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Translation from Bulgarian

ACCESS FINANCE LTD

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2019

Evian Agency Ltd. * Sofia София * Агенция Евиан ЕООД

Contents of the Financial Statements

Evian Agency Ltd.
Sofia
София
Агенция Евиан ЕООД

Management presents its Annual Financial Statements as at 31 December 2019 prepared in accordance with International Financial Reporting Standards (IFRSs).These AFSs are certified by Moore Bulgaria Audit OOD.

CORPORATE INFORMATION

ACCESS FINANCE Ltd. (the "Company") is a Limited Liability Company established on 7 November 2013 and operating in Bulgaria as a non-banking financial institution. The seat and registered office of the Company are located at Ivan Vazov Residential District, 1 Balsha Street, Block 9, 2nd Floor, Sofia, Bulgaria. The Company is represented and managed by the manager Tsvetan Petkov Krastev.

Access Finance Ltd. is a non-banking financial institution with a focus on microlending and granting credits through credit cards using the White Card trademark. The Company grants small unsecured loans to low- and middle-income customers. The Company has a subsidiary registered in Romania and has no branches.

As of 31 December 2019, the total number of staff amounts to 203 employees (31 December 2018: 177 employees).

As of 31 December 2019, the capital of the Company amounts to BGN 1,250,000.00 divided into 1,250,000.00 shares of BGN 1.00 each as follows:

Partner	Number of shares	Amount of share in BGN	Total amount in BGN	% of the capital
Management Financial Group JSco	962 500	1.00	962 500	77%
Tsvetan Petkov Krastev	125 000	1.00	125 000	10%
Svetoslav Georgiev Radovenski	62 500	1.00	62 500	5%
Ivan Paskalev Arnaudov	50 000	1.00	50 000	4%
Apostol Ustiyanov Mushmov	25 000	1.00	25 000	2%
Antoniya Vasileva Sabeva	25 000	1.00	25 000	2%
Total capital	1 250 000	1.00	1 250 000	100%

Each share gives the right to one vote at the General Meeting of Partners, the right to dividend and liquidation quota. The right to dividend and liquidation quota is determined in proportion to the nominal value of the shares. In 2019, the Company did not acquire or transfer own shares and as at 31 December 2019 and 31 December 2018, the Company had no own shares.

OVERVIEW

In 2019, Access Finance Ltd. managed to establish its market positions against the background of increasing competition in the sector and achieved good results. As of 31 December 2019, the Company provided financing for 124,635 active credit cards (99,195 as of 31 December 2018) with an average amount of utilized funds of BGN 253 (BGN 244 as of 31 December 2018). The gross loan portfolio of the Company increased by 33% on an annual basis and reached BGN 32,299 thousand at the end of 2019 (BGN 24,344 thousand as of 31 December 2018). The Company's revenues increased by 15% on an annual basis reaching BGN 29,776 thousand, and

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the net profit increased by 56% due to the good management of the expenditure structure.

Access Finance Ltd. operates in a highly developed and competitive financial services market, which is why it is affected by price risk. Some of the Company's competitors are banking and financial institutions, which have access to cheap financial resources, providing them with an advantage in pricing of competing products.

Access Finance Ltd. manages the risk of default by customers of the amounts due on loans and interest due through developed internal rules for management of credit activities. The rules regulate the requirements for granting loans, classification of risk exposures and formation of provisions for impairment losses.

In order to manage credit risk, the Company has developed strict procedures for analysis and evaluation of potential borrowers, including scoring procedures and detailed verification of the provided data. Access Finance has in place an effective system for monitoring payments, as well as active measures for collection of receivables. Management closely monitors its exposure to this risk at each stage of the loan.

In terms of liquidity, Access Finance Ltd. maintains liquid assets (including cash on hand and cash in current accounts) at all times, sufficient to meet the demand for loans and cover current payments.

The Company does not perform activities in the field of research and development.

Detailed overview of the financial results of the Company on pages 6 - 30.

Markets

Access Finance Ltd. successfully operates on the domestic market in Bulgaria by providing unsecured credits through White Card credit card. The main users of the financial product are individuals for whom quick and easy access to finance is important.

Significant events after the end of the reporting period

There is a significant non-adjusting event related to the spread of the coronavirus pandemic (COVID-19) in Bulgaria. The disruption of normal economic activities in Bulgaria as a result of COVID-19 may adversely affect the Company's operations. Due to the unpredictable dynamics of COVID-19, it is practically impossible at this stage to make a reliable assessment and measure the potential effect of the pandemic on the Company.

For the period after the balance sheet date until the date of preparation of the separate annual financial statements, the Company has not identified other significant or adjusting events that are related to its activities in 2019 and which should be separately disclosed or require changes in the separate financial statements as at 31 December 2019.

Company's expected development and prospects

In 2020, the Company will focus on customer satisfaction in the process of servicing and using the Company's products. One of the main highlights of the Company's activities this year will be loyal customers and new credit products, initiatives and programs for their benefit are planned by the Company.

* Evian Agency Ltd. * Sofia София Агенция Евиан ЕООД

The objectives of Access Finance Ltd. include increasing activities of sales team through active systems of marketing and development of promotional schemes of the financial services offered. The future development of Access Finance Ltd. is related to business expansion by attracting new customers and establishing its leading position in the market.

Responsibilities of the management

The management of Access Finance Ltd. has prepared the Financial Statements for 2019, which give a true and fair view of the state of the Company's affairs at the end of the year and its accounting results. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

Management confirms that it has consistently applied adequate accounting policies and that the principle of prudence in assessing assets, liabilities, income and expenses is complied with when preparing the Financial Statements as at 31 December 2019.

Management also confirms that it has adhered to the applicable accounting standards, and the Financial Statements have been prepared on the going concern basis.

Management is responsible for the proper keeping of accounting records, proper management of assets and for taking the necessary measures to avoid and detect possible misuse and other irregularities.

Tsvetan Krastev	Round seal of Access Finance Ltd.	Prepared by:
Manager	*[illegible signature]*	Ivaylo Stoynov
Date: 25 April 2020		*[illegible signature]*

Evian Agency Ltd. Sofia
Агенция Евиан ЕООД София

Company letterhead of MOORE Bulgaria Audit:

(Logo) MOORE Bulgaria Audit

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INDEPENDENT AUDITOR'S REPORT

TO THE PARTNERS OF

ACCESS FINANCE LTD

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **ACCESS FINANCE LTD** ("the Company"), which comprise the statement of financial position as at 31 December 2019, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, as well as accompanying notes to the financial statements, which also contain the summarized disclosure of significant accounting policies presented from page 6 to page 35.

In our opinion, the enclosed financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial position and cash flows for the period ending on that date, in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described below in *'Auditor's responsibilities for the audit of the financial statements"* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants* of the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements under the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in the Republic of Bulgaria, and we have fulfilled our other ethical responsibilities under the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 22 'Events after the balance sheet date' to the financial statements, which discloses a material non-adjusting event related to the spread of the coronavirus pandemic (COVID-19). The disruption of normal economic activities in Bulgaria as a result of COVID-19 may adversely affect the Company's operations. Due to the unpredictable dynamics of COVID-19, it is practically impossible at this stage to make a reliable assessment and measurement of the potential effect of the pandemic. Our opinion is not modified in respect of this matter.

Information other than the financial statements and the auditor's report thereon

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Management is responsible for the other information. The other information comprises a report on the activities prepared by Management in accordance with Chapter 7 of the Accountancy Act, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless expressly stated in our report and to the extent that it is stated.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Additional issues subject to reporting based on the Accountancy Act

In addition to our responsibilities and reporting under the ISAs, in respect of the report on the activities, we have also fulfilled procedures added to those required by the ISAs, in accordance with the Guidelines of the professional organization of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA) issued on 29 November 2016 and approved by its Management Board on 29 November 2016. Those procedures relate to verifications of the form and content of such other information in order to assist us in forming an opinion as to whether the other information includes the disclosures provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in connection with Article 37, §6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

a) The information included in the report presented from pages 3 to 5 on the activities for the financial year for which the financial statements have been prepared is consistent with these financial statements.
b) The report on the activities has been prepared in compliance with the requirements of Chapter Seven of the Accountancy Act.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal controls as management determines are 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, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting based on assumption for going concern basis, unless Management either intends to liquidate the Company or to cease its operation, or has no realistic alternatives but to do so.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit 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 issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with ISAs will always detect a significant misstatement, where such exists. Misstatements may arise from a fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to have an impact on the economic decisions of users made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis (base) for our opinion. The risk of not detecting a material misstatement resulting from a fraud is higher than the risk of material misstatement resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, as well as neglecting or overriding internal controls;
- 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 controls;
- evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by Management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, on the basis of the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubts on the Company's ability to continue as a going concern. If we come to the conclusion that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements relating to that uncertainty or, in the event that those 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. Future events or conditions may, however, cause the Company to cease to continue as a going concern;
- evaluate the overall performance, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The partner responsible for the audit engagement that led to this Independent Auditor's Report is Ivan Simov.

Registered Auditor

Signature (illegible)

Ivan Simov

MOORE BULGARIA AUDIT OOD

Signature (illegible)

Stefan Nenov
Managing Partner, Registered Auditor

10 September 2020
Sofia, Bulgaria

Oval seal of Moore Bulgaria Audit OOD
Firm of Auditors, Sofia Reg. No 131

Агенция Евиан ЕООД • Evian Agency Ltd.
София
Sofia

ACCESS FINANCE LTD
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

(All amounts are presented in BGN'000)

		31 December	
		2019	**2018**
ASSETS	**Note**		
Cash	12	1,005	1,378
Receivables on trade loans	13	27,185	20,937
Trade receivables and other assets	14	11,401	7,779
Tangible fixed assets	15.1	822	74
Intangible fixed assets	15.2	12	59
Investments in subsidiaries	10	1,102	4,186
Deferred tax assets	7.1	17	14
Total assets		**41,544**	**34,427**
EQUITY			
Owners' equity and reserves			
Fixed capital	18	1,250	1,250
Retained profit	18	21,518	15,324
TOTAL EQUITY		**22,768**	**16,574**
LIABILITIES			
Current liabilities			
Liabilities on loans	11	16,473	16,808
Trade and other payables	17	1758	496
Payables to staff and social security institutions	16	514	401
Tax payables		31	148
Total current liabilities		**18,776**	**17,853**
Total liabilities		**18,776**	**17,853**
Total equity and liabilities		**41,544**	**34,427**

The financial statements from page 6 to page 35 were approved on 25 April 2020.

Manager
Tsvetan Krastev

Prepared by:
Ivaylo Stoynov

[illegible signature] Round seal of Access Finance Ltd

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Certified according to an auditor's report by: Oval seal of Moore Bulgaria Audit OOD
Firm of Auditors, Sofia Reg. No 131

Ivan Simov
Registered Auditor
10 September 2020

Агенция Евиан ЕООД * Evian Agency Ltd. * София Sofia

The accompanying notes on pages 10 to 35 shall form an integral part of these financial statements.

ACCESS FINANCE LTD
STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2019

(All amounts are presented in BGN'000)

	Note	31 December 2019	31 December 2018
Revenue from interest and penalties for non-performance of contractual obligations	3	29,776	25,970
Interest expense	9	(1,193)	(1,160)
Net interest income		**28,583**	**24,810**
Other financial income/expenses, net	8	401	(62)
Expenses on impairment of financial assets	13	(10,573)	(9,588)
Net interest income after impairment		**18,411**	**15,160**
Other revenue (net)		38	139
Expenses on materials	4	(623)	(556)
Expenses on hired services	5	(6,236)	(6,730)
Depreciation and amortization costs	15	(465)	(102)
Personnel costs	6	(3,708)	(3,135)
Other expenses		(86)	(98)
Profit/(loss) before tax		**7,331**	**4,678**
Tax expense	7	(737)	(471)
Net profit/(loss) for the period		**6,594**	**(4,207)**
Total comprehensive income for the period		**6,594**	**(4,207)**

The financial statements from page 6 to page 35 were approved on 25 April 2020.

Manager
Tsvetan Krastev

[illegible signature] Round seal of Access Finance Ltd

Prepared by:
Ivaylo Stoynov

[illegible signature]

Certified according to an auditor's report by: Oval seal of Moore Bulgaria Audit OOD
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Ivan Simov
Registered Auditor
10 September 2020

ACCESS FINANCE LTD
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2018

(All amounts are presented in BGN'000)

	Fixed capital	Retained profit/loss	Total Equity
Balance as at 1 January 2018	**1,250**	**11,417**	**12,667**
Profit for the year	-	4,207	4,207
Profit distribution	-	(300)	(300)
Balance as at 31 December 2018	**1,250**	**15,324**	**16,574**
Balance as at 1 January 2019	**1,250**	**15,324**	**16,574**
Profit for the year	-	6,594	6,594
Profit distribution	-	(400)	(400)
Balance as at 31 December 2019	**1,250**	**21,518**	**22,768**

The financial statements from page 6 to page 35 were approved on 25 April 2020.

Manager
Tsvetan Krastev

Prepared by:
Ivaylo Stoynov

[illegible signature] Round seal of Access Finance Ltd

[illegible signature]

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Ivan Simov
Registered Auditor
10 September 2020

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ACCESS FINANCE LTD
STATEMENT OF CASH FLOWS
31 DECEMBER 2019

(All amounts are presented in BGN'000)

	31 December 2019	2018
Cash flows from operating activities		
Credits repaid by customers, incl. interest repayments	147,218	110,888
Cash receipts from trade and other relationships	1,868	1,143
Credits provided to customers	(132,101)	(95,811)
Payments for assignment of receivables	-	(938)
Payments to suppliers	(7,090)	(7,328)
Payments related to staff	(3,561)	(3,043)
Tax payments	(1,107)	(1,081)
Other cash flows	(1,108)	(1,577)
Net cash flows from operating activities	**4,119**	**(2,253)**
Acquisition of fixed assets	(98)	(83)
Investment in subsidiaries	(6)	-
Loans granted	(2,150)	(3,129)
Net cash flows from investing activities	**(2,254)**	**(3,212)**
Loans received	-	4,100
Loans repaid	(1,500)	(2,400)
Dividend paid	(396)	(297)
Principal payments of finance lease obligations	(289)	-
Other	(53)	(71)
Net cash flows from financing activities	**(2,238)**	**(1,332)**
	(373)	**373**
Cash at the beginning of the year	1,378	1,005
Cash at the end of the year	**1,005**	**1,378**

The financial statements from page 6 to page 35 were approved on 25 April 2020.

Manager
Tsvetan Krastev

[illegible signature] Round seal of Access Finance Ltd

Prepared by:
Ivaylo Stoynov

[illegible signature]

Certified according to an auditor's report by: Oval seal of Moore Bulgaria Audit OOD
Firm of Auditors, Sofia Reg. No 131

Ivan Simov
Registered Auditor

10 September 2020

Агенция Евиан ЕООД * Evian Agency Ltd. * София Sofia

Notes to the financial statements

1. Business overview

COMPANY INFORMATION

ACCESS FINANCE Ltd. (the "Company") is a Limited Liability Company established on 7 November 2013 and operating in Bulgaria. The seat and registered office of the Company are located at Ivan Vazov Residential District, 1 Balsha Street, Block 9, 2nd Floor, Sofia, Bulgaria. The Company is represented and managed by the manager Tsvetan Petkov Krastev.

As of 31 December 2019, the capital of the Company amounts to BGN 1,250,000.00 divided into 1,250,000.00 shares of BGN 1.00 each as follows:

- Management Financial Group JSco	- 962,500 shares of BGN 1.00 each	- BGN 962,500.00
- Tsvetan Petkov Krastev	- 125,000 shares of BGN 1.00 each	- BGN 125,000.00
- Svetoslav Georgiev Radovenski	- 62,500 shares of BGN 1.00 each	- BGN 62,500.00
- Apostol Ustiyanov Mushmov	- 25,000 shares of BGN 1.00 each	- BGN 25,000.00
- Antoniya Vasileva Sabeva	- 25,000 shares of BGN 1.00 each	- BGN 25,000.00
- Ivan Paskalev Arnaudov	- 50,000 shares of BGN 1.00 each	- BGN 50,000.00

As of 31 December 2018, the capital of the Company is distributed as follows:

- Management Financial Group JSco	- 975,000 shares of BGN 1.00 each	- BGN 975,000.00
- Tsvetan Petkov Krastev	- 125,000 shares of BGN 1.00 each	- BGN 125,000.00
- Svetoslav Georgiev Radovenski	- 62,500 shares of BGN 1.00 each	- BGN 62,500.00
- Apostol Ustiyanov Mushmov	- 25,000 shares of BGN 1.00 each	- BGN 25,000.00
- Antoniya Vasileva Sabeva	- 25,000 shares of BGN 1.00 each	- BGN 25,000.00
- Ivan Paskalev Arnaudov	- 37,500 shares of BGN 1.00 each	- BGN 37,500.00

The number of issued ordinary shares is 1,250,000, each with a nominal value of BGN 1.00, amounting to a total amount of the share capital of BGN 1,250 thousand as of 31 December 2019. Each share gives the right to one vote at the General Meeting of Partners, the right to dividend and liquidation quota. The right to dividend and liquidation quota is determined in proportion to the nominal value of the shares. As of 31 December 2019 and 31 December 2018, the Company does not own any shares.

Access Finance Ltd. is a non-banking financial institution with a focus on microlending and credit card lending using the White Card trademark. The Company grants small unsecured loans to low-and middle-income customers.

As of 31 December 2019, the total number of staff amounts to 203 employees (31 December 2018: 177 employees).

As a parent Company, Access Finance Ltd. must prepare annual consolidated financial statements. Since Access Finance Ltd. is an intermediate parent, the Company will not prepare annual consolidated financial statements. The annual results of the Company's activities and those of

Агенция Евиан ЕООД * София * Sofia * Evian Agency Ltd.

its subsidiary will be consolidated in Management Financial Group JSco, a Company that is the ultimate parent.

2. Accounting policy

The accounting policy applied in the preparation of the financial statements is described below.

The policy has been consistently applied to all presented years, unless otherwise stated.

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union (IFRSs adopted by the EU) and IFRIC Interpretations. These financial statements have been prepared on a historical cost basis, except for the cases of revaluation of land and buildings, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) carried at fair value through profit or loss.

The preparation of financial statements in accordance with IFRSs requires the use of accounting estimates. When applying the entity's accounting policies, the Management has relied on its own judgment. The items of the financial statements, the presentation of which includes a higher degree of discretion or subjectivity, as well as those items for which the assumptions and estimates have a significant impact on the financial statements as a whole, are separately disclosed in Note 2.14.

2.1.1. Going concern principle

The Management has reasonable expectations that the Company has adequate resources to continue its operational existence in the foreseeable future. Therefore, the Company continues to adopt the going concern basis of accounting in preparing its separate financial statements.

2.1.2. Changes in accounting policies and disclosures

New and amended standards adopted by the Company

The Company applies, for the first time, the following standards and amendments to its annual reporting period beginning on 1 January 2019:

IFRS 16 Leases
Interpretation 23 Uncertainty over Income Tax Treatments
Prepayment Features with Negative Compensation - Amendments to IFRS 9
Long-term interests in Associates and Joint Ventures - Amendments to IAS 28
Annual improvements to IFRS for the period 2015-2017
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19

New standards and amendments applicable from 1 January 2019

The following standards and interpretations apply for the first time to financial reporting periods beginning on or after 1 January 2019:

IFRS 16 Leases

IFRS 16 primarily affects the accounting by lessees and results in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. Upon transition to IFRS 16, the Company has applied the modified retrospective approach in accordance with the Standard, whereby the right-of-use asset is recognised on the date of initial application (1 January 2019) in an amount equal to the lease obligation, using the current interest rate laid down in the lease contract. Comparative information on the previous period has not been restated.

The statement of comprehensive income is also affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense are replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows are higher because cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Effective date 1 January 2019. Early adoption is permitted only if IFRS 15 is adopted at the same time.

Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation discloses how to recognise and measure deferred and current tax assets and liabilities when there is uncertainty over a tax treatment. In particular:
How to determine the appropriate current account and each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty.
An entity has to assume that the taxation authority will examine the uncertain tax interpretations and will have the necessary information.
An entity is required to reflect the effect of uncertainty in its accounting on income tax where it is unlikely that taxation authorities will accept the treatment.
The impact of uncertainty should be assessed using either the most probable amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that judgments and estimates made should be re-evaluated whenever circumstances have changed or there is new information that affects the judgments.

Although there are no new disclosure requirements, entities are reminded of the general requirement to provide information on judgments and estimates made in preparing the financial statements.
Effective date 1 January 2019

Prepayment Features with Negative Compensation - Amendments to IFRS 9

The narrow-scope amendments made to IFRS 9 Financial Instruments in October 2017 enable entities to measure certain pre-payable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.

To qualify for amortised cost measurement, the negative compensation must be "reasonable compensation for early termination of the contract" and the asset must be held within a "held to collect" business model.

Effective date 1 January 2019

Long-term interests in associates and joint ventures - Amendments to IAS 28

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form a part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 Financial Instruments before applying the loss allocation and impairment requirements in IAS 28 Investments in Associates and Joint Ventures.

Effective date 1 January 2019

Annual Improvements to IFRS Standards 2015-2017 Cycle

The following improvements were finalised in December 2017:
IFRS 3 Business Combinations - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
IFRS 11 Joint Arrangements - clarified that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation.
IAS 12 Disclosure of Interest in Other Entities - it is clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
IAS 23 Borrowing Costs - clarified if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Effective date 1 January 2019

Plan Amendment, Curtailment or Settlement - Amendments to IAS 19

The amendments to IAS 19 Employee Benefits clarify the accounting for plan amendment, curtailment or settlement. They confirm that entities must:
calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
recognize any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling;
all changes in the asset ceiling are recognised separately through other comprehensive income.

Effective date 1 January 2019

Forthcoming requirements
As at 31 May 31 2019, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 31 December 2019:

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:
discounted probability-weighted cash flows;
an explicit risk adjustment;
and a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.
An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.
There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation functions.

Effective date 1 January 2021 (likely to be extended until 1 January 2022)

Definition of material - Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify: that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and the meaning of "primary users of general-purpose financial statements" to whom those financial statements are directed, by defining them as "existing and potential investors, lenders and other creditors" that must rely on general purpose financial statements for much of the financial information they need.

Effective date 1 January 2020

Definition of business - Amendments to IFRS 3
The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.
The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

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Effective date 1 January 2020

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework that will be used in standard-setting decisions with immediate effect. Key changes include:
increasing the prominence of stewardship in the objective of financial reporting,
reinstating prudence as a component of neutrality,
defining a reporting entity, which may be a legal entity, or a portion of a legal entity,
revising the definitions of an asset and a liability,
removing the probability threshold for recognition and adding guidance on derecognition,
adding guidance on different measurement basis, and
stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where the relevance or faithful representation of the financial statements would be enhanced.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework

Effective date 1 January 2020

Sale or contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28

The IASB has amended the scope of IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 'Business Combinations'). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively.

** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

2.2. Foreign currency transactions

(a) Functional and presentation currency

The individual items of the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').
The annual financial statements are presented in thousands of BGN, which is the functional and presentation currency.
The Bulgarian lev is pegged to the euro (EUR) through the currency board mechanism introduced in

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the Republic of Bulgaria as from 1 January 1999.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from revaluation of assets and liabilities denominated in foreign currencies using the closing exchange rate are generally recognised in the income statement.

Foreign exchange gains and losses that relate to receivable and cash are presented in the income statement as financial income or expense. All other foreign exchange gains and losses are presented in the income statement on a net basis within other gains/(losses).

Foreign currency monetary assets and liabilities are reported at the closing exchange rate of the BNB as at the balance sheet date.

Significant exchange rates:	**31 December 2019 BGN**	**31 December 2018 BGN**
1 US dollar is equivalent to	1.74099	1.70815
1 Euro is equivalent to	1.95583	1.95583

2.3. Financial assets

The Company classifies its financial assets within the category of loans and receivables.
Classification depends on the purpose of acquiring a financial asset. The Management determines the classification of financial assets at their initial acquisition and makes subsequent measurement of the classification at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in short-term assets, with the exception of those maturing more than 12 months after the balance sheet date, which are classified as long-term assets. Loans and receivables are included in the trade and other receivables category in the balance sheet.

2.4. Trade receivables

Trade receivables are initially recognised at fair value, and are subsequently measured at amortized cost (using the effective interest method), less any provision for impairment based on the review of balances carried out by the management at the end of each month. A provision for impairment is made in the event that there is objective evidence that the company will not be able to collect all amounts due according to the original terms in respect of the respective estimate. Significant financial difficulties, bankruptcy, late payment or non-payment on part of a customer are considered to be indicators of the existence of grounds for impairment. The amount of impairment is the difference between the Book value and the recoverable amount. The latter represents the present value of the cash flows discounted at the effective interest rate. The amount of the allowance for impairment is recognised in the income statement.
In determining the amount of impairment losses on loans, the Company makes estimates and assumptions regarding the existence of a measurable decrease in the expected future cash flows of the credit and loan portfolio (see also Note.2.8). As at 31 December 2016 and 31 December 2015,

Агенция Евиан ЕООД София * Evian Agency Ltd. * Sofia the Company applies a provisioning model that reflects the characteristics of its portfolio based on the accumulated historical information.

Accordingly, in determining the provisions, the peculiarities of two significant stages in the development of the Company and lending are taken into account. From its establishment on 7 November 2013 to 31 December 2014 and from 1 January 2015 to 31 December 2016:

- From 7 November 2013 to 31 December 2014 - market entry policy, and more aggressive lending;
- From 1 January 2015 to 31 December 2016 - stabilization of the policy, significant decline in high-risk loans granted, and improvement of scoring models for approval of borrowers.

Due to the above factors, the Company's portfolio is divided into two sub-portfolios according to the loan period, and to each of the two portfolios a provisioning approach is applied, reflecting its risk characteristics:

- **For loans activated until 31 December 2014**: based on an analysis of the behavior of recovery, the collectability on the remaining part of the loans is observed after carrying out assignments of bad debts as of the reporting date, - within 10 months in advance when applying the approach of extrapolation of the expected collectability on the already developed portfolio (see also the additional assumptions below);
- **For loans activated in the period 1 January 2015 - 31 December 2016**: the receivables curve is observed starting from the total amount due as at each first day of the month (observation point), which is compared with the payments actually received for the same loans within 12 months (see also the additional assumptions below). Only credit lines with a total amount due > 0 at the observation point are considered.

Additional assumptions:

- Based on internal analyzes, it is observed that the amounts due on loans of the Company's customers are also collected after 12 months from the observation point. Also, many of the loans that will be sold will be sold after that 12^{th} month. This is evidence that revenue received after the 10^{th} – 12^{th} month - regular payments and/or sales revenue - do not participate in their full capacity in the collectability curve, and hence in the percentage of applied provisions.

- In the models applied above, a development period of 10 months or 12 months is observed depending on whether an extrapolation approach is applied, which aims to limit the forecast period (extrapolation) or an approach of comparing actual collectability without extrapolation, in which an extended collectability period is observed within the cycle of 10-12 months.

- Total amount due as at the first day of the month - the total amount due as at the first day of the month represents the sum of all amounts due (principal, interest, fees, etc.) at this point of observation. Only active customers who have a positive obligation (i.e. total amount due > 0) are considered;

- Cash flows - collectability on a monthly basis; the received cash flows on a monthly basis according to the observation point and the amount due **at the observation point** are considered.

- multiple loans, with a higher risk profile of borrowers.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in bank accounts, other short-term highly liquid investments with original maturities of three months and less, and bank overdrafts. In the balance sheet, overdrafts are recognised as a short-term liability in the category of short-term loans.

2.6. Equity

Company shares are classified as fixed capital. The capital of the Company is presented at an amount corresponding to the one registered with the court.

2.7. Current and deferred taxes

The tax expense for the period consists of current and deferred tax. The tax is recognised in the income statement except in the case of transactions recognised directly in equity. In these cases, the tax is also recognised in equity.

The cost of the current tax recognised in the income statement is determined in accordance with the applicable tax laws in force in the country at the date of preparation of the annual financial statements.

Deferred tax is calculated using the balance sheet method, for all temporary differences appearing between the tax base of assets and liabilities and their Book value in the financial statements. However, if tax temporary differences arise from the initial recognition of an asset or liability in a transaction other than a business combination that have not affected neither accounting nor taxable profit/loss/at the time of the transaction, then that difference is not accounted for.

In calculation of deferred tax, the tax rates and regulatory framework in effect at the balance sheet date are used, which refer to periods of expected reversal of tax temporary differences.
A deferred tax asset is recognised only if it is probable that sufficient future taxable profits will be available against which those assets can be utilized.

2.8. Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method.

2.9. Recognition of revenue

Revenue includes the fair value of goods and services sold, net of value added tax and discounts granted.

The company recognises revenue when: it can be reliably measured, there is certainty that there will be future benefits for the company and the following specific conditions are met for each sale made by the company. It is not considered that a reliable valuation of the proceeds has been made when there are conditions in relation to its occurrence. Once they are removed, the revenue may be reliably measured.

Interest income

Revenue is recognised when interest is accrued using the effective interest method (EIR), the rate that most accurately discounts the expected future payments or receipts over the expected useful life of the financial instrument or a shorter period, as appropriate, to the net Book value of the financial asset or liability). Interest income is included as financial income in the statement of comprehensive income. Given the specifics of the Company's credit claims - credit card overdrafts, the effective interest rate does not differ materially from the contractual parameters.
Fees and commissions are charged at the time when the service is provided. Fees received for the

provision of services for a specified period of time are charged within that time period. Fees related to obligations for granting of loans that are most likely to be withdrawn and other credit related fees are deferred (together with any additional costs) and recognised by changing the effective interest rate of the loan.

2.10. Recognition of costs

Financial costs

The costs of interest on loans are recorded in the statement of comprehensive income for all instruments measured at amortized cost using the method of effective interest rate.

2.11. Related parties

For the purposes of these financial statements, the Company presents the partners as related parties, their subsidiaries and associated companies, officers, and close members of their families, including companies controlled by all the above persons, shall be considered and treated as related parties.

2.12. Distribution of dividends

The distribution of dividends to the partners of the Company is recognised as a liability in the financial statements of the Company in the period in which it was approved by the partners of the Company.

2.13. Significant accounting estimates and judgments

Presentation of financial statements under IFRSs requires the management to make the best estimates and reasonable assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent receivables and liabilities at the reporting date, and consequently on the value of revenue and expenses for the reporting period. Although the approximate accounting estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates.

2.14 Tangible fixed assets

Tangible fixed assets are initially measured at cost, which includes the purchase price, including duties and non-recoverable taxes, and any direct costs necessary to bring the asset to its present condition and location.

After their initial recognition, TFAs are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Assets are amortized from the date of acquisition or commissioning.

Depreciation of assets is calculated using the straight-line method to allocate the difference between the Book value and the residual value over the useful life of the assets, as follows:

- Equipment	3.33 years
- Computers and peripherals	2 years
- Vehicles	4 years
- Other TFAs	6.67 years

The residual value and useful lives of the assets are reviewed and, where appropriate, adjusted as appropriate at each financial statement date.

When the book value is higher than the recoverable amount, the tangible fixed asset is carried at its recoverable amount.

Gains and losses on the disposal of tangible fixed assets are determined by comparing the proceeds with the book value and are recognised in the income statement.

Borrowing costs are recognised as an ongoing expense.

2.15 Intangible assets

Software products are reported at historical cost. They are amortized on a straight-line basis over 2 years.

2.16. Employee benefits

The Company has an approved supplementary pension plan. Pursuant to the Labor Code, upon termination of employment, after the employee has acquired the right to retirement and old age pension, the Company is obliged to pay them a benefit equal to double the gross monthly salary at the date of termination of employment relationship. If the employee has worked for the Company for the last 10 years, the amount of the compensation shall be equal to the six-month amount of his/her gross remuneration.

The defined benefit obligation is calculated annually by independent actuaries using the unit credit method. The present value of the defined benefit obligation is determined by discounting the expected future cash outflows with interest rates on high quality government securities that have a maturity close to that of the respective liability and in the currency in which the payments are denominated.

2.17 Determination of fair value

For financial instruments that are traded in active markets, the determination of fair value is based on market prices or dealer quotes. A financial instrument is regarded as quoted in an active market if quoted prices are regularly available from an exchange, dealer, broker, company in the respective industry or a regulatory agency and these prices represent current and regularly traded transactions. If the above criteria are not met, the market is considered inactive.

For all other financial instruments, fair value is determined using valuation models. The fair values of Loans and receivables, as well as liabilities to third parties, are determined using a current value model based on contractual cash flows, taking into account credit quality, liquidity and costs; their fair value does not differ materially from their net book value. The fair values of contingent liabilities and irrevocable credit liabilities are consistent with their book values.

Financial assets and financial liabilities that have a short-term maturity (less than three months) are considered to have a book value close to their fair value. This assumption shall also apply to demand deposits and term savings deposits.

IFRS 7 Financial Instruments: Disclosures requires the notes to the financial statements to contain information about the determination of fair value in accordance with IFRS 13 "Fair Value Measurement" of financial assets and liabilities that are not presented at fair value in the statement of financial position. IFRS 13 defines a hierarchy of measurement techniques, depending on whether or not the inputs to the models can be observed. Observable inputs include market information obtained from external sources of information; unobservable inputs include assumptions and estimates of the Company.

These two types of input define the following hierarchy of fair value measurements:

• Level 1 - quotes from active markets for identical financial instruments. This includes listed equity and debt instruments

• Level 2 - inputs other than Level 1 data that can be observed directly or indirectly (i.e. can be derived from market prices).

• Level 3 - unobservable inputs/or based on external market information. This group includes instruments whose significant components cannot be observed.

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The hierarchy of measurement methods outlined above requires the use of market information whenever possible. In making the measurements, the Company takes into account the relevant observable market prices where possible.

Fair value of financial instruments:

	As at 31 December 2019		*As at 31 December 2018*	
Financial assets	*Book value*	*Fair value*	*Book value*	*Fair value*
Cash and cash equivalents	1,005	1,005	1,378	1,378
Loans and receivables	27,185	27,185	20,937	20,937
Trade and other receivables	11,401	11,401	7,779	7,779
Total assets	**39,591**	**39,591**	**30,094**	**30,094**
Financial liabilities				
Liabilities on loans	16,473	16,473	16,808	16,808
Payables to staff and social security institutions	514	514	401	401
Trade and other receivables	1,758	1,758	496	496
Total liabilities	**18,745**	**18,745**	**17,705**	**17,705**

The following table provides information about the financial instruments that require fair value disclosure in accordance with IFRS 7, allocated according to the valuation methods used as at 31 December 2019:

	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
Cash and cash equivalents	1,005	-	-	1,005
Loans and receivables	-	-	27,185	27,185
Trade and other receivables	-	-	11,401	11,401
Financial liabilities				
Liabilities on loans	-	-	16,473	16,473
Payables to staff and social security institutions	-	-	514	514
Trade and other payables	-	-	1,758	1,758

The table provides information about the financial instruments that require fair value disclosure in accordance with IFRS 7 allocated according to the valuation methods used as at 31 December 2018:

	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
Cash and cash equivalents	1,378	-	-	1,378
Loans and receivables	-	-	20,937	20,937
Trade and other receivables	-	-	7,779	7,779
Financial liabilities				
Liabilities on loans	-	-	16,808	16,808
Payables to staff and social security institutions	-	-	401	401
Trade and other payables	-	-	496	496

2.18. Lease

The Company has adopted IFRS 16 Lease. The Standard is applicable to the annual reporting periods starting on 1 January 2019 on which date the Company applied the standard for the first time. The Company has applied the exemptions relating to right-of-use assets of low value and short-term leases. Upon transition to IFRS 16, the Company applied the modified retrospective approach in accordance with the Standard, whereby a right-of-use asset is recognized at the date of initial application (1 January 2019) in an amount equal to the lease liability using the current interest rate, laid down in the contract. Comparative information for the previous period has not been recalculated.

Leases are classified as finance or operating leases, depending on the extent to which the risks and rewards of ownership of the leased asset are for the lessor or lessee. Determining whether an agreement constitutes or contains a lease is based on the nature of the agreement, after evaluating whether the implementation of the agreement depends on the use of a particular asset, and assessing whether and to what extent the agreement transfers the right to use the asset. The assessment of whether an agreement involves a lease is made at the beginning of the contract.

A reassessment of whether an agreement contains a lease after its commencement is only made if one of the following conditions is satisfied:

(a) there is a change in the contractual terms, unless the change merely renews or extends the agreement;

(b) a renewal option has been exercised or an extension of the agreement has been agreed between the parties, unless the renewal or the extension was initially included in the lease term;

(c) there is a change in determining whether performance depends on the particular asset;

(d) there is a material change in the asset, such as a material physical change;

If an agreement is revaluated and determined to contain a lease (or not contain a lease), the accounting for the lease is applied (or discontinued) from the occurrence of the change in the circumstances giving rise to the revaluation or, respectively, from the beginning of the renewal period or extension.

Leases that do not transfer all the significant risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income in proportion to the entire term of the lease. Upon termination of a lease contract prior to the expiration of the contract, an expense is recognised in the statement of comprehensive income in the amount of the penalties due to the lessor or other payments related to the termination of the contract.

Leases that transfer all significant risks and rewards of ownership of an asset are classified as finance leases. At the beginning of the lease term, the financial lease is recognised as an asset and liability in the statement of financial position in the amount equal to the fair value of the leased property at the beginning of the lease term or, if lower, the present value of the minimum lease payments determined at the beginning of the lease. Initial direct costs are added to the value recognised as an asset. The liability for future lease payments, less any financial expense for future periods, is recognised in the separate statement of financial position.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the adopted by the Company. If there is a reasonable degree of certainty that ownership will be obtained by the end of the lease term, the expected use period is equal to the useful life of the asset; otherwise, the asset shall be depreciated over the shorter of the lease term or the useful life of the asset.

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(All amounts are presented in BGN'000 unless otherwise stated)

3. Revenue

	2019	2018
Interest income on loans granted	8,786	6,885
Interest income on individually significant loans	282	643
Penalties for non-performance of contractual obligations	20,708	18,442
	29,776	**25,970**

4. Expenses on materials

Expenses on materials	623	556
	623	**556**

The major part of inventories is card plastics used in the principal activity of the Company.

5. Expenses on hired services

	2019	2018
Operating leases	2,569	3,706
Advertising and marketing	1,049	891
Telecommunication and postal costs	4	4
Office security	6	6
Insurance	151	113
Repair and technical support	60	99
Entertainment expenses and expenses unrelated to the activity	2,132	1,457
Expenses on commissions and fees	243	152
Consultancy services	22	302
Other expenses on hired services	**6,236**	**6,730**

6. Staff costs

	2019	2018
Wages and salaries	3,190	2,713
Health insurance and social security costs	518	422
	3,708	**3,135**

7. Tax costs

	2019	2018
Profit tax for the current year		
	737	471
	737	**471**

The tax on the taxable profit due by the Company differs from the theoretical amount which results using the basic tax rate as follows:

	2019	2018
Profit (Loss) before tax	7,331	4,678

The accompanying notes on pages 10 to 35 shall form an integral part of these financial statements.

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Tax at a tax rate of 10% (2018: 10%)	733	468
Effect of permanent tax differences and unrecognized tax assets	4	3
Tax due	**737**	**471**

7.1 Tax temporary differences

Temporary tax differences are offset when there is a legal right to offset short-term tax assets against short-term tax liabilities and when the tax temporary differences relate to the same tax administration.

	2019	2019
Deferred tax assets:		
- Deferred tax assets subject to recovery within 12 months		
	17	**14**

The movements of the account for tax temporary differences are as follows:

	2019	2018
At the beginning of the year:	14	11
(Expense) / Income in the income statement	3	3
At the end of the year	**17**	**14**

The movement of tax temporary differences (before offsetting amounts in the relevant tax jurisdiction) during the period is as follows:

Deferred tax assets	Unused leaves	Retirement benefit obligations	Other	Total
As at 31 December 2018	11	1	2	14
(Expense) / Income in the income statement	2	1		3
As at 31 December 2019	**13**	**2**	**2**	**17**

8. Other financial income/(expenses)

	2019	2018
Income		
Result of the sale of shares of the subsidiary – Financial Company M Cash Macedonia DOOEL Skopje	293	
Result of assignments of assigned receivables, incl. result of the assignment of an active portfolio	**160**	**9**
	453	**9**

	2019	2018
Expenses		
Expenses on foreign currency transactions	(10)	(25)
Expenses on fees and commissions	(42)	(46)
	(52)	**(71)**

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Total financial income/(expenses) net	**401**	**(62)**

9. Interest expenses	**2019**	**2018**
Loan interest	1,165	1,160
Interest on right-of-use assets	28	-
	1,193	**1,160**

10. Investments in subsidiaries

The Company owns 99.999% of Axi Finance IFN SA (Subsidiary).The subsidiary was registered in accordance with Romanian law in October 2015. The subsidiary applied for a license for a non-banking financial institution with the Romanian National Bank, which was obtained in April 2016. The total amount of the registered capital of the Company is RON 880 thousand (BGN 390 thousand).
In 2019, the investment in the subsidiary Axi Finance IFN SA was impaired from BGN 3,990 thousand to 1,096 thousand BGN.

In 2019, Access Finance Ltd. established a 100% subsidiary in Spain - Access Finance S.L. with a capital of BGN 6 thousand (EUR 3 thousand).

In 2019, Access Finance Ltd. sold 100% of its shares in M Cash Macedonia to Easy Asset Management AD. The shares had a book value of BGN 195 thousand (EUR 100 thousand) and have been sold for BGN 489 thousand (EUR 250 thousand).

As of 31 December 2018 the Company's investment in its subsidiary Axi Finance IFN SA is reported as a capital investment available-for-sale, stated at cost, and its value is equal to the BGN equivalent of the capital contribution as of the date of incorporation. As of 31 December 2018, the investment was impaired by BGN 4,970 thousand. The valuation of the investment after the impairment was BGN 3,990 thousand.
As of 31 December 2018, Access Finance Ltd. also owns 100% of M Cash Macedonia. M Cash Macedonia is a company licensed to provide unsecured non-bank loans in the Republic of Macedonia. The capital amounts to BGN 196 thousand, which is equal to EUR 100 thousand.

11. Liabilities on loans

	2019	**2018**
Easy Asset Management AD	16,473	16,808
	16,473	**16,808**

Borrowings have a fixed interest rate (9%) and are unsecured. The Company has no arrears on principal, interest and other similar liabilities as of 31 December 2019 and 31 December 2018.

12. Cash and cash equivalents

	2019	**2018**
Cash in bank accounts and cash on hand	1,005	1,378
	1,005	**1,378**

For the purposes of the cash flow statement, cash includes the following:

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	2019	2018
Cash in bank accounts	1,002	1,376
Cash on hand	3	2
	1,005	**1,378**

13. Commercial loans granted	**2019**	**2018**
Consumer credits in the form of credit card overdrafts:		
Gross receivables on principal and interest	**32,105**	**23,345**
Minus: impairment losses charged	**(4,920)**	**(3,408)**
	27,185	**20,937**

The change in impairment losses of loans of customers is as follows:

	2019	2018
At the beginning of the period:	**3,408**	**3,185**
Charged in the year on consumer loans in the form of credit card overdraft	6,949	4,618
Written off upon sale of receivables	(5,437)	(4,395)
At the end of the period	**4,920**	**3,408**

The total amount of accrued impairment costs is estimated at BGN 10,573 thousand, of which:

- BGN 6,949 thousand on consumer loans in the form of credit card overdraft;
- BGN 730 thousand on a loan granted to Axi Finance IFN SA (Romania) - a subsidiary;
- BGN 2,894 thousand on impairment of the financial investment in Axi Finance EFN SA (Romania) - a subsidiary.

14. Trade receivables and other assets

	2019	2018
Guarantees and advances	5,498	3,626
Receivables under assignment of loans and receivables	224	182
Receivables from trustees	525	308
Loans granted to group companies	4,991	3,287
Inventories	162	357
Prepaid expenses	-	14
Other	1	5
	11,401	**7,779**

A guarantee deposit for executing payment transactions in the amount of BGN 4,690 thousand (31 December 2018 – BGN 3,579 thousand) is included in the value of the provided guarantees as at 31 December 2019.

15.1. Tangible fixed assets

	Plant and equipment	**Computer equipment**	**Right-of-use assets**	**Other**	**Total**

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1 January 2018					
Book value at the beginning of the period	7	58	-	4	69
Acquired	22	38	-	-	60
Depreciation and amortization costs	(5)	(49)	-	(1)	(55)
Book value at the end of the period	**24**	**47**	**-**	**3**	**74**
As at 31 December 2018					
Carrying value	48	222	-	9	279
Accumulated depreciation	(24)	(175)	-	(6)	(205)
Book value	**24**	**47**	**-**	**3**	**74**
1 January 2019					
Book value (effect of initial application of IFRS 16 (change of accounting policy)			1,068		1,068
Total effect of IFRS 16			1,068		1,068
Book value at the beginning of the period	24	47	1,068	3	1,142
Acquired	-	98	-	-	98
Depreciation and amortization costs	(9)	(51)	(356)	(2)	(418)
Book value at the end of the period	**15**	**94**	**712**	**1**	**882**
As at 31 December 2019					
Book value	48	320	1,068	9	1,145
Accumulated depreciation	(33)	(226)	(356)	(8)	(623)
Book value	**15**	**94**	**712**	**1**	**822**

15.2. Intangible Fixed Assets

	Software products	**Total**
1 January 2018		
Book value at the beginning of the period	83	83
Acquired	22	22
Depreciation and amortization costs	(46)	(46)
Book value at the end of the period	**59**	**59**
As at 31 December 2018		
Book value	157	157
Accumulated amortization	(98)	(98)
Book value	**59**	**59**

1 January 2019

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Book value at the beginning of the period	59	59
Acquired	-	-
Depreciation and amortization costs	(47)	(47)
Book value at the end of the period	**12**	**12**
As at 31 December 2019		
Book value	157	157
Accumulated depreciation	(145)	(145)
Book value	**12**	**12**

16. Payables to staff and social security institutions

	2019	2018
Wages and salaries	229	180
Social security contributions	84	65
Unused leave and other short-term employee benefits	131	106
Provision for retirement	23	12
Income taxes on natural persons	47	38
	514	**401**

17. Payables to suppliers and other payables

	2019	2018
Payables to suppliers	978	490
Finance lease payables	779	-
Other payables	1	6
	1,758	**496**

18. Equity

Fixed capital

As of 31 December 2019, the registered capital of the Company amounts to BGN 1,250,000, divided into 1,250,000 shares, each with a nominal value of BGN 1.00 (one) and is fully paid up. As of 31 December 2019, the capital is allocated as follows:

Management Financial Group JSco	962,500 shares	77 %
Tsvetan Petkov Krastev	125,000 shares	10 %
Svetoslav Georgiev Radovenski	62,500 shares	5 %
Apostol Ustiyanov Mushmov	25,000 shares	2 %
Antoniya Vasileva Sabeva	25,000 shares	2 %
Ivan Paskalev Arnaudov	50,000 shares	4 %
	1,250,000 shares	**100%**

The Company's retained profit amounts to BGN 15,324 thousand and current profit of BGN 6,594. In 2019, Access Finance Ltd distributed dividend in the amount of BGN 400 thousand, and as at 31 December 2019, and the dividend has been paid up.

19. Financial risk management

The nature of the Company's operations requires the assumption and professional management of certain financial risks, which include their identification, measurement and management. The

Company regularly reviews its policies and risk management systems to reflect changes in markets, products and/or market practices.

The objective of the Company is to strike an appropriate balance between the risks assumed and the return received, as well as minimize the potential adverse effects on the financial results. In this context, risk is defined as the likelihood of incurring loss or loss of profit due to internal or external factors. Risk management is performed within rules and procedures approved by the Management. The Company identifies, assesses and manages financial risks in close interaction with the operating units. The Management sets the principles for overall risk control and management, as well as written policies for company-specific areas. The risks that arise in connection with financial instruments to which the Company is exposed include credit risk, liquidity risk, market risk and operational risk, as disclosed below.

19.1 Credit risk

Credit risk is related to the incurrence of financial losses due to failure to fulfill the obligations of the Company's customers, suppliers, creditors. Credit risk is primarily related to loans granted to customers by the Company.

For its internal needs, the Company uses its own models for measuring and analyzing credit risk when granting credits. These models are subjected to periodic review and comparison of their behavior as compared to the actual dimensions in order to optimize the performance of the model. These credit risk measurement procedures are part of the Company's routine operating activities.

For the purposes of calculating credit impairment, the Company applies models for determining the recoverable amount of the portfolio, as disclosed in Note 2.5.

- *Concentration of risks associated with financial instruments*

The Company's management considers that the portfolio of loans and receivables is well diversified and that there are no significant concentrations of credit risk at the individual and/or group level.
The Company's exposure to credit risk is limited to the Book value of the following financial assets:

	31 December 2019		31 December 2018	
Financial assets	**Book value**	**Maximum risk**	**Book value**	**Maximum risk**
Credits and receivables from customers	27,185	27,185	20,937	20,937
Trade and other receivables	11,401	11,401	7,779	7,779
Total	**38,586**	**38,586**	**28,716**	**28,716**

The Company did not use derivatives for credit risk management.

Amount of overdue and impaired loans and receivables	**2019**	**2018**
Measures on a portfolio basis	32,105	24,344
Impairment charged	(4,920)	(3,408)

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Total	**27,185**	**20,936**

The next table presents the gross amount of impaired loans by days of default:

Overdue loans	**2019**	**2018**
regularly repaid	26,952	20,383
from 4 to 90 days	3,405	2,552
from 91 to 360 days	1,748	1,409
	32,105	**24,344**

The majority of overdue loans over 360 days are sold and the risks on the receivables sold are transferred to the third party.

Loans granted as at 31 December 2019 and 31 December 2018 are substantially unsecured.

Loan commitments not utilized as at 31 December 2019 and 31 December 2018 by products are as follows:

	2019	**2018**
Consumer loans in the form of credit card overdrafts	35,917	27,243
Total	**35,917**	**27,243**

19.2. Market risk

The Company is exposed to market risk, which is the likelihood that the fair value or cash flows associated with financial instruments will fluctuate due to changes in market prices. Market risks arise mainly from positions in interest, foreign exchange and capital products, which are exposed to general and specific market movements and changes in the level of dynamics of market rates or prices. Due to the specificity of the Company's financial instruments, the Company is primarily exposed to interest rate risk.

- ***Interest rate risk***

Interest rate risk associated with cash flows is related to the fact that future cash flows from financial instruments are affected by changes in market interest rates. Interest rate risk associated with fair value is related to the fact that the value of a financial instrument varies due to changes in market interest rates.

The Company is exposed to both risks - related to fair value and related to cash flow. Interest margins could increase as a result of these changes, which in turn would limit potential losses for the Company caused by changes in market interest rates. The table below presents the structure of interest-bearing financial assets and liabilities of the Company:

As at 31 December 2019	*Variable interest rate*	*Fixed interest rate*	*Interest-free*	*Total*
Loans and receivables from customers	-	27,185	-	27,185
Trade and other receivables	-	-	11,401	11,401
Investment in subsidiaries	-	-	1,102	1,102

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Total assets	**-**	**27,185**	**12,503**	**39,688**

As at 31 December 2019	*Variable interest rate*	*Fixed interest rate*	*Interest-free*	*Total*
Liabilities on loans	-	16,473	-	16,473
Trade and other payables	-	-	1,758	1,758
Total liabilities	**-**	**16,473**	**1,758**	**18,231**

As at 31 December 2018	*Variable interest rate*	*Fixed interest rate*	*Interest-free*	*Total*
Loans and receivables from customers	-	20,937	-	20,937
Trade and other receivables	-	-	7,779	7,779
Investment in subsidiaries	-	-	4,816	4,186
Total assets	**-**	**20,937**	**11,965**	**32,902**

As at 31 December 2018	*Variable interest rate*	*Fixed interest rate*	*Interest-free*	*Total*
Liabilities on loans	-	16,808	-	16,808
Trade and other payables	-	-	496	496
Total liabilities	**-**	**16,808**	**496**	**17,304**

- ***Foreign exchange risk***

Exchange rate fluctuations affect the financial position and cash flows of the Company. As a result of the currency board, the Bulgarian lev is pegged to the euro at a lev to euro ratio of 1.95583 / EUR, which means that positions in that currency do not lead to significant currency risk unless the ratio is changed in the future.

19.3. Liquidity risk

Liquidity risk is related to the inability to fulfill the obligations of the Company when they become due. Net cash outflows would reduce the available cash resources, which play an important role in the Company's lending process and meeting its obligations. In certain circumstances, a lack of liquidity may result in the sale of assets or the potential inability to meet the credit commitments of pre-approved customers. The risk that the Company may not be able to meet its monetary liabilities is inherent in the activity and can be caused by a wide range of institutional-specific and market events such as mergers and acquisitions, systemic shocks and natural disasters, etc.

The Company's liquidity management involves monitoring of future cash flows. This includes maintaining a portfolio of highly liquid assets; monitoring the liquidity ratios of the statement of financial position; management of concentration and maturity structure of liabilities, etc. An analysis of the contractual maturities of financial liabilities and financial assets is carried out.

The Company has a diversified portfolio of cash and high-quality highly liquid assets to meet its current obligations.

The table below shows an analysis of assets and liabilities analyzed according to the period in which they are expected to be recovered or settled.

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	As of 31 December 2019		As of 31 December 2018	
	Up to 12 months	Over 12 months	Up to 12 months	Over 12 months
Assets				
Cash and cash equivalents	1,005	-	1,378	-
Loans and receivables from customers	27,185	-	20,936	-
Trade and other receivables	1,860	9,541	866	6,913
Investment in subsidiaries	-	1,102	-	4,186
Deferred tax assets	-	17	-	14
Total assets	**30,050**	**10,660**	**23,181**	**11,113**
Liabilities				
Liabilities on loans	-	16,473	-	16,808
Payables to staff and social security institutions	514	-	401	-
Tax payables	31	-	149	-
Trade and other payables	979	-	495	-
Financial lease payables	384	395		
Total liabilities	**1,908**	**16,868**	**1,045**	**16,808**

Due to the characteristics of credit receivables, credit in the form of credit card overdrafts, the disclosed value does not include future interest payable, and it is equal to the book value as at 31 December 2019 and 31 December 2018.

19.4. Operational risk

Operational risk is the risk of loss due to system failure, human errors, fraud or external events. When the control systems and activities in place do not prevent such events, operational risks may damage reputation, have legal or regulatory consequences, or cause financial loss to the Company. The Company does not expect to eliminate all operational risks, but seeks to manage those risks by establishing a good control environment, as well as by monitoring and managing potential risks. Control measures include effective segregation of duties, definition of access rights, authorization of transactions, and reconciliation of information from various sources, training and assessment of staff and other controls.

20. Related party transactions

The Company is related to the following persons:

Management Financial Group JSco - parent company
Axi Finance IFN SA (Romania) – subsidiary
Tsvetan Petkov Krastev - Manager
Easy Asset Management AD – company under common control
Agency for Control of Outstanding Debts LTD – company under common control

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Unless otherwise stated, related party transactions are not carried out under special conditions.

Related party transactions

i) Revenue	**2019**	**2018**
Interest revenue	282	643
Axi Finance IFN S.A.	**282**	**643**
Assigned receivables	1,285	970
Agency for Control of Outstanding Debts LTD	**1,285**	**970**
Shares sold		
Easy Asset Management AD	489	-
	489	-
ii) Costs		
Interest costs	1,165	1,160
Easy Asset Management AD	**1.165**	**1,160**
Received services		
Easy Asset Management AD	1,099	-
	1,099	-
Impairment		
Axi Finance IFN S.A. – impairment of investments in subsidiary	2,894	
Axi Finance IFN S.A. – impairment on a loan granted	730	-
	3,624	-
iii) Loan granted	**2019**	**2018**
Axi Finance IFN S.A.	4,992	3,287
	4,992	**3,287**
iv) Trade and other receivables		
Agency for Control of Outstanding Debts LTD – receivables under assigned credits	225	182
Easy Payment Services LTD - prepayment	750	-
Easy Payment Services LTD - provided guarantee deposit	1015	-
	1,990	**182**
v) Trade and other payables		
Easy Payment Services LTD - payable for received services	17	-
Easy Payment Services LTD - utilized credits on credit cards	166	-
Agency for Control of Outstanding Debts LTD – amounts received on assigned credits	1	-

	184	**-**
Received funding		
Easy Asset Management AD	16,473	16,808
	16,473	**16,808**

The remuneration of the key executives for 2019 amounted to BGN 178 thousand (2018 - BGN 146 thousand).

21. Contingent liabilities

The tax authorities may at any time carry out audits on accounting documents and entries for five tax periods starting from the tax period following the year of issuance of the respective accounting documents.

The Company's management has no information about any circumstances that could lead to potential tax liabilities of a significant amount.

22. Events occurring after the balance sheet date

There is a significant non-adjusting event related to the spread of the coronavirus pandemic (COVID-19) in Bulgaria. The disruption of normal economic activities in Bulgaria as a result of COVID-19 may adversely affect the Company's operations. Due to the unpredictable dynamics of COVID-19, it is practically impossible at this stage to make a reliable assessment and measure the potential effect of the pandemic on the Company.

For the period after the balance sheet date until the date of preparation of the separate annual financial statements, the Company has not identified other significant or adjusting events that are related to its activities in 2019 and which should be separately disclosed or require changes in the separate financial statements as at 31 December 2019.

I, the undersigned Eva Valerieva Angelova, hereby certify that I have accurately translated the attached document, Annual Financial Statements for 2019 of Access Finance Ltd, from Bulgarian into English. The translation consists of 38 (thirty-eight) pages.

Translator:
Eva Valerieva Angelova

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