

ALTER MODUS DOO

FINANCIAL STATEMENTS FOR THE YEAR

ENDED ON DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

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*This is English translation of the Report
originally issued in Montenegrin language
(For management purposes only)*

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Microcredit Financial Institution Alter Modus d.o.o., Podgorica, Montenegro (hereinafter: the Company), which comprise the statement of financial position as of December 31, 2023, and the income statement, statement of changes in equity and statement of cash flow for the year then ended, including a summary of significant accounting policies and notes to the financial statements.

In our opinion, the financial statements give a true and fair view, e.g. present fairly, in all significant material aspects of the financial position of the Company as of December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs by IFAC). 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 (*The International Code of Ethics for Professional Accountants – IFAC, 2023; and of the The Institute of Certified Accountants of Montenegro/Serbian Association of Accountants and Auditors, 2018*, official binding version in Serbian language). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code 2023", "ICAMS-Montenegro 2018" as prevailing) together with the ethical requirements that are relevant to our audit of the financial statements in Montenegro, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

Management is responsible for the preparation and true and fair presentation of these financial statements and annual management report 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 established by the Company.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 International Standards on Auditing ("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 26, 2024



Goran B. Strahinja, CRA, MA, BA
CEO, Principal – Partner
SFAI Montenegro d.o.o., Podgorica

REPORT ON THE ANNUAL REPORT OF MANAGEMENT 2023

Our opinion on the financial statements does not include the annual management report for 2023.

In relation to the audit of these financial statements, it is our responsibility to read the annual management report and thus consider whether the annual management report in material aspects-items is consistent with the information in the financial statements, with our knowledge gained during the audit, or appears to be, in material terms, misrepresented.

In accordance with the requirements of the Law on Accounting of Montenegro, we are also obliged to give an opinion on whether the annual management report is prepared in accordance with the Law on Accounting of Montenegro, and consistent with the information contained in the financial statements.

Based on the procedures conducted during the audit, in our opinion, the annual management report is:

- compiled in accordance with the Law on Accounting of Montenegro, and
- consistent with the information contained in the financial statements.

Additionally, based on the knowledge about the company's operations and its business environment, acquired during the audit, we did not notice any material misstatements in the annual management report.

Significant characteristics of management report in 2023:

- In the 2023 Alter Modus management report, information intended for internal and external users of information is specifically designed for the needs of top management and medium and lower levels of management of the Company.
- The management report provides additional opportunities for insight into the business and performance of Alter Modus in 2023 with a look at business perspectives and business development continuity in 2024 based on the accounting assumption of going concern.
- The report presents business information for various needs of external users of financial information, especially from the point of view of implementation of business and operational strategy of the Company and the requirements of monitoring business processes.
- The management report 2023 provides significant information support for close monitoring of business performance and the ability to anticipate performance of future business operations.
- The information contained in the management report 2023 is effectively related to the data, presented graphically, containing significant elements of integrated reporting, something we consider as a valuable step forward.

Podgorica, March 26, 2024



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



**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE
PREPARATION AND APPROVAL OF FINANCIAL STATEMENTS AND
MANAGEMENT REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2023

Management is responsible for the preparation of the financial statements that present fairly the financial position of Company as at December 31, 2023 the results of their operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards, as applied in the Montenegro Jurisdiction based on the legal grounds classification of the International Federation of Accountants – IFAC, jurisdictional profile as of the whole 2023 (“IFRS”).

In preparing the financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- Making an assessment of the Company's ability to continue as a going concern;
- Disclosing the information in the management report as required by the Laws of Montenegro on Accounting and Reporting, and Auditing;
- Preparation of the management report in consistence with the financial statements.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS as applied in Montenegro jurisdiction;
- Maintaining statutory accounting records in compliance with Montenegrin legislation;
- Taking such steps that are reasonably available to them to safeguard the assets of the Company; and
- Preventing and detecting fraud and other irregularities.



General Manager

(Ana Kentera)

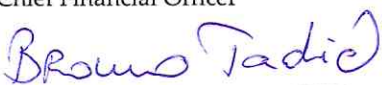
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
DECEMBER 31, 2023 (In thousands of EUR)**

	Notes	December 31, 2023	Year ended December 31, 2022
Interest income	3.1	9,722	7,930
Interest expense	3.1	(1,489)	(993)
NET INTEREST INCOME		8,233	6,937
Impairment losses	3.7	83	487
Fee and commission income	3.1	4	6
Fee and commission expense	3.1	(79)	(63)
NET FEE AND COMMISSION INCOME		(75)	(57)
Personnel expenses	5	(3,696)	(3,108)
General and administrative expenses	6	(1,013)	(968)
Depreciation and amortization	12	(579)	(528)
Other expenses	7	(139)	(108)
Other income	8	376	429
PROFIT BEFORE TAX		3,190	3,083
Income taxes	3.4, 9	(453)	(415)
PROFIT FOR THE YEAR		2,737	2,668
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		2,737	2,669

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

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

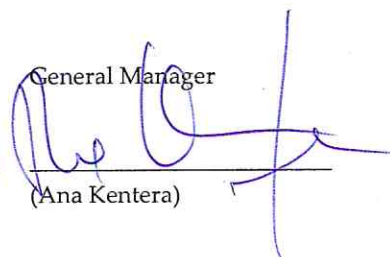
Chief Financial Officer



(Branko Tadić)



General Manager



(Ana Kentera)


STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023
(In thousands of EUR)

	Notes	December 31, 2023	December 31, 2022
ASSETS			
Cash and cash equivalents	3.7, 10	1,955	1,109
Loans to clients	3.7, 11	57,753	41,860
Property and equipment	3.6, 12	2,128	1,947
Intangible assets	3.5, 12	9	15
Other assets	13	79	151
Total assets		61,924	45,082
LIABILITIES			
Borrowed funds	14	34,958	18,065
Other liabilities	15	1,871	1,990
Total liabilities		36,829	20,055
EQUITY			
Issued capital	16	22,358	22,358
Retained earnings		2,737	2,669
Total equity		25,095	25,027
Total liabilities and equity		61,924	45,082

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

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

Chief Financial Officer


 (Branko Tadić)



General Manager


 (Ana Kentera)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023 (In thousands of EUR)

	Issued capital	Retained Earnings	Total
Balance as of January 1, 2022	22,358	3,254	25,612
Dividend payment	-	(3,254)	(3,254)
Net profit for the year	-	2,669	2,669
	<u>22,358</u>	<u>2,669</u>	<u>25,027</u>
Balance as of January 1, 2023	22,358	2,669	25,027
Dividend payment	-	(2,669)	(2,669)
Net profit for the year	-	2,737	2,737
	<u>22,358</u>	<u>2,737</u>	<u>25,095</u>
Balance as od Decembar 31, 2023	<u>22,358</u>	<u>2,737</u>	<u>25,095</u>

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

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

Chief Financial Officer

Branko Tadić

(Branko Tadić)



General Manager

Ana Kentera

(Ana Kentera)

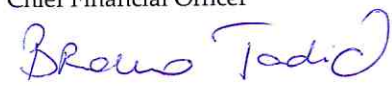
STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands of EUR)

	Year ended December 31, 2023	Year ended December 31, 2022
Cash flows from operating activities		
Interest receipts	9,708	8,237
Payments of interest	(1,235)	(845)
Fees and commissions received	45	60
Payments of fees and commissions	(156)	(197)
Inflows from the repayment of loans	41,812	36,266
Cash used for loans approved	(57,605)	(40,137)
Payments to suppliers and employees	(4,421)	(3,816)
Payments of income taxes	(408)	(322)
Inflows from the recovery of bad debts	322	337
Other Payments	(202)	(37)
Net cash used from operating activities	(12,140)	(454)
Cash flows from investing activities		
Inflow from the disposal of equipment	42	5
Cash used to purchase equipment	(803)	(469)
Net cash used in investing activities	(761)	(464)
Cash flows from financing activities		
Cash provided by long-term borrowings	33,100	8,000
Repayments of long-term borrowings	(16,272)	(15,658)
Payment of lease liabilities	(412)	(539)
Dividend payment	(2,669)	(3,254)
Net cash generated from financing activities	13,747	(11,451)
Net (decrease)/increase in cash and cash equivalents	846	(12,369)
Cash and cash equivalents at the beginning of the year	1,109	13,478
Cash and cash equivalents at the end of the year	1,955	1,019

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

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

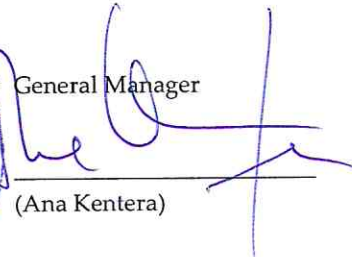
Chief Financial Officer



(Branko Tadić)



General Manager


(Ana Kentera)