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Translation from Bulgarian

ACCESS FINANCE LTD

Separate Financial Statements

for the year ended 31 December 2020



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Contents of the Separate Financial Statements

	Page
Annual Report on the Activities	1-3
Auditor's Report	
Separate Statement of Financial Position	4
Separate Statement of Comprehensive Income	5
Separate Statement of Changes in Equity	6
Separate Cash Flow Statement	7
Notes to the Separate Financial Statements	8-32



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ACCESS FINANCE LTD
SEPARATE REPORT ON THE ACTIVITIES
31 DECEMBER 2020

Management presents its Annual Financial Statements as at 31 December 2020 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 in Romania and has no branches.

As of 31 December 2020, the total number of staff amounted to 223 employees (31 December 2019: 203 employees).

As of 31 December 2020, the capital of the Company amounted to BGN 1 270 000.00 divided into 1 270 000.00 shares of BGN 1.00 each as follows:

Partner	Number of shares	Amount of a share in BGN	Total amount in BGN	% of the capital
Management Financial Group JSco	958 750	1.00	958 750	75,49%
Tsvetan Petkov Krastev	125 000	1.00	125 000	9,84%
Svetoslav Georgiev Radovenski	62 500	1.00	62 500	4,92%
Ivan Paskalev Arnaudov	62 500	1.00	62 500	4,92%
Apostol Ustiyarov Mushmov	26 250	1.00	26 250	2,07%
Antoniya Vasileva Sabeva	25 000	1.00	25 000	1,97%
Angel Vasilev Madzhirov	1 250	1.00	1 250	0,10%
Ivelina Tskanova Kavurska	1 250	1.00	1 250	0,10%
Petar Blagovestov Damyanov	1 250	1.00	1 250	0,10%
Filip Georgiev Kadiyski	1 250	1.00	1 250	0,10%
Dimiter Alexandrov Prodanski	1 250	1.00	1 250	0,10%
Blagovest Yordanov Vitanov	625	1.00	625	0,05%
Maria Stavreva Velkova	625	1.00	625	0,05%
Pravda Georgieva Baremova	625	1.00	625	0,05%
Radostin Yuriyev Bogdanov	625	1.00	625	0,05%
Martin Staykov Yanev	625	1.00	625	0,05%
Gergana Milkova Dimitrova	625	1.00	625	0,05%
Total capital	1 270 000	1.00	1 270 000	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 2020, the Company did not acquire or transfer own shares and



ACCESS FINANCE LTD
SEPARATE REPORT ON THE ACTIVITIES
31 DECEMBER 2020

as at 31 December 2020 and 31 December 2019, the Company had no own shares.

OVERVIEW

In 2020, Access Finance Ltd. managed to establish its market positions against the background of increasing competition in the sector and achieved good results. As at 31 December 2020, the Company provided financing for 139 692 active credit cards (BGN 124 635 as at 31 December 2019) with an average amount of utilized funds of BGN 240. (BGN 253 лв. as at 31 December 2019). The gross loan portfolio of the Company increased by 15% on an annual basis and reached BGN 36 851 thousand at the end of 2020 (BGN 32 105 thousand as at 31 December 2019). The Company's revenues increased by 7% on an annual basis reaching BGN 31 847 thousand, and the net profit increased by 2% due to the good management of the expenditure structure.

In 2020, the Company operates in the context of a global coronavirus pandemic (COVID-19). During the year, the pandemic did not have significant negative effects on the Company. The Company does not expect the pandemic to have significant negative consequences in 2021.

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 credit risk management. 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 credit process.

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 is available 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

For the period after the balance sheet date until the date of preparation of the annual financial statements, the Company has not identified other significant or adjusting events that are related to its activities in 2020 and which should be separately disclosed or require changes in the financial statements as at 31 December 2020.



ACCESS FINANCE LTD
SEPARATE REPORT ON THE ACTIVITIES
31 DECEMBER 2020

Company's expected development and prospects

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

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 2020 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 2020.

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
Manager

Ivaylo Stoynov
Preparer
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Date: 26 April 2021



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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 separate statement of financial position as at 31 December 2020, separate statement of comprehensive income, separate statement of changes in equity and separate 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 4 to page 32.

In our opinion, the enclosed financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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 EU.

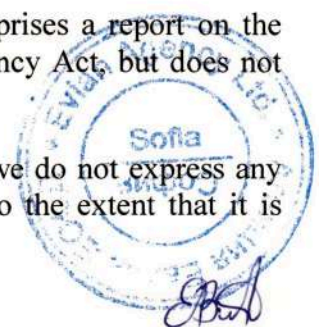
Basis for opinion

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.

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

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 separate 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.

Report on other legal and regulatory requirements

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 Guidelines on New and Extended Auditor's Reports and Communication by an Auditor of the professional organization of certified public accountants and registered auditors in Bulgaria – the Institute of Certified Public Accountants (ICPA). 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 1 to 3 on the activities for the financial year for which the financial statements have been prepared is consistent with the 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

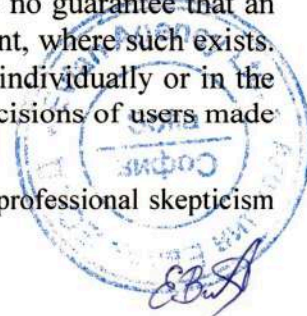
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal controls as management determines are necessary to enable the preparation of financial statements 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 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

MOORE BULGARIA AUDIT OOD

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Signature (illegible)

Ivan Simov
Managing Partner, Registered Auditor

Stefan Nenov

6 July 2021
Sofia, Bulgaria

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Firm of Auditors, Sofia, Reg. No 131



ACCESS FINANCE LTD
SEPARATE STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2020

(All amounts are presented in BGN'000)

	Note	31 December	
		2020	2019
ASSETS			
Cash	12	951	1,005
Receivables on trade loans	13	31,295	27,185
Trade receivables and other assets	14	5,425	11,401
Tangible fixed assets	15.1	499	822
Intangible fixed assets	15.2	19	12
Investments in subsidiaries	10	3,652	1,102
Deferred tax assets	7.1	19	17
Total assets		41,860	41,544
EQUITY			
Owners' equity and reserves			
Fixed capital	18	1,270	1,250
Retained profit	18	27,738	21,518
TOTAL EQUITY		29,008	22,768
LIABILITIES			
Current liabilities			
Loan payables	11	9,425	16,473
Trade and other payables	17	2,026	1,758
Payables to staff and social security institutions	16	610	514
Tax payables		791	31
Total current liabilities		12,852	18,776
Total liabilities		12,852	18,776
Total equity and liabilities		41,860	41,544

The financial statements from page 4 to page 32 were approved on 26 April 2021.

Manager

Tsvetan Krastev

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Round seal of Access Finance Ltd

Certified according to an auditor's report by:

Prepared by

Ivaylo Stoynov

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Ivan Simov

Registered Auditor

6 July 2021

Oval seal of Moore Bulgaria Audit

OOD

Firm of Auditors, Sofia Reg. No

131



The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.

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ACCESS FINANCE LTD
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2020

(All amounts are presented in BGN'000)

	Note	31 December	
		2020	2019
Revenue from interest and penalties for non-performance of contractual obligations	3	31.847	29,776
Interest expense	9	(870)	(1,193)
Net interest income		30.977	28,583
Other financial income/expenses, net	8	649	401
Expenses on impairment of financial assets	13	(12.042)	(10,573)
Net interest income after impairment		19.584	18,411
Other revenue (net)		543	38
Expenses on materials	4	(795)	(623)
Expenses on external services	5	(7.124)	(6,236)
Depreciation and amortization costs	15	(441)	(465)
Personnel costs	6	(4.295)	(3,708)
Other expenses		(5)	(86)
Profit/(loss) before tax		7.467	7,331
Tax expense	7	(747)	(737)
Net profit for the period		6.720	6,594
Total comprehensive income		6.720	6,594

The financial statements from page 4 to page 32 were approved on 26 April 2021.

Manager

[illegible signature]

Tsvetan Krastev

Prepared by

[illegible signature]

Ivaylo Stoynov

Certified according to an auditor's report by:

[illegible signature]

Ivan Simov

Registered Auditor

6 July 2021

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OOD

Firm of Auditors, Sofia Reg. No

131



The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.

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ACCESS FINANCE LTD
SEPARATE STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2020

(All amounts are presented in BGN'000)

	Fixed capital	Retained profit/loss	Total equity
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
Balance as at 1 January 2020	1,250	21,518	22,768
Profit for the year	-	6.720	6.720
Profit distribution	-	(500)	(500)
Capital increase	20	-	20
Balance as at 31 December 2020	1,270	27,738	29.008

The financial statements from page 4 to page 32 were approved on 26 April 2021.

Manager

[illegible signature]

Tsvetan Krastev

Prepared by

[illegible signature]

Ivaylo Stoynov

Certified according to an auditor's report by:

[illegible signature]

Ivan Simov

Registered Auditor

6 July 2021

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ACCESS FINANCE LTD
SEPARATE STATEMENT OF CASH FLOWS
31 DECEMBER 2020

(All amounts are presented in BGN'000)

	31 December	
	2020	2019
Cash flows from operating activities		
Credits repaid by customers, incl. interest repayments	167,339	147,218
Cash receipts from trade and other relationships	1,650	1,868
Credits provided to customers	(148,750)	(132,101)
Payments to suppliers	(7,292)	(7,090)
Payments related to staff	(4,168)	(3,561)
Tax payments	(278)	(1,107)
Other cash flows	1,996	(1,108)
Net cash flows from operating activities	10,497	4,119
Acquisition of fixed assets	(125)	(98)
Investment in subsidiaries		(6)
Loans granted	(1,560)	(2,150)
Net cash flows from investing activities	(1,685)	(2,254)
Capital increase	20	-
Loans received	300	-
Loans repaid	(8,200)	(1,500)
Dividend paid	(494)	(396)
Principal payments of finance lease obligations	(416)	(289)
Other	(76)	(53)
Net cash flows from financing activities	(8,866)	(2,238)
	(54)	(373)
Cash at the beginning of the year	1,005	1,378
Cash at the end of the year	951	1,005

The financial statements from page 4 to page 32 were approved on 26 April 2021.

Manager
[illegible signature]
Tsvetan Krastev

Prepared by
[illegible signature]
Ivaylo Stoynov

Certified according to an auditor's report by:

[illegible signature]
Ivan Simov
Registered Auditor
6 July 2021

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The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.

ACCESS FINANCE LTD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2020

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 2020, the capital of the Company amounts to BGN 1 270 000.00 divided into 1 270 000 shares of BGN 1.00 each as follows:

- Management Financial Group JSco	- 958 750 shares of BGN 1.00 each	- BGN 958 750.00
- 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
- Ivan Paskalev Arnaudov	- 62,500 shares of BGN 1.00 each	- BGN 62,500.00
- Apostol Ustiyarov Mushmov	- 26, 250 shares of BGN 1.00 each	- BGN 26, 250
- Antoniya Vasileva Sabeva	- 25,000 shares of BGN 1.00 each	- BGN 25,000
- Angel Vasilev Madzhirov	- 1 250 shares of BGN 1.00 each	- BGN 1 250
- Ivelina Tsankova Kavurska	- 1 250 shares of BGN 1.00 each	- BGN 1 250
- Petar Blagovestov Damyanov	- 1 250 shares of BGN 1.00 each	- BGN 1 250
- Filip Georgiev Kadiyski	- 1 250 shares of BGN 1.00 each	- BGN 1 250
- Dimiter Alexandrov Prodanski	- 1 250 shares of BGN 1.00 each	- BGN 1 250
- Blagovest Yordanov Vitanov	- 625 shares of BGN 1.00 each	- BGN 625
- Maria Stavreva Velkova	- 625 shares of BGN 1.00 each	- BGN 625
- Pravda Georgieva Baremova	- 625 shares of BGN 1.00 each	- BGN 625
- Radostin Yuriyev Bogdanov	- 625 shares of BGN 1.00 each	- BGN 625
- Martin Staykov Yanev	- 625 shares of BGN 1.00 each	- BGN 625
- Gergana Milkova Dimitrova	- 625 shares of BGN 1.00 each	- BGN 625

As of 31 December 2019, the capital of the Company is distributed 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 Ustiyarov 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

The number of issued ordinary shares is 1 270 000, each with a nominal value of BGN 1.00, amounting to a total amount of the share capital of BGN 1,270 thousand as of 31 December 2020. 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 at 31 December 2020 and 31 December 2019, the Company did 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 at 31 December 2020, the total number of staff amounted to 223 employees (31 December 2019: 203)

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



employees).

In accordance with the requirements of IFRS 10 'Consolidated Financial Statements', the Company also prepares consolidated financial statements, which due to the pandemic related to COVID - 19, will be prepared by the end of August 2021.

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 years presented, unless explicitly stated otherwise.

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 assumption

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 2020:

- *Definition of Material - amendments to IAS 1 and IAS 8*
- *Definition of a Business - amendments to IFRS 3*
- *Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7*
- *Revised Conceptual Framework for Financial Reporting*

a) **New standards and amendments applicable from 1 January 2020**

The following standards and interpretations apply for the first time to financial reporting periods beginning on or after 1 January 2020:

- *Definition of Material - amendments to IAS 1 and IAS 8*

The IASB has amended IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



ACCESS FINANCE LTD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2020

in Accounting Estimates and Errors' to use a uniform definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarifying when information is material and included guidance in IAS 1 on irrelevant information.

In particular, the amendments clarify:

- that the reference to obscuring information applies to situations where the effect is similar to the omission or misstatement of that information and that the entity assesses materiality in the light of the financial statements as a whole; and
- that 'primary users of financial statements for general use' mean those to whom the financial statements are addressed and include 'many current and potential investors, lenders and other creditors' who must rely on general purpose financial statements for the most part of the financial information they need.

Effective date 1 January 2020

- **Definition of a 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 changes are likely to result in more acquisitions, which are reported as asset acquisitions.

Effective date 1 January 2020

- **Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7**

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments ('IFRS 9') and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the comprehensive nature of hedging, including IBOR-based contracts, the benefits will affect businesses in all industries.

Effective date 1 January 2020

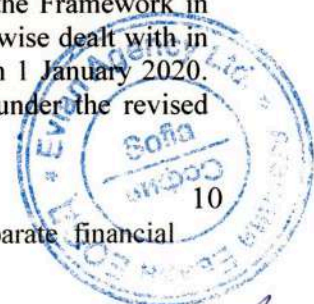
- **Revised Conceptual Framework for Financial Reporting**

The IASB has issued a revised Conceptual Framework which 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 an 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 reclassified where this enhances the relevance or faithful representation of the financial statements.

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

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



EBA

ACCESS FINANCE LTD

NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2020

Effective date 1 January 2020

b) Forthcoming requirements

The following standards and interpretations were issued as at 31 May 2020, but they are not mandatory for the annual reporting periods ending on 31 December 2020:

- ***Covid-19-Related Rent Concessions – amendment to IFRS 16***

As a result of the COVID-19 pandemic, lessees were granted rent concessions. Such concessions may be of various types, including payment holidays and deferral of lease payments. In May 2020, the IASB amended IFRS 16 Leases, which allows lessees to treat qualifying rents concessions in the same way as they would if they were not modifications to the lease. In many cases, this will result in reporting of concessions as variable lease payments in the period in which they are granted.

Entities applying practical expediency shall disclose that fact, whether or not it has been applied to all rent concessions, information on the nature of the contracts to which it is applied and the amount recognized in profit or loss arising from rent concessions.

Effective date 1 June 2020

- ***Classification of liabilities as current or non-current - Amendments to IAS 1***

The narrow-scope amendments to IAS 1, 'Presentation of Financial Statements,' clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant).

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors.'

In May 2020, the IASB published a draft exposure proposing to postpone the effective date of the amendments to 1 January 2023.

Effective date 1 January 2023

- ***Property, plant and equipment: Proceeds before Intended Use - Amendments to IAS 16***

The amendment to IAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity prepares the asset for its intended use. It also clarifies that the entity 'tests whether the asset is properly operating'; where assessing the technical and physical characteristics of the asset. The financial performance of the asset is not relevant to such assessment.

Entities must separately disclose the amounts of income and expenses related to manufactured items that are not the result of the enterprise's ordinary activities.

Effective date 1 January 2022.

- ***Reference to the Conceptual Framework - Amendments to IFRS 3***

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception to the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 'Taxes'. The amendments also confirm that contingent assets should not be recognized at the acquisition date.

Effective date 1 January 2022

- ***Onerous Contracts - Cost of Fulfilling a Contract - amendments to IAS 37***

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



ACCESS FINANCE LTD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2020

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Effective date 1 January 2022

- *Annual Improvements to IFRS Standards 2018–2020 Cycle*

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities
- IFRS 16 Leases - amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of IFRS - allows entities that have measured their assets and liabilities at the carrying amounts recorded in the books of the parent entity to also measure any cumulative foreign exchange differences using the amounts reported by the parent . This amendment will also apply to associates and joint ventures that have undertaken the same exemption under IFRS 1
- IAS 41 Agriculture - abolishment of the requirement for entities to exclude tax cash flows when measuring fair value under IAS 41. This amendment seeks to bring it into line with the requirement in the standard for discounting cash flows on a post-tax basis.

Effective date 1 January 2022 r.

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28*

The IASB has made amendments to 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 non-monetary assets sold or contributed to an associate or joint venture constitutes a business (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognize 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 recognized by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

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

2.2 Foreign currency transactions

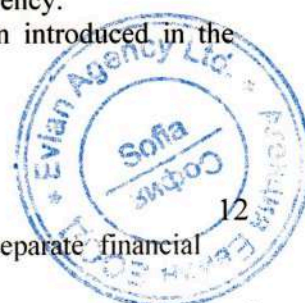
(a) *Functional and presentation currency*

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 the Republic of Bulgaria as from 1 January 1999.

(b) *Transactions and balances*

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



EB

ACCESS FINANCE LTD

NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2020

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing 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 as 'other (losses)/gains – net'.

Monetary assets and liabilities denominated in foreign currencies are reported at the closing exchange rate of the BNB as at the balance sheet date.

Significant exchange rates:

	31 December 2020	31 December 2019
	BGN	BGN
1 US dollar is equivalent to	1.59386	1.74099
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

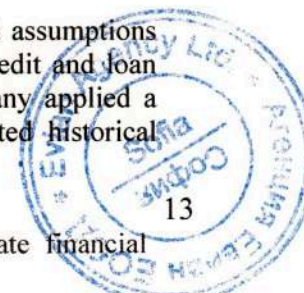
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in short-term assets, with the exception of those maturing more than 12 months after the balance sheet date, which are classified as long-term assets. 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, the Company applied a provisioning model that reflects the characteristics of its portfolio based on the accumulated historical information.

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



ACCESS FINANCE LTD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2020

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 12th month. This is evidence that revenue received after the 10th - 12th 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

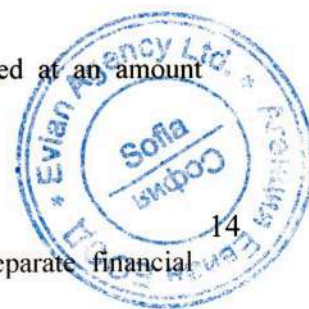
Cash and cash equivalents include cash on hand and cash in bank accounts, other short-term highly liquid investments with original maturities of three months and less, and bank overdrafts. In the balance sheet, overdrafts are recognised as a short-term liability in the category of short-term loans.

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 accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



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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 temporary tax 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 temporary tax 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 receivables - 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

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



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 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

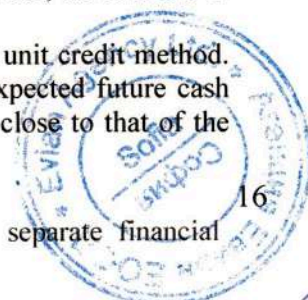
Software products are reported at historical cost. They are amortized on a straight-line basis over 2 years.

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.

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



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ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

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 include 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:

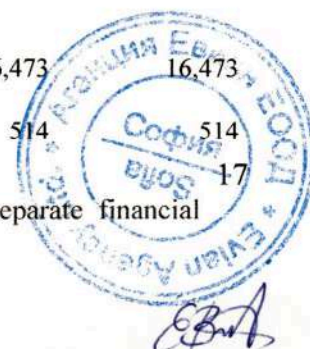
- Level 1 - quotes from active markets for identical financial instruments. This includes listed equity and debt instruments
- Level 2 - inputs other than Level 1 data that can be observed directly or indirectly (i.e. can be derived from market prices).
- Level 3 - unobservable inputs/or based on external market information. This group includes instruments whose significant components cannot be observed.

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:

	2020		2019	
	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
Financial assets				
Cash and cash equivalents	951	951	1,005	1,005
Loans and receivables	31,295	31,295	27,185	27,185
Trade and other receivables	5,425	5,425	11,401	11,401
Total assets	37,671	37,671	39,591	39,591
Financial liabilities				
Loan payables	9,425	9,425	16,473	16,473
Payables to staff and social security institutions	610	610	514	514

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

Trade and other payables	2,026	2,026	1,758	1,758
Total liabilities	12,061	12,061	18,745	18,745

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 2020:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Financial assets				
Cash and cash equivalents	951	-	-	951
Loans and receivables	-	-	31,295	31,295
Trade and other receivables	-	-	5,425	5,425
Financial liabilities				
Loan payables	-	-	9,425	9,425
Payables to staff and social security institutions	-	-	610	610
Trade and other payables	-	-	2,026	2,026

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 2019:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
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				
Loan payables	-	-	16,473	16,473
Payables to staff and social security institutions	-	-	514	514
Trade and other payables	-	-	1,758	1,758



The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.

EBA

ACCESS FINANCE LTD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2020

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, with the right-of-use assets being recognised as an expense at the date of initial registration at an amount equal to the lease liability, using the current interest rate set in 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 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 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.

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



BA

ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

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

3. Interest income and penalties for non-performance of contractual obligations

	2020	2019
Interest income on loans granted	10,191	8,786
Interest income on individually significant loans	449	282
Penalties for non-performance of contractual obligations	21,207	20,708
	31,847	29,776

4. Expenses on materials

Expenses on materials	795	623
	795	623

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

5. Expenses on external services

	2020	2019
Advertising and marketing	2,551	2,569
Telecommunication and postal costs	1,622	1,049
Office security	5	4
Insurance	7	6
Repair and technical support	163	151
Entertainment expenses and expenses unrelated to the activity	28	60
Expenses on commissions and fees	2,337	2,132
Consultancy services	271	243
Other expenses on hired services	140	22
	7,124	6,236

6. Staff costs

	2020	2019
Wages and salaries	3,684	3,190
Health insurance and social security costs	611	518
	4,295	3,708

7. Tax costs

	2020	2019
Profit tax for the current year	747	737
	747	737

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

	2020	2019
Profit (Loss) before tax	7,467	7,331
Expected income tax expense at a tax rate of 10% (2019: 10%)	747	733
Expenses not recognized for tax purposes	65	68
Non-taxable income	(63)	(61)
Current income tax (expenses) revenues	749	740
Deferred tax (expenses)/revenues:	(2)	(3)
Income tax expenses	747	737

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

7.1 **Temporary tax 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 temporary tax differences relate to the same tax administration.

	2020	2019
Deferred tax assets:		
Deferred tax assets subject to recovery within 12 months	19	17

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

	2020	2019
At the beginning of the year:	17	14
(Expense) / Income in the income statement	2	3
At the end of the year	19	17

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

	Unused leaves	Retirement benefit obligations	Other	Total
Deferred tax assets				
As at 31 December 2019	13	2	2	17
(Expense) / income in the income statement	1	2	(1)	2
As at 31 December 2020	14	4	1	19

8. **Other financial income/(expenses)**

	2020	2019
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	727	160
	727	453
Expenses		
Expenses on foreign currency transactions	(9)	(10)
Expenses on fees and commissions	(69)	(42)
	(78)	(52)
Total financial income/(expenses) net	649	401

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



9. Interest expenses

	2020	2019
Loan interest	852	1,165
Interest on right-of-use assets	18	28
	870	1,193

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.

As at 1 January 2020, the total amount of investment was BGN 1,096 thousand. During the year, the investment was increased by BGN 2,570 thousand. In addition, as at 31 December 2020, the investment in Axi Finance IFN SA was impaired by BGN 20 thousand.

As at 31 December 2020, the investment in Axi Finance IFN SA amounted to BGN 3,646 thousand.

The Company also owns 100% of Access Finance S.L. – Spain. The Subsidiary is established under the Spanish laws and carries out activities in granting unsecured loans by a credit card.

As at 1 January 2020, the capital of Access Finance S.L. – Spain amounted to BGN 6 thousand. As at 31 December 2020, the investment in Access Finance S.L. – Spain was not changed and amounted to BGN 6 thousand.

11. Loan payables

	2020	2019
Easy Asset Management AD	9,425	16,473
	9,425	16,473

Borrowings have a fixed interest rate (9%) and are unsecured. As at 31 December 2020 and 31 December 2019, the Company had no overdue principal, interest and other similar liabilities.

12. Cash and cash equivalents

	2020	2019
Cash in bank accounts and cash on hand	951	1,005
	951	1,005

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

	2020	2019
Cash in bank accounts	949	1,002
Cash on hand	2	3

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

	951	1,005
13. Commercial loans granted	2020	2019
Consumer credits in the form of credit card overdrafts:		
Gross receivables on principal and interest	36,851	32,105
Minus: impairment losses charged	(5,556)	(4,920)
	31,295	27,185

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

	2020	2019
At the beginning of the period	4,920	3,408
Charged in the year on consumer loans in the form of credit card overdraft	8,217	6,949
Written off upon sale of receivables	(7,581)	(5,437)
At the end of the period	5,556	4,920

The total amount of accrued impairment costs is estimated at BGN 12,042 thousand out of which:

- BGN 8,217 thousand on consumer loans in the form of credit card overdraft;
- BGN 3,100 thousand on a loan granted to Axi Finance IFN SA (Romania) - a subsidiary;
- BGN 705 thousand on a loan granted to Access Finance IFN SL (Spain) – a subsidiary.
- BGN 20 thousand on impairment of investment to Axi Finance IFN SA (Romania) - a subsidiary ;

14. Trade receivables and other assets

	2020	2019
Receivables from customers	428	
Guarantees and advances	3,083	5,498
Receivables under assignment of loans and receivables	355	224
Receivables from trustees	745	525
Loans granted to group companies	626	4,991
Inventories	125	162
Other	63	1
	5,425	11,401

A guarantee deposit for executing payment transactions in the amount of BGN 2,694 thousand (31 December 2019 – BGN 4,690 thousand) is included in the value of the provided guarantees as at 31 December 2020.

15.1. Tangible fixed assets

	Plant and equipment	Computer equipment	Right-of- use assets	Other	Total
1 January 2019					
Book value (effect of initial application of IFRS 16 (change of			1,068		

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

accounting policy)					
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	822
As at 31 December 2019					
Book value	48	320	1,068	9	1,445
Accumulated depreciation	(33)	(226)	(356)	(8)	(623)
Book value	15	94	712	1	822
1 January 2020					
Book value at the beginning of the period	15	94	712	1	822
Acquired	63	71	-	6	140
Written off in the period (at book value)	-	(1)	(33)	-	(34)
Depreciation and amortization costs	(23)	(65)	(339)	(2)	(429)
Book value at the end of the period	55	99	340	5	499
As at 31 December 2020					
Book value	111	388	1,035	15	1,549
Accumulated amortization	(56)	(289)	(695)	(10)	(1,050)
Book value	55	99	340	5	499

15.2. Intangible fixed assets

	Software products and licenses	Total
1 January 2019		
Book value at the beginning of the period	59	59
Acquired	-	-
Amortization costs	(47)	(47)
Book value at the end of the period	12	12

As at 31 December 2019

Book value	157
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The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



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ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

Accumulated amortization	(145)	(145)
Book value	12	12
1 January 2020		
Book value at the beginning of the period	12	12
Acquired	19	19
Amortization costs	(12)	(12)
Book value at the end of the period	19	19
As at 31 December 2020		
Book value	176	176
Accumulated amortization	(157)	(157)
Book value	19	19

16. Payables to staff and social security institutions

	2020	2019
Wages and salaries	280	229
Social security contributions	101	84
Unused leave and other short-term employee benefits	137	131
Provision for retirement	36	23
Income taxes on natural persons	56	47
	610	514

17. Payables to suppliers and other payables

	2020	2019
Payables to suppliers	1.630	978
Finance lease payables	395	779
Other payables	1	1
	2.026	1,758

18. Equity

Fixed capital

On 30 October 2020 an increase of BGN 20 thousand of the registered capital was entered into the Commercial Register and its total amount is BGN 1 270 thousand. The increase was carried out by issuing BGN 20 thousand of new company shares of BGN 1.00 each.

As at 31 December 2020, the registered capital of the Company amounted to BGN 1, 270, 000, divided into 1 270 000 shares, each with a nominal value of BGN 1.00 (one) and was fully paid up. As at 31 December 2020, the capital was allocated as follows:

Management Financial Group JSco	958 750 дяла
Tsvetan Petkov Krastev	125 000 shares
Svetoslav Georgiev Radovenski	62 500 shares
Ivan Paskalev Arnaudov	62 500 shares
Apostol Ustiyarov Mushmov	26 250 shares



The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.

GA

ACCESS FINANCE LTD

NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS

31 DECEMBER 2020

Antoniya Vasileva Sabeva	25 000 shares	1,97%
Angel Vasilev Madzhirov	1 250 shares	0,10%
Ivelina Tskanova Kavurska	1 250 shares	0,10%
Petar Blagovestov Damyanov	1 250 shares	0,10%
Filip Georgiev Kadiyski	1 250 shares	0,10%
Dimiter Alexandrov Prodanski	1 250 shares	0,10%
Blagovest Yordanov Vitanov	625 shares	0,05%
Maria Stavreva Velkova	625 shares	0,05%
Pravda Georgieva Baremova	625 shares	0,05%
Radostin Yuriyev Bogdanov	625 shares	0,05%
Martin Staykov Yanev	625 shares	0,05%
Gergana Milkova Dimitrova	625 shares	0,05%
	1 270 000 shares	100%

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

Management Financial Group	962 500 shares	77%
JScO		
Tsvetan Petkov Krastev	125 000 shares	10%
Svetoslav Georgiev Radovenski	62 500 shares	5%
Apostol Ustiyarov 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 21,018 thousand and current profit of BGN 6,720 thousand. In 2020, Access Finance Ltd distributed dividend in the amount of BGN 500 and as at 31 December 2020, the dividend was paid.

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.

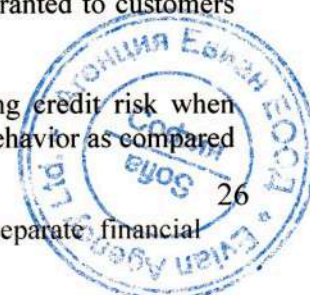
The objective of the Company is to strike an appropriate balance between the risks assumed and the return received, as well as minimize the potential adverse effects on the financial results. In this context, risk is defined as the likelihood of incurring loss or loss of profit due to internal or external 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 and 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

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



26
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ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

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:

Financial assets	31 December 2020		31 December 2019	
	Book value	Maximum risk	Book value	Maximum risk
Credits and receivables from customers	31.295	31.295	27,185	27,185
Trade and other receivables	5.425	5.425	11,401	11,401
Total	36.720	36.720	38,586	38,586

The Company did not use derivatives for credit risk management.

Amount of overdue and impaired loans and receivables:	2020	2019
Measured on a portfolio basis	36.851	32,105
Impairment charged	(5.556)	(4,920)
Total	31.295	27,185

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

Overdue loans	2020	2019
regularly repaid	31,125	26,952
from 4 to 90 days	3,518	3,405
from 91 to 360 days	2,208	1,748
	36,851	32,105

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 2020 and 31 December 2019 are substantially unsecured.

Loan commitments not utilized as at 31 December 2020 and 31 December 2019 by products are as follows::

	2020	2019
Consumer loans in the form of credit card overdrafts	36,065	35,917
Total	36,065	35,917

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



27
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ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

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:

	<i>Variable interest rate</i>	<i>Fixed interest rate</i>	<i>Interest-free</i>	<i>Total</i>
As at 31 December 2020				
Loans and receivables from customers	-	31.295	-	31.295
Trade and other receivables	-	-	5.425	5.425
Investment in subsidiaries	-	-	3.652	3.652
Total assets	-	31.295	9.077	40.372

	<i>Variable interest rate</i>	<i>Fixed interest rate</i>	<i>Interest-free</i>	<i>Total</i>
As at 31 December 2020				
Loan payables	-	9.425	-	9.425
Trade and other payables	-	-	2.026	2.026
Total liabilities	-	9.425	2.026	11.451

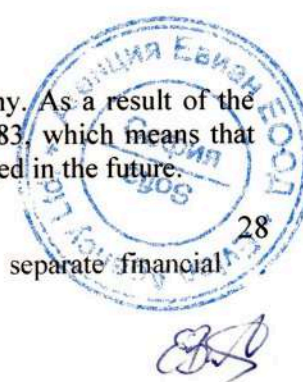
	<i>Variable interest rate</i>	<i>Fixed interest rate</i>	<i>Interest-free</i>	<i>Total</i>
As at 31 December 2019				
Loans and receivables from customers	-	27,185	-	27,185
Trade and other receivables	-	-	11,401	11,401
Investment in subsidiaries	-	-	1,102	1,102
Total assets	-	27,185	12,503	39,688

	<i>Variable interest rate</i>	<i>Fixed interest rate</i>	<i>Interest-free</i>	<i>Total</i>
As at 31 December 2019				
Loan payables	-	16,473	-	16,473
Trade and other payables	-	-	1,758	1,758
Total liabilities	-	16,473	1,758	18,231

• **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 rate of EUR/BGN 1.95583, which means that positions in that currency do not lead to significant currency risk unless the rate is changed in the future.

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

19.3. Liquidity risk

Liquidity risk is the risk that Company may be unable to meet its obligations 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 financial obligations 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 obligations 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.

	<i>As at 31 December 2020</i>		<i>As at 31 December 2019</i>	
	<i>Up to 12 months</i>	<i>Over 12 months</i>	<i>Up to 12 months</i>	<i>Over 12 months</i>
Assets				
Cash and cash equivalents	951	-	1,005	-
Loans and receivables from customers	31,295	-	27,185	-
Trade and other receivables	2,055	3,370	1,860	9,541
Investment in subsidiaries	-	3,652	-	1,102
Deferred tax assets	-	19	-	17
Total assets	34,301	7,041	30,050	10,660
Liabilities				
Loan payables	-	9,425	-	16,473
Payables to staff and social security institutions	610	-	514	-
Tax payables	791	-	31	-
Trade and other payables	1,631	-	979	-
Financial lease payables	395	-	384	395
Total liabilities	3,427	9,425	1,908	16,868

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 2020 and 31 December 2019.

19.4. Operational risk

Operational risk is the risk of loss due to system failure, human errors, fraud or external events. Where 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

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

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

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

Related party transactions:

i) Revenue	2020	2019
Interest revenue		
Axi Finance IFN S.A	389	282
Access Finance S.L.	60	
	449	282
 Assigned receivables		
Agency for Control of Outstanding Debts LTD	1,678	1,285
	1,678	1,285
 Shares sold		
Easy Asset Management AD	-	489
	-	489
 Services rendered		
Financial Bulgaria	428	-
	428	-
 ii) Costs	2020	2019
Interest costs		
Easy Asset Management AD	852	1,165
	852	1,165
 Services received		
EASY ASSET MANAGEMENT AD	20	-
EASY PAYMENT SERVICES LTD	950	1,099
MANAGEMENT FINANCIAL GROUP JSCO	115	-
CHIRON MANAGEMENT AD	34	-
	1,119	1,099
 Impairment		
Axi Finance IFN S.A – impairment of investments in a subsidiary	20	2,894
Axi Finance IFN S.A – impairment on a loan granted	3,100	730
Access Finance S.L. – impairment on a loan granted	705	-
	3,825	3,624
 iii) Loan granted	2020	2019
AXI Finance IFN S.A.	626	4,992
	626	4,992
 iv) Trade and other receivables	2020	2019
	30	30

The accompanying notes on pages 8 to 32 shall form an integral part of these separate financial statements.



ACCESS FINANCE LTD
 NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
 31 DECEMBER 2020

Agency for Control of Outstanding Debts LTD – receivables related to Financial Bulgaria	355	225
Easy Payment Services LTD - prepayment	428	-
Easy Payment Services LTD - provided guarantee deposit	271	750
	2,593	1015
	3,647	1,990
v) Trade and other payables	2020	2019
EASY ASSET MANAGEMENT AD	3	
Easy Payment Services LTD – payable for received services	20	17
MANAGEMENT FINANCIAL GROUP JSCO	11	
CHIRON MANAGEMENT AD	34	
Easy Payment Services LTD – utilized credits on credit cards	998	166
Agency for Control of Outstanding Debts LTD – amounts received on assigned credits	6	1
	1,072	184
Received funding	2020	2019
Easy Asset Management AD	9,425	16,473
	9,425	16,473

The remuneration of the key executives for 2020 amounted to BGN 163 thousand (2019 – BGN 178 thousand)

21. Contingent liabilities

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 material amount.

22. Events occurring after the balance sheet date

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 2020 and which should be separately disclosed or require changes in the separate financial statements as at 31 December 2020.

I, the undersigned Eva Valerieva Angelova, hereby certify that I have accurately translated the attached document, Separate Annual Financial Statements and Auditor's Report, from Bulgarian into English. The translation consists of 36 (thirty-six) pages.

Translator: 
 Eva Valerieva Angelova

