

ALTER MODUS DOO

FINANCIAL STATEMENTS FOR THE YEAR

ENDED ON DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Owners of Microcredit Financial Institution Alter Modus doo, Podgorica

Report on the audit of financial statements

Opinion

We have audited the financial statements of Microcredit Financial Institution Alter Modus d.o.o., Podgorica (hereinafter: the Company), which comprise the statement of financial position as at December 31, 2020, and the income statement, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements relevant for our audit of financial statements in Montenegro and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We have communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Podgorica, March 17, 2021




Goran B. Strahinja, CPA, MA, BA
CEO, Principal – Partner
MNA Montenegro audit d.o.o. Podgorica



IMPACT OF THE CORONAVIRUS (COVID-19) PANDEMIC ON FINANCIAL STATEMENTS AND DISCLOSURES IN 2020

Based on the IFAC guidelines of February 24, 2021 and the new practices of financial reporting and auditing in the World Montenegro Audit d.o.o. Podgorica is deeply aware of and accepts the knowledge about the deep and far-reaching negative consequences and effects of Coronavirus-19 on the business of client companies and our auditing company. In this sense, despite the fact that there was no precise and binding regulatory response, guidelines and standards, which is really too early to expect, precisely because the development of events is ongoing in real time, in accordance with our knowledge and experience we make significant preparations. Our goal is to be able to help audit clients to the extent that this is permitted and acceptable according to the regulations in Montenegro and international accounting and auditing standards according to the practice in Montenegro and new experiences in the world. This is a new and unconquered territory, a challenge, but we are entering that area responsibly and bravely. In this context, especially important are the aspects of the financial reporting framework of firms based on indefinite business continuity (assessment of future effects of the pandemic on the business continuity concept, Going Concern), on the impartiality of assets, on bank loans and guarantees, on specific risks of the loan portfolio. and provisions for the type of institution such as Alter Modus doo, Podgorica and many other related aspects of financial reporting. This implies considering the client's management's assessments of the future prospects of the company, their quantification. Our obligations are in the area of subsequent assessment of the effects of risk and materiality, ie reflection on the true and fair view in the audit report, to the extent that this is realistic in the given emphatically limiting circumstances with the development of the crisis economic situation which is just beginning. All this is completely new for us as well. The basic postulates of the auditing profession, above all conservatism, approach with due care, oblige to increase awareness of these issues. We believe that this is the best way to respond not only to those obligations that are already known at this moment, but also to those that we rightly expect to arise and be urgent. Teleworking, working from home, new ways of organizing the business of clients and auditors require us to focus on obtaining satisfactory audit evidence, to consider the consequences or effects of subsequent events after the balance sheet date, to continuously improve the quality of our reporting and communication with clients and interested users of information from financial and audit reports. In all of this, it is credible for us, although not legally binding in Montenegro, but for us it is a reference and applicable source of information published by the Committee of Europe on Audit Supervisors (CEAOB).

Podgorica, March 17, 2021



Goran B. Strahinja, CPA, MA, BA
CEO, Principal – Partner
MNA Montenegro audit d.o.o. Podgorica

The accompanying notes are an integral part of these financial statements.

Signed on behalf of MFI Alter Modus D.O.O., Podgorica by:

Accounting Manager
Jade B...

(Ana Kentera)

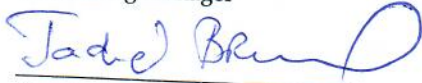
STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020
(000 EUR)

	Notes	December 31, 2020	December 31, 2019
ASSETS			
Cash and cash equivalents			
Loans to clients	3.7, 10	17,346	1,618
Property and equipment	3.7, 11	40,110	47,821
Intangible assets	3.6, 12	1,421	1,296
Other assets	3.5, 12	19	22
	13	52	107
Total assets		58,948	50,794
LIABILITIES			
Borrowed funds	14	34,797	27,907
Other liabilities	15	1,249	1,345
Total liabilities		36,046	29,252
EQUITY			
Issued capital	16	16,758	12,415
Retained earnings		6,144	9,127
Total equity		22,902	21,542
Total liabilities and equity		58,948	50,794

The accompanying notes are an integral part of these financial statements.

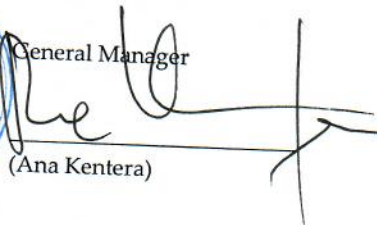
Signed on behalf of MFI Alter Modus D.O.O., Podgorica by:

Accounting Manager


 (Branko Tadić)



General Manager


 (Ana Kentera)

	Issued capital	Retained Earnings	Total
Balance as of January 1, 2019	12,415	5,970	18,385
Dividend payment	-	(1,020)	(1,020)
Net profit for the year	-	4,177	4,177
Balance as of December 31, 2019	12,415	9,127	21,542
Balance as of January 1, 2020	12,415	9,127	21,542
Dividend payment	-	-	-
Transfer from retained earnings to capital	4,343	(4,343)	-
Net profit for the year	-	1,359	1,360
Balance as od Decembar 31, 2020	16,758	6,144	22,902

The accompanying notes are an integral part of these financial statements.

Signed on behalf of MFI Alter Modus D.O.O., Podgorica by:

Tadić Branko
(Branko Tadić)



(Ana Kentera)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2020
(000 EUR)

	Year ended December 31, 2020	Year ended December 31, 2019
Cash flows from operating activities		
Interest receipts	8,061	9,640
Payments of interest	(1,154)	(1,298)
Fees and commissions received	362	493
Payments of fees and commissions	(172)	(172)
Inflows from the repayment of loans	29,576	40,301
Cash used for loans approved	(23,430)	(42,514)
Payments to suppliers and employees	(3,743)	(3,805)
Payments of income taxes	(395)	(297)
Inflows from the recovery of bad debts	170	227
Other Payments	1	(68)
Net cash used from operating activities	9,276	2,507
Cash flows from investing activities		
Inflow from the disposal of equipment	2	11
Cash used to purchase equipment	(47)	(189)
Net cash used in investing activities	(45)	(178)
Cash flows from financing activities		
Cash provided by long-term borrowings	22,500	14,500
Repayments of long-term borrowings	-	(14,986)
Payment of lease liabilities	(390)	(271)
Dividend payment	(15,613)	(1,020)
Net cash generated from financing activities	6,497	(1,777)
Net (decrease)/increase in cash and cash equivalents	15,728	552
Cash and cash equivalents at the beginning of the year	1,618	1,066
Cash and cash equivalents at the end of the year	17,346	1,618

The accompanying notes are an integral part of these financial statements.

Signed on behalf of MFI Alter Modus D.O.O. Podgorica by:

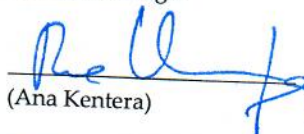
Accounting Manager



(Branko Tadić)



General Manager



(Ana Kentera)