

**FINANCIAL COMPANY
SN FINANSII DOO – BITOLA**

**FINANCIAL REPORTS
For the period that ends on 31 December 2023,
With reports from independent auditors**



FINANCIAL REPORTS
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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, 2023, 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.



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 2023, 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 2023. 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 2023.

Skopje, 15 May 2024

Authorized auditor

Russell Bedford Atanasovski
DOO Skopje
Manager

Rodne Kocevaska
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Atanasovski Borislav
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FINANCIAL COMPANY SN FINANSII DOO – BITOLA

INCOME STATEMENT

For the period that ends on 31 December 2023

In thousand denars	Note	2023	2022
Income from sale	7	1.038	3.781
Other operative income	8	15.260	16.431
Expenditures for employees	9	-39.196	-29.590
Raw material costs	10	-2.352	-2.012
Services with character of material costs	11	-135.992	-110.648
Depreciation	15	-5.790	-5.767
Other operative expenditures	12	-23.245	-18.723
Operative loss		-190.285	-146.528
Income from financing	13	276.805	226.193
Expenditures from financing	14	-34.275	-26.151
Profit before taxing		52.245	53.514
Profit tax		-6.252	-5.982
Profit after taxing		45.993	47.532

These financial reports are adopted by the Manager of the Company on 15 March 2024 and approved for submission to the Central registry of RM.

Manager

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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	2023	2022
Net profit / loss for the period		45.993	47.532
Other comprehensive profit			
Unrealized profit (loss) from investment available for sale		-	-
Total other comprehensive profit			
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		45.993	47.532

Attached notes are integral part
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FINANCIAL COMPANY SN FINANSII DOO – Bitola

BALANCE SHEET

For the period that ends on 31 December 2023

In thousand denars	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	15	36.905	33.383
Non-tangible assets	15	988	1.293
Other long-term assets	16		
Total non-current assets		37.893	34.676
CURRENT ASSETS			
Reserves		1.214	370
Customer receivables	17	2.235	2.741
Receivables for given advances	18	7.274	6.526
Other receivables	19		2.738
Receivables on given loans	20	735.526	583.303
Paid expenses for future periods (AVR)	21	14.476	8.082
Money assets	22	3.820	4.364
Total current assets		765.545	608.124
TOTAL ASSETS		803.438	642.800
EQUITY AND RESERVES			
Equity			
Basic equity		31.365	12.915
Legal reserves		99.276	85.726
Accumulated profit		57.270	47.532



		184.911	145.723
Long-term loans	23	7.586	9.714
Current obligations			
Obligations towards suppliers	24	33.876	25.209
Other financial obligations	25	23.637	14.592
Obligations on short-term loans	26	553.428	447.561
		610.941	487.362
TOTAL EQUITY RESERVES AND OBLIGATIONS		803.438	642.800

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Manager

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FINANCIAL COMPANY SN FINANSII DOO – Bitola

REPORT FOR CHANGES IN EQUITY
 For the period that ends on 31 December 2023

In thousand denars	Basic equity	Legal reserves	Accumulated loss	Total
Balance 01.01.2023	12.915	85.276	47.532	145.723
Comprehensive profit				
Profit 2023				
Total comprehensive profit			45.993	45.993
Transactions with owners			45.993	45.993
Increase of basic capital	18.450			18.450
Dividend				
Distributed in legal reserves			-25.256	-25.256
			-14.000	
Balance on 31.12.2023	31.365	99.276	54.270	184.911
In thousand denars				
Balance 01.01.2022	12.915	85.276	83.369	181.560
Comprehensive profit				
Profit 2022				
Total comprehensive profit			47.532	47.532
Transactions with owners			47.532	47.532
Dividend				
Payments from			-83.369	-83.369



LOGO RUSSEL BEDFORD

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the owner				
Balance on 31.12.2022	12.915	85.276	47.532	145.723

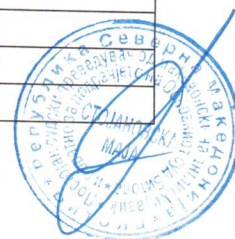
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FINANCIAL COMPANY SN FINANSII DOO – Bitola

REPORT FOR THE CASH FLOW
 or the period that ends on 31 December 2023

In thousand denars	2023	2022
A. Cash flow from business activity		
Net profit / loss	45.993	47.532
Corrected for:		
Depreciation	5.790	5.767
Customers receivables	506	-1.412
Receivables on given advances	-748	1.959
Other receivables	2.738	-2
Paid expenses for future periods	-6.394	-7.913
Inventory	-844	293
Obligations toward suppliers	8.667	7.349
Other obligations	8.633	332
PVR	412	
Net flows from business activities	64.753	53.905
B. Cash flows from investment activities		
Long – term financial assets		
Receivables on given loans	-153.223	-65.924
Non – tangible assets		536
New supply of basic assets	-9.008	-10.026
Net cash flows from investment activities	-162.231	-75.414
C. Cash flows from financial activities		
Long – term loans	-2.128	3.046
Obligations for loans	105.867	102.547
Increased basic capital	18.450	
Dividend	-25.256	-83.369
Net cash flows from	96.933	22.224



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financial activities		
DECREASE / INCREASE OF MONEY ASSETS	-544	716
Money assets at the beginning of the year	4.364	3.648
Money assets at the end of the year	3.820	4.364

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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 510,000 euros or 31,365,000 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 and Nikola Joshevski. The address of the company is st. General Vasko Karangeleski no.31, Bitola.

The total number of employees as of December 31, 2023 is 67 employees (December 31, 2022: 65 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 2023 and 2022. 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



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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

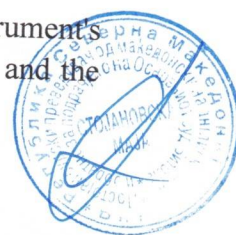
Revenues and expenses from interest are recognized in the income statement for all interest-bearing financial assets and liabilities, using the effective interest method.

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 instruments 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 2022 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 31,365 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.

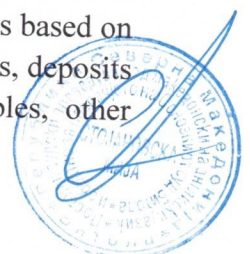
4.2. Credit risk

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.

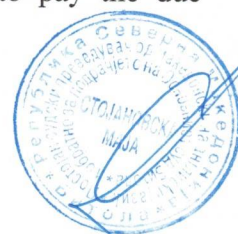
4.3. Risk of interest rate changes

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.

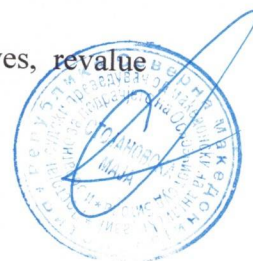
The fair value of financial assets and liabilities is close to their carrying amount due to the fact that they have a relatively short maturity of up to one year from the balance sheet date, with the exception of available-for-sale investments that are long-term assets. and for which the fair value is 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, 2023 and 2022 is as follows:

In thousand denars	2023	2022
Liabilities on loans	561.014	457.275
Money assets	-3.820	-4.364
Net liabilities on loans	557.194	452.911
Equity and reserves	184.911	145.723
% of credit indebtedness	301.33%	310.80%

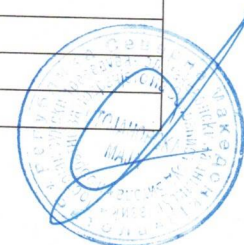
The credit indebtedness ratio of the Financial Company SN FINANSII DOO Bitola is high in 2023 but is decreased compared to 2022.

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	2023	2022
Financial assets		
Money assets	3.820	4.364
Receivables from customers	2.235	2.741



Receivables on given advances	7.274	6.526
Other receivables		2.738
AVR	14.476	8.082
Short – term financial assets	735.526	583.303
	764.331	607.754
Financial obligations		
Obligations towards suppliers	33.876	25.209
Other current obligations and PVR	23.637	14.592
Loans	561.014	457.275
	618.527	497.076

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

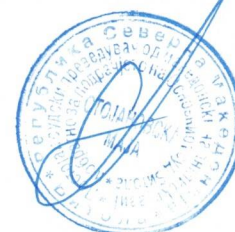
In the course of its operations, the Company is primarily exposed to financial risks from changes in foreign exchange rates and interest rates.

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, 2023 and 2022 is as follows:



In thousand denars	assets		Obligations	
	2023	2022	2023	2022
EUR			157.734	88.023
USD				
			157.734	88.023

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.

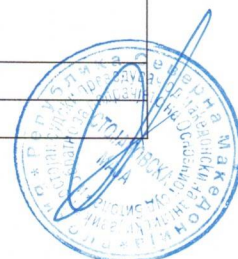
In thousand denars	Increasing 10%		Decreasing 10%	
	2023	2022	2023	2022
EUR	-15.773	-8.802	15.773	8.802
USD				
	-15.773	-8.802	15.773	8.802

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	2023	2022
Financial assets		
non-interest bearing		
Money assets	3.820	4.364
Receivables from customers	2.235	2.741
Receivables on given advances	7.274	6.526
Other receivables		2.738
AVR	14.476	8.082



	27.805	24.451
Interest bearing		
Short – term financial assets	736.526	583.303
	764.331	607.754
Financial obligations non-interest bearing		
Obligations towards suppliers	33.876	25.209
Other current obligations and obligations on advances	23.637	14.592
	57.513	39.801
Interest bearing		
Loans	561.014	457.275
	618.527	497.076

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	
	2023	2022	2023	2022
Given deposits	7.365	5.833	-7.365	-5.833
Received loans	-5.610	-4.573	5.610	4.573
	1.755	1.260	-1.755	-1.260

6.8. Liquidity risk

The following table shows the deadlines for payment of financial obligations of the Company as of December 31, 2023 and 2022

31.12.2023

In thousand denars	From months	1-3	3-6 months	6-12 months	Above 12 months	Total
Loans	-	-	-	553.428	7.586	561.014
Obligations	33.876	-	-	-	-	33.876



towards suppliers					
Other obligations and PVR	23.637	-	-	-	23.637
	57.513	-	553.428	7.586	618.527

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

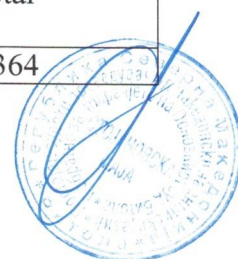
The following table gives the structure of the Company's financial assets as of December 31, 2023 and 2022

2023

In thousand denars	From 1-3 months	3-6 months	6-12 months	Above 12 months	Total
Money assets	3.820	-	-	-	3.820
Receivables from customers	2.235	-	-	-	2.235
Receivables on given advances	7.274	-	-	-	7.274
Other receivables	14.476	-	-	-	14.476
	27.805	-	-	-	27.805

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

7. SALE REVENUES

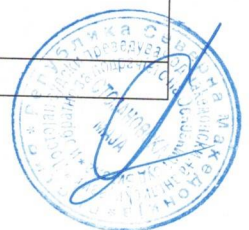
In thousand denars	2023	2022
Revenues from services in the country	1.038	3.781
Total revenues from commissions and fees	1.038	3.781

8. OTHER REVENUES

In thousand denars	2023	2022
Revenues from collection of court dispute		4.796
Revenues from subsidies		
Revenues from sale of material assets		1.293
Revenues from collected written of receivables	7.341	1.552
Revenues from writing of obligations		7.467
Other revenues	7.918	1.323
Total revenues from commissions and fees	15.260	16.431

9. EXPENSES FOR THE EMPLOYEES

In thousand denars	2023	2022
Gross salary	37.673	27.962
Other expenses for the employees	944	577
Compensations of the	580	1.051



employees		
Total revenues from commissions and fees	39.196	29.590

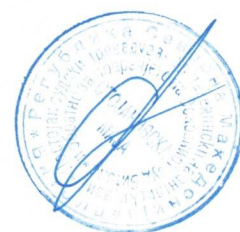
10. EXPENSES FOR RAW AND OTHER MATERIALS

In thousand denars	2023	2022
Spent basic raw materials	2.069	1.730
spent auxiliary materials	283	282
Total expenses from commissions	2.352	2.012

11. SERVICES WITH CHARACTER OF MATERIAL EXPENSES

In thousand denars	2023	2022
Expenses for spent electricity	4.068	6.930
Expenses for mobile, phone and internet	4.476	2.600
External services	26.239	18.978
Expenses for maintenance and protection	11.951	9.913
Expenses for leasing	4.889	4.415
Expenses for advertisement and propaganda	15.124	6.904
Consultant services	15.080	10.638
Awards for members of supervisory board	2.000	14.722
Expenses for MCB	3.796	3.247
Wages for business travels	1.299	1.787
Expenses for direct write-off of claims	22.827	15.681
Other material expenses	24.250	14.833
Total	135.999	110.648

12. OTHER EXPENSES



In thousand denars	2023	2022
Expenses for sponsorship and donation	7.323	7.202
Expenses for representation	4.653	6.387
Insurance expenses	5.401	882
Bank services	4.053	3.612
Other	1.815	640
Total	23.245	18.723

13. FINANCIAL REVENUES

In thousand denars	2023	2022
Revenues from interest of operations	76.244	62.225
Other financial revenues	200.561	163.968
Total revenues from commissions and fees	276.805	226.193

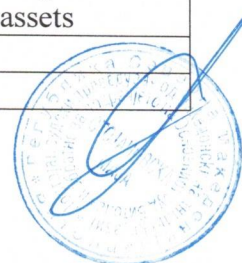
Other financial income in the amount of 163,968 thousand denars includes income from commissions, income from fees, income from factoring and other income.

14. FINANCIAL EXPENSES

In thousand denars	2023	2022
Expenses from interest	34.134	26.151
Expenses from exchange differences	141	
Total	34.275	26.151

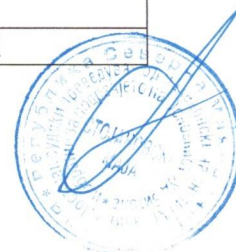
15. TANGIBLE ASSETS

In thousand denars	Construction objects	equipment	Other assets	total	Non tangible assets
dealer cost					–



Balance 01.01.2023	16.716	24.838	4.284	45.838	2.631
New supplies	4.068	3.915	648	8.631	377
Sale / expense					
Re entering					
Balance 31.12.2023	20.784	28.753	4.932	54.469	3.008
Correction of value					
Balance 01.01.2023	1.288	10.732	435	12.455	1.339
Depreciation		4.690	419	5.109	682
Expense and sale					
Balance 31.12.2023	1.288	15.422	854	17.564	2.021
Current value on 31.12.2023	19.496	13.331	4.078	36.905	988

In thousand deanrs	Construction objects	equipment	Other assets	total	Non tangible assets
dealer cost					
Balance 01.01.2022	16.716	17.919	2.876	37.511	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

16. LONG – TERM FINANCIAL ASSETS

In thousand denars	2023	2022
Given deposits		
Total		

17. RECEIVABLES FROM CUSTOMERS

In thousand denars	2023	2022
Receivables from customers in the country	2.235	2.741
Total	2.235	2.741

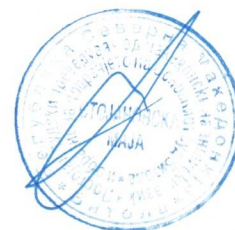
18. RECEIVABLES ON GIVEN ADVANCES

In thousand denars	2023	2022
Receivables on given advances in the country	7.274	6.526
Total	7.274	6.526

19. OTHER RECEIVABLES

In thousand denars	2023	2022
VAT	-	2.736
other	-	2
Total	-	2.738

20. RECEIVABLES ON GIVEN LOANS



In thousand denars	2023	2022
Given loans on physical entities	374.507	305.295
Given loans on legal entities	93.167	58.946
interests	15.623	16.865
Commissions on administrative expenses	93.314	147.241
Sued principles	88.388	61.388
Other	71.527	22.718
		612.453
Correction of value		-29.150
Total	736.526	583.303

21. PAID EXPENSES FOR FUTURE PERIODS

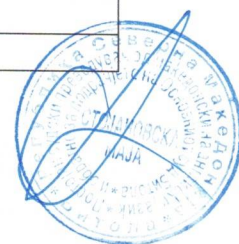
In thousand denars	2023	2022
Paid expenses in advance	14.476	8.082
Total	14.476	8.082

22. MONEY ASSETS AND MONEY EQUIVALENTS

In thousand denars	2023	2022
Account	1.801	1.232
Cash	2.002	3.093
	17	39
Total	3.820	4.364

23. LONG – TERM OBLIGATIONS

In thousand denars	2023	2022
SILK ROAD BANK AD SKOPJE	4.526	5.632
UNI BANKA AD SKOPJE	4.284	5.102
Current maturity	-1.224	-1.020
Total	7.586	9.714



24. OBLIGATIONS TOWARDS SUPPLIERS

In thousand denars	2023	2022
Obligations towards suppliers in the country	25.394	19.431
Obligations towards suppliers abroad	8.482	5.778
Total	33.876	25.209

25. OTHER OBLIGATIONS

In thousand denars	2023	2022
Profit tax	2.191	126
Obligations for salaries	3.241	3.344
Obligations on base participation in profit		2.738
Other obligations	18.205	8.384
Total	23.637	14.592

26. SHORT – TERM FINANCIAL OBLIGATIONS

In thousand denars	2023	2022
Legal entities	247.329	170.770
Physical entities	302.520	273.833
interests	2.355	1.938
Current maturity	1.224	1.020
Total	553.428	447.561

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

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

In thousand denars	2023	2022
1 EUR	61,49	61.49
1 USD	55,65	57.65

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

Compete title: Financial company SN FINANSII DOO Bitola

Type of work: 450

Type of annual account: annual account

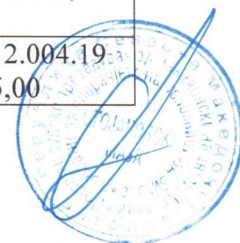
Type of document: Annual account

Year: 2023

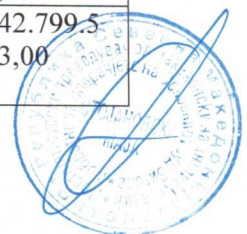
List of attached documents:
Explanation notes and other attachments
Financial report

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)	37.893.582,00			34.676.166,00
2	--I. INTANGIBLE ASSETS (003+004+005+006+007+008)	988.178,00			1.293.231,00
4	--Concessions, patents, licenses, trademarks and similar rights	988.178,00			1.293.231,00
9	--II.TANGIBLE ASSETS (010+013+014+015+016+017+018+019)	18.684.355,00			19.229.638,00
10	--Real estates (011+012)	1.273.730,00			1.273.730,00
12	--Construction objects	1.273.730,00			1.273.730,00
13	--hardware and tools	1.956.202,00			2.062.917,00
14	--transport assets	8.107.787,00			8.033.542,00
15	--Tools, drive and office inventory and furniture	3.267.849,00			4.009.592,00
19	--Other tangible assets	4.078.787,00			3.844.857,00
20	--III.INVESTING IN REAL ESTATES	18.221.049,00			14.153.297,00
36	--B. CURRENT ASSETS (037+045+052+059)	751.068.619,00			600.041.167,00
37	--I. STOCKS (038+039+040+041+042+043)	1.214.235,00			370.249,00
38	--Stocks of raw materials	1.185.709,00			341.723,00
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)	9.508.039,00			12.004.195,00



47	--Receivables from customers	1.054.744 ,00			2.741.698, 00
48	--Receivables for given advances to suppliers	8.453.295 ,00			6.525.539, 00
49	--receivables from the state on base taxes, contributions, custom, excise duties and other duties to the state				2.736.958, 00
52	--IV.SHORT – TERM FINANCIAL ASSETS (053+056+057+058)	736.525.8 72,00			583.303.0 23,00
56	--Receivables for given loans to associated companies	9.392,00			9.392,00
57	--Receivables for given loans	736.516.4 80,00			583.293.6 31,00
59	--V. CASH AND CASH EQUIVALENTS (060+061)	3.820.473 ,00			4.363.700, 00
60	--Cash	3.820.473 ,00			4.363.700, 00
62	--VI. PAID EXPENSES FOR FUTURE PERIODS AND CALCULATED INCOME (EIA)	14.475.80 1,00			8.082.180, 00
63	--TOTAL ASSETS: ASSETS (001+035+036+044+062)	803.438.0 02,00			642.799.5 13,00
65	--LIABILITIES: A. CAPITAL AND RESERVES (066+067-068-069+070+071+075-076+077-078)	184.911.0 83,00			145.723.3 09,00
66	--I. BASIC CAPITAL	31.365.00 0,00			12.915.00 0,00
71	--VI. RESERVES (072+073+074)	99.276.21 1,00			85,276,21 1.00
72	--Legal reserves	99.276.21 1,00			85,276,21 1.00
75	--VII. ACCUMULATED PROFIT	8.276.544 ,00			
77	-IX. PROFIT FOR THE BUSINESS YEAR	45.993.32 8,00			47.532.09 8,00
81	--B. OBLIGATIONS (082+085+095)	618.115.3 45,00			497.076.2 04,00
95	--IV. SHORT – TERM OBLIGATIONS (from 096 to 108)	618.115.3 45,00			497.076.2 04,00
97	--Obligations towards suppliers	33.876.11 6,00			25.209.27 0,00
99	--Obligations for taxes and contributions of salary and compensation of salaries	1.080.036 ,00			933.204,0 0
100	--Obligations towards employees	2.160.394 ,00			1.871.656, 00
101	--Current tax obligations	2.184.081 ,00			669.517,0 0
104	--Obligations for loans and credits	561.014.1 28,00			457.274.3 28,00
108	--Other short – term obligations	17.800.59 0,00			11.118.02 9,00
111	--TOTAL LIABILITIES: CAPITAL, RESERVES AND OBLIGATIONS (065+081+094+109+110)	803.438.0 02,00			642.799.5 13,00



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)	16.297.122,00			20.211.910,00
202	--Income from sale	1.209.720,00			3.857.321,00
203	--Other income	15.087.402,00			16.354.589,00
207	--II. OPERATING EXPENDITURES (208+209+210+211+212+213+218+219+220+221+222)	206.581.840,00			158.775.093,00
208	--Expenses for raw and other materials	6.419.990,00			8.941.895,00
211	--Services with character of material expenses	63.146.345,00			35.161.124,00
212	--Other operating expenses	52.804.377,00			57.225.113,00
213	--Expenses for employees (214+215+216+217)	40.495.801,00			28.539.372,00
214	--Salaries and compensations of salaries (net)	25.047.616,00			18.444.889,00
215	--Expenses for taxes of salaries and compensation of salaries	2.085.221,00			1.511.090,00
216	--contributions of mandatory social insurance	10.540.373,00			8.006.089,00
217	--other expenses for employees	2.822.591,00			
218	--Amortization of tangible and intangible assets	5.790.448,00			5.767.455,00
220	--value adjustment (depreciation) of current assets	14.482.164,00			6.128.812,00
222	--Other operating expenditures	23.442.715,00			17.011.322,00
223	----III. FINANCIAL INCOME (224+229+230+231+232+233)	276.804.680,00			226.193.411,00
224	--Financial revenues from relations with associated companies (225-226+227+228)	12.331.500,00			9.488.826,00
226	--revenues from interests from operations with associated companies	12.331.500,00			9.310.245,00
227	--Revenues from foreign exchange differences from operations with associated companies				178.581,00
230	--Income on basis interest from operation with unrelated companies	63.912.263,00			52.914.595,00
233	--Other financial revenues	200.560.917,00			163.789.990,00
234	--IV.FINANCIAL EXPENDITURES	34.275.072,00			34.116.338,00



	(235+239+240+241+242+243)			
235	--Financial expenditures from relations with associated companies (236+237+238)	5.307.506,00		12.181.813,00
236	--Expenditures on base interests from operations with associated companies	5.166.187,00		12.165.543,00
237	--Expenditures on base foreign exchange differences from operations with associated companies	141.319,00		16.270,00
239	--Expenditures from interests from operations with unassociated companies	28.967.566,00		21.934.525,00
246	--Profit from regular operations (201+223+244) – (204-205+207+234+245)	52.244.890,00		53.513.890,00
250	--Profit before taxing (246+248) or (246-249)	52.244.890,00		53.513.890,00
252	--Profit tax	6.251.562,00		5.981.792,00
255	--NET PROFIT FOR THE BUSINESS YEAR (250-252+253-254)	45.993.328,00		47.532.098,00
257	--Average number of employees based on working hours in the calculation period (in absolute amount)	65,00		65
258	--Number of working months (in absolute amount)	12,00		12
259	--PROFIT / LOSS FOR THE PERIOD	45.993.328,00		
260	--Profit that belongs to the holders of shares of the parent company	45.993.328,00		
269	--Profit for the year	45.993.328,00		47.532.098,00
288	--Total comprehensive profit for the year (269+286) or (286-270)	45.993.328,00		47.532.098,00



Annual report for the operations 2023

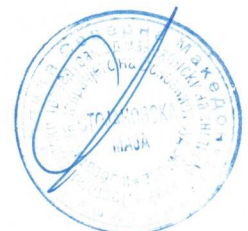
ANNUAL REPORT FOR THE OPERATIONS
OF FD SN FINANSII DOO BITOLA FOR THE YEAR 2023



Annual report for the operations 2023

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 2023

I. Manager's comment

In the rapid advancement of financial technology, staying ahead means constantly reinventing and expanding our horizons. In 2023, we started the biggest transformation since the existence of the company, which is the start of the rebranding process and the introduction of the MINT line, which is conceived as a comprehensive technology center. The FinTech sector is dynamic and constantly evolving. The pace of technological changes is one of our biggest challenges, which requires us to constantly think ahead - emphasized Nikola Josevski, co-founder and general director of FD SN Finansii.

In 2023, in addition to marketing challenges, we also had to adapt to changes in the Law on Financial Companies, which brought more restrictive measures. The changes were successfully implemented in a short period of time.

But our mission and vision does not stop here. 2024 will be the year in which we need to once again prove our flexibility and adaptability, in relation to the changes in legal regulations and the regulations for the work of financial companies, which bring opportunities and challenges.

Manager
Of FD SN FINANSII
Nikola Joshevski



Annual report for the operations 2023

II. Achieved financial results

In 2023, 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 52.2 million.

Analysis of revenues / expenses			
	2023	2022	%
Revenues	293,101,802.00	246,405,321.00	18.95%
Expenses	240,856,912.00	192,891,431.00	24.87%
Profit before taxing	52,244,890.00	53,513,890.00	-2.37%

During 2023, the financial company recorded revenue growth of 19 percentage points, which is an indicator of successful management.

III. Credit activity

Following the pandemic crisis in 2021 and the crisis of economic decline and rising inflation in 2022, in 2023 the entire economy faced enormous challenges that had an impact on economic dynamics and financial stability.

In this context, in 2023, an increase in credit activity was observed as a reaction to attempts to stimulate economic growth and help companies and individuals return to the path of stabilization and later prosperity.

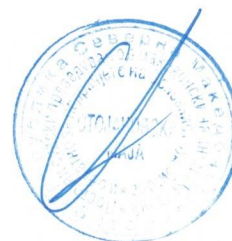
For SN Finansii, 2023 is a year with a significant growth of credit activity both in the population sector and in the corporate sector. Faced with the changes to the Law on Financial Companies and the changes in the credit policy in August 2023, in a short period we managed to introduce new products and adapt to the new law.

Compared to the previous year, the increase in the number of loans is 44.43%, that is, 15,063 sold loans, and an increase in total sales of 44.37%, corresponding to the amount of MKD 661,730,000.

The technological innovations and advances in financial technologies that we introduced in 2023 have a significant role in this increase. New technologies enable simpler access to financial services and their quick approval. Digital platforms and online services are becoming more popular and attractive to users, which contributes to the growing demand for loans.

The strategy for 2024 is aimed at even greater growth, where in addition to consumer loans and credit cards, an increase in mortgage and corporate loans is planned. The expansion of the sales network is the number one priority in 2024, which is shown by the fact that only in the first three months, 4 new offices were opened in Skopje, Bitola, Struga and Gevgelija.

Key objectives in lending will be the following:



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- Increasing the share of consumer loans to natural persons in the total loans of the Financial Company due to the planned diversification of the loan portfolio, which would ensure risk dispersion and generate solid interest income
- Increasing the participation of mortgage loans to individuals and legal entities for the purpose of greater security of the credit portfolio
- Increasing the market share of the financial market by offering new competitive products and modernizing the existing ones
- Increasing the sales network of branch offices in order to get closer to customers, and also increasing the number of satisfied customers
- Increasing the network of trading partners for dedicated loans, all in order to facilitate the payment of buyers, to increase sales among trading partners, and also to increase the sale of dedicated loans.

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

- Improvement of existing products
- Acquainting customers with the products and services of the Financial Company through social media campaigns, portals, radio and guerilla marketing
- Introducing motivational programs and products to attract new customers and upgrade the existing customer base
- In coordination and cooperation with the Human Resources Service, trainings for the development of sales skills of employees and new hires in accordance with the plan to expand the network of branches of the Financial Company.

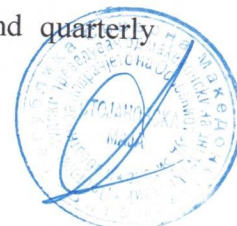
IV. Risks management

The business policy of the Financial Company for 2023 will continue to be based on the legal provisions and internal Policies and procedures related to the management of the risks to which the Financial Company is exposed. As before, an inevitable element in the risk management process will be compliance with the previous 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:

- respect for the already established system and strategy for risk management, which includes timely identification, assessment, monitoring and control of risks in the direction of achieving an optimal relationship (trade-off) between risks and profit, as well as maintaining the long-term stability of the financial company
- reducing the share of non-performing loans in the total credit exposure

According to the plans for the growth of credit activity, during the plan period special emphasis will be placed on credit risk management through regular monitoring of the credit portfolio and appropriate classification of clients, which implies monthly and quarterly reporting to the Manager and timely alerting of the riskiness of the placements.



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In order to improve the quality of the credit portfolio, in addition to the activities in the area of credit risk management, measures for the collection of non-performing loans will also make a significant contribution, among which we would single out:

- an early warning system during the monitoring of the placements and determination of the placements that could pass into a non-functional status, that is, intensified monitoring of all placements by the organizational parts that are responsible for regular and forced collection. At the same time, by following up at an early stage, appropriate measures will be taken
- Improvement of a software solution for billing monitoring
- Establishment of monthly targets per employee for collection of non-functional portfolio
- development of new reporting forms to the Manager
- professional training and continuous upgrading of employees through internal and external trainings.

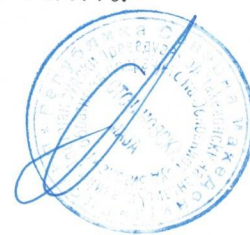
In the area of managing other types of risks (liquidity, market, strategic, operational, reputational, risk of interest rate changes and persistent types of risks), the implementation of the following measures and activities is planned:

- improvement of existing application solutions in the direction of improving their functionality for internal needs
- Identification and measurement of potential risks when introducing new products and services
- Creation of simulations according to internal needs in the area of credit exposure
- revision of internal acts in the area of risk management as a result of changes in regulation and internal needs

Special emphasis in 2023 is placed on the monitoring and analysis of the credit portfolio.

Pieces	31.12.2023	
Category A	7,500	76,66%
Category B	513	5,24%
Category C	524	5,36%
Category D	750	7,67%
Category E	497	5,08%
Total regular	9,784	78,25%
Non – functional	2,719	21,75%
Total	12,503	100%

The credit exposure as of December 31, 2023 was 732.74 million denars, which is 20% higher than in 2022. However, we managed to skilfully fight for maintaining the quality of the existing portfolio and its evident increase. The coefficient of NPL in 2023 was 32.47%.



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V. Marketing activities

In 2023, marketing activities for most of the year were aimed at the promotion of packages and services for customers in the area of fast loans, primarily on social media (Facebook and Instagram), which focused on improving public perception in relation to of SN Credits.

In the second half of the year, i.e. from September 2023, the strategy for marketing activities underwent changes that introduced new channels of communication with potential customers:

- Google Ads
- Facebook Ads
- Instagram
- TVC (Television campaign for improvement of brand awareness)
- OON – billboards
- National radio stations
- Digital presence – lease of web banners on national and local portals.

Media and marketing campaigns in 2023 were segmented into two types:
Marketing campaign for FD SN FINANSII - SN credits and SN Visa card
Marketing campaign for Mint credit.

Different campaign types were implemented such as:

Mint Credit - New Year's Eve trip to Paris for two

Fall in SN - interest rate cuts for retirees

A gift in an envelope - a campaign for the use of SN Visa Cards, etc.

Additionally were activated personal data protection campaigns by holding trainings in secondary schools and faculties, as well as sharing information on personal data protection before each of the subsidiaries of FD SN Finansii and in collaboration with the chamber of commerce.

In order to diversify the company, steps were also taken to rebrand the offices, a process that is expected to be finalized at the end of 2024.

New rules for franchising as well as interior and exterior design of business units have been introduced.

Programs have been introduced to monitor trends in the web site traffic, detect problems and approach their resolution.

The customer base has been improved through a positive new customer registration campaign, as well as sweepstakes related to the SN Credits and Mint Credits brands.

- Creation of a database of customers who agree to be targeted with direct e-mail marketing and introduction of a direct e-mail marketing tool



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hiring and recruiting employees, managing employee benefits, developing and implementing employee training and development programs.

The need for people for work aimed at the contribution and growth of the company is very significant, so this year the Human Resources Department in the Financial Company with maximum focus is aimed at the growth and development of permanent employees as well as new potential employees. The financial company needs more employees to carry the company's work scope and enable it to expand into new markets and 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 2023, 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 them and respond to the complex needs of businesses.

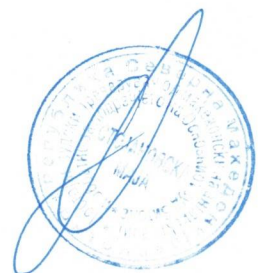
Gross wages and number of employees

In 2020 we ended with 44 employees, we ended 2021 with 48 employees, we ended 2022 with 63 employees and we ended 2023 with 58 employees. In 2023, SN Finances continued to nurture the dedicated attention to employees as well as among employees creates the circle of outstanding employees in the right job position.

Year	2020	2021	2022	2023
Number of employees	44	48	63	58
Average wage per employee	30,993.00	36,532.00	35,848.00	37,673.00

The financial company, realizing that employees are the basis of operations, is therefore constantly focused on employees with the aim of their growth and development and contribution to the company.

In the area of human resources management, a key determination of the Financial Company for 2024 will be the development of more specialized staff in accordance with the needs of the financial company and modern trends, and in the direction of increasing the knowledge and productivity of employees 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 2024 are the following:

- Like every year, this year too it is planned to pay more attention to current employees, to their growth and development through trainings, courses and research programs
- Implementation of the strategy of finding interns will consist of:
 - * The financial company continues its excellent cooperation with the Faculties and students, which cooperation is indicated by the number of employees who first got an employment relationship with the financial company, a large part of which started with an initiative as interns and then moved into employment. The call for interns is made by presenting the company, the activity, the method and conditions of work to the students and interested candidates can apply.
 - * The financial company, in addition to the marketing campaign it leads for the call for interns on social networks, with a platform where young interested persons can register a profile and fill out an internship form, this year will be more actively focused on LinkedIn, where it will recruit more specialized staff, according to the need.
 - * In cooperation with EARNM, the measures from the internship programs (intended for young people up to 34 years old) organized by EARNM will be used, in accordance with the internship programs implemented in the EU and with the European Quality Framework and in accordance with the Internship Law.
 - * The financial company will organize an exchange of school with a working day, where pupils and students on a certain working day will spend 8 working hours in a certain sector in the company in accordance with the project "Youth can"
 - * The financial company continues to nurture cooperation with non-governmental organizations that constantly have membership of young unemployed people 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
 - * The financial company takes an active part in career fairs for employment, such as those at the faculties, organized by the municipality, as well as in a virtual career fair where interested job candidates can fill out an application for a job through our application in a simple way by scanning through a mobile phone
 - * SN Finansii, as a company that was one of the first in RSM to join the Dual Education project, will continue cooperation with the Secondary Vocational School of Economics, which will allow secondary school students to hold practical lessons at the Financial Society
- Improvement of 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
- Preparation of annual training plans



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- Procedures for the categorization of salaries and benefits of employees with a certain length of service in the financial company
- Improvement of the existing reward system in the direction of motivating employees

Activities

Employees are offered the opportunity to register for participation in sports and recreational events 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, camping

As well as many others that will be organized during the year and also competitions in our recreation center which has a soccer ball, table tennis table, darts, billiards and here we should also mention the spa center for employees as part of which is where the indoor pool, sauna and fitness area are located.

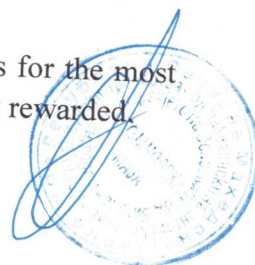
After work gatherings with a DJ - gigs and cooking food, themed parties, karaoke, gatherings together with the employees' children with organized animators and children's parties in Cheops, etc. are planned.

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

Benefits

Employees who have one year of experience in the company receive additional private health insurance as well as other discounts and privileges in relation to insurance policies and in the activities that belong to the group where the financial company is located.

We reward the employees of SN Finansii with an Oscar in 8 categories for the most successful employees during the year, which winners are also financially rewarded.



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Diamonds are awarded to employees who complete 5 years in the company.

During the year, a large Team Building is organized where trainings on various topics, educational activities and competitions between employees and the awarding of the aforementioned Oscars and diamonds take place in a glamorous event followed by musical entertainment. In 2024, this very team building will be organized in Krushevo in nature and with activities in an adrenaline park.

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.

* PREVENTION OF MONEY LAUNDERING AND FINANCING OF TERRORISM

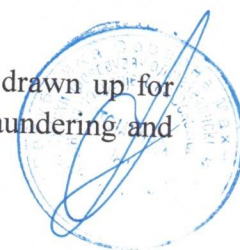
During the year 2023, the main goal in performing the function of preventing money laundering and terrorist financing will be to protect the financial company from the negative financial and reputation effects that would arise from a possible event characterized as money laundering or financing of terrorism.

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

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

1. Adequately set internal acts that will give clear direction to employees regarding their obligations to prevent money laundering.
2. Employment of persons who meet high professional standards
3. Continuous and adequate training of employees, whereby a plan is drawn up for permanent training of employees in the field of prevention of money laundering and



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terrorist financing, which ensures the realization of at least two trainings during the year.

1. Authorized person for prevention of money laundering

Kristina Ilievska is an authorized person responsible for the prevention of money laundering and terrorism financing at the position of Head of the Internal Control and Audit Department.

Emilia Makalovska has been appointed as the deputy of the authorized person responsible for the prevention of money laundering and terrorist financing in the position of Lawyer.

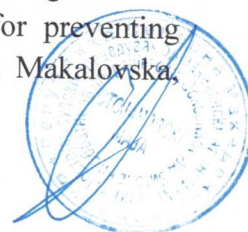
The authorized person has the following powers:

- 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 a suspicious transaction, i.e. whether they should be reported to the Administration or not
- making recommendations for changes, revisions and improvements to the Company's Program, by evaluating its compliance with the regulations
- notification on a monthly basis to the management of the company with content according to the regulation
- advising the authorities 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 and
- maintaining regular contacts with other authorities and institutions involved in the SPPFT process.

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

2. Department for Prevention of Money Laundering and Financing of Terrorism

Based on Article 68 of the Law on Prevention of Money Laundering and Financing of Terrorism, a decision was made to establish a department for prevention of money laundering and financing of terrorism. Kristina Ilievska is appointed as the person responsible for preventing money laundering and terrorist financing. Emilia Makalovska is appointed as the deputy of the responsible person for preventing money laundering and terrorist financing. Kristina Ilievska, Emilia Makalovska,



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Aleksandar Kostovski and Eva Ruzhin are appointed as members of the department for preventing money laundering and terrorist financing.

The competence of the department for prevention of money laundering and financing of terrorism is determined with the following powers:

- Preparation of an assessment of the risk of money laundering and financing of terrorism and its regular updating
- introduction and application of programs for effective reduction and management of the identified risk of money laundering and financing of terrorism
- customer analysis
- notification and submission of data, information and documentation to the Administration in accordance with the provisions of this law and the by-laws adopted on its basis
- keeping, protecting and keeping records of submissions
- implementation of internal control
- other measures resulting from the provisions of the law on prevention of money laundering and terrorist financing

3. Internal audit service

FD SN Finansii LLC performs internal control over the implementation of measures and actions to prevent money laundering and terrorist financing as necessary, at least once a year.

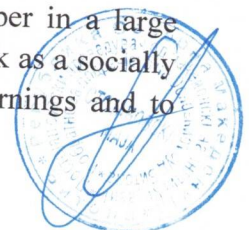
For the implementation of internal control, a report is drawn up in which findings are entered:

- 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

Social responsibility for FD SN Finansii is a key direction in operations. In 2023, FD SN Finances, as throughout the years, participated as a donor, sponsor and helper in a large number of socially useful, sports and musical events, thus characterizes its work as a socially responsible company that wants to return to the community a part of its earnings and to support sports, the music scene, as well as humanitarian events.



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There are numerous sponsorships to support the activities of the Red Cross as well, such as their soup kitchen project, which FD SN Finansii traditionally supports with a food donation.

In the social responsibility section, the month of financial responsibility should also be mentioned, which, on the initiative of FD SN Finansii and with the support of the Chamber of Commerce and other financial companies, has as its goal a campaign to protect personal data from abuse.

Thus, in November, employees from SN Finance actively participated in the campaign for educating the population, students and high school students, holding a series of lectures for students and high school students from different cities throughout Macedonia, as well as distributing educational pamphlets in public places, as well as in offices across the country.

Encouraging citizens' awareness of the protection of personal data is of key importance and it should be continuously nurtured and upgraded.

Summarizing, FD SN Finances successfully completed the year 2023 in the area of social responsibility and plans to further devote itself to supporting social activities through various types of events, which are important to society.

Manager
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Round seal

Потврдувам дека веродостојно го
извршив преводот од Македонски на
Англиски јазик
Постојан судски преведувач
Маја Стојановска
Битола 06.06.2024



I do hereby certify that I have correctly done
the translation
from Macedonian to English.
Permanent judicial translator
Maja Stojanovska
Bitola 06.06.2024

