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ACCESS FINANCE AD Report on the Activities Independent Auditor's Report Separate Financial Statements

for the year ended 31 December 2022

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Management presents its Separate Financial Statements for the year ended 31 December 2022 prepared in accordance with International Financial Reporting Standards adopted by EU (EU-adopted IFRS). These Separate Statements are audited by MGI Delta LLC.

CORPORATE INFORMATION

ACCESS FINANCE AD (the Company) is a joint-stock company. It was incorporated on 7 November 2013 as a limited liability company with UIC 202806978. On 31 October 2022, the Company was transformed pursuant to Article 264 of the Commerce Act by changing the legal form of the limited liability company Access Finance (transforming company) into the joint stock company Access Finance (newly established company), and as a result of the transformation, Access Finance Ltd. was dissolved without liquidation. The Company operates in Bulgaria as a non-banking financial institution. The headquarters 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 by the CEO Tsvetan Petkov Krastev.

Access Finance AD is a non-banking financial institution with a focus on microlending and granting credits by credit cards using the White Card trademark, and other consumer loans as well. The Company grants small unsecured loans to low- and middle-income customers. The Company has subsidiaries in Romania, Spain and United States of America and has no branches.

As of 31 December 2022, the total number of staff amounted to 212 employees (31 December 2021: 224 employees).

As of 31 December 2022, 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%
Peter 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 Shareholders, 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 2022, the Company did not acquire or transfer own shares and as at 31 December 2022 and 31 December 2021, the Company had no treasury shares.

OVERVIEW

In 2022, Access Finance AD managed to strengthen its market positions despite the insecure microenvironment and increasing competition in the sector. The Company's revenues increased by 18% on an annual basis to BGN 48,687 thousand due to increased average drawdowns of loan products and higher yield realised per product and despite a decline of 10% in the number of active loans.

41 thousand
newly granted cards and loans

160 thousand
active cards and loans

277 806 thousand
loans granted

BGN 60 254 thousand
gross customer portfolio



BGN 7 278 thousand
profit before tax

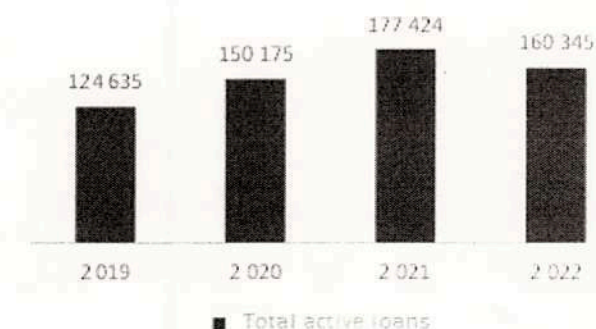
BGN 304
average revenue per card/loan

10 years
on the Bulgarian market

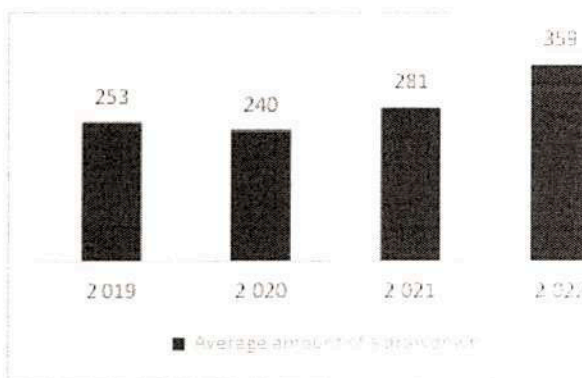
36%
operational costs to revenue

In 2022, the Company's operational costs moderately increased by 3 % on an annual basis. Impairment costs increased by 69 % and were the main cause of the decrease of 4 % in net profit.

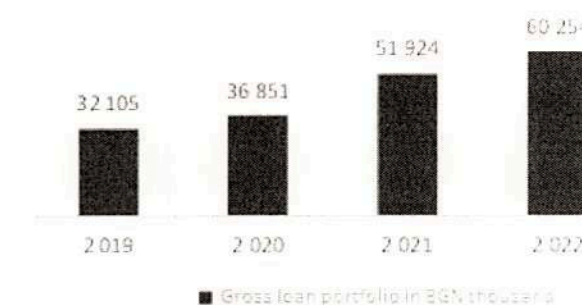
As of 31 December 2022, Access Finance provided financing for 153,805 active cards and 6,539 consumer loans. The total number of active loans decreased by 10% on an annual basis.



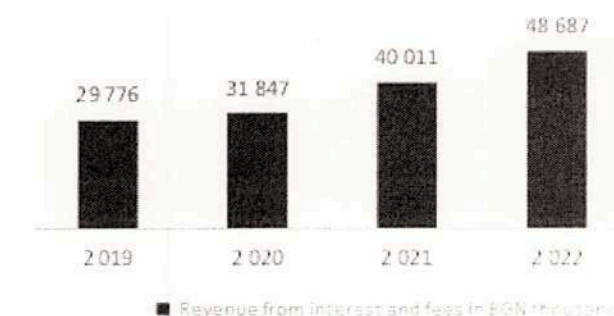

In 2022, the Company worked towards reaching an increase of average drawdowns per loan granted which increased by 28 %.



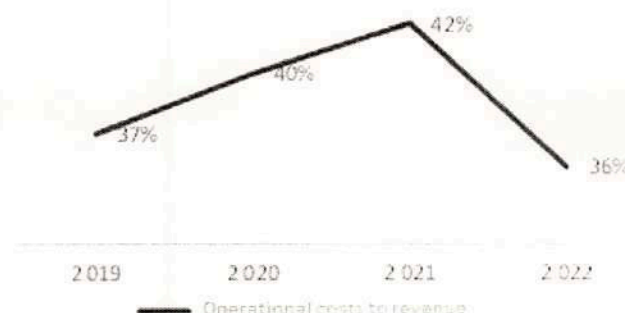
The gross loan portfolio reached BGN 60,254 thousand and grew by 16% on an annual basis, despite the decrease in active loans and as a result of the increased average drawdowns.



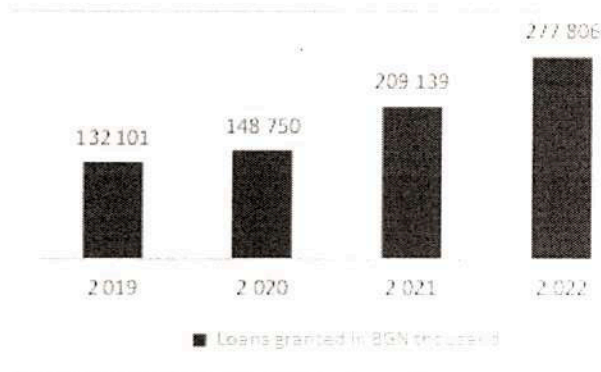
Income from interest, fees and penalties grew by 22%.



The ratio of operational costs (staff costs + operational common costs and other administrative costs) to income from interest, fees and penalties fell to 36% due to moderate growth in costs. In 2022, marketing and advertising expenses decreased by 31% on an annual basis.




The amount of loans granted increased to BGN 68 667 thousand compared to 2021.



Access Finance operates in a highly developed and competitive financial services market and is exposed to price risk. Some of the Company's competitors are banking and nonbank financial institutions with access to cheap financial resources and advantage in pricing of competing products.

Access Finance manages the risk of customers' default 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 operates an effective system for monitoring of payments, as well as active measures for collection of receivables. Management closely monitors exposure to credit risk at each stage of credit process.

In terms of liquidity, the Company 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 8 – 48.

Markets

Access Finance AD 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 financing is important.

Company's expected development and prospects

In 2023, the Company will focus on customer satisfaction in service and use of the products. One of the main highlights of the Company's activities in 2023 will be on loyal customers. The Company plans to launch new credit products, initiatives and programs for recurring customers.

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

Responsibilities of the management



ACCESS FINANCE AD
ANNUAL REPORT ON THE ACTIVITIES
for the year ended 31 December 2022

The management of Access Finance AD has prepared the Financial Statements for 2022 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 of 31 December 2022.

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
CEO

Round seal of Access Finance AD, Sofia

Signature: (illegible)

Date: 16 May 2023



mgidelta

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INDEPENDENT AUDITOR'S REPORT

To the Partners of
Access Finance AD
UIC: 207140327
City of Sofia

Opinion

We have audited the accompanying financial statements of Access Finance AD ("the Company"), which comprise the statement of financial position as at 31 December 2022, 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 and other explanatory information.

In our opinion, the accompanying annual financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 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 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). Those procedures relate to verification 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 on the activities for the financial period for which the financial statements have been prepared is consistent with the annual 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 of annual financial statements in accordance with International Financial Reporting Standards as adopted by the European Union 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 annual 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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and 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 IFAA and 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 annual 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.

Signature: (illegible)

Vladimir Kolmakov
Manager and registered auditor in charge of the audit
MGI Delta LLC

22 May 2023
Sofia

Oval seal:

Audit company
MGI Delta LLC

Sofia

Reg. No. 177



ACCESS FINANCE AD
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

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

	Note	2022	2021
Income from interest, fees and penalties	3	48 687	40 011
Interest and fee costs	4	(2 391)	(1 453)
Net income from interest, fees and penalties		42 296	38 558
Other operating income, net	5	3 911	1 687
Impairment loss of financial assets	6	(25 629)	(15 185)
Impairment loss of investments in subsidiaries	13	-	(637)
Staff costs	7	(6 529)	(5 416)
Administrative common and other operational costs	8	(10 771)	(11 401)
Operating profit before income tax		7 278	7 606
Income tax expense	9	(730)	(763)
Profit for the period		6 548	6 843
Other comprehensive income for the year, net of tax			
Actuarial gains		14	-
Total comprehensive income for the year		6 562	6 843

The accompanying notes shall form an integral part of these financial statements.

These Financial Statements were approved on 16 May 2023.

CEO

Tsvetan Krastev

Prepared by

Signature: (illegible)

Irena Davidkova

Round seal of Access Finance AD, Sofia

Signature: (illegible)

As per an Independent Auditor's Report

Audit company MGI Delta LLC

Signature: (illegible)

Vladimir Kolmakov

Manager and registered auditor in charge of the audit

22 May 2023

Oval seal:

Audit company

MGI Delta LLC

Sofia

Reg. No. 177



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ACCESS FINANCE LTD
SEPARATE STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

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

	Note	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents	10	3 563	876
Microloans granted to individuals	11	48 561	42 668
Loans granted to related parties	12	2 345	2 886
Investments in subsidiaries	13	4 385	4 385
Property, plant and equipment	14	184	206
Intangible assets	15	1 029	233
Right-of-use assets	16	834	1 309
Other assets	17	9 174	7 847
Deferred tax assets	18	34	24
TOTAL ASSETS		70 109	60 434
LIABILITIES AND EQUITY			
LIABILITIES			
Borrowings	19	24 552	20 723
Lease liabilities	20	845	1 309
Trade and other payables	21	2 280	2 283
Corporate tax payables		19	268
TOTAL LIABILITIES		27 696	24 583
EQUITY			
Registered share capital		1 270	1 270
Reserves		14	-
Retained earnings		41 129	34 581
TOTAL EQUITY	22	42 413	35 851
TOTAL LIABILITIES AND EQUITY		70 109	60 434

The accompanying notes shall form an integral part of these financial statements.

These Financial Statements were approved on 16 May 2023.

CEO

Tsvetan Krastev

Prepared by
Signature: (illegible)
 Irena Davidkova

Round seal of Access Finance AD, Sofia
Signature: (illegible)

As per an Independent Auditor's Report
 Audit company MGI Delta LLC

Signature: (illegible)
 Vladimir Kolmakov
 Manager and registered auditor in charge of the audit
 22 May 2023

Oval seal:
 Audit company
 MGI Delta LLC
 Sofia
 Reg. No. 177



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ACCESS FINANCE LTD
SEPARATE STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

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

	Registered capital	Reserves	Retained earnings	Total equity
Balance as at 1 January 2021	1 270	-	27 738	29 008
<i>Total comprehensive income for the period, incl.</i>	-	-	6 843	6 843
Profit for the year	-	-	6 843	6 843
Other comprehensive income, net of tax	-	-	-	-
Balance as at 31 December 2021	1 270	-	34 581	35 851
<i>Total comprehensive income for the period, incl.</i>	-	14	6 548	6 562
Profit for the year	-	-	6 548	6 548
Other comprehensive income, net of tax	-	14	-	14
Balance as at 31 December 2022 r.	1 270	14	41 129	42 413

The accompanying notes shall form an integral part of these financial statements.

These Financial Statements were approved on 16 May 2023.

CEO

Tsvetan Krastev

Prepared by

Signature: (illegible)

Irena Davidkova

Round seal of Access Finance AD, Sofia

Signature: (illegible)

As per an Independent Auditor's Report

Audit company MGI Delta LLC

Signature: (illegible)

Vladimir Kolmakov

Manager and registered auditor in charge of the audit

22 May 2023

Oval seal:

Audit company

MGI Delta LLC

Sofia

Reg. No. 177



ACCESS FINANCE AD
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2022

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

	Note	2022	2021
Cash flows from operating activities			
Payments on microloans granted to individuals		(277 806)	(209 139)
Repayments of microloans granted to individuals		305 556	220 903
Payments on loans granted to related parties		(7 913)	(5 775)
Repayments of loans granted to related parties		546	-
Payments related to staff		(6 449)	(5 270)
Proceeds from customers		2 824	1 634
Payments to suppliers		(12 945)	(9 391)
Payment of corporate tax		(988)	(1 248)
Other receipts/ payments for operating activities, net		(549)	(1 113)
<i>Net cash flows used for operating activities</i>		2 276	(9 399)
Cash flows from investing activities			
Purchases of property, plant and equipment		(117)	(168)
Purchases of intangible assets		(612)	-
<i>Net cash flows used for investing activities</i>		(729)	(168)
Cash flows from financial activities			
Loans received		14 873	22 446
Repayments of loans received, including interest rates		(13 296)	(12 469)
Payments related to lease agreements		(437)	(485)
<i>Net cash flows used for financing activities</i>		1 140	9 492
Net increase/(decrease) in cash and cash equivalents		2 687	(75)
Cash and cash equivalents as at 1 January		876	951
Cash and cash equivalents as at 31 December	10	3 563	876

The accompanying notes shall form an integral part of these financial statements.

These Financial Statements were approved on 16 May 2023.

CEO
Tsvetan Krastev

Prepared by
Signature: (illegible)
Irena Davidkova

Round seal of Access Finance AD, Sofia
Signature: (illegible)

As per an Independent Auditor's Report
Audit company MGI Delta LLC

Signature: (illegible)
Vladimir Kolmakov
Manager and registered auditor in charge of the audit
22 May 2023

Oval seal:
Audit company
MGI Delta LLC
Sofia
Reg. No. 177



ACCESS FINANCE AD
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2022

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

1. General information

1.1 Legal status

Access Finance AD (the 'Company'), UIC: 207140327 is a joint-stock company. It was incorporated on 7 November 2013 as a limited liability company with UIC 202806978. On 31 October 2022, the Company was transformed pursuant to Article 264 of the Commerce Act by changing the legal form of the limited liability company Access Finance (transforming company) into the joint stock company Access Finance (newly established company), and as a result of the transformation Access Finance Ltd. was dissolved without liquidation. The Company operates in Bulgaria as a non-banking financial institution. The headquarters 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 by the CEO Tsvetan Petkov Krastev.

As of 31 December 2022, 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:

- 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 26 250.00
- Antoniya Vasileva Sabeva	-	25 000 shares of BGN 1.00 each	-	BGN 25 000.00
- Angel Vasilev Madzhirov	-	1 250 shares of BGN 1.00 each	-	BGN 1 250.00
- Ivelina Tsankova Kavurska	-	1 250 shares of BGN 1.00 each	-	BGN 1 250.00
- Peter Blagovestov Damyanov	-	1 250 shares of BGN 1.00 each	-	BGN 1 250.00
- Filip Georgiev Kadiyski	-	1 250 shares of BGN 1.00 each	-	BGN 1 250.00
- Dimiter Alexandrov Prodanski	-	1 250 shares of BGN 1.00 each	-	BGN 1 250.00
- Blagovest Yordanov Vitanov	-	625 shares of BGN 1.00 each	-	BGN 625.00
- Maria Stavreva Velkova	-	625 shares of BGN 1.00 each	-	BGN 625.00
- Pravda Georgieva Baremova	-	625 shares of BGN 1.00 each	-	BGN 625.00
- Radostin Yuriyev Bogdanov	-	625 shares of BGN 1.00 each	-	BGN 625.00
- Martin Staykov Yanev	-	625 shares of BGN 1.00 each	-	BGN 625.00
- Gergana Milkova Dimitrova	-	625 shares of BGN 1.00 each	-	BGN 625.00

1.2 Objects of activity

Access Finance AD is a non-banking financial institution with a focus on microlending and granting credits through credit cards using the White Card brand. The Company grants small unsecured loans to low- and middle-income customers.

In accordance with the requirements of IFRS 10 'Consolidated Financial Statements', the Company also prepares consolidated financial statements.

The ultimate parent company that prepares the consolidated financial statements for the largest group of companies in which the Company is included is Management Financial Group JSco.

2. Accounting policy

The main accounting policies applied in the preparation of these Separate Financial Statements are set out below. These policies are systematically applied to all reporting periods presented, unless otherwise stated.



ACCESS FINANCE AD
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2022

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

The Separate Financial Statements include: Separate Statement of Comprehensive Income, Separate Statement of Financial Position as of 31 December, Separate Statement of Changes in Equity, Separate Cash Flow Statement, and accompanying notes thereto. They were prepared on a historical cost basis, except for items in the Statement of Financial Position requiring to be recognised at fair value in accordance with the applicable accounting standards. The Company classifies its costs according to their nature.

2.1 Basis of preparation of separate financial statements

These financial statements have been prepared in all essential aspects in accordance with the International Financial Reporting Standards adopted by the European Union (EU-adopted IFRS). The accounting framework of EU-adopted IFRS is regulated under section 8 of the Additional Provisions to the Accounting Act, such as the International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 and including the International Accounting Standards, the International Financial Reporting Standards and related interpretations, subsequent amendments to these standards and related interpretations, future standards and related interpretations issued or adopted by the International Accounting Standards Board.

2.1.1 Comparative information

The Company has adopted to provide comparative information in its financial statements for one previous period.

When for the purposes of more reliable presentation of reporting objects and operations it is necessary to make changes in their classification and their presentation as separate components of the financial statements, the comparative information for the previous period is reclassified in order to achieve comparability with the current reporting period. In case of a change in the accounting policy, correction of an error from a previous period or a change in the presentation of financial information, the adjustment shall be reflected retrospectively and the Company shall provide an additional statement of financial position at the beginning of the comparative period.

2.1.2 Going concern principle

These Separate Financial Statements have been prepared on the going concern basis. As of the date of preparation of the Separate Financial Statements, the management has made an assessment of the Company's ability to continue its activities as a going concern, taking into account all available information about the foreseeable future, which is at least, but not limited to twelve months from the date of the Statement of Financial Position.

2.1.3 Changes in accounting policies and errors

The Company takes into account the changes in accounting policy retrospectively by adjusting the balance of each affected capital item at beginning of the previous period, as well as the other comparative amounts disclosed in the previous period, as if the newly adopted accounting policy has always been applied.

The Company shall correct retrospectively any material errors from previous periods by recalculating the comparative amounts for the previous period in which the error occurred.

2.1.4 New standards and clarifications



ACCESS FINANCE AD
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2022

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

Initial application of new amendments to existing standards and interpretations effective in the current period

The following amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU have entered into force for the current reporting period:

- **Amendments to IAS 16 Property, Plant and Equipment** - Proceeds before intended use, effective from 1 January 2022.
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** - Onerous Contracts — Cost of Fulfilling a Contract, effective from 1 January 2022.
- **Amendments to IFRS 3 Business Combinations** – Reference to the Conceptual Framework, effective from 1 January 2022.
- Annual Improvements to IFRS Standards 2018–2020, effective from 1 January 2022.

The adoption of these amendments to the existing standards did not lead to significant changes in the financial statements of the Company.

Standards and amendments to existing standards issued by the IASB and adopted by the EU that have not yet entered into force

As of the date of approval of these financial statements, the following new standards issued by the IASB and adopted by the EU have not yet entered into force:

- **Amendments to IFRS 17 Insurance contracts**, effective from 1 January 2023, adopted by the EU;
- **Amendments to IAS 1 Presentation of Financial Statements**, IFRS Practice Statement 2: Disclosure of Accounting Policies, effective from 1 January 2023, adopted by the EU;
- **Amendments to IAS 8 Accounting Policies**, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective from 1 January 2023, adopted by the EU;
- **Amendments to IAS 12 Income Taxes** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective from 1 January 2023, adopted by the EU;
- **Amendments to IFRS 17 Insurance contracts – Initial Application of IFRS 17 and IFRS 9** - Comparative information, effective from 1 January 2023, adopted by the EU;

New standards and amendments to existing standards issued by the IASB and adopted by the EU that have not been adopted by the EU yet

At present, IFRSs adopted by the EU do not differ materially from those adopted by the IASB, except for the following new standards, amendments to existing standards and new interpretations that have not yet been approved by the EU as of the date of approval of these financial statements (the effective dates below are for the complete IFRS):

- **Amendment to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**, effective not earlier than 1 January 2024, not yet adopted by the EU;
- **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**, effective not earlier than 1 January 2024, not yet adopted by the EU;;
- **IFRS 14 Regulatory Deferral Accounts** effective from 1 January 2016, not adopted by the EU.

The Company expects that the adoption of these new standards, amendments to existing standards and new interpretations will not have a material effect on the Company's financial statements in the period of their initial application.



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Hedge accounting for portfolios of financial assets and liabilities where principles have not been adopted by the EU is still unregulated.

In the Company's judgement, the application of hedge accounting to financial asset and liability portfolios under **IAS 39 Financial Instruments - Recognition and Measurement** will not have a material effect on the financial statements, if applied at the reporting date.

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 separate 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

Foreign currency transactions are translated into the functional currency using the Bulgarian National Bank's exchange rate 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 currency transaction gains and losses that relate to receivables 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 2022 BGN	31 December 2021 BGN
1 US dollar is equivalent to	1.83371	1.72685
1 euro is equivalent to	1.95583	1.95583

2.3 Revenue and expense recognition

Interest income and expenses

For all financial instruments carried at amortised cost, interest-bearing financial assets classified as available-for-sale and financial instruments recognised at fair value, interest income and expense are reported as 'interest income' and 'interest expense' in the financial statements using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset or financial liability and allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows for the life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.



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In calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (e.g. prepayment options), but it does not consider future credit losses. The calculation includes all fees and commissions paid or received between the contractual parties that form an integral part of the effective interest rate, transaction costs and all other premiums and discounts granted or received.

Fees and commissions income and expenses

Fees and commissions income is recognised at the time of providing the service. Fees received for the provision of services for a certain period of time shall be charged within that period of time. Lending fees applicable to loans that are most likely to be disbursed and other loan-related fees are deferred (along with any additional costs) and recognised by changing the effective interest rate on the loan. Dividends are recognised as income in the Statement of Comprehensive Income after the right to receive such dividends has been established.

Income from penalties

Income from penalties and default of borrowers on loans granted are recognised in proportion to the duration of the loan. In case of early repayment, the residual amount of receivables is recognised as income on the date of early repayment.

Income from assigned receivables

Income from assigned receivables is comprised of amounts collected in excess of the carrying amount of the assigned receivables.

Dividend income

Dividend income is recognised at the time the right to receive the payment is established.

Revenue from contracts with customers

Company recognises revenue from contracts with customers in accordance with the settlement of the performance obligation as set out in the contract, in compliance with the rules of IFRS 15 Revenue from Contracts with Customers, namely:

- if the performance obligation is satisfied at a certain point in time ('time point'), the relevant revenue is recognised in profit or loss when the service is provided;
- if the performance obligation is satisfied over time, the relevant revenue is recognised in profit or loss to reflect the progress of fulfilment of such obligation.

To determine whether and how to recognise revenue, the Company applies the following 5 steps:

1. Identify the contract with a customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when the performance obligations are satisfied

Operational costs are recognised in profit or loss when the services are used or at the date of their incurring.

2.4 Financial instruments

Classification

In accordance with IFRS 9 Financial Instruments, the Company classifies financial assets based on the financial asset management business model and the characteristics of the contractual cash flows of the financial asset as (1) measured at amortised cost, (2) measured at fair value through other comprehensive income and (3) measured at fair value through profit or loss.



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A financial asset is classified as measured at amortised cost if the following conditions are met:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets which are measured at amortised cost are debt instruments (loans granted) whose business model is held for collecting cash flows. The business model may have the objective assets to be held for collecting contractual cash flows, even if the Company sells the financial assets when there is an increase in the credit risk of the asset. In order to determine whether there has been an increase in the credit risk of the assets, the Company shall take into account all reasonable and substantiated information, including forward-looking information. Regardless of their frequency and amount, sales initiated due to an increase in the credit risk of assets are not incompatible with a business model whose objective is financial assets to be held for collecting contractual cash flows, as the credit quality of financial assets is relevant to the Company's ability to collect contractual cash flows. The business model used by the Company for loans granted is 'held for collection'. The Company sells a financial asset when there is an increase in the credit risk of the asset, which is not inconsistent with this model.

A financial asset is classified as measured at fair value through other comprehensive income, if the following conditions are met:

- the financial asset is held in a business model whose objective is achieved by collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is classified as measured at fair value through profit or loss, if it is not measured at amortised cost or fair value through other comprehensive income.

Initial recognition

The Company recognises a financial asset or financial liability in the Statement of Financial Position when it becomes a party to a contract for a financial instrument. When the Company initially recognises a financial asset or liability, it shall classify and measure it in compliance with the requirements of IFRS 9 mentioned above.

The trade date is the date on which the Company commits itself to purchase or sell a financial asset or financial liability. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the Company had not acquired, issued or disposed of the financial instrument. Transaction costs include fees and commission paid to brokers, consultants and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Financial liabilities are initially recognised at fair value which are the proceeds from their issuance (fair value of the consideration received) net of transaction costs when they are material. Subsequently, they are



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presented at amortised cost and any difference between the net proceeds and the redemption value is recognised in profit or loss during the period of the loan using the effective interest rate method.

Subsequent measurement

After initial recognition, the Company shall measure financial instruments at:

- amortised cost; or
- fair value through other comprehensive income; or
- fair value through profit or loss.

The amortised cost is equal to:

- the amount at which the financial asset was measured at initial recognition
- minus the principal repayments
- plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount, adjusted for impairment loss.

When applying the effective interest rate method, the Company identifies the fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument shall be treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, the change in fair value being recognised in profit or loss. In such cases, fees shall be recognised as income or expense upon initial recognition of the instrument.

Measurement at fair value

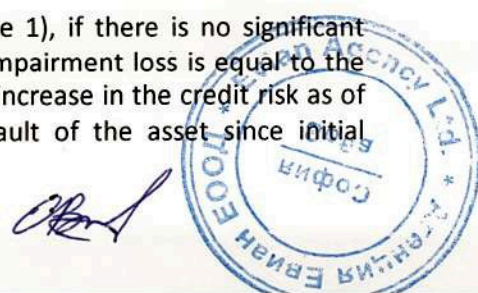
Fair value is the price that would be received upon sale of an asset or would be paid to transfer a liability in an ordinary transaction between market participants at the measurement date (in the main or most advantageous market) on market terms (i.e. exit price) irrespective of whether the price can be directly monitored or determined by other valuation methods.

In order to improve consistency and comparability in the measurement of fair value and related disclosures, the Company complies with IFRS 13, which defines a fair value hierarchy that categorises into three levels the inputs used in valuation methods used to measure fair value. The fair value hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

Impairment

At each reporting date, the Company estimates the impairment loss for a financial instrument at a value equal to the expected credit losses over the entire term of the instrument, if the credit risk of the financial instrument has increased significantly since initial recognition. If the credit risk of the financial instrument has not increased significantly from initial recognition, the Company estimates the impairment loss for the financial instrument at a value equal to the expected credit losses for 12 months. If the Company has measured the impairment loss for a financial instrument at a value that is equal to the expected credit losses over the entire term of the instrument in previous reporting periods, but determines that the requirements for the expected credit losses for the entire term of the instrument are no longer met in the current reporting period, the Company shall measure the impairment loss at a value that is equal to the expected credit losses for 12 months as of the current reporting period. The Company recognises as impairment profit or loss in the income statement the amount of expected credit losses (or reversal) that is required to be adjusted for impairment loss at the reporting date.

Impairment loss is equal to the expected credit losses for 12 months (stage 1), if there is no significant increase in the credit risk as of the reporting date since initial recognition. Impairment loss is equal to the expected credit losses over the life of the instrument, if there is a significant increase in the credit risk as of the reporting date since initial recognition (stage 2) or if there is a default of the asset since initial



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recognition (stage 3). The transaction is always in stage 1 as of the initial date. Financial instruments with a maturity of less than 12 months are allocated to stage 1 or stage 2, but the relevant expected credit losses shall always be calculated taking into account the lifetime of the instrument that is less than 12 months - stage 1.

In accordance with the general approach, the criterion for transferring from one stage to another is symmetrical at transaction level. In particular, if in subsequent reporting periods the credit risk quality of the financial asset allocated to stage 2 improves and there is no longer a significant increase in credit risk since initial recognition, then the asset is allocated to stage 1.

The criterion for recognising an impairment loss equal to the expected credit losses over the life of the instrument could, in some cases, be based only on quality information or only on quantitative information. In other cases, quality information and quantitative information shall also be taken into account to determine the transfer criterion.

Financial liabilities

This category includes loans from banks, related parties and P2P investors. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are written off and through the amortisation process using the effective interest rate method.

Loans from P2P investors

The company has signed a cooperation agreement with an operator of an online peer-to-peer (P2P) investment platform regulated under the laws of the Republic of Estonia. The aim of the cooperation agreement is to attract funding through the P2P platform.

The P2P platform enables individual and corporate investors to receive pro rata interest cash flows and principal cash flows from debt instruments (receivables under microloans granted to individuals) issued by the Company in return for a prepayment. These rights are established through transfer agreements between investors and the P2P platform, which acts as an agent on behalf of the Company. The investor can choose how much to invest in a loan, the maximum threshold being up to 70% of the principal. The Company must pay to the investor the pro rata share of the funds borrowed for each debt instrument under the terms and conditions of the relevant individual agreement concluded between the Company and the customer.

The transfer agreements are (assignment) agreements with the right of recourse that require the Company to guarantee that the remaining part of the principal will be fully repaid to the investor in case that the client of the Company delays his/her payment of more than 60 days (buy-back guarantee). Transfers with rights of recourse ensure direct recourse to the Company, therefore they do not meet the requirements to be classified as passing agreements in accordance with IFRS 9. In particular, neither the investors nor the P2P platform bear any risks in relation to the creditworthiness of the Company's customer. In fact, the Company retains the risks and benefits of ownership of the financial asset. Therefore, these debt instruments of the Company are not eligible for consideration for partial write-off, and the Company does not write off the loans transferred through the P2P platform from the Statement of Financial Position. On the other hand, payables to investors are recognised in the Statement of Financial Position as payables on loans received.

Payables arising from assignments with right of recourse are initially recognised at cost, which is the fair value of the remuneration received from investors.

After initial recognition, funding attracted through a P2P platform is subsequently measured at amortised cost using the effective interest rate method. Amortised cost shall be calculated taking into account all issue costs and any discount or premium at settlement. Gains and losses are recognised as interest income/expenses in profit or loss when liabilities are written off. Expenses for interests paid to investors are presented as gross Interest expenses in the Statement of Comprehensive Income, calculated using the effective interest rate method.



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Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position in cases where there is an enforceable right to offset the recognised amounts and it is intended to settle the asset or the liability on a net basis or to realise the asset and settle the liability at the same time.

2.5 Cash and cash equivalents

Cash and cash equivalents presented in the cash flow statement include cash, current accounts and bank deposits with an original maturity of less than three months.

2.6. Property, plant and equipment

Initial measurement

Plant and equipment (tangible fixed assets) are initially measured at cost, including the cost of acquisition, including customs fees and any direct costs of bringing the asset to working condition. Direct costs include: costs for a site preparation, costs for primary delivery and processing, installation costs, expenses for fees paid to people involved in the project, non-refundable taxes, etc. The company has set a threshold of BGN 700 and assets acquired at a cost below that threshold shall be treated as current expenses at the time of acquisition, irrespective whether they have the characteristics of fixed assets.

Subsequent measurement

The approach chosen by the Company for subsequent measurement of tangible fixed assets is the cost model as per IAS 16 Property, Plant and Equipment - asset is carried at cost less accumulated depreciation and impairment losses.

Depreciation methods

The Company uses the straight-line method for depreciation of tangible fixed assets. Land is not depreciated. Useful life by groups of assets is determined depending on the physical wear and tear of assets, the specific features of the equipment, the future uses and the presumed obsolescence.

Useful life by groups of assets is as follows:

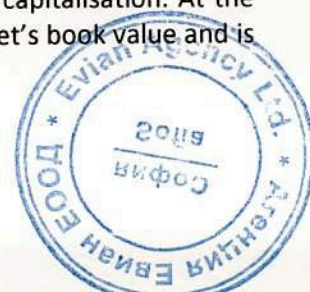
- Buildings 25 years
- Equipment 25 years
- Computers and peripherals 2 years
- Vehicles 4 years
- Office furniture 6-7 years

The useful life of tangible fixed assets shall be reviewed at each financial year end and in case of significant deviations from the expected term of use of the assets, they shall be adjusted prospectively.

Subsequent costs

Expenses for repairs and maintenance are recognised as current expenses for the period when they are incurred. Any subsequent expenses related to tangible fixed assets, whose nature is associated with replacement of specific main parts, or with reorganisation and reconstruction, are capitalised at the book value of the relevant asset and the remaining useful life is reviewed as of the date of capitalisation. At the same time, the nondepreciated part of replaced components is written off from the asset's book value and is recognised in the current expenses for the period of reconstruction.

Impairment of assets



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The carrying amount of tangible fixed assets is subject to impairment review in case of events or changes in circumstances that indicate that the asset's carrying amount could be permanently different from its recoverable amount. If case such of indicators, the assets shall be tested for impairment and if the recoverable amount of an asset is lower than its carrying amount, the carrying amount shall be reduced to its recoverable amount. The recoverable amount of tangible fixed assets is the higher of the fair value less disposal costs of an asset and its value in use. In measuring asset's value in use, future cash flows are discounted to their current value by using a pre-tax discount rate that reflects current market conditions and assessments of the time value of money and the risks specific to the asset. Impairment loss is recognised in the Statement of Comprehensive Income.

Gain or loss on sale

Fixed tangible assets are derecognised from the Statement of Financial Position when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Gain or loss on sale of individual assets is determined by comparing revenues from their sale and their carrying amount at the date of sale. They are recognised net in 'Other operating income' in the Statement of Comprehensive Income.

2.7 Intangible assets

Intangible assets are measured at cost, less accumulated depreciation and impairment losses.

The Company uses straight-line method for depreciation of intangible fixed assets with a useful life of 2 years.

The carrying amount of intangible assets shall be tested for impairment in case of events or changes in circumstances indicating that their carrying value may exceed their recoverable value. Then impairment is included as an expense in the Statement of Comprehensive Income (in profit or loss for the year).

Expenses related to the maintenance of intangible assets are capitalised only in case of increase in the future economic benefit of the asset. All other expenses are recognised in the Statement of Comprehensive Income (in profit or loss for the year).

Intangible assets are derecognised from the Statement of Financial Position when they are permanently withdrawn from use and no future economic benefits are expected from their disposal.

Gain or loss on sale of individual intangible assets is determined by comparing revenues from their sale and their carrying amount at the date of sale. They are recognised net in 'Other operating income/(loss)' in the Statement of Comprehensive Income (in profit or loss for the year).

2.8 Investments in subsidiaries

Long-term investments in shares in subsidiaries are recognised at cost which is the fair value of the remuneration paid, including the direct costs for the investment less accumulated impairment.

The Company's investments in subsidiaries shall be tested for impairment. If impairment is established, it shall be recognised in the Statement of Comprehensive Income (in profit or loss for the year).

Investments in subsidiaries are derecognised when the rights deriving from them are transferred to another person based on legal grounds, and thus control over economic benefits of the relevant investment is lost. Gain or loss on their sale is recognised in 'Financial income' or 'Financial expenses' in the Statement of Comprehensive Income (in profit or loss for the year).



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2.9 Lease

At the lease commencement date, whichever is earlier - the date of the lease agreement or the date of the parties binding with the main terms and conditions of the lease agreement, the Company shall assess whether the agreement constitutes or contains a lease. An agreement constitutes or contains a lease, if by virtue of that agreement the right to control the use of an asset for a certain period of time is conveyed for a consideration.

Lessee

The Company uses a uniform model for recognition and valuation of all lease agreements, except for short-term lease agreements (with a duration of up to 12 months from the commencement date of the lease and which do not have a purchase option) and lease agreements for low-value assets (such as tablets, personal computers, telephones, office equipment, etc.).

The Company has not used the practical expedient under IFRS 16, according to which a lessee may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. For a contract that contain a lease component and one or more additional lease or non-lease components, the Company shall apply a policy to allocate the consideration in the contract that contain lease or non-lease components, on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

a) right-of-use assets

The Company shall recognise a right-of-use asset in the Statement of Financial Position at the commencement date of the lease, i.e. the date on which the underlying asset is available for use by the Company.

Right-of-use assets are recognised in the Statement of Financial Position at cost, less accumulated depreciation and impairment losses and adjustments due to revaluations and adjustments of lease liability. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability;
- lease payments made at or before the commencement date, less any lease incentives received;
- initial direct costs incurred by the Company in its capacity as lessee;
- recovery costs to be incurred by the Company for dismantling and removing the underlying asset, restoring the site on which the asset is located, or restoring the underlying asset to the condition required under the contract.

The Company shall depreciate the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If ownership of the underlying asset is transferred under the lease agreement by the end of the lease term, it shall be depreciated over its useful life. Depreciation starts to accrue from the commencement date of the lease.

The Company has chosen to apply the cost model for all right-of-use assets.

Right-of-use assets are tested for impairment as per IAS 36 Impairment of Assets, applying impairment measurement and reporting policy similar to that applied to property, plant and equipment. The recoverable amount of right-of-use assets is the higher of the fair value less disposal costs of an asset and its value in use.



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In measuring asset's value in use, future cash flows are discounted to their current value by using a pre-tax discount rate that reflects current market conditions and assessments of the time value of money and the risks specific to the asset. Impairment loss is defined as the difference between the recoverable amount and the carrying amount.

Right-of-use assets are recognised in 'Property, plant and equipment' in the Statement of Financial Position, and their depreciation – in 'Depreciation expenses' in the Statement of Comprehensive Income.

b) lease liabilities

The Company recognises lease liabilities at the commencement date of the lease, measured at the present value of the lease payments that are not paid at that date. They include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date of the lease;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease agreement, if the lease term reflects the Company-lessee exercising an option to terminate the lease;
- amounts that the Company expected to be payable by the lessors under residual value guarantees.

Variable lease payments that do not depend on indices or revaluations are associated with the performance or use of the underlying asset are not included in the valuation of the lease liability and the right-of-use asset.

They shall be recognised as current expenses in the period when the event or circumstance giving rise to those payments occurs.

Lease payments shall be discounted at the interest rate set out in the contract, if it cannot be determined directly or at the Company's differential interest rate which it would pay, if it borrows the financial resources necessary to obtain an asset whose value is similar to the value of the right-of-use asset, for a similar period of time, with similar collateral and in a similar economic environment.

Lease payments (installments) contain in a certain ratio the financial expenses (interest rate) and the remaining part of the lease liability (principal). The interest expense on the lease is recognised in the Company's Statement of Comprehensive Income (in profit or loss for the year) regularly for the lease term, so as to achieve a permanent interest rate for the remaining part of the principal under the lease liability, and is recognised as 'Financial expenses'.

Lease liabilities are disclosed in separate lines in the Statement of Financial Position: 'Lease liabilities – long-term' - the non-current part of liabilities, 'Lease liabilities - short-term' - the current part of liabilities

The Company shall subsequently measure the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made;
- remeasuring the carrying amount of the lease liability to reflect any reassessment or lease modifications;
- residual value guarantees are reviewed and adjusted at the end of each reporting period, if necessary.

The Company shall remeasure its lease liabilities (and shall also record corresponding information for the relevant right-of-use assets ') when:



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- there is a change in the lease term or in case of an event or circumstance that resulted to a change in the valuation of the purchase option whereby the adjusted lease liabilities are recalculated at an adjusted discount rate;
- there is a change in lease payments resulting from a change in the index or percentage, or there is a change in the amounts expected to be payable on the residual value guarantees, whereby the adjusted lease liabilities are restated at the unchanged (original) discount rate (unless the change in lease payments results from a change in floating interest rates, in which case an adjusted discount rate is used to reflect changes in the interest rate);
- the lease agreement has been modified and this modification has not been reflected as separate lease, and in such case the lease liability is recalculated based on the term of the modified lease, discounting the modified lease payments at an adjusted discount rate at the effective date of the amendment.

c) Short-term leases and lease agreements for which the underlying asset is of low value

The Company applies the exemption under IFRS 16 from the requirement to recognise a right-of-use asset and lease liability for its short-term leases on buildings and vehicles and for its leases on low-value assets, i.e. printers and other devices, which the Company considers to be of low value being new and used individually within the Company, without being dependent on and closely related to other assets.

Short-term lease payments and leases where the underlying asset is of low value are recognised directly as current expense in the Statement of Comprehensive Income (in profit or loss for the year) on a straight-line basis over the lease term.

2.10 Income taxes

Current income taxes

Current income taxes of the Company are determined in accordance with the requirements of the Bulgarian tax legislation – the Corporate Income Taxation Act (CITA). The nominal income tax rate in Bulgaria for 2022 is 10% (2021: 10%).

Deferred income tax

Deferred income taxes are determined using the balance sheet method on all temporary differences as of the financial statements date, between the carrying amounts of the assets and liabilities and their tax bases. A deferred tax liability is recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and the carryforward of unused tax losses, to the extent that it is probable they will reverse and a taxable profit will be available or taxable temporary differences might occur, against which these deductible temporary differences can be utilised, with the exception of the differences arising from the recognition of an asset or liability, which has affected neither the accounting nor taxable profit (loss) as of the transaction date.

The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that they will reverse and sufficient taxable profit will be generated or taxable temporary differences will occur in the same period, whereby they could be deducted.

Deferred taxes related to items directly recognised in equity or other as other components of comprehensive income, balance sheet item or other component of comprehensive income are also reported directly in the relevant equity component, balance sheet item, or other component of comprehensive income.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset will be realised, and the liabilities will be settled (repaid) on the basis of the tax laws that



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have been enacted or are expected to be enacted with a high degree of certainty.

As of 31 December 2022, the deferred tax assets and liabilities of the Company were measured at a rate of 10% (31 December 2021: 10%).

2.11 Employee benefits

Short-term benefits

Short-term employee benefits (other than employment termination benefits) include salaries, bonuses, compensation for unused leave, social and health insurance contributions.

The undiscounted amount of short-term employee benefits expected to be paid is recognised by the Company as an expense in the period when the staff provided the services related to these benefits (regardless of the date of payment) corresponding to other liabilities in the financial statements.

Short-term employee benefits resulting from unused leave shall be calculated as the number of days of unused paid leave of each employee multiplied by his/her gross daily wage.

Long-term benefits

The liabilities of the Company arising from long-term employee benefits other than pension plans include future employee benefits payable in exchange for services rendered to the Company in the current or prior periods that are not payable wholly within 12 months of completion of the services.

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.

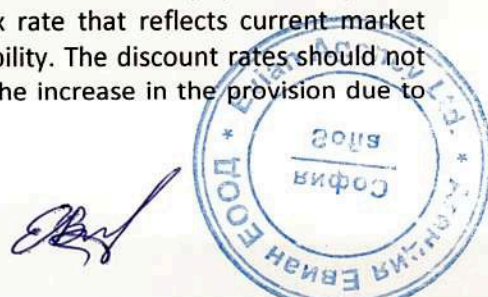
2.12 Provisions

A provision is recognised when:

- the Company has a present (legal or constructive) obligation as a result of past events;
- there is a likelihood that an outflow of resources containing economic benefits will be required to settle the obligation;
- a reliable estimate of the value of the liability can be made.

Amounts recognised as provisions are the best estimates of the expenditure required to settle present obligations. The risks and uncertainties that inevitably surround the relevant events and circumstances are taken into account in reaching the best estimate of a provision.

In cases where there are multiple obligations of a similar nature, the likelihood of settlement is determined by examining those similar obligations in general. A provision is recognised even if the probability of payment of a separate liability by the group of similar liabilities is low. Provisions are discounted when the effect is material, in which case the amount of the provision represents the present value of the payments expected to be made to cover the liability. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rates should not reflect risks for which future cash flow estimates have been adjusted. The increase in the provision due to the passage of time is recognised as an interest expense.



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

In the next reporting period, the expenses actually incurred to repay the present obligation are reported not as current expenses, but as a reduction to the provisions previously accrued. After the obligation is fully repaid, the unused provisions, if any, shall be written off.

2.13 Equity

Equity is the Company's registered share capital based on the applicable legal provisions and the Articles of Association. The nominal amount of the Company's share capital is set out in the amount specified in the Articles of Association and in the Commercial Register.

In accordance with the requirements of the Commerce Act and the Articles of Association, the Company shall also establish a Reserve Fund, the sources of which may be:

- at least one tenth of the profits to be allocated until the resources in the fund reach one tenth of the share capital or a greater portion determined by resolution of the General Meeting of Shareholders;
- funds received in excess of the nominal value of the shares on issue (share premium);
- such other sources as the General Meeting of Shareholders may resolve.

The Fund's allocations may be used only to cover the annual loss and losses of past years. Where the Fund's allocations reach the minimum amount laid down in the Articles of Association, funds in excess of that amount may be used to increase the share capital.

Retained earnings include net profit (loss) for the year recognised in the Statement of Comprehensive Income and accumulated gains (losses) from past years.

2.14 Distribution of dividends

The distribution of dividends to the shareholders 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 shareholders of the Company.

2.15 Related parties

For the purposes of these financial statements, the Company presents as related parties the parent company, its subsidiaries and associates, managerial staff, as well as close members of their families, including companies controlled by all the above persons.

2.16 Significant accounting estimates, judgements and assumptions when applying the accounting policy

When preparing these financial statements in compliance with IFRSs, the management has made judgements, estimates and assumptions that affect the application of accounting policies and reported assets and liabilities, income and expenses.

These estimates are based on the information available as of the date of preparation of the financial statements and actual results may differ from these estimates. Adjustments to estimates are recognised in the period in which the estimates are adjusted and in all relevant future periods.

The main areas that require estimates and judgements are as follows:

- Impairment losses on receivables - Note 2.4



ACCESS FINANCE AD**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****for the year ended 31 December 2022**

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

- Measurement of right-of-use assets and lease liabilities – Note 2.9
- Recognition of deferred tax assets – Note 2.7
- Determination of fair value – Note 2.4

3. Income from interest, fees and penalties

	2022	2021
Interest income	20 553	15 700
Income from fees and penalties	28 134	24 311
	48 687	40 011

4. Interest expenses and bank fees

	2022	2021
Interest expenses for loans granted by related parties	(1 299)	(1 153)
Interest expenses for loans granted by P2P platforms	(954)	(127)
Interest expenses related to lease agreements	(32)	(7)
Interest expenses for loans granted by nonrelated parties	-	(40)
Expenses for bank fees	(106)	(126)
	(2 391)	(1 453)

5. Other operating income, net

	2022	2021
Income from cession of receivables	1 892	1 647
Revenue from services	2 474	1 615
Expenses resulting from written-off receivables	(436)	(1 560)
Expenses resulting from foreign currency transactions and revaluations	(19)	(15)
	3 911	1 687

6. Impairment loss of financial assets

	2022	2021
Impairment loss of microloans granted to individuals	(16 530)	(12 542)
Impairment loss of loans granted to related parties	(9 099)	(2 643)
	(25 629)	(15 185)

7. Staff costs

	2022	2021
Salaries and wages	(5 663)	(4 664)
Social security	(856)	(735)
Costs of payables to staff upon retirement	(10)	(17)
	(6 529)	(5 416)

8. Administrative common and other operational costs

2022	2021
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ACCESS FINANCE AD
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2022

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

Advertising and marketing	(2 373)	(3 457)
Telecommunication and postage costs	(1 360)	(2 020)
Commission expense	(1 155)	(1 210)
Expenses for ATM fees	(1 473)	(1 185)
Consulting services	(477)	(865)
Depreciation and amortization	(639)	(482)
Plastic cards	(398)	(471)
Fees for card services	(841)	(340)
Subscriptions and licenses	(397)	(332)
Fees paid to the Central Credit Register and the National Social Security Institute (NSSI)	(130)	(164)
Repair and technical support	(102)	(160)
Fines and penalties	(12)	(111)
Utility costs	(108)	(61)
Short-term rent	(47)	(41)
Other operational costs	(1 259)	(502)
	(10 771)	(11 401)

9. Income tax expense

	2022	2021
Profit before tax	7 278	7 606
Tax rate	10%	10%
Expected income tax expense	(728)	(761)
Tax effects from increases and reductions in the financial result for tax purposes	(12)	(7)
Current income tax expense	(740)	(768)
Deferred income tax related to arising and reversal of temporary differences	10	5
Total income tax expense reported in the Statement of Comprehensive Income	(730)	(763)

10. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include the following:

	31 December 2022	31 December 2021
Cash in bank accounts	3 560	873
Cash on hand	1	2
Cash equivalents	2	1
	3 563	876

Cash and cash equivalents are denominated in BGN.

Cash on hand is not interest-bearing, whereas cash in bank accounts is interest-bearing at a variable interest rate.



ACCESS FINANCE AD
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2022

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

11. Microloans granted to individuals

	31 December 2022	31 December 2021
Trade receivables from microloans granted, gross	60 254	51 924
Impairment loss reserve	(11 693)	(9 256)
	48 561	42 668

Changes in impairment reserve of receivables from microloans are as follows:

	2022	2021
Balance as at 1 January	(9 256)	(5 556)
Impairment loss for the period	(16 530)	(12 895)
Reversed impairment	-	353
Written-off receivables	14 093	8 842
Balance as at 31 December	(11 693)	(9 256)

12. Loans granted to related parties

	31 December 2022	31 December 2021
Loans granted to related parties, including accrued interest	18 622	10 064
Impairment loss reserve	(16 277)	(7 178)
	2 345	2 886

Changes in loss due to impairment of receivables from loans granted to related parties are as follows:

	2022	2021
Balance as at 1 January	(7 178)	(4 535)
Impairment loss for the year	(9 099)	(2 643)
Written-off receivables	-	-
Balance as at 31 December	(16 277)	(7 178)

13. Investments in subsidiaries

	As at 31 December 2022			As at 31 December 2021		
	<i>Investment, gross</i>	<i>Impairment loss</i>	<i>Investment, net</i>	<i>Investment, gross</i>	<i>Impairment loss</i>	<i>Investment, net</i>
Axi Finance IFN SA, Romania	5 036	(657)	4 379	5 036	(657)	4 379
Access Finance S.L., Spain	6	-	6	6	-	6
	5 042	(657)	4 385	5 042	(657)	4 385



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The Company owns 99.999% of Axi Finance IFN SA (Subsidiary). The subsidiary was registered in accordance with Romanian laws in October 2015. The subsidiary has a license for a non-banking financial institution granted by the Romanian National Bank, which was obtained in April 2016.

The Company owns 100% of Access Finance S.L. – Spain. The Subsidiary was registered in accordance with Spanish laws and carries out activities in granting unsecured loans by credit card.

Changes in Impairment loss reserve of investments in subsidiaries are as follows:

	2022	2021
Balance as at 1 January	(657)	(20)
Impairment loss for the year	-	(637)
Balance as at 31 December	(657)	(657)

14. Property, plant and equipment

	Computer equipment	Plant and equipment	Other	Total
Book value				
As at 1 January 2021	388	111	15	514
Newly acquired	76	92	-	168
Written off	(2)	-	-	(2)
As at 31 December 2021	462	203	15	680
Newly acquired	113	3	-	116
Written off	-	-	-	-
As at 31 December 2022	575	206	15	796
Accumulated depreciation				
As at 1 January 2021	289	56	10	355
Accrued depreciation	86	34	1	121
Derecognised depreciation	(2)	-	-	(2)
As at 31 December 2021	373	90	11	474
Accrued depreciation	90	47	1	138
Derecognised depreciation	-	-	-	-
As at 31 December 2022	463	137	12	612
Book value				
As at 31 December 2022	112	69	3	184
As at 31 December 2021	89	113	4	206
As at 1 January 2021	99	55	5	159

15. Intangible assets

Software	Capitalised costs	Total
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ACCESS FINANCE AD
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for the year ended 31 December 2022

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

Book value

As at 1 January 2021	176	-	176
Newly acquired	-	224	224
As at 31 December 2021	176	224	400
Newly acquired	612	559	1 171
Written off	-	(292)	(292)
As at 31 December 2022	788	491	1 279

Accumulated depreciation

As at 1 January 2021	157	-	157
Accrued depreciation	10	-	10
As at 31 December 2021	167	-	167
Accrued depreciation	83	-	83
As at 31 December 2022	250	-	250

Book value

As at 31 December 2022	538	491	1 029
As at 31 December 2021	9	224	233
As at 1 January 2021	19	-	19

16. Right-of-use assets

	Buildings	Total
Book value		
As at 1 January 2021	1 035	1 035
Newly acquired	1 331	1 331
As at 31 December 2021	2 366	2 366
Newly acquired	-	-
Adjustment of value	(58)	(58)
As at 31 December 2022	2 308	2 308

Accumulated depreciation

As at 1 January 2021	695	695
Accrued depreciation	362	362
As at 31 December 2021	1 057	1 057
Accrued depreciation	417	417
As at 31 December 2022	1 474	1 474

Book value

As at 31 December 2022	834	834
As at 31 December 2021	1 309	1 309
As at 1 January 2021	340	340



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

<i>Amounts recognised in profit or loss</i>	2022	2021
Costs for depreciation of right-of-use assets	(417)	(362)
Interest expenses related to lease payables	(32)	(7)
Expenses for short-term rent	(47)	(41)

17. Other assets

	31 December 2022	31 December 2021
Guarantee receivables	3 086	3 086
Receivables from intermediaries of loans granted	4 510	2 912
Receivables from cessions	449	470
Advance payments made	416	218
Inventories	127	126
Trade receivables	63	956
Prepaid expenses	13	12
Other receivables	510	67
<i>including from related parties</i>	485	-
	9 174	7 847

In 'Other receivables' of Note 17 'Other assets', in the amount of BGN 510 thousand the Company presented the amount of BGN 478 thousand representing accrued receivables in relation to revenue on invoices issued in 2023 but relating to 2022. Part of those receivables is receivables from related parties. Further information on outstanding balances with related parties is disclosed in Note 25.3.

18. Deferred tax assets

In compliance with IAS 12 Income Taxes, the Company recognised as deferred tax assets the amount of income taxes that will be recoverable in the future periods, in relation to deductible temporary differences and carried forward unused tax losses, as follows:

	Unused leaves	Retirement benefit	Other	Total
As at 1 January 2021	14	4	1	19
(Expense)/income in the income statement	3	2	-	5
As at 1 January 2022	17	6	1	24
(Expense)/income in the income statement	3	1	6	10
As at 31 December 2022	20	7	7	34

19. Loans

	Average interest rate	Period	31 December 2021	31 December 2020
Loans from related parties	9%	2024	11 102	14 981



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

Loans from P2P investors	11%	2023	13 450	5 742
Total, including:			24 552	20 723
Current			13 450	5 742
Noncurrent			11 102	14 981

20. Lease

During the reporting period the Company has been a party of many lease agreements as a tenant of offices.

<i>Maturity structure of lease payables</i>	31 December	31 December
	2022	2021
Long-term part	428	873
Short-term part	417	436
	845	1 309

21. Trade and other payables

	31 December	31 December
	2022	2021
Staff and social insurance payables	837	695
Trade payables	951	1 412
Tax payables, different from corporate tax	89	120
Liabilities under guarantees	203	-
Other payables	200	56
<i>Including to related parties</i>	61	-
	2 280	2 283
Current	2 230	2 229
Noncurrent	50	54

In 'Other payables' of Note 21 'Trade and other payables', in the amount of BGN 200 thousand, the Company presented the amount of BGN 163 thousand representing payables accrued in relation to costs on invoices issued in 2023 but relating to 2022. Part of those payables is payable to related parties. Further information on outstanding balances with related parties is disclosed in Note 25.3.

Payables related to staff and social security contributions

	31 December	31 December
	2022	2021
<i>Payables related to staff, including:</i>	671	555
Current payables related to payroll	434	341
Current payables related to unused paid leave	172	146
Long-term payables to staff upon retirement	50	54
Food vouchers	15	14
	671	555
<i>Payables related to social security contributions, including:</i>	166	140
Current payables	166	140



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	166	140
Total	837	695

Long-term payables to staff upon retirement

	2022	2021
<i>Current payables as at 1 January</i>	54	36
Expenses for current length of service	10	10
Interest expense	-	-
Benefits paid upon retirement during the period	-	(2)
Actuarial (profit) loss for the period	(14)	10
<i>Current payables as at 31 December</i>	50	54

The principal assumptions used when estimating payables for benefits paid to employees upon their retirement are described below:

	2022	2021
Discount rate	6%	0.6%
Future increase in remunerations	5%	5%

The average length of the liability to pay benefits to employees upon their retirement is 22 years.

The table below provides a sensitivity analysis considering the significant assumptions made as of 31 December 2022 and calculated based on a method that extrapolates the effects on the liability to pay benefits to employees upon their retirement, with a reasonable change in principal assumptions as of the end of the reporting period.

Significant assumptions	Change	Absolute effect	Relative effect
Discount rate	+0,50%	(1)	-10%
Discount rate	-0,50%	4	10%
Remuneration	+0,50%	1	10%
Remuneration	-0,50%	(4)	-10%

The following amounts are expected to be payable as of 31 December 2022 in relation to the liability to pay benefits to employees upon their retirement:

	Expected payments
Payments in 2023	4
Payments in 2024	1
Payments in 2025	1
Payments in 2026	2
Payments in 2027	1

22. Equity

Registered capital



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As of 31 December 2022, the registered capital has not been changed compared to the end of the previous reporting period. The number of shares is 1,269,999 ordinary shares each with a nominal value of BGN 1.00, and 1 preferred share with a nominal value of BGN 1.00. The majority owner of the Company is Management Financial Group JSCo holding 75.49% of the Company.

On 31 October 2022, the Company was transformed pursuant to Article 264 of the Commerce Act by changing the legal form of the limited liability company Access Finance (transforming company) into the joint stock company Access Finance

Reserves

Change in the accumulated actuarial gain/(loss) reserve in equity

	2022	2021
Accumulated actuarial gain/(loss) on 1 January	-	-
Actuarial gain/(loss) on liability recognised in other comprehensive income	14	-
Accumulated actuarial gain/(loss) on 31 December	14	-

Retained earnings

	31 December 2022	31 December 2021
Retained earnings of past years	34 581	27 738
Current profit	6 548	6 843
	41 129	34 581

The changes in equity in 2021 were as follows:

- The profit reported for the period amounts to BGN 6,843 thousand
- No dividends were distributed by the Company for the reporting period.

The changes in equity in 2022 were as follows:

- The profit reported for the period amounts to BGN 6,548 thousand
- No dividends were distributed by the Company for the reporting period.

23. Changes in liabilities arising from financial activities

	1 January 2022	Cash flows from financial activities	Nonmonetary changes	31 December 2022
Borrowings	20 723	1 577	2 252	24 552
Lease payables	1 309	(437)	(27)	845
	22 032	1 140	2 225	25 397

	1 January 2021	Cash flows from financial activities	Nonmonetary changes	31 December 2021
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Borrowings	9 425	9 977	1 321	20 723
Lease payables	395	(485)	1 399	1 309
	9 820	9 492	2 720	22 032

24. 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.

A. Credit risk

Credit risk is related to financial losses incurred due to failure to fulfil the obligations of the Company's customers, suppliers and creditors. Credit risk is primarily related to warranty services provided to customers by the Company.

The Company's credit policy and its implementation are analysed on an ongoing basis and if necessary are changed when proposed by the management. The managements are responsible for the operational approach to risk management and shall set priorities for operation in accordance with the risk management strategy and principles, adopt credit risk controls and review its management procedures and system.

A.1. Credit risk measuring

The credit risk assessment of the microloan portfolio is made on a portfolio basis and requires additional calculations of the probability of default, as well as the related loss rates, correlations in the asset portfolio, etc.

For its internal needs, the Company uses its own models for measuring and analysing credit risk. These models are subject to periodical review and their behaviour is compared to actual values, and adjustments are made to baseline variables to optimise model performance. These procedures for credit risk measuring are part of the routine operating activities of the Company.

Key input data used to measure expected credit loss include:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).



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

These data are usually derived from internally developed statistical models and other historical data and are adjusted to reflect probability-weighted forward-looking information.

Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internal data, comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

Probability of default includes both assessment upon application and behavioural assessment. A client shall be deemed to be in default, if he/she is past due more than 90 days on his/her obligations or if at least one of his/her exposures has been restructured. If the regular credit risk assessment identifies a customer who has been in arrears for a long period of time, he/she may trigger a default event even if the previous two criteria are met (probability of default or event leading to probability of default).

Impairment is based on the probability of default for 12 months when the customer is not in default and there is no significant increase in credit risk. Significant increases are assessed based on quantitative and qualitative criteria. If one of the criteria for a significant increase in credit risk is available, the relevant exposure shall be impaired with a probability of default for the entire term. Probability of default for the entire term is related to the remaining maturity of the loan and default events during the expected term of the financial instrument.

Loss Given Default (LGD) is an estimate of the loss arising on default and is expressed as percentage of the exposure. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. LGD models for unsecured assets consider time of recovery (payments by customers or payments through assignment). LGD varies widely depending on the characteristics of the other party, the type and structural features of the loan, the existence of collateral or credit support of the debtor.

Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including payments. The measurement of EAD and of loss in case of default shall be carried out on a portfolio basis for the main pool of microloans.

A.2. Credit risk management policy

The Company manages credit risk by setting limits for individual customers, offices and other categories of portfolio diversification. Credit risk exposure is managed through a regular aging analysis of receivables for fees under guarantees provided, changing the criteria, requirements and procedures for approving the pricing limits and the guarantee itself as may be appropriate for the given situation.

A.3. Maximum credit risk exposure

The maximum credit risk exposure related to Company's financial assets is best represented by their book value as follows:

	<i>Maximum exposure</i>	
	31 December 2022	31 December 2021
Cash and cash equivalents	3 563	876
Microloans granted to individuals	48 561	42 668



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Loans granted to related parties	2 345	2 886
Other assets	8 108	7 424
	62 577	53 854

A.4. Analysis of credit risk of trade receivables from microloans granted to individuals

The tables below make analysis of credit risk of trade receivables from microloans granted to individuals:

Gross receivables

As at 31 December 2022

	Stage 1	Stage 2	Stage 3	Total
Regularly paid	45 063	-	1 445	46 508
Overdue up to 30 days	413	1 281	87	1 781
Overdue from 31 to 90 days	-	490	2 499	2 989
Overdue more than 90 days	-	19	8 957	8 976
Total	45 476	1 790	12 988	60 254

Gross receivables

As at 31 December 2021

	Stage 1	Stage 2	Stage 3	Total
Regularly paid	36 657	-	1 167	37 824
Overdue up to 30 days	574	1 096	24	1 694
Overdue from 31 to 90 days	-	962	2 363	3 325
Overdue more than 90 days	-	5	9 076	9 081
Total	37 231	2 063	12 630	51 924

As at 31 December 2022

	Stage 1	Stage 2	Stage 3	Total
Gross receivables	45 476	1 790	12 988	60 254
Impairment	(2 295)	(700)	(8 698)	(11 693)
Net receivables	43 181	1 090	4 290	48 561

As at 31 December 2021

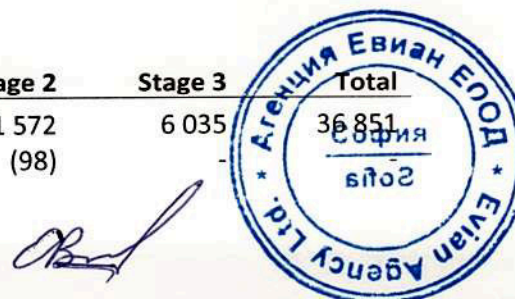
	Stage 1	Stage 2	Stage 3	Total
Gross receivables	37 231	2 063	12 630	51 924
Impairment	(1 584)	(682)	(6 990)	(9 256)
Net receivables	35 647	1 381	5 640	42 668

Gross receivables
2022

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	37 830	2 032	12 061	51 923
Transfer to Stage 1	180	(124)	(56)	-
Transfer to Stage 2	(422)	422	-	-
Transfer to Stage 3	(4 068)	(501)	4 569	-
Acquired financial assets	17 374	1 353	6 300	25 027
Settled receivables	(5 418)	(1 392)	(9 886)	(16 696)
Balance as at 31 December 2022	45 476	1 790	12 988	60 254

Gross receivables
2021

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2021	29 244	1 572	6 035	36 851
Transfer to Stage 1	98	(98)	-	-



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

Transfer to Stage 2	(319)	319	-	-
Transfer to Stage 3	(2 736)	(433)	3 169	-
Acquired financial assets	16 037	1 512	8 621	26 170
Settled receivables	(5 093)	(809)	(5 195)	(11 097)
Balance as at 31 December 2021	37 231	2 063	12 630	51 924

Impairment of receivables
2022

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2022	1 584	682	6 990	9 256
Transfer to Stage 1	87	(53)	(34)	-
Transfer to Stage 2	(18)	18	-	-
Transfer to Stage 3	(153)	(151)	304	-
Acquired financial assets	1 049	676	6 979	8 704
Settled receivables	(253)	(472)	(5 542)	(6 267)
Balance as at 1 January 2022	2 296	700	8 697	11 693

Impairment of receivables
2021

	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2021	1 102	537	3 917	5 556
Transfer to Stage 1	29	(29)	-	-
Transfer to Stage 2	(11)	11	-	-
Transfer to Stage 3	(91)	(117)	208	-
Acquired financial assets	666	487	6 034	7 187
Settled receivables	(111)	(207)	(3 169)	(3 487)
Balance as at 1 January 2021	1 584	682	6 990	9 256

A.5. Analysis of credit risk of receivables from related parties

The tables below make analysis of credit risk of trade receivables from individually significant loans granted to entities and individuals:

Gross receivables	31 December 2022	31 December 2021
Regularly paid	18 622	10 064
Overdue up to 30 days	-	-
Overdue from 31 to 90 days	-	-
Overdue more than 90 days	-	-
Total	18 622	10 064

	31 December 2022	31 December 2021
Gross receivables	18 622	10 064
Impairment	(16 277)	(7 178)
Net receivables	2 345	2 886

B. Liquidity risk

Liquidity risk is related to the Company's inability to meet its liabilities when they become due. Net cash



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outflows would lead to a reduction in the available cash resources. In certain circumstances, a lack of liquidity may result in the sale of assets or the potential inability to meet the credit commitments. The risk that the Company will not be able to meet its monetary 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 acts of God, etc.

B.1. Liquidity risk management policy

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

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

B.2. Analysis of financial assets maturity

The tables below show the Company's payable undiscounted cash flows resulting from financial liabilities by remaining contractual maturity. The amounts shown in the table are the agreed undiscounted cash flows, including interest rate, if any.

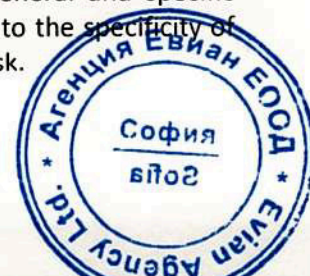
As at 31 December 2022	Carrying amount	Contractual cash flows					Total
		Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	
Financial liabilities							
Loans received	24 552	-	-	15 685	15 322	-	31 007
Lease payables	845	36	73	327	472	-	908
Trade payables	951	-	951	-	-	-	951
	26 348	36	1 024	16 012	15 794	-	32 866

As at 31 December 2021	Carrying amount	Contractual cash flows					Total
		Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	More than 5 years	
Financial liabilities							
Loans received	20 273	-	-	6 287	18 576	-	24 863
Lease payables	1 309	38	76	343	913	-	1 370
Trade payables	1 412	-	1 412	-	-	-	1 412
	23 444	38	1 488	6 630	19 489	-	27 645

C. 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.

C.1 Interest rate risk



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Interest rate risk associated with cash flows may arise in case of changes in market interest rates that affect future cash flows from financial instruments. Possible 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 - associated with fair value and associated with cash flows. 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. Trade and other receivables/payables are not interest-bearing.

As at 31 December 2022

	<i>Variable interest</i>	<i>Fixed interest</i>	<i>Non- interest- bearing</i>	<i>Total</i>
Financial assets				
Cash and cash equivalents	-	-	3 563	3 563
Microloans granted to individuals	-	48 561	-	48 561
Individually significant loans granted	-	2 345	-	2 345
Other assets	-	-	8 108	8 108
Total financial assets	-	50 906	11 671	62 577

Financial liabilities

Borrowings	-	24 552	-	24 552
Lease liabilities	-	845	-	845
Trade payables	-	-	951	951
Total financial liabilities	-	25 397	951	26 348

As at 31 December 2021

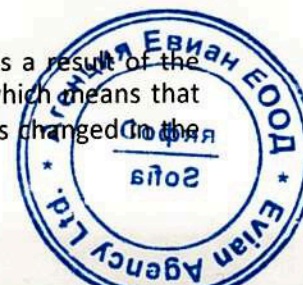
	<i>Variable interest</i>	<i>Fixed interest</i>	<i>Non- interest- bearing</i>	<i>Total</i>
Financial assets				
Cash and cash equivalents	-	-	876	876
Microloans granted to individuals	-	42 668	-	42 668
Individually significant loans granted	-	2 886	-	2 886
Other assets	-	-	7 424	7 424
Total financial assets	-	45 554	8 300	53 854

Financial liabilities

Borrowings	-	20 723	-	20 723
Lease liabilities	-	1 309	-	1 309
Trade payables	-	-	1 412	1 412
Total financial liabilities	-	22 032	1 412	23 444

C.2 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 foreign exchange risk unless the rate is changed on the



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future.

As at 31 December 2022	<i>BGN</i>	<i>EUR</i>	<i>USD</i>	<i>Total</i>
Financial assets				
Cash and cash equivalents	3 521	42	-	3 563
Microloans granted to individuals	48 561	-	-	48 561
Individually significant loans granted	-	2 002	343	2 345
Other assets	8 108	-	-	8 108
Total financial assets	60 190	2 044	343	62 577

Financial liabilities				
Borrowings	18 877	5 675	-	24 552
Lease liabilities	845	-	-	845
Trade payables	951	-	-	951
Total financial liabilities	20 673	5 675	-	26 348

As at 31 December 2021	<i>BGN</i>	<i>EUR</i>	<i>USD</i>	<i>Total</i>
Financial assets				
Cash and cash equivalents	871	5	-	876
Microloans granted to individuals	42 668	-	-	42 668
Individually significant loans granted	-	2 886	-	2 886
Other assets	7 424	-	-	7 424
Total financial assets	50 963	2 891	-	53 854

Financial liabilities				
Borrowings	17 757	2 966	-	20 723
Lease liabilities	1 309	-	-	1 309
Trade payables	1 412	-	-	1 412
Total financial liabilities	20 478	2 966	-	23 444

D. 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 it 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, authorisation of transactions, and reconciliation of information from various sources, staff training and evaluation and other controls.

E. Fair value of financial assets and liabilities

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



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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 loan 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 termless 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:

	<i>As at 31 December 2022</i>		<i>As at 31 December 2021</i>	
	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
Financial assets				
Cash and cash equivalents	3 563	3 563	876	876
Microloans granted to individuals	48 561	48 561	42 668	42 668
Loans granted to related parties	2 345	2 345	2 886	2 886
Other assets	8 108	8 108	7 424	7 424
Total financial assets	62 577	62 577	53 854	53 854
	<i>As at 31 December 2022</i>		<i>As at 31 December 2021</i>	
	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
Financial liabilities				
Loans received	24 552	24 552	20 723	20 723
Lease payables	845	845	1 309	1 309
Trade payables	951	951	1 412	1 412
Total financial liabilities	26 348	26 348	23 444	23 444

The following table provides information about the financial instruments that require fair value disclosure in



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accordance with IFRS 7 allocated according to the valuation methods used as at 31 December 2022:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Financial assets				
Cash and cash equivalents	3 563	-	-	3 563
Microloans granted to individuals	-	-	48 561	48 561
Loans granted to related parties	-	-	2 345	2 345
Other assets	-	-	8 108	8 108
Financial liabilities				
Loans received	-	-	24 552	24 552
Lease payables	-	-	845	845
Trade payables	-	-	951	951

F. Capital management

The Company's objectives of capital management are to maintain a strong capital base that will ensure the Company's ability to continue as a going concern and provide conditions for development. No changes were made to the capital management approach during the period.

Debt ratio (the ratio of net debt-to-capital ratio) as at 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022	31 December 2021
Total debt capital	27 695	24 583
Reduced with cash and cash equivalents	(3 563)	(876)
Net debt capital	24 132	23 707
Equity	42 413	35 851
Total capital	66 546	59 558
Debt-to-equity ratio	0.36	0.40

The Company has a legal obligation to maintain minimum amount of equity of BGN 1 million, which has been met as of 31 December 2022.

The equity of the Company consists of registered capital and retained earnings. Summary quantitative data on the composition of the equity of the Company is disclosed in Note 10.

25. Related party transactions

Parties are considered to be related if one party has the ability to control the other party, or exercise significant influence over the other party in making financial and operating decisions, or if they are subject to common control by a third party.

25.1. Related parties

The main related parties with which the latter carries out its activities are:

Company name	Type of relatedness
Management Financial Group JSco	parent company



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Axi Finance IFN S.A. (Romania)	subsidiary
Access Finance S.L. (Spain)	subsidiary
Access Finance INC	subsidiary
Tsvetan Petkov Krastev	manager
Easy Asset Management AD	company under common control
Agency for Control of Outstanding Debts LTD	company under common control
Easy Payment Services Ltd	company under common control
Easy Asset Services EOOD	company under common control
Chiron Management AD	company under common control
Viva Credit OOD	company under common control
Financial Bulgaria EOOD	company under common control
IUVO GROUP OU	company under common control
Smart Asset Services EOOD	company under common control

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

25.2. Related party transactions

<i>Related party</i>	<i>Transaction type</i>	2022	2021
Purchases			
Management Financial Group JSco	Services received	71	69
Easy Asset Management AD	Services received	3	1
Easy Payment Services Ltd	Services received	2 774	1 815
Easy Asset Services AD	Services received	8	10
Chiron Management AD	Services received	95	118
Viva Credit OOD	Services received	11	-
IUVO GROUP OU	Services received	272	35
Easy Asset Management AD	Interest expense for loans received	1 299	1 153
Smart Asset Services EOOD	Services received	385	-
		4 918	3 201

<i>Related party</i>	<i>Transaction type</i>	2022	2021
Sales			
Easy Asset Management AD	Sale of services	4	16
Easy Payment Services Ltd	Sale of services	810	181
Financial Bulgaria EOOD	Sale of services	909	1 168
Access Finance S.L.	Sale of services	26	31
Axi Finance IFN S.A.	Sale of services	26	31
Access Finance S.L.	Interest income from loans granted	817	172
Axi Finance IFN S.A.	Interest income from loans granted	317	326
Easy Payment Services Ltd	Interest income from loans	49	



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	granted		
Access Finance INC	Interest income from loans granted	10	-
Agency for Control of Outstanding Debts LTD	Income from assignments	1 597	1 647
		4 565	3 572

25.3. Related party payables and receivables

<i>Related party</i>	<i>Payables or receivables</i>	31 December 2022	31 December 2021
Receivables			
Easy Payment Services Ltd	Under sales invoices	58	181
Financial Bulgaria EOOD	Under sales invoices	-	767
Access Finance S.L.	Under sales invoices	5	5
Axi Finance IFN S.A.	Under sales invoices	-	3
Agency for Control of Outstanding Debts LTD	Under assignment agreements	449	470
Easy Payment Services Ltd	Under advance payments provided	405	218
Easy Payment Services Ltd	Under guarantee deposit provided	3 001	3 001
Easy Payment Services Ltd	Under principal amounts withdrawn from credit cards and overpaid amounts on credit cards	2 528	1 748
Easy Asset Management AD	Under collected instalments	8	1
Access Finance S.L.	Loan granted	11 081	4 847
Easy Payment Services Ltd	Loan granted	1 262	-
Access Finance INC	Loan granted	343	-
Axi Finance IFN S.A.	Loan granted	5 937	5 217
		25 077	16 458
Payables			
Management Financial Group JSco	Under sales invoices	18	69
Easy Asset Management AD	Under sales invoices	1	-
Easy Asset Services AD	Under sales invoices	-	2
Easy Payment Services Ltd	Under sales invoices	347	230
Chiron Management AD	Under sales invoices	8	10
IUVO GROUP OU	Under sales invoices	27	10
Easy Asset Management AD	Under loan granted	11 102	14 981
Financial Bulgaria EOOD	Related to amounts collected for a guarantor	203	
Smart Asset Services EOOD	Under sales invoices	102	
		11 808	15 302



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The remuneration of the key executives for 2022 amounted to BGN 256 thousand (2021 – BGN 280 thousand).

The outstanding balances at the end of the year are not secured. No guarantees for receivables or payables to related parties have been provided or received.

26. Contingent liabilities

The Company is a party (defendant and plaintiff) to litigations related to business matters. The management of the Company, together with the legal advisor, have carried out an analysis of the litigation status and have determined that there are no material risks that would require the recognition of provisions in the financial statements as of 31 December 2022.

27. Events occurring after the balance sheet date of the statement of financial position

For the period after the balance sheet date of the statement of financial position, the Company has not identified any material or adjusting events relating to its operations during the reporting period that should be separately disclosed or require changes to the financial statements.

28. Approval of the financial statements

On 16 May 2023, the Board of Directors approved the publishing of the separate financial statements as of 31 December 2022 (including comparative information).

I, the undersigned Eva Valerieva Angelova, hereby certify the accurateness of the translation made by me from Bulgarian into English language of the attached document – Annual Financial Statement and Independent Auditor's Report. The translation consists of 47 (forty-seven) pages.

Translator:

Eva Valerieva Angelova

