report

BALANCE SHEET

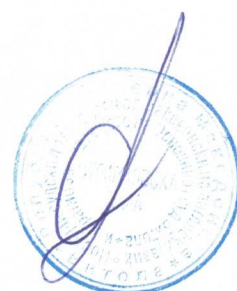
Mark for AOP	Description	Current year	Gross for the current year	Correcti on of value for the current year	Previous year
1	--ASSETS: A. NON – CURRENT ASSETS (002+009+020+021+031)	34.676.16 6,00			30,953,14 9.00
2	--I. INTANGIBLE ASSETS (003+004+005+006+007+008)	1.293.231 ,00			1,841,463. 00
4	--Concessions, patents, licenses, trademarks and similar rights	1.293.231 ,00			1,841,463. 00
9	--II.TANGIBLE ASSETS (010+013+014+015+016+017+018+019)	19.229.63 8,00			14,575,86 7,00
10	--Real estates (011+012)	1.273.730 ,00			1,309,111. 00
12	--Construction objects	1.273.730 ,00			1,309,111. 00
13	--hardware and tools	2.062.917 ,00			2,255,921. 00
14	--transport assets	8.033.542 ,00			3,570,150. 00
15	--Tools, drive and office inventory and furniture	4.009.592 ,00			4,709,118. 00
19	--Other tangible assets	3.844.857 ,00			2,731,567. 00
20	--III.INVESTING IN REAL ESTATES	14.153.29 7,00			14,535,81 9.00
36	--B. CURRENT ASSETS (037+045+052+059)	600.041.1 67,00			534,240,3 10.00
37	--I. STOCKS (038+039+040+041+042+043)	370.249,0 0			663,334.0 0
38	--Stocks of raw materials	341.723,0 0			634,808.0 0
39	--Stocks of spare parts, small inventory, packaging and tires	28.526,00			28.526,00
45	--III. SHORT – TERM RECEIVABLES (046+047+048+049+050+051)	12.004.19 5,00			12,550,29 3.00



47	--Receivables from customers	2.741.698 ,00			1,328,795. 00
48	--Receivables for given advances to suppliers	6.525.539 ,00			8,484,540. 00
49	--receivables from the state on base taxes, contributions, custom, excise duties and other duties to the state	2.736.958 ,00			2,736,958. 00
52	--IV.SHORT – TERM FINANCIAL ASSETS (053+056+057+058)	583.303.0 23,00			517,378,6 03.00
56	--Receivables for given loans to associated companies	9.392,00			9,392.00
57	--Receivables for given loans	583.293.6 31,00			517,369,2 11.00
59	--V. CASH AND CASH EQUIVALENTS (060+061)	4.363.700 ,00			3,648,080. 00
60	--Cash	4.363.700 ,00			3,648,080. 00
62	--VI. PAID EXPENSES FOR FUTURE PERIODS AND CALCULATED INCOME (EIA)	8.082.180 ,00			169,013.0 0
63	--TOTAL ASSETS: ASSETS (001+035+036+044+062)	642.799.5 13,00			565,362,4 72.00
64	--C. OFF-BALANCE SHEET RECORDS - ASSETS	0			13,357,07 7.00
65	--LIABILITIES: A. CAPITAL AND RESERVES (066+067-068-069+070+071+075-076+077-078)	145.723.3 09,00			181,560,2 15.00
66	--I. BASIC CAPITAL	12.915.00 0,00			12.915.00 0,00
71	--VI. RESERVES (072+073+074)	85,276,21 1.00			85,276,21 1.00
72	--Legal reserves	85,276,21 1.00			85,276,21 1.00
75	--VII. ACCUMULATED PROFIT				44,229.50 2,00
77	-IX. PROFIT FOR THE BUSINESS YEAR	47.532.09 8,00			39,139,50 2.00
81	--B. OBLIGATIONS (082+085+095)	497.076.2 04,00			383,802,2 57.00
95	--IV. SHORT – TERM OBLIGATIONS (from 096 to 108)	497.076.2 04,00			383,802,2 57.00
96	--obligation towards associated companies				5,594,131. 00
97	--Obligations towards suppliers	25.209.27 0,00			17,860,28 4.00
99	--Obligations for taxes and contributions of salary and compensation of salaries	933.204,0 0			590,803.0 0
100	--Obligations towards employees	1.871.656 ,00			1,264,359. 00
101	--Current tax obligations	669.517,0 0			6,189,525. 00
104	--Obligations for loans and credits	457.274.3 28,00			351,681,5 64.00
108	--Other short – term obligations	11.118.02			621,591.0

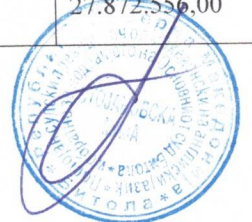


		9,00			0
111	--TOTAL LIABILITIES: CAPITAL, RESERVES AND OBLIGATIONS (065+081+094+109+110)	642.799.5 13,00			565,362,4 72.00
112	--C. OFF-BALANCE SHEET RECORDS – LIABILITIES				13,357,07 7.00



INCOME STATEMENT

Mark for AOP	Description	Net for the current year	Gross for the current year	Correction of value for the current year	Previous year
201	--I. OPERATING INCOME (202+203+206)	20.211.910,00			8.289.521,00
202	--Income from sale	3.857.321,00			7.496.018,00
203	--Other income	16.354.589,00			7.496.018,00
207	--II. OPERATING EXPENDITURES (208+209+210+211+212+213+218+219+220+221+222)	158.775.093,00			148.030.759,00
208	--Expenses for raw and other materials	8.941.895,00			3.976.502,00
211	--Services with character of material expenses	35.161.124,00			26.760.096,00
212	--Other operating expenses	57.225.113,00			67.758.585,00
213	--Expenses for employees (214+215+216+217)	28.539.372,00			24.783.052,00
214	--Salaries and compensations of salaries (net)	18.444.889,00			13.888.716,00
215	--Expenses for taxes of salaries and compensation of salaries	1.511.090,00			1.135.040,00
216	--contributions of mandatory social insurance	8.006.089,00			6.018.933,00
218	--Amortization of tangible and intangible assets	5.767.455,00			4.226.158,00
222	--Other operating expenditures	17.011.322,00			18.023.942,00
223	----III. FINANCIAL INCOME (224+229+230+231+232+233)	226.193.411,00			214.956.633,00
224	--Financial revenues from relations with associated companies (225-226+227+228)	9.488.826,00			2.317.724,00
226	--revenues from interests from operations with associated companies	9.310.245,00			2.317.670,00
227	--Revenues from foreign exchange differences from operations with associated companies	178.581,00			54,00
230	--Income on basis interest from operation with unrelated companies	52.914.595,00			26.239.171,00
233	--Other financial revenues	163.789.990,00			186.399.738,00
234	--IV.FINANCIAL EXPENDITURES (235+239+240+241+242+243)	34.116.338,00			27.872.556,00
235	--Financial expenditures from relations with associated	12.181.813,00			27.872.556,00

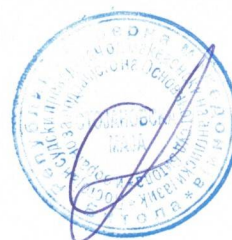


	companies (236+237+238)				
236	--Expenditures on base interests from operations with associated companies	12.165.543,00			11.027.441,00
237	--Expenditures on base foreign exchange differences from operations with associated companies	16.270,00			164.310,00
239	--Expenditures from interests from operations with unassociated companies	21.934.525,00			16.680.805,00
246	--Profit from regular operations (201+223+244) – (204-205+207+234+245)	53.513.890,00			47.342.839,00
250	--Profit before taxing (246+248) or (246-249)	53.513.890,00			47.342.839,00
252	--Profit tax	5.981.792,00			8.203.337,00
255	--NET PROFIT FOR THE BUSINESS YEAR (250-252+253-254)	47.532.098,00			39.139.502,00
257	--Average number of employees based on working hours in the calculation period (in absolute amount)	65			30
258	--Number of working months (in absolute amount)	12			12
259	--PROFIT / LOSS FOR THE PERIOD				
260	--Profit that belongs to the holders of shares of the parent company				
269	--Profit for the year				39.139.502,00
288	--Total comprehensive profit for the year (269+286) or (286-270)				39.139.502,00



Annual report for the operations 2022

ANNUAL REPORT FOR THE OPERATIONS
OF FC SN FINANSII DOO BITOLA FOR THE YEAR 2022



Annual report for the operations 2022

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 2022

SN Finance is the first Fintech company in the Republic of North Macedonia established 5 years ago with domestic capital and in a very short time, it is well positioned on the market, where it built an image of fast and quality service in the field of lending, payment cards, guarantee, as well as factoring.

The business philosophy of our company is not only to be a company with good financial results, but to be a company for which happy people will work. Hence our oft-repeated truth that our team is our greatest power.

SN Finance is known for always multiplying success in the environment in which it operates, being a long-term partner of the residents, the economy and actively contributing to the further development of the community in which it operates.

With intensive investment in the team of professionals, in the infrastructure and expansion of the branch network, SN Finance from the region, became a financial company with national representation, in the first year of existence, and is on the verge of an even bigger step, why our wide range of Competitive and innovative products are continuously evolving.

SN Finance ends 2022 with 65 employees, serving 80,000 clients, through a network of 15 branches for work with the population and legal entities in 12 cities throughout Macedonia.

The business year 2023 brings new challenges in the operation of the Financial Company, initially due to the amendments to the Law on Financial Companies and then to the Law on Payment Services and Payment Systems, according to which FC SN Finansii will be able to be included as a payment transaction holder, which for us represents an exceptional opportunity, but also a great challenge to fulfill the legally set requirements.

FC SN Finance - a team of happy people with a view to the future of the FinTech industry.



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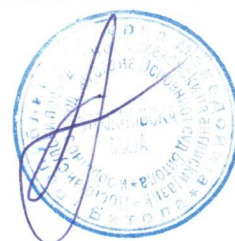
I. Manager's comment

"We believe that no business, small or large, is separate from the community in which it operates. We are leaving behind a year that brought more challenges such as the energy crisis, the change in the ownership structure of the Company and the changes in the Law on Financial Companies. The timely measures we took allowed us to increase the volume of work in 2022 and devote ourselves fully to our main goal - customer orientation and stable and healthy growth of our company. The year 2022 is very successful for us from several segments, and the final results are proof that we remain one of the fastest growing companies in the fintech industry in the country - emphasized Nikola Joshevski, co-founder and general director of FC SN Finansii.

In 2022, we continued expanding the business network, upgrading our services and developing existing and new products, with the aim of better and faster service to our customers and nurturing long-term relations and cooperation. For this purpose, 3 new branch offices were opened in Bitola, Veles and Gostivar as a result of the existing customers in those regions, but also for greater availability for new ones. With this, we not only maintained the number of employees, but also opened 17 new jobs.

But our mission and vision does not stop here. 2023 will be the year in which we have to once again prove our flexibility and adaptability, in relation to the changes in the Legal Regulations, which bring opportunities and challenges, but also to the introduction of new technologies in the financial sector.

Manager
Of FC SN FINANSII
Nikola Joshevski



Annual report for the operations 2022

II. Achieved financial results

In 2022, the Financial Company continued the multi-year trend of profitable operation, achieving a positive financial result, that is, a profit in the amount of MKD 53.51 million.

Analysis of revenues / expenses			
	2022	2021	%
Revenues	246,405,321.00	223,246,145.00	10.37%
Expenses	192,891,431.00	175,903,315,00	9.66%
Profit before taxing	53,513,890.00	47,342,938.00	13,03%

During 2021, the financial company recorded revenue growth of 10 percentage points, which is an indicator of successful management. The increase is a result of the increase in interest rates and fees from regular operations.

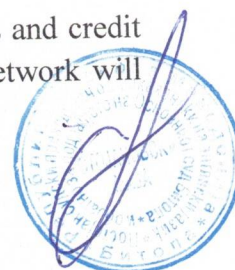
III. Credit activity

And during 2022, as well as in 2021, the Financial Company acted in the direction of increasing the sales network with new branches, increasing the number of employees and actively dealing with the economic crisis caused by the war in Ukraine. The crisis caused a decline in the economy and an increase in inflation, leading to difficulties in the operation of the economy in general, even to the closure of large companies and entire sectors. The purchasing power of the population has visibly decreased, and this has contributed to the risk of regular financing of obligations. The financial company, with a timely reaction to the emerging crisis situation, managed to maintain its credit activity at a high level in 2022 and to help the population and the economy to cope with their financial difficulties, meeting all customers by constantly reducing the costs of their products.

Credit activity during 2022 amounts to Denar 458.36 million denars – approved amount, i.e. 10.429 approved loans from which 23.93% crediting the economy and 76.07% crediting the population.

The credit activity in 2022 was specifically aimed at the sale of the SN VISA CARD as the most accessible and fastest way of crediting the population and 24 hours of service and availability of financial resources. The sale of the card grew by 57.84% compared to the previous year, which proves to us that the demand for the product is on the rise, as well as that the awareness of the population has clearly improved in terms of using non-cash instead of cash payments.

The strategy for 2023 is to be a year of growth, where in addition to small loans and credit cards, there will be growth in large loans as well. The expansion of the sales network will remain at the same pace as in 2022.



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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;
- Strengthening the sales network of branches in order to get closer to customers, and also increase the number of satisfied customers;
- Increasing the network of trade partners for dedicated loans, in order to facilitate the payment of buyers, to increase sales with trading partners, and also to increase sales of dedicated loans. To this end, we have introduced new dedicated credit products to be more acceptable to customers;

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

- Promotion of existing products, primarily electronic banking, SMS notification, mobile application;
- Introducing the clients with the products and services of the Financial Company through social media campaigns, portals, radio and guerrilla marketing;
- introduction of motivational programs and products for attracting new clients and upgrading the existing client data base
- In coordination and cooperation with the Human Resources Department, 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;

IV. Risks management

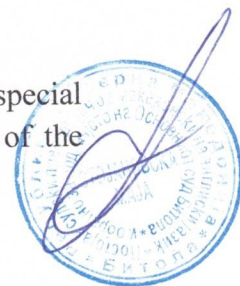
The financial policy of the Financial Company for 2022 will continue to be based on the legal provisions and internal Policies and procedures related to the risk management to which the Financial Company is exposed. As before, an inevitable element in the risk management process will be compliance with the current practice of reporting to the Manager, in accordance with the prescribed dynamics.

In the following period, the key business objectives of the Financial Company in risk management will be:

- observance of the already established system and risk management strategy which includes timely identification, assessment, monitoring and control of risks in order to achieve an optimal relationship (trade-off) between risks and profits, as well as maintaining long-term stability of the Financial Company ;

Reduction of the share of non-performing loans in total credit exposure

According to the plans for growth of credit activity, during the planning period special emphasis will be placed on credit risk management through regular monitoring of the



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loan portfolio and appropriate classification of clients, which means monthly and quarterly reporting to the Manager and timely alert on placement risk. .

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 will have a significant contribution, among which we would single out:

- system for early warning when monitoring the placements and determining the placements that could pass into non-functional status, ie intensified monitoring of all placements by the organizational units responsible for enforced collection.

At the same time, with monitoring at an early stage and appropriate measures will be 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:

- improvement of the existing application solutions in order to improve their functionality for internal needs;

- identification and measurement of potential risks when introducing new products and services;

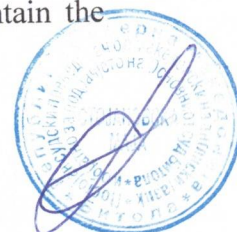
- preparation of simulations in accordance with internal needs in the area of credit exposure

- revision of internal acts on the part of risk management following the changes in the regulation and the internal needs.

Special emphasis in 2022 is placed on monitoring and analysis of the loan portfolio

Pieces	31.12.2022	
Category A	5,802	69.62%
Category B	294	3.53%
Category C	225	2.70%
Category D	484	5.81%
Category E	1,529	18.35%
Total regular	8,334	82.14%
Non - functional	1,472	14.51%
Written - off	340	3.35%
Total	10,146	

The credit exposure as of December 31, 2022 amounted to Denar 612.79 million, which is 19% higher compared to 2021. However, we managed to skillfully fight to maintain the



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quality of the existing portfolio and its evident increase. The NPL coefficient in 2022 was 18.80%.

V. MARKETING ACTIVITIES

The activities in the field of marketing and communications in 2022 continue to be active during the planning period and they will be aimed at improving the public perception of the Financial Company; that is, building the image of the Financial Company that instills confidence in the clients 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,

The following measures and activities will be undertaken to achieve this business goal:

- Using internal methods and techniques to gather information about the potential needs and desires of clients

- Regular thorough public opinion polls of existing and potential clients

Research to determine:

- o Public recognition of the Financial Company;

- o Points of differentiation of the Financial Company in relation to the competition;

- o Determining target groups of clients of the Financial Company;

- o Identify key communication messages;

- o Creating a basic motivation threshold for management and employees;

- o Analysis of compliance of goals of 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;

- Creating a database of clients who agree to be targeted by direct email marketing and introduction of the direct email marketing tool;

Strategy for presenting the Financial Society on social media;

- Advertising campaigns and campaigns targeting certain groups of students, administration, small and medium enterprises,..;

- Ongoing advertising campaigns;

- Updating the website of the Financial Company (visual and content);

Production of corporate animated video and video for products and their presentation in electronic media;

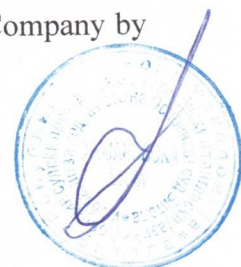
- Organized presentations to members of various types of associations and chambers;

- Presence in the form of sales desks at various types of fairs (Tehnoma, construction fair, furniture fairs, car fairs);

- 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, inserting in the print media and printed excerpts on transaction accounts, as well as setting up an appropriate website with high attendance;

Informing existing clients about the new products and services of the Financial Company by e-mail ,

- Active maintenance of public relations;



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Sponsorships and donations to support events in the field of: science, sports, culture, art, humanitarian affairs, conferences and the like.

VI. COMPLIANCE WITH REGULATIONS, HUMAN RESOURCES AND AML

The priority goal in the field of compliance with regulations will be 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 will be taken to achieve the set goal, which would be more significant:

- Daily monitoring of the changes in the regulations, assessment of their impact on the operation of the Financial Company and reporting to the Manager on the changes in the regulations with proposed measures for their proper implementation;
- Providing 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;
- Identifying and monitoring the details of 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.

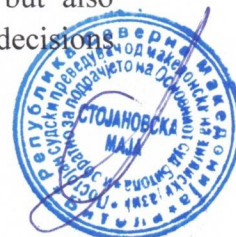
HUMAN RESOURCES

Human Resources, as one of the most important departments in the Financial Company, which is responsible for managing the company's human capital, takes great care with hiring and recruiting employees, managing employee benefits, developing and implementing employee training and development programs.

The need for real people is increasing, so this year the Human Resources department in the Financial Company is focusing on the search for potential employees with maximum focus. With the growth of the business, the Financial Company needs more employees who will expand the company's work scope and allow it to expand into new markets and to increase sales.

As companies grow, so does the complexity of the business and the need for specialized skills and knowledge. This means that even in 2022, the trend of Human Resources continues to be significant and influential, with which companies need the employment of qualified employees who will be able to help and respond to the complex needs of businesses.

HR professionals, due to the nature of the work, have a unique insight into the companies in which they are employed. They understand the work and the whole process, but also participate in the future of the company, thanks to the fact that they make important decisions for the most valuable thing in many companies, and that is the employees.



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SN Finansii is a company in which the attitude is cemented that "The success of the company is in the team", a young and dynamic company composed of people who are adorned with great enthusiasm. They are people open to new ideas. We have a proactive environment that admires. This is young company both in terms of years of existence and average age of the team. This is also a company that offers great opportunities for career development, a company that cares not only about the delivery of results, but also about other aspects of employee satisfaction.

Engaging the right people in responsible positions is the key to success. SN Finance is a modern company that provides the maximum in terms of goals and as a good management that motivates employees to live the vision and mission of the company, because it knows that it is the team that works to achieve the strategy.

SN Finance is a company that is fully aware that it operates in a dynamic environment. In many segments it is many steps ahead of the environment. From what kind of work environment it provides to the employees, ambience according to world standards, how much it works on their improvement, how it motivates them through the processes "Looking at the big picture. Employees have the chance to use both the benefits and soft elements offered by the company to improve them. The very high level of self-motivation in the team is appreciated, we do structured research on employee satisfaction, and now our main challenge is organizational culture, where we work towards a great goal and that is the desired corporate culture following the example of major global companies in our industry.

Gross pay number of employees

In 2020 we finished with 44 employees while in 2021 we finished with 48 employees, while 2022 we finished with 63 employees. That is proof that in 2022 FC SN Finansii succeeded to increase the number of the employees and the amount of average salary per employee.

Year	2022	2021	2020
Amount	27,962,068.00	21,042,689.00	16,364,518,00
Number of employees	63	48	44
Average salary per employee	35,848.00	36,532.00	30,993.00

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.

In the area of human resource management, a key commitment of the Financial Company for 2023 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.



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Measures and activities to be taken in human resource management in 2023 are the following:

- In this year is determined to pay more attention to the current employees to their development and growth through trainings, courses and programs for research
- Implementation of the strategy for finding interns will consist of:
 - The Financial Society will conclude memoranda of cooperation with Faculties that belong to the field of the Financial Society and meet the interests in accordance with the activity of the company. The call for interns will be made by presenting the company, the activity, the way and the working conditions to the students, the Faculties will announce the internship offers from the Financial Society where the interested candidates will be able to apply.
 - The financial company will also run a marketing campaign to invite interns on social networks, with a platform where young interested people can register an account and fill out an internship form.
 - In cooperation with the EARM, the measures from the internship programs (intended for young people up to 34 years old) organized by the EARM in accordance with the internship programs implemented in the EU and the European Quality Framework and the Law on Internship will be used.
 - The financial company will organize an Open Day, an event where all those interested will be invited to visit the company. Guide Ke introduces visitors to the company's activities, job positions, work responsibilities, presenting the conditions, visiting the offices and the working environment, presenting the other parts of the building. Interested visitors will be provided with an internship application form.
 - The financial company will enter into cooperation agreements with non-governmental organizations that constantly have membership of young unemployed persons and they encourage and enable them with such cooperation to improve their skills through training and practical teaching in companies, with the possibility of employment.
 - SN Finansii, as one of the first companies in the RSM to join the Dual Education project, will continue cooperation with the Secondary Vocational School of Economics, which will enable secondary school students to hold practical lessons at the Financial Company.
 - Preparation of annual training plans;
 - Procedures for the categorization of salaries and benefits for employees with a certain length of service in the financial company



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- Improvement of the existing reward system in the direction of motivating employees
- Activities

Employees are offered the opportunity to register for participation in sports competitions by the Financial Company.

Team buildings are planned for sports and recreational activities such as:

- bowling
- shooting
- term of small football
- fitness trainer
- pilates
- spartan race or similar crossfit competitions
- paintball
- hiking and camping

Same as many other that will be organized during the year.

After work gatherings with a DJ - gigs and cooking food, themed parties, karaoke, gatherings together with the employees' children with organized animators and children's parties in Cheops, etc. are planned.

Additional humanitarian actions are planned that, in addition to those organized where the company helps, we will also have those where the employees will be able to contribute clothes or props that they don't use and that are correct and useful for socially vulnerable people. Organizing a bazaar with the sale of products made by the children of employees and the money will be donated.

- Benefits

Employees who have at least one year of experience in the Financial Company will receive additional private health insurance as well as other discounts and privileges in relation to insurance policies.

The cooperation with companies for the sale of goods or services will be continued and the number of associates will be drastically higher than in the previous period, where the employees of the Financial Company will buy with discounts and have the opportunity to pay in installments.



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PREVENTING MONEY LAUNDERING AND FINANCING TERRORISM

During 2022, the main objective in performing the function of preventing money laundering and terrorist financing is to protect the Financial Society from the negative financial and reputational effects that would arise from a possible event characterized as money laundering or terrorist financing;

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

- Observance of 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 the data and documents, submitted, are on reports to the Office for Financial Intelligence, 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 Office;

-Continuous improvement of the process of prevention of money laundering and financing of terrorism in the Financial Company.

The three pillars of money laundering defense on which the Financial Company is based are:

1. Appropriately set internal acts that will give clear guidance to employees regarding their obligations to prevent money laundering.

-Employment of persons who meet high professional standards

- Continuous and adequate training of employees

2. Authorized person for prevention of money laundering

Hristina Ivanovich Blazhevskia is an authorized person responsible for the prevention of money laundering and terrorist financing in the position of deputy director.

Elena Mateska has been appointed deputy of the authorized person responsible for the prevention of money and terrorist financing to the position of head of the administration and organization department.

The authorized person has the following powers:

- analyzes the risks of money laundering and terrorist financing
- collecting all unusual transactions submitted by employees, analyzing them, preparing written reports and deciding whether those transactions have characteristics of suspicious transactions, i.e. whether they should be reported to the Administration or not
- making recommendations for changes, revising and improving the Company's Program by evaluating its compliance with the regulation



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- notification on a monthly basis to the management of the company with content according to the regulation
- advising the administration bodies on the measures that should be taken in order to comply with the regulations in the field of SPPFT, including monitoring of all changes and additions to the regulations, as well as in the international regulation
- organizing training for employees on SPPFT
- drawing up an annual training plan
- maintaining regular contacts with other authorities and institutions involved in the SPPFT process.

The deputy of the authorized person has the authorizations transferred to him by the authorized person.

3. Internal Audit Service

FD SN Finansii LLC performs internal control over the implementation of measures and actions for the prevention of money laundering and financing of terrorism as necessary, and at least once a year. A report is prepared for the conducted internal control, in which findings are entered:

- whether or not the prescribed measures and actions to prevent money laundering and terrorist financing are implemented
- what measures and actions have been taken to prevent money laundering and terrorist financing
- recommendations for taking certain actions to prevent money laundering and terrorist financing.

The report is accompanied by documentation on the ascertained findings of the conducted control.

VII. SOCIAL RESPONSIBILITY

SN Finance Bitola is a socially responsible company that since its inception has been aimed at donating socially disadvantaged categories of citizens and sponsoring sports activities in our country. In 2021 alone, the Financial Society set aside 7.2 million denars for donations and sponsorships, primarily in sponsorships of sports activities for support and development of sports; sponsor The Pelister Football Club, RK Europharm Pelister, Butola 1982 Bowling Club, Extreme Bike Team and many others sports and music activities.

We support the mountaineer Ana Kotevska who conquers mountain peaks at home and around the world, we stand as one of the biggest sponsors of the most massive sporting event in Bitola, the race "Trcaj be". In our company of sponsored sports men, our brand ambassador is one of the best motto – cross drivers in history, Hristijan Ilioski.



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FD SN Finance with sponsorship for the realization of the project ensuring the safety of the skiers for which we set up equipment in accordance with the rules for skiing and helped to make an open platform for all visitors who want to enjoy the beauties of our Pelister.

The observance of the social aspect and the selfless humanitarian side of the Financial Society is proved by the donations to the PI Home for Infants and Young Children - Bitola which takes care of many children, from the youngest age up to 3 years. The extended hand is accepted by many small hands, and we hope to encourage an avalanche of donations wherever needed.

SN Finansii also awarded study scholarships, which fully paid the annual fee for studying at the Faculty of Economics in Prilep to three students.

For the second year in a row, in cooperation with the Red Cross, we donated New Year's packages for socially disadvantaged families because every home deserves to celebrate the holidays with their loved ones, at a table with food and gifts that will mean something to them. During our existence; We selflessly financially support the young chemists as well as the chamber orchestra, helping IM in achieving its ambitions through which we would present our country. We will continue this practice in 2023, selflessly helping the social categories that need it the most.

Manager

Illegible signature

Round seal

Потврдувам дека веродостојно го
извршив преводот од Македонски на
Англиски јазик
Постојан судски преведувач
Маја Стојановска
Битола 29.08.2023



I do hereby certify that I have correctly done
the translation
from Macedonian to English.
Permanent judicial translator
Maja Stojanovska
Bitola 29.08.2023

