

**EASY ASSET MANAGEMENT AD**

Activity Report

Non-financial Declaration

Independent Auditor's Report

Individual Financial Statements

for the year ended December 31, 2022

# **EASY ASSET MANAGEMENT AD**

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**31 DECEMBER 2022**

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Management presents its Individual Financial Statements for the year ended 31 December 2022, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU"). This Individual Financial Statements were audited by MGI Delta LLC.

### **CORPORATE INFORMATION**

Easy Asset Management AD, UIC: 131576434 ("Company") is a joint-stock company established on December 8, 2005, operating in Bulgaria.

The headquarters and registered office of the Company are located at, 28 Jawaharal Nehru Blvd., Sofia, Bulgaria.

The Company is managed by a Board of Directors, which consists of the following members:

Stanimir Svetoslavov Vasilev – Chairman of the Board of Directors

Nedelcho Yordanov Spasov – Member of the Board of Directors;

Ivelina Tsankova Kavurska – Member of the Board of Directors;

Galin Todorov Todorov – Member of the Board of Directors and Executive Director;

Angel Vasilev Madzhirov – Member of the Board of Directors and Executive Director.

The Company is represented jointly and separately by Galin Todorov Todorov and Angel Vasilev Madzhirov - Executive Directors.

Galin Todorov Todorov does not participate in commercial companies as a partner with unlimited liability, does not own more than 25 percent of the capital of another company.

Angel Vasilev Madzhirov does not participate in commercial companies as a partner with unlimited liability, does not own more than 25 percent of the capital of another company. Angel Vasilev Madzhirov participates in the management as a member of the Board of Directors of "Management Financial Group" AD and "Sofia Fin Invest Private" Limited and is the manager of "Easy Asset Management" DOO Beograd.

Ivelina Tsankova Kavurska does not participate in commercial companies as a partner with unlimited liability. Owns more than 25 percent of the capital of "Vacation Complexes Troyan" EOOD (Sole owner of the capital). Participates in the management as a member of the Board of Directors of the following companies: Prospect Capital EAD, Arrears Control Agency AD, Chiron Management AD, April Finance EAD and Management Financial Group AD. Ivelina Kavurska is the manager of "April Services" OOD.

Nedelcho Yordanov Spasov does not participate in commercial companies as a partner with unlimited liability. Owns more than 25 percent of the capital of the following companies: Management Financial Group AD, Chiron Management AD (member of the Board of Directors), New Pay AD (member of the Board of Directors), Breezy AD, "Setap Services" AD. Participates in the management as a member of the Board of Directors of the following companies: "Seawines" AD, "Easy Asset Management" INF.S.A, "Easy Asset Management Asia Microfinance" Limited, "MFG" AB, "April Finance" EAD, "Settle Bulgaria" AD, "Miafora" Limited, "MFG Invest" AD, "MFG Digital" Limited. Nedelcho Spasov is the manager of the following companies: "MFG Partners" EOOD and "Liquid Dreams" EOOD. Participates in the Board of Directors of "MFG Foundation". Stanimir Svetoslavov Vasilev does not participate in commercial companies as a partner with unlimited liability. Owns more than 25 percent of the capital of the following companies: Management Financial Group AD, Chiron Management AD (member of the Board of Directors), New Pay AD (member of the Board of Directors), Breezy AD, "Setap Services" AD. Participates in the management as a member of the Board of Directors of the companies: "Seawines" AD, "Easy Asset Management" INF.S.A, "Easy Asset Management Asia Microfinance" Limited, "MFG" AB, "Agency for control of outstanding debts" S.R.L, Prospect Capital EAD, Fintrade Finance AD, April Finance EAD, Seawines Spirit AD and Easy Individual Solutions (Mexico), Settle Bulgaria AD, MFG Invest AD, Doorstep Consulting Services ( Mexico), "Access Finance" Inc, "MFG Digital"

Limited. Stanimir Vassilev is the manager of "Liquid Dreams" EOOD.

The members of the Board of Directors do not receive remuneration in their capacity as members of the Board.

The share capital was not increased during the year. The number of issued ordinary shares is 8 503 thousand with nominal value of BGN 1, amounting to a total share capital of BGN 8 503 thousand as of December 31, 2022. Each ordinary share gives the right to vote in the General Meeting of Shareholders, the right to dividend and liquidation share. Each share gives the right to one vote. The right to dividend and liquidation share is determined in proportion to the nominal value of the share. The Company can buy back its shares under the conditions and order provided by law.

"Easy Asset Management" AD is a non-banking financial institution, with a focus on microcredit and uses the trademark Easy Credit. The Company provides small unsecured short-term loans to customers with low or moderate income. The Company carries out its activity through a wide distribution network, which consists of more than 200 offices in the country. As of December 31, 2022, the total number of employees amounts to 1,534 people.

The Company owns 100% of Easy Credit LLC ("Subsidiary"). The subsidiary is registered in accordance with the Ukrainian legislation and regulatory requirements regarding non-banking financial institutions. The value of the initial registered capital of the Subsidiary company is 6 922 thousand Ukrainian hryvnias, which on the date of capital registration was equivalent to 800 thousand euros or 1 565 thousand BGN. As of 31.12.2022, the capital is in the amount of 14,970 thousand BGN.

The Company owns 100% (99.999938%) of SC Easy Asset Management IFN AD ("Subsidiary"). The Subsidiary company is registered in accordance with the Romanian legislation and regulatory requirements regarding non-banking financial institutions, with total number of shares – 459 800 and capital in the amount of BGN 861 thousand (equivalent to EUR 440 thousand). The currency in which the capital of the Subsidiary is registered is Romanian lei. As of 31.12.2022, the capital of the Romanian company is BGN 5 770 thousand, equivalent to EUR 2 950 thousand (13 722 thousand lei).

The Company owns 100% of ICredit SP.Z.O.O. ("Subsidiary"), established in 2014. The Subsidiary is registered in accordance with Polish legislation and regulatory requirements regarding non-banking financial institutions. The value of the registered capital of the Subsidiary is BGN 2 thousand (equivalent to PLN 5 thousand) as of the date of establishment. In 2016, a decision was made to increase the capital to 200 thousand PLN.

The Company owns 99.60% of Easy Payment Services EOOD ("Subsidiary"), established in 2016. The Subsidiary company is registered in accordance with the legislation of the Republic of Bulgaria. The value of the capital at the time of registration is BGN 1 000 thousand. The activity of the Subsidiary company is: payment operations, issuing payment instruments and/or accepting payments with payment instruments. As of 31.12.2022, the registered capital is BGN 14 900 thousand.

The Company owns 98% of Easy Asset Management Asia Microfinance ("Subsidiary"), established in 2016. The Subsidiary company is registered in accordance with the legislation and regulatory requirements of the Republic of the Union of Myanmar. The value of the registered capital of the Subsidiary is USD 200 thousand, equivalent to BGN 345 thousand at the date of incorporation. Since 2019, the company has not carried out commercial activity and has started its liquidation.

In 2017, "Easy Asset Management" AD initiated the acquisition of the shares of the local division of the British group for non-bank consumer lending International Personal Finance (IPF) - "Provident Financial Bulgaria" OOD. The company owns 100% of Financial Bulgaria EOOD ("Subsidiary"), the value of the registered capital at the time of acquisition being BGN 51 million. It is registered in accordance with the legislation and regulatory requirements of the Republic of Bulgaria. In 2019, actions were taken to restructure the capital of the Subsidiary and it was reduced to BGN 1,500 thousand.

In 2019, the Company purchased from Access Finance OOD 100% of the shares of Financial Company M Cash Macedonia DOOEL Skopje ("Subsidiary"), established in 2014. The Subsidiary company is registered in accordance with the legislation of the Republic of North Macedonia and the regulatory requirements regarding non-banking financial institutions. In 2022, the value of the registered capital of the Subsidiary increased and reached EUR 600 thousand.

The Company owns 98% of A.D.P.K Easy Individual Solutions F.D.M.D. ("Subsidiary"), incorporated on 07/29/2019. The Subsidiary is registered under the laws of Mexico. The value of the registered capital is 402 thousand Mexican pesos (equivalent to BGN 37 thousand) at the date of incorporation. In 2022, the company did not carry out any commercial activity.

In 2020, the Company purchased 100% of the shares of Easy Asset Services EOOD ("Subsidiary"), established in 2008. The Subsidiary company is registered in accordance with the legislation of the Republic of Bulgaria and its subject of activity is asset management. The value of the shares at the time of purchase is 5 thousand BGN, and with a non-monetary contribution (capitalization of the lended loan) the capital amounts to 13,405 thousand BGN.

In 2021, Easy Asset Management AD entered the Albanian market with its subsidiary Easy Asset Management LLC. The subsidiary is registered under the laws of Albania. The value of the registered capital is 15 492 thousand Albanian Lek (equivalent to BGN 250 thousand) and is 100% owned by the Company.

In 2021, Easy Asset Management d.o.o., a Subsidiary, registered in accordance with the legislation of Croatia, was established. The Subsidiary company will carry out its activities with a local partner, owning 50% of the registered capital, equivalent to BGN 46 thousand.

***Development, results of the activity and state of the Company in 2022.***

"Easy Asset Management" AD (Easy Credit) is among the largest companies in Bulgaria for non-bank consumer credits, arranged at customers' homes, and one of the fastest growing in this segment in Eastern Europe. In 2022, Easy Credit continues to provide even more accessible and user-friendly services. It lends money nationwide with the help of more than 2 000 credit counsellors and more than 200 offices serving more than 1 200 localities. Apart from Bulgarian Post branches, loans are offered by many other partners of the Company. Customers have the opportunity to apply for a loan entirely through the Easy Credit website or mobile application. The partnership with Western Union, which started in 2019, allows receiving and sending money quickly and easily to/from anywhere in Europe. Through one of its subsidiaries - "Financial Bulgaria" EOOD, Easy Credit offers its users a guarantor when granting loans. The guarantor company undertakes to repay the obligations to the lending company under certain conditions and against a certain fee, in case of default in repayment. In July 2020, Easy Credit started a successful partnership with ZD "Euroins Life" EAD, offering its customers insurance products that protect and support them in unforeseen health-related circumstances.

Since its launch more than 17 years ago, Easy Credit group has lended more than 3 million loans in Europe. For the past year 2022, nearly BGN 223 million were lended to customers (BGN 223 million in 2021), maintaining the level of 2021. The sums collected for the period amount to approximately BGN 319 million. (BGN 292 million in 2021) i.e., growth by 8.85%. The Company's gross loan portfolio as of December 2022 is BGN 88 million, i.e., a decrease of 6.90% compared to the previous year.

**Bulgaria - Portfolio dynamics (in thousand BGN)**

|                                                             | 2022    | 2021    | Difference % |
|-------------------------------------------------------------|---------|---------|--------------|
| <b>Portfolio:</b>                                           |         |         |              |
| Lended amounts                                              | 222 633 | 223 049 | -0.19%       |
| Amounts collected                                           | 318 823 | 292 910 | 8.85%        |
| <b>Receivables from customers</b>                           |         |         |              |
| <b>Total</b>                                                | 89 103  | 94 685  | -6.90%       |
| <i>Regular</i>                                              | 31 450  | 29 392  | 7%           |
| <i>from 4 to 90 days</i>                                    | 28 289  | 30 957  | -8.62%       |
| <i>from 91 to 360 days</i>                                  | 28 413  | 33 373  | -14.86%      |
| <i>with an indefinite maturity (including legal claims)</i> | 951     | 963     | -1.25%       |
| <b>Active clients</b>                                       | 130 392 | 152 323 | -14.40%      |
| <b>Number of credits lended</b>                             | 272 784 | 294 014 | -7.22%       |

The Company operates in a highly developed and competitive financial services market, which is why it is affected by price risk. Some of the Company's competitors are banking and financial institutions that have access to cheap financial resource, which gives them an advantage in the pricing of competitive products.

"Easy Asset Management" AD manages the risk of non-payment of loans and interest through developed internal rules for managing credit activities. The rules regulate the requirements for granting loans, classification of risk exposures and formation of provisions for impairment loss.

In order to manage credit risk, the Company has developed strict procedures for analysis and assessment of potential borrowers, including developed scoring procedures and detailed verification of the provided data. Easy Credit has an effective system for tracking payments, as well as active measures to collect receivables. The Management carefully monitors the Company's exposure to this risk at each stage of the loan.

In terms of liquidity, Easy Asset Management AD at all times maintains liquid assets (including cash in hands and money in bank accounts) sufficient to satisfy the demand for loans and cover current payments. This is necessary due to the special distribution network of the Company - over 200 regional offices and over 2,000 credit consultants, who need available funds on a daily basis in order to be able to realize one of their main goals - quick and easy service and granting of credit.

|                    | 2022    | 2021    |
|--------------------|---------|---------|
| <i>Consultants</i> | 2 088   | 3 007   |
| <i>Offices</i>     | 226     | 211     |
| <i>Credits</i>     | 272 784 | 294 014 |

A detailed review of the financial results, as well as the financial instruments and risks related to them, is made in the notes to the financial statements of the Company, pages 8 - 52. The main risks faced by the Company, including credit, currency, interest rate risk and management of capital are disclosed in the notes to the financial statements.

The Company does not carry out activities in the field of scientific research and development. The Company has no branches.

### **Significant events after the reporting period**

For the period after the date of the Financial statement, the Company has not identified any significant or corrective events that are related to its activity during the reporting period and that should be separately disclosed or that require changes to the individual financial statement.

### **Company growth plans and prospects**

The correct attitude and the security, discretion, speed and convenience that Easy Credit provides to its customers are the leading reasons why consumers prefer the Company's loans.

We continue to follow the strategy of expanding into new markets in Europe, where the services we provide are well known and sought after. Our ambitions are to be one of the leaders in our sector long term. Our strategy also envisages expansion into new markets outside of Europe.

### **Responsibilities of the management**

The management of Easy Asset Management AD has prepared the Financial Statement for 2022 which gives a true and fair view of the state of the Company's affairs at the end of the year and its financial 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 detect and avoid possible misuse and other irregularities

Galina Todorova  
Executive director

Angel Madjarov  
Executive director

Date: 24.04.2023

**NON-FINANCIAL DECLARATION OF EASY ASSET MANAGEMENT AD FOR 2022**

This non-financial declaration has been prepared in accordance with the requirements of Art. 41 and Art. 48 of the Accounting Act and is an integral part of the Annual Activity Report.

**1. Business model**

"Easy Asset Management" AD is a joint-stock company established on December 8, 2005, and operating in Bulgaria. The Company's headquarters and management address are: 28 Jawaharlal Nehru Blvd., Sofia, Bulgaria. The main activity of the Company, in accordance with the Law on Credit Institutions, is granting credits with funds which are not raised through taking deposits or other repayable funds from the public.

As of the date of preparation of this financial statement, the Company is managed by Board of Directors consisting of 5 persons and represented by two executive directors.

**2. Company Policies**

**Environmental policy**

Easy Asset Management AD does not carry out activities related to the pollution of the environment and water.

**Social Policy**

It is of great importance for the Management of "Easy Asset Management" AD that the employed staff are satisfied with their work and feel empathetic with the problems and achievements of the Company. The Company considers that social benefits for the employees are an important prerequisite for the economic development of the Company and for attracting highly qualified personnel.

**Human Resources Policy**

Driven by the serious shortage of qualified labour and the dynamics of the market situation, the Company's Management is focused on taking constant care in order for every employee to feel satisfied with the working conditions and with the existing opportunities for personal and professional development. The main priorities of the Management are:

- Equality and respect for human rights

The Company's management strictly follows the Constitution and laws of the Republic of Bulgaria and, in particular, the regulations concerning labour relations. The hiring process is based on equality, with no discrimination based on gender, race, nationality, ethnicity, citizenship, religion, political affiliation, disability or age.

- Occupational safety and health

The Company's management appreciates the importance of providing additional benefits in the field of health insurance, as a key tool for motivation, and through a contract with health insurance company offers additional health coverage to all persons under an employment contract with the Company.

- Professional Development

The Company's management gives every employee the opportunity to improve their qualifications by participating in seminars and training courses.

**Gender equality in management positions**

The Company practices effectively the equal treatment of men and women in their appointment to management positions, as well as the balanced representation of men and women in the decision-making process.

**Anti-corruption policy**

"Easy Asset Management" AD does not tolerate any form of bribery and corruption. In particular, the Company agrees to refrain from any actions and behaviour that could be perceived as active or passive bribery.



**EASY ASSET MANAGEMENT AD**  
**NON-FINANCIAL DECLARATION**  
**For the year ended 31 December 2022**

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**Major environmental risks**

The Company's activity does not lead to creation of environmental risks.

Galin Todorov  
Executive director

Angel Madzharov  
Executive director

Date: 24.04.2023

**EASY ASSET MANAGEMENT AD**  
**INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2022**

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

|                                                              | Note | <u>2022</u>          | <u>2021</u>          |
|--------------------------------------------------------------|------|----------------------|----------------------|
| Interest, fees, and penalties income                         |      | 100 165              | 82 317               |
| Interest expense and bank fees                               |      | <u>(2 869)</u>       | <u>(2 363)</u>       |
| <b>Net income from interest, fees, and penalties</b>         | 3    | <u><b>97 296</b></u> | <u><b>79 954</b></u> |
| Income from dividends                                        | 4    | 29 464               | 17 259               |
| Other operating income, net                                  | 5    | 847                  | 526                  |
| Impairment of financial assets                               | 6    | (6 175)              | (4 294)              |
| Impairment of investments in subsidiaries                    | 13   | (5 963)              | 959                  |
| Employee benefits expense                                    | 7    | (64 077)             | (55 091)             |
| General administrative and other operating expenses          | 8    | <u>(21 894)</u>      | <u>(18 943)</u>      |
| <b>Profit before tax</b>                                     |      | <u><b>29 498</b></u> | <u><b>20 370</b></u> |
| Income tax expense                                           | 9    | (40)                 | (324)                |
| <b>Profit for the year</b>                                   |      | <u><b>29 458</b></u> | <u><b>20 046</b></u> |
| <b>Other comprehensive income</b>                            |      |                      |                      |
| <i>Items that will not be reclassified to profit or loss</i> |      |                      |                      |
| Remeasurement of net defined benefit liability               |      | 57                   | -                    |
| <b>Total comprehensive income for the year</b>               |      | <u><b>29 515</b></u> | <u><b>20 046</b></u> |

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

The individual financial statements were approved by the Board of Directors on April 24, 2023.

Executive Director

Executive Director

Prepared by

Galın Todorov

Angel Madzharov

Stefan Djuglarski

In accordance with an Independent Auditors Report:  
Audit firm MGI Delta LLC

Vladimir Kolmakov  
Managing and Engagement Partner

**EASY ASSET MANAGEMENT AD**  
**INDIVIDUAL STATEMENT OF FINANCIAL POSITION**  
**At 31 December 2022**

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

|                                     | Note | 31 December<br>2022 | 31 December<br>2021 |
|-------------------------------------|------|---------------------|---------------------|
| <b>ASSETS</b>                       |      |                     |                     |
| Cash and cash equivalents           | 10   | 2 560               | 2 219               |
| Microloans lent to individuals      | 11   | 85 899              | 91 057              |
| Individually significant loans lent | 12   | 103 608             | 89 213              |
| Investments in subsidiaries         | 13   | 33 311              | 33 384              |
| Property, plant, and equipment      | 14   | 612                 | 471                 |
| Intangible assets                   | 15   | 159                 | 178                 |
| Right-of-use assets                 | 16   | 1 939               | 2 173               |
| Other assets                        | 17   | 25 880              | 14 215              |
| Deferred tax assets                 | 18   | 309                 | 285                 |
| <b>TOTAL ASSETS</b>                 |      | <b>254 277</b>      | <b>233 195</b>      |
| <b>LIABILITIES AND EQUITY</b>       |      |                     |                     |
| <b>LIABILITIES</b>                  |      |                     |                     |
| Borrowings                          | 19   | 26 830              | 29 899              |
| Lease liabilities                   | 20   | 1 939               | 2 173               |
| Trade and other payables            | 21   | 55 481              | 59 274              |
| Current tax liabilities             |      | -                   | 337                 |
| <b>TOTAL LIABILITIES</b>            |      | <b>84 250</b>       | <b>91 683</b>       |
| <b>EQUITY</b>                       |      |                     |                     |
| Share capital                       |      | 8 503               | 8 503               |
| Reserves                            |      | 15 967              | 15 910              |
| Retained earnings                   |      | 145 557             | 117 099             |
| <b>TOTAL EQUITY</b>                 | 22   | <b>170 027</b>      | <b>141 512</b>      |
| <b>TOTAL LIABILITIES AND EQUITY</b> |      | <b>254 277</b>      | <b>233 195</b>      |

The accompanying notes are an integral part of these individual financial statement

The individual financial statements were approved by the Board of Directors on April 24, 2023.

Executive Director

Executive Director

Prepared by

Galın Todorov

Angel Madzharov

Stefan Djuglarski

In accordance with an Independent Auditors Report:  
Audit firm MGI Delta LLC

Vladimir Kolmakov  
Managing and Engagement Partner

**EASY ASSET MANAGEMENT ADO**  
**INDIVIDUAL STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2022**

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

|                                                                | Share<br>capital    | Reserves             | Retained<br>earnings  | Total<br>equity       |
|----------------------------------------------------------------|---------------------|----------------------|-----------------------|-----------------------|
| <b>Balance at 1 January 2021</b>                               | 8 503               | 15 910               | 97 053                | 121 466               |
| <i>Total comprehensive income for the year, incl.:</i>         | -                   | -                    | 20 046                | 20 046                |
| Profit for the year                                            | -                   | -                    | 20 046                | 20 046                |
| Other comprehensive income for the year                        | -                   | -                    | -                     | -                     |
| <b>Balance at 31 December 2021</b>                             | <u>8 503</u>        | <u>15 910</u>        | <u>117 099</u>        | <u>141 512</u>        |
| <i>Total comprehensive income for the year, incl.:</i>         | -                   | 57                   | 29 458                | 29 515                |
| Profit for the year                                            | -                   | -                    | 29 458                | 29 458                |
| Other comprehensive income for the year                        | -                   | 57                   | -                     | 57                    |
| <i>Transactions with owners, recognised directly in equity</i> |                     |                      |                       |                       |
| Dividends paid                                                 | -                   | -                    | (1 000)               | (1 000)               |
| <b>Balance at 31 December 2022</b>                             | <u><u>8 503</u></u> | <u><u>15 967</u></u> | <u><u>145 557</u></u> | <u><u>170 027</u></u> |

The accompanying notes are an integral part of these individual financial statement

The individual financial statements were approved by the Board of Directors on April 24, 2023.

Executive Director

Executive Director

Prepared by

Galin Todorov

Angel Madzharov

Stefan Djuglarski

In accordance with an Independent Auditors Report:  
 Audit firm MGI Delta LLC

Vladimir Kolmakov  
 Managing and Engagement Partner

**EASY ASSET MANAGEMENT ADO**  
**INDIVIDUAL STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2022**

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

|                                                          | Note | <u>2022</u>    | <u>2021</u>    |
|----------------------------------------------------------|------|----------------|----------------|
| <b>Cash from operating activities</b>                    |      |                |                |
| Payments of microloans lent                              |      | (214 537)      | (213 683)      |
| Proceeds on repayments of microloans lent                |      | 238 450        | 210 019        |
| Payments of individually significant loans               |      | (51 101)       | (32 307)       |
| Proceeds on repayment of individually significant loans  |      | 38 479         | 24 526         |
| Payments related to employees                            |      | (62 340)       | (53 165)       |
| Proceeds from customers                                  |      | 101 891        | 91 792         |
| Payments to suppliers                                    |      | (53 914)       | (34 109)       |
| Payments of corporate tax                                |      | (737)          | (108)          |
| Other proceeds/ (payments) for operating activities, net |      | 1 003          | (328)          |
| <i>Net cash used in operating activities</i>             |      | <u>(2 806)</u> | <u>(7 363)</u> |
| <b>Investing activities</b>                              |      |                |                |
| Acquisitions of property, plant, and equipment           |      | (502)          | (351)          |
| Payments for investments in subsidiaries                 |      | (4 400)        | (3 796)        |
| Proceeds on dividends                                    |      | 8 410          | 6 258          |
| <i>Net cash from investing activities</i>                |      | <u>3 508</u>   | <u>2 111</u>   |
| <b>Financing activities</b>                              |      |                |                |
| Dividends paid                                           |      | (994)          | -              |
| Proceeds from borrowings                                 |      | 4 135          | 9 562          |
| Repayments of borrowings, including interest             |      | (1 300)        | (2 125)        |
| Repayments of lease liabilities                          |      | (2 203)        | (1 893)        |
| <i>Net cash from / (used in) financing activities</i>    |      | <u>(362)</u>   | <u>5 544</u>   |
| <b>Net increase in cash and cash equivalents</b>         |      | <u>341</u>     | <u>292</u>     |
| <b>Cash and cash equivalents at beginning of year</b>    |      | <u>2 219</u>   | <u>1 927</u>   |
| <b>Cash and cash equivalents at end of year</b>          | 10   | <u>2 560</u>   | <u>2 219</u>   |

The accompanying notes are an integral part of these individual financial statement

The individual financial statements were approved by the Board of Directors on April 24, 2023.

Executive Director

Executive Director

Prepared by

Galin Todorov

Angel Madzharov

Stefan Djuglarski

In accordance with an Independent Auditors Report:  
Audit firm MGI Delta LLC

Vladimir Kolmakov  
Managing and Engagement Partner

**EASY ASSET MANAGEMENT AD**  
**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**  
**for the year ended 31 December 2022**

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

## 1. General information

### 1.1 Legal status

EASY ASSET MANAGEMENT AD ("the Company") is a joint-stock company established on December 8, 2005, and operating in Bulgaria, EIK 131576434. The Company's registered office and management address is: 28 Jawaharlal Nehru Blvd., Sofia, Bulgaria. The Company is managed by a Board of Directors, which consists of:

- Stanimir Svetoslavov Vasilev – Chairman of the Board of Directors.
- Nedelcho Yordanov Spasov – Member of the Board of Directors.
- Ivelina Tsankova Kavurska – Member of the Board of Directors.
- Galin Todorov Todorov – Member of the Board of Directors and Executive Director.
- Angel Vasilev Madzharov – Member of the Board of Directors and Executive Director.

The Company is represented jointly and separately by Galin Todorov Todorov and Angel Vasilev Madzharov - Executive Directors.

The share capital of the Company was not increased during the year. The number of issued ordinary shares is 8,503,000 with nominal value of BGN 1, amounting to a total share capital of BGN 8,503 thousand as of December 31, 2022. Each ordinary share gives the right to vote in the General Meeting of Shareholders, the right to dividend and liquidation share. Each share gives the right to one vote. The right to dividend and liquidation share is determined in proportion to the nominal value of the share. The Company can buy back its shares under the conditions provided by law.

### 1.2 Objects of activity

"Easy Asset Management" AD is a non-banking financial institution, with a focus in microcredit and uses the trademark Easy Credit. The Company provides small unsecured short-term loans to customers with low or moderate incomes. The Company carries out its activity through a wide distribution network, which consists of more than 200 offices in the country. As of December 31, 2022, the total number of employees on an employment contract amounted to 1 534 people (as of December 31, 2021: 1 483 people).

The Company has the following investments in subsidiaries:

- Easy Credit LLC (Ukraine) - 100%
- SC Easy Asset Management INF.S.A (Romania)-100%( 99.999938 %)
- Icredit sp.ZOO, Poland - 100%
- Easy Payment Services EOOD (Bulgaria)-99,60%
- Easy Asset Management Asia Microfinance (Myanmar)-98%
- Financial Bulgaria EOOD -100%
- Easy Individual Solutions,(Mexico)-98%
- FD M cash Macedonia dooel (Republic of North Macedonia)-100%
- Easy Asset Services EOOD (Bulgaria)-100%
- Easy Asset Management (Albania)-100%
- Easy Asset Management doo (Croatia)-50%

In accordance with the requirements of IFRS 10 "Consolidated Financial Statements", the Company also prepares a consolidated financial statement.

The ultimate parent company, which prepares consolidated financial statement for the largest group of enterprises, which includes the Company is Management Financial Group AD.

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## **2. Accounting policy**

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

The Individual Financial Statement includes: Individual Statement of Comprehensive Income, Individual Statement of Financial Position, Individual Statement of Changes in Equity, Individual Cash Flow Statement, and Notes to Financial Statements. It has been 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 expenses depending on their nature.

### **2.1 Basis of preparation of the Individual Financial Statements**

This Financial Statement has been prepared, in all material 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 provides 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**

This Individual Financial Statement has been prepared on the going concern basis. As of the date of preparation of the Individual Financial Statement, 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 item at the 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**

*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:**

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- **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:** Restrictive Contracts - Contract Performance Costs, effective 1 January 2022.
- **Amendments to IFRS 3 Business Combinations:** Conceptual Framework, effective 1 January 2022.
- **Annual Improvements to IFRS Standards 2018-2020**, effective 1 January 2022.

The adoption of these changes to the existing standards has not resulted in significant changes in the Company's financial statements.

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

At the date of approval of these financial statements, the following new standards issued by the IASB and adopted by the EU are not yet effective:

- **Amendments to IFRS 17 Insurance Contracts** effective 1 January 2023, as adopted by the EU
- **Amendments to IAS 1 Presentation of Financial Statements**, IFRS Statements for Annex 2: Disclosure of Accounting Policies, effective 1 January 2023, adopted by the EU
- **Amendments to IAS 8 Accounting Policies**, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective 1 January 2023, as adopted by the EU
- **Amendments to IAS 12 Income Taxes:** Deferred Taxes Relating to Assets and Liabilities Arising from Single Transactions, effective from 1 January 2023, as adopted by the EU
- **Amendments to IFRS 17 Insurance Contracts:** Initial Application of IFRS 17 and IFRS 9 - Comparative Information effective 1 January 2023, as 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*

Currently, IFRSs adopted by the EU are not materially different from those adopted by the IASB, except for the following new standards, amendments to existing standards and new interpretations that have not yet been endorsed by the EU at the date of approval of these financial statements (the effective dates indicated below are for full IFRSs):

- **Amendments to IAS 1 Presentation of Financial Statements:** Classification of Liabilities as Current and Non-current, effective no earlier than 1 January 2024, not yet adopted by the EU
- **Amendments to IFRS 16 Leases:** Lease Obligation on Sale and Leaseback effective no earlier than 1 January 2024. Not yet adopted by the EU
- **Amendments to IFRS 14 Deferred accounts at regulated prices** effective from 1 January 2016, not adopted by the EU

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

## **2.2 Transactions in foreign currency**

### *(a) Functional and Presentation Currency*

The individual items of the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in thousands of BGN being 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*



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Transactions in foreign currency are transformed into functional currency, applying the official exchange rate of the Bulgarian National Bank for the relevant day. Gains and losses from changes in exchange rates arising as a result of payments on transactions in foreign currency, as well as from revaluation at the closing exchange rate of assets and liabilities denominated in foreign currency are recognized in the income statement.

Gains and losses from foreign currency transactions that relate to receivables and cash are presented in the income statement as "financial income or expense". All other gains and losses are presented in the income statement as "other (losses)/gains - net".

Monetary assets and liabilities in foreign currency are reported at the closing exchange rate of the BNB as of the reporting date.

**Essential exchange rates:**

|                    | <b>31 December 2022</b> | <b>31 December 2021</b> |
|--------------------|-------------------------|-------------------------|
|                    | <b>BGN</b>              | <b>BGN</b>              |
| 1 US dollar equals | 1.83371                 | 1.72685                 |
| 1 euro equals      | 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.

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 lended or received.

### *Fees and commissions income and expenses*

Fees and commissions income is recognised at the time of providing the service. Fees received for services rendered for a specified period of time are accrued 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.

### *Income from penalties*

Income from penalties and default of borrowers on loans lended 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.

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*Customer loyalty programs*

Credits lended under customer loyalty programs represent a separate identifiable component of the transaction under which they are lended. The fair value of the consideration received in respect of the initial sale is allocated between the credits and the other components of the transaction. Loans lended under loyalty programs are reported as an adjustment to the book value of the loan portfolio and interest income for the period.

*Income from dividends*

Dividend income is recognized when the right to receive payment is established.

*Revenue from contracts with customers*

The 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

Operating expenses 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.

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 lended) 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 lended 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:

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- 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 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

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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 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 cooperation agreements with an operator of an online peer-to-peer (P2P) investment platform regulated under the laws of the Republic of Estonia. It aims 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 on microloans lent 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.

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The transfer agreements are (assignment) agreements with the right of recourse that require the relevant company to guarantee that the remaining part of the principal will be fully repaid to the investor in case that the customer of the relevant company delays his/her payment of more than 60 days (buy-back guarantee). Transfers with rights of recourse ensure direct recourse to the relevant 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 customer of the relevant company. In fact, the relevant company retains the risks and benefits of ownership of the financial asset. Therefore, these debt instruments of the relevant company are not eligible for consideration for partial write-off, and the relevant 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.

#### *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 the Company has a legal right to offset the recognised amounts and intends 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 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*

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.

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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*

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 such indicators are present, 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).

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## **2.8 Investments in Subsidiaries**

Long-term investments, representing shares in subsidiaries, are presented in the financial statements at acquisition price (cost), which represents the fair value of the consideration transferred, including the direct costs of acquiring the investment, less accumulated impairment.

Investments in subsidiaries held by the Company are subject to impairment review. When there is an indication of impairment, it is recognized in the statement of comprehensive income (in profit or loss for the year).

Investments in subsidiaries are written off when the rights arising from them are transferred to other persons when the legal grounds for this occur and thus control over the economic benefits of the relevant specific type of investment is lost. The gain or loss on their sale is presented under "finance income" or "finance expense" respectively in the statement of comprehensive income (in profit or loss for the period).

## **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 in exchange for 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

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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. 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;
- the estimated payment under residual value guarantee

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 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 tax is determined using the balance sheet method on all temporary differences between the carrying amounts of the assets and liabilities and their tax bases at the date of the financial statements. 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 tax related to items directly reported in equity or other balance sheet item or other components of comprehensive income shall also be reported directly in the relevant equity or balance sheet item or another 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 have been enacted or are expected to be enacted with a high degree of certainty.

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As of 31 December 2022, the Company's deferred tax assets and liabilities 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 personnel 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; and
- 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.

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.

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### **2.13 Equity**

Equity consists of the Company's registered share capital based on applicable legal provisions and articles of association. The nominal value of the Company's share capital is in the amount specified in the articles of association and in the Commercial Register.

According to the requirements of the Commercial Law and the statute, the Company is obliged to form a "reserve fund" from the following sources:

- at least one-tenth of the profit, which is allocated until the funds reach one-tenth of the share capital or a larger part, determined by decision of the General Meeting of Shareholders;
- the funds received above the nominal value of the shares upon their issuance (share premium);
- other sources, by decision of the General Meeting of Shareholders.

The fund can only be used to cover the annual loss and losses from previous years. When the minimum amount specified in the articles of association is reached, the funds above this amount can be used to increase the share capital.

Retained earnings include net profit (loss) for the year recognized in the statement of comprehensive income and accumulated profits (losses) from prior years.

### **2.14 Distribution of Dividends**

The distribution of dividends to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which it is approved by the Company's shareholders.

### **2.15 Related Parties**

For the purposes of this financial statement, the Company presents as related parties the parent company, its subsidiaries and associated companies, the members of key management personnel, as well as close members of their families, and the companies controlled by all the above-mentioned persons.

### **2.16 Share-based payments**

The Company's personnel shall receive share-based remuneration by providing services in return for remuneration received in the form of equity instruments. The cost of share-based payment transactions is recognised together with a corresponding capital increase for the period during which the performance and/or the conditions for the provision of services are fulfilled, as at the date on which the employees concerned are fully entitled to receive them (the 'date of acquisition of rights'). The cumulative cost recognised for share-based payment transactions for each reporting date up to the date of acquisition of rights reflects the extent to which the period of acquisition of rights has elapsed and the Company's best judgement on the number of equity instruments for which rights will ultimately be acquired. The costs are referred to as 'Personnel Costs'. In cases where the conditions for share-based payments are amended, the minimum costs recognised in 'Personnel Costs' shall be the costs which would have been incurred had the conditions not been amended. An additional cost for all modifications is recognised, which increases the total value of the share-based payment agreement or otherwise benefits the employee. In cases where share-based payments are cancelled, the cancellation shall be treated as a transferred right as from the date of cancellation and all costs not yet recognised until the date of cancellation shall be immediately recognised.

If a new programme is introduced in place of an old share-based payment programme, the cancelled programmes and the new ones shall be treated in such a way as if they were a modification of the initial programme as described above.

Share-based payment costs are initially measured at fair value using a pricing model, taking into account the conditions under which the instruments are provided. This fair value is stated as an expense for the period of acquisition of the rights. The liabilities of the program are revalued at fair value in each statement of financial

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position up to and including the settlement date, and changes in fair value are reported in the individual statement of comprehensive income.

**2.17 Repurchased own shares and own share agreements**

The Company's own equity instruments acquired by it or its subsidiaries (the Company's own shares) shall be deducted from the equity by reporting them at the weighted average acquisition price. The remuneration paid or received for the purchase, sale, issue or cancellation of the Company's own equity instruments shall be recognised directly in equity. Gains or losses shall not be recognised in the statement of comprehensive income.

Own share agreements relating to the issue of own shares for consideration shall be classified as equity and added to or deducted from the equity. Own share agreements that require a net cash settlement or provide an option for settlement, where the value of the contractual obligation is retained, which results to a change in the number of shares if their fair value changes, shall be classified as financial liabilities.

**2.18 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
- Recognition of a right-of-use asset and liability under lease agreements - Note 2.9
- Recognition of deferred tax assets - Note 2.10
- Determination of fair value - Note 2.4

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**3. Net income from interest, fees, and penalties**

|                                                      | <b>2022</b>    | <b>2021</b>    |
|------------------------------------------------------|----------------|----------------|
| Interest income                                      | 28 159         | 26 025         |
| Fee income                                           | 63 819         | 46 015         |
| Income from penalties                                | 8 187          | 10 277         |
| <b>Revenue from interest, fees, and penalties</b>    | <b>100 165</b> | <b>82 317</b>  |
| Interest expenses on bank loans                      | (704)          | (395)          |
| Interest expense on loans from related parties       | (364)          | (416)          |
| Interest expense on leases                           | (123)          | (120)          |
| Interest costs on loans from P2P platforms           | (1 416)        | (1 202)        |
| Expenses for fees and commissions                    | (262)          | (230)          |
| <b>Interest expense and bank fees</b>                | <b>(2 869)</b> | <b>(2 363)</b> |
| <b>Net income from interest, fees, and penalties</b> | <b>97 296</b>  | <b>79 954</b>  |

**4. Income from dividends**

|                                    | <b>2022</b>   | <b>2021</b>   |
|------------------------------------|---------------|---------------|
| Financial Bulgaria EOOD            | 16 400        | 11 000        |
| Easy Asset Management IFN- Romania | 13 064        | 6 259         |
|                                    | <b>29 464</b> | <b>17 259</b> |

**5. Other operating income, net**

|                                                            | <b>2022</b> | <b>2021</b> |
|------------------------------------------------------------|-------------|-------------|
| Income from assigned receivables                           | 136         | 180         |
| Gains from foreign exchange transactions and revaluations  | 686         | 430         |
| Other operating income                                     | 241         | 91          |
| Losses from foreign exchange transactions and revaluations | (216)       | (175)       |
|                                                            | <b>847</b>  | <b>526</b>  |

**6. Loss from impairment of financial assets, net**

|                                                                    | <b>2022</b>    | <b>2021</b>    |
|--------------------------------------------------------------------|----------------|----------------|
| Loss from impairment of microloans lended, net                     | (1 738)        | (2 395)        |
| Loss from impairment of individually significant loans lended, net | (4 437)        | (1 899)        |
|                                                                    | <b>(6 175)</b> | <b>(4 294)</b> |

**7. Employee benefits expense**

|                               | <b>2022</b>     | <b>2021</b>     |
|-------------------------------|-----------------|-----------------|
| Salaries and wages            | (56 033)        | (48 099)        |
| Social security contributions | (7 972)         | (6 836)         |
| Retirement benefits expense   | (72)            | (156)           |
|                               | <b>(64 077)</b> | <b>(55 091)</b> |

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**8. General administrative and other operating expenses**

|                                                                   | <b>2022</b>     | <b>2021</b>     |
|-------------------------------------------------------------------|-----------------|-----------------|
| Advertising and marketing                                         | (3 317)         | (4 110)         |
| Depreciation                                                      | (2 457)         | (2 225)         |
| Transport and business trips                                      | (2 058)         | (1 424)         |
| Expenses for materials                                            | (1 932)         | (1 541)         |
| Rental expenses                                                   | (1 540)         | (1 486)         |
| Telecommunication and postal costs                                | (1 555)         | (1 296)         |
| Consulting, legal services                                        | (1 470)         | (1 187)         |
| Social benefits                                                   | (1 393)         | (486)           |
| Consumables, incl. electric energy                                | (1 089)         | (664)           |
| Entertainment expenses and expenses not related to the activities | (678)           | (582)           |
| Insurance                                                         | (297)           | (266)           |
| Repair and technical support                                      | (188)           | (215)           |
| Office security                                                   | (110)           | (98)            |
| Audit services                                                    | (37)            | (36)            |
| Other operating expenses                                          | (3 773)         | (3 327)         |
|                                                                   | <b>(21 894)</b> | <b>(18 943)</b> |

The amounts charged during the year for the independent financial audit services provided by the registered auditors are disclosed in note 8 General administrative and other operating expenses. The registered auditors have not provided any other services to the Company, outside of an independent financial audit.

The amount of BGN 3 733 thousand referred to in 'Other operating expenses', includes costs related to commissions on contracts for services received, costs related to maintenance of assets other than rent, consumables and repairs, costs related to software maintenance and cyber security, training costs.

**9. Income tax expense**

|                                                                                                 | <b>2022</b> | <b>2021</b> |
|-------------------------------------------------------------------------------------------------|-------------|-------------|
| Profit before tax                                                                               | 29 498      | 20 370      |
| Tax rate                                                                                        | 10%         | 10%         |
| Estimated income tax expense                                                                    | 2 950       | 2 037       |
| Tax effect of expenses / income that are not deductible / taxable in determining taxable profit | (2 886)     | (1 700)     |
| <b>Current income tax expense</b>                                                               | <b>64</b>   | <b>337</b>  |
| Deferred income tax related to the origination and reversal of temporary differences            | (24)        | (13)        |
| <b>Total income tax expenses</b>                                                                | <b>40</b>   | <b>324</b>  |

**10. Cash and cash equivalents**

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

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|                       | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|-----------------------|-----------------------------|-----------------------------|
| Cash in bank accounts | 1 130                       | 1 290                       |
| Cash on hand          | 1 260                       | 802                         |
| Cash in transit       | 170                         | 127                         |
|                       | <b>2 560</b>                | <b>2 219</b>                |

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 floating interest rate.

**11. Microloans lent to individuals**

|                                                                                        | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|----------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Receivables from customers on secured micro loans, including accrued interest, gross   | 85 119                      | 88 952                      |
| Receivables from customers on unsecured micro loans, including accrued interest, gross | 2 082                       | 4 770                       |
| Court claims receivables, gross                                                        | 951                         | 963                         |
| Impairment losses                                                                      | (2 253)                     | (3 628)                     |
|                                                                                        | <b>85 899</b>               | <b>91 057</b>               |

The change in the impairment losses of receivables from customers on microloans lent is as follows:

|                                  | <b>2022</b>  | <b>2021</b>  |
|----------------------------------|--------------|--------------|
| <b>Balance at 1 January</b>      | <b>3 628</b> | <b>1 305</b> |
| Impairment loss for the year     | 1 788        | 3 965        |
| Reversed impairment for the year | (50)         | (1 570)      |
| Written-off receivables          | (3 113)      | (72)         |
| <b>Balance at 31 December</b>    | <b>2 253</b> | <b>3 628</b> |

**12. Individually significant loans lent**

|                                                                  | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|------------------------------------------------------------------|-----------------------------|-----------------------------|
| Loans lent to related parties, including accrued interest, gross | 112 214                     | 97 346                      |
| Loans lent to individuals, incl. accrued interest, gross         | 5                           | 13                          |
| Impairment losses                                                | (8 611)                     | (8 146)                     |
|                                                                  | <b>103 608</b>              | <b>89 213</b>               |

Additional information on individually significant loans lent to related parties is disclosed in note 25 to this individual report.

The change in impairment losses of receivables on Individually significant loans is as follows:

| <b>2022</b> | <b>2021</b> |
|-------------|-------------|
|-------------|-------------|

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|                                  |              |              |
|----------------------------------|--------------|--------------|
| <b>Balance at 1 January</b>      | <b>8 146</b> | <b>6 247</b> |
| Impairment loss for the year     | 4 437        | 1 899        |
| Reversed impairment for the year | -            | -            |
| Written-off receivables          | (3 972)      | -            |
| <b>Balance at 31 December</b>    | <b>8 611</b> | <b>8 146</b> |

**13. Investments in Subsidiaries**

|                                     | At 31 December 2022          |                              |                            | At 31 December 2021          |                              |                            |
|-------------------------------------|------------------------------|------------------------------|----------------------------|------------------------------|------------------------------|----------------------------|
|                                     | <i>Investment,<br/>gross</i> | <i>Impairment<br/>losses</i> | <i>Investment,<br/>net</i> | <i>Investment,<br/>gross</i> | <i>Impairment<br/>losses</i> | <i>Investment,<br/>net</i> |
| Easy Credit LLC                     | 14 970                       | (14 970)                     | -                          | 14 970                       | (12 232)                     | 2 738                      |
| SC Easy Asset Management INF.S.A    | 5 770                        | -                            | 5 770                      | 5 770                        | -                            | 5 770                      |
| ICredit sp.ZOO                      | 90                           | -                            | 90                         | 90                           | -                            | 90                         |
| M cash Macedonia dooel              | 1 467                        | -                            | 1 467                      | 1 271                        | -                            | 1 271                      |
| Easy Payment Services LTD           | 14 840                       | -                            | 14 840                     | 9 145                        | -                            | 9 145                      |
| Easy Credit Asia                    | 102                          | (102)                        | -                          | 102                          | (102)                        | -                          |
| Financial Bulgaria EOOD             | 6 656                        | -                            | 6 656                      | 6 656                        | -                            | 6 656                      |
| Easy Asset Services EOOD            | 22 637                       | (18 481)                     | 4 156                      | 22 637                       | (15 255)                     | 7 382                      |
| Easy Individual Solutions, (Mexico) | 36                           | -                            | 36                         | 36                           | -                            | 36                         |
| Easy Asset Management (Albania)     | 250                          | -                            | 250                        | 250                          | -                            | 250                        |
| Easy Asset Management doo           | 46                           | -                            | 46                         | 46                           | -                            | 46                         |
|                                     | <b>66 864</b>                | <b>(33 533)</b>              | <b>33 311</b>              | <b>60 973</b>                | <b>(27 590)</b>              | <b>33 384</b>              |

The Company owns 100% of Easy Credit LLC ("Subsidiary"). The subsidiary is registered in accordance with Ukrainian legislation and regulatory requirements regarding non-banking financial institutions. The value of the initial registered capital of the Subsidiary company is 6 922 thousand Ukrainian hryvnias, which on the date of capital registration was equivalent to 800 thousand euros or 1 565 thousand BGN. As of 31.12.2022, the investment is in the amount of 14 970 thousand BGN.

The Company owns 100% (99.999938%) of SC Easy Asset Management IFN AD ("Subsidiary"). The Subsidiary company is registered in accordance with Romanian legislation and regulatory requirements regarding non-banking financial institutions, with a total number of shares – 459 800 and capital in the amount of BGN 861 thousand (equivalent to EUR 440 thousand). The currency in which the capital of the Subsidiary is registered is Romanian lei. As of 31.12.2022, the capital of the Romanian company is BGN 5 770 thousand, equivalent to EUR 2 950 thousand (13 722 thousand lei).

The Company owns 100% of Icredit SP.Z.O.O. ("Subsidiary"), established in 2014. The Subsidiary is registered in accordance with Polish legislation and regulatory requirements regarding non-banking financial institutions. The value of the registered capital of the Subsidiary is BGN 2 thousand (equivalent to PLN 5 thousand) as of the date of establishment. In 2016, a decision was made to increase the capital to 200 thousand zlotys.

The Company owns 99.60% of Easy Payment Services EOOD ("Subsidiary"), established in 2016. The Subsidiary is registered in accordance with the legislation of the Republic of Bulgaria. The value of the capital at the time of registration is BGN 1 000 thousand. The activity of the Subsidiary company is: payment operations, issuing payment instruments and/or accepting payments with payment instruments. As of 31.12.2022, the registered capital is BGN 14 900 thousand.

The Company owns 98% of Easy Asset Management Asia Microfinance ("Subsidiary"), established in 2016. The Subsidiary is registered in accordance with the legislation and regulatory requirements of the Republic of the Union of Myanmar. The value of the registered capital of the Subsidiary is USD 200 thousand, equivalent to BGN 345 thousand at the date of incorporation. Since 2019, the Subsidiary has not carried out commercial activity and has initiated liquidation.



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In 2017, "Easy Asset Management" AD initiated the acquisition of the shares of the local division of the British group for non-bank consumer lending International Personal Finance (IPF) - "Provident Financial Bulgaria" OOD. The company owns 100% of Financial Bulgaria EOOD ("Subsidiary"), the value of the registered capital at the time of acquisition being BGN 51 million. It is registered in accordance with the legislation and regulatory requirements of the Republic of Bulgaria. In 2019, actions were taken to restructure the capital of the Subsidiary and it was reduced to BGN 1,500 thousand.

In 2019, the Company purchased from Access Finance OOD 100% of the shares of Financial Company M Cash Macedonia DOOEL Skopje ("Subsidiary"), established in 2014. The Subsidiary company is registered in accordance with the legislation of the Republic of North Macedonia and the regulatory requirements regarding non-banking financial institutions. In 2022, the value of the registered capital of the Subsidiary increased and reached EUR 600 thousand.

The Company owns 98% of A.D.P.K Easy Individual Solutions F.D.M.D. ("Subsidiary"), incorporated on 07/29/2019. The Subsidiary is registered under the laws of Mexico. The value of the registered capital is 402 thousand Mexican pesos (equivalent to BGN 37 thousand) at the date of incorporation. In 2022, the company did not carry out any commercial activity.

In 2020, the Company purchased 100% of the shares of Easy Asset Services EOOD ("Subsidiary"), established in 2008. The Subsidiary company is registered in accordance with the legislation of the Republic of Bulgaria and its subject of activity is asset management. The value of the shares at the time of purchase is 5 thousand BGN, and with a non-monetary contribution (capitalization of the lended loan) the capital amounts to 13 405 thousand BGN.

In 2021, Easy Asset Management AD entered the Albanian market with its subsidiary Easy Asset Management LLC. The Subsidiary is registered under the laws of Albania. The value of the registered capital is 15 492 thousand Albanian Lek (equivalent to BGN 250 thousand) and is 100% owned by the Company.

In 2021, Easy Asset Management d.o.o., a Subsidiary, registered in accordance with the legislation of Croatia, was established. The Subsidiary company will carry out its activities with a local partner, owning 50% of the registered capital, equivalent to BGN 46 thousand.

The change in impairment losses of investments in subsidiaries is as follows:

|                                          | <b>2022</b>   | <b>2021</b>   |
|------------------------------------------|---------------|---------------|
| <b>Balance at January 1</b>              | <b>27 590</b> | <b>28 549</b> |
| Impairment loss for the year             | 5 963         | -             |
| Reintegrated impairments during the year | -             | (959)         |
| <b>Balance at December 31</b>            | <b>33 553</b> | <b>27 590</b> |

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**14. Property, plant, and equipment**

|                                 | <b>Computer<br/>equipment</b> | <b>Plant and<br/>equipment</b> | <b>Office<br/>furniture</b> | <b>Other</b> | <b>Total</b>   |
|---------------------------------|-------------------------------|--------------------------------|-----------------------------|--------------|----------------|
| <b>Cost</b>                     |                               |                                |                             |              |                |
| At 1 January 2021               | 1 063                         | 76                             | 119                         | 528          | 1 786          |
| Acquisitions                    | 289                           | -                              | 22                          | 44           | 355            |
| Disposals                       | (37)                          | -                              | -                           | (12)         | (49)           |
| At 31 December 2021             | 1 315                         | 76                             | 141                         | 560          | 2 092          |
| Acquisitions                    | 254                           | -                              | 11                          | 232          | 497            |
| Disposals                       | (431)                         | -                              | -                           | (5)          | (436)          |
| <b>At 31 December 2022</b>      | <b>1 138</b>                  | <b>76</b>                      | <b>152</b>                  | <b>787</b>   | <b>2 153</b>   |
| <b>Accumulated depreciation</b> |                               |                                |                             |              |                |
| At 1 January 2021               | (747)                         | (76)                           | (51)                        | (401)        | (1 275)        |
| Accrued during the period       | (325)                         | -                              | (17)                        | (52)         | (394)          |
| Written-off during the period   | 35                            | -                              | -                           | 13           | 48             |
| At 31 December 2021             | (1 037)                       | (76)                           | (68)                        | (440)        | (1 621)        |
| Accrued during the period       | (283)                         | -                              | (20)                        | (51)         | (354)          |
| Written-off during the period   | 428                           | -                              | -                           | 6            | 434            |
| <b>At 31 December 2022</b>      | <b>(892)</b>                  | <b>(76)</b>                    | <b>(88)</b>                 | <b>(485)</b> | <b>(1 541)</b> |
| <b>Carrying amount</b>          |                               |                                |                             |              |                |
| At 31 December 2022             | 246                           | -                              | 64                          | 296          | 612            |
| At 31 December 2021             | 278                           | -                              | 73                          | 120          | 471            |
| At 01 January 2021              | 316                           | -                              | 68                          | 127          | 511            |

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**15. Intangible assets**

|                                 | <b>Software</b> | <b>Total</b> |
|---------------------------------|-----------------|--------------|
| <b>Cost</b>                     |                 |              |
| At 1 January 2021               | 985             | 985          |
| Acquisitions                    | 159             | 159          |
| Disposals                       | (1)             | (1)          |
| At 31 December 2021             | 1 143           | 1 143        |
| Acquisitions                    | -               | -            |
| Disposals                       | -               | -            |
| <b>At 31 December 2022</b>      | <b>1 143</b>    | <b>1 143</b> |
| <b>Accumulated depreciation</b> |                 |              |
| At 1 January 2021               | (941)           | (941)        |
| Accrued during the period       | (46)            | (46)         |
| Written off                     | 22              | 22           |
| At 31 December 2021             | (965)           | (965)        |
| Accrued during the period       | (19)            | (19)         |
| Written off                     | -               | -            |
| <b>At 31 December 2022</b>      | <b>(984)</b>    | <b>(984)</b> |
| <b>Carrying amount</b>          |                 |              |
| At 31 December 2022             | 159             | 159          |
| At 31 December 2021             | 178             | 178          |
| At 01 January 2021              | 44              | 44           |

**16. Right-of-use assets**

|                                 | <b>Buildings</b> | <b>Total</b> |
|---------------------------------|------------------|--------------|
| <b>Cost</b>                     |                  |              |
| At 1 January 2021               | 4 759            | 4 759        |
| Acquisitions                    | 594              | 594          |
| At 31 December 2021             | 5 353            | 5 353        |
| Acquisitions                    | 888              | 888          |
| <b>At 31 December 2022</b>      | <b>6 241</b>     | <b>6 241</b> |
| <b>Accumulated depreciation</b> |                  |              |
| At 1 January 2021               | (1 589)          | (1 589)      |
| Accrued during the period       | (1 591)          | (1 591)      |
| At 31 December 2021             | (3 180)          | (3 180)      |
| Accrued during the period       | (1 122)          | (1 122)      |
| <b>At 31 December 2022</b>      | <b>4 302</b>     | <b>4 302</b> |
| <b>Carrying amount</b>          |                  |              |
| At 31 December 2022             | 1 939            | 1 939        |
| At 31 December 2021             | 2 173            | 2 173        |
| At 01 January 2021              | 3 170            | 3 170        |

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| <i>Amounts recognised in profit or loss</i>    | <b>2022</b> | <b>2021</b> |
|------------------------------------------------|-------------|-------------|
| Depreciation of right-of-use assets            | (1 122)     | (1 591)     |
| Interest expenses related to lease payables    | (123)       | (121)       |
| Expenses related to short-term rentals         | (1 026)     | (1 198)     |
| Expenses related to leases of low-value assets | (514)       | (288)       |

**17. Other assets**

|                              | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|------------------------------|-----------------------------|-----------------------------|
| Accruals                     | 24 340                      | 11 816                      |
| Overpaid corporate tax       | 336                         | -                           |
| Receivables under guarantees | 333                         | 317                         |
| Advances paid                | 220                         | 1 579                       |
| Other receivables            | 651                         | 503                         |
|                              | <b>25 880</b>               | <b>14 215</b>               |

The amount of BGN 24 340 thousand referred to in 'Accruals', represents an accrued receivable and recognized income from commissions to Financial Bulgaria EOOD under an invoice issued in 2023, but relating to 2022.

**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:

|                                                           | <b>Unused<br/>paid leaves</b> | <b>Employee<br/>benefits</b> | <b>Other</b> | <b>Total</b> |
|-----------------------------------------------------------|-------------------------------|------------------------------|--------------|--------------|
| <b>At 01 January 2021</b>                                 | <b>110</b>                    | <b>120</b>                   | <b>42</b>    | <b>272</b>   |
| (Expense)/income in the Statement of comprehensive income | (6)                           | 4                            | 15           | 13           |
| <b>At 01 January 2022</b>                                 | <b>104</b>                    | <b>124</b>                   | <b>57</b>    | <b>285</b>   |
| (Expense)/income in the Statement of comprehensive income | 10                            | 12                           | 2            | 24           |
| <b>At 31 December 2022</b>                                | <b>114</b>                    | <b>136</b>                   | <b>59</b>    | <b>309</b>   |

**19. Borrowings**

|                                        | <b>Average<br/>interest rate</b> | <b>Term</b> | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|----------------------------------------|----------------------------------|-------------|-----------------------------|-----------------------------|
| Bank loans                             | 7%                               | 2023        | 9 771                       | 9 832                       |
| Loans from related parties (Note 31.3) | 12%                              | 2024        | -                           | 4 491                       |
| Loans from P2P investors               | 8%                               | 2023        | 17 059                      | 15 576                      |
| <b>Total, including:</b>               |                                  |             | <b>26 830</b>               | <b>29 899</b>               |
| <i>Current</i>                         |                                  |             | 26 830                      | 25 408                      |
| <i>Noncurrent</i>                      |                                  |             | -                           | 4 491                       |

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**20. Lease liabilities**

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

| <i>Maturity structure of lease liabilities</i> | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|------------------------------------------------|-----------------------------|-----------------------------|
| Long-term part                                 | 250                         | 280                         |
| Short-term part                                | 1 689                       | 1 893                       |
|                                                | <b>1 939</b>                | <b>2 173</b>                |

**21. Trade and other payables**

|                                                                                        | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|----------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Obligation to the guarantor company for collected guarantee instalments from customers | 42 291                      | 50 100                      |
| Personnel and social insurance payables                                                | 7 500                       | 6 350                       |
| Payables to suppliers                                                                  | 4 984                       | 2 091                       |
| Tax payables, different from corporate tax                                             | 568                         | 520                         |
| Other payables                                                                         | 138                         | 213                         |
|                                                                                        | <b>55 481</b>               | <b>59 274</b>               |

**Personnel and social security payables**

|                                                 | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|-------------------------------------------------|-----------------------------|-----------------------------|
| Personnel payables, including:                  |                             |                             |
| Current payables for salaries and wages         | 4 502                       | 3 659                       |
| Current payables for unused paid leave          | 955                         | 874                         |
| Long-term payables to personnel upon retirement | 571                         | 552                         |
|                                                 | <b>6 028</b>                | <b>5 085</b>                |
| Social security payables, including:            |                             |                             |
| Current payables                                | 1 472                       | 1 265                       |
|                                                 | <b>1 472</b>                | <b>1 265</b>                |
| <b>Total</b>                                    | <b>7 500</b>                | <b>6 350</b>                |

**Long-term payables to personnel upon retirement**

|                                                    | <b>2022</b> | <b>2021</b> |
|----------------------------------------------------|-------------|-------------|
| <i>Present value of liabilities on January 1</i>   | 552         | 397         |
| Current Service cost                               | 103         | 87          |
| Interest expense                                   | 4           | 2           |
| Retirement benefits paid during the period         | (31)        | (13)        |
| Actuarial (profit) loss for the period             | (57)        | 79          |
| <i>Present value of liabilities on December 31</i> | <b>571</b>  | <b>552</b>  |

The significant assumptions used in determining retirement benefit obligations are shown below:

|                                 | <b>2022</b> | <b>2021</b> |
|---------------------------------|-------------|-------------|
| Discount rate                   | 6.0%        | 0.6%        |
| Future increase in remuneration | 5.0%        | 5.0%        |

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Average maturity of retirement benefit obligations is 9.8 years.

The table below presents a sensitivity analysis of the significant assumptions as of 12/31/2022, calculated using a method that extrapolates the effect on the retirement benefit obligations, subject to a reasonable change in the underlying assumptions at the end of the reporting period.

| <b>Significant assumptions</b> | <b>Variance</b> | <b>Absolute change</b> | <b>Relative change</b> |
|--------------------------------|-----------------|------------------------|------------------------|
| Discount rate                  | +0,50%          | (25)                   | -4%                    |
| Discount rate                  | -0,50%          | 27                     | +4%                    |
| Remuneration                   | +0,50%          | 27                     | +4%                    |
| Remuneration                   | -0,50%          | (25)                   | -4%                    |

The expected payments as of 31.12.2022 in relation to the obligations for retirement benefits are as follows:

|                  | <b>Estimated Payments</b> |
|------------------|---------------------------|
| Payments in 2023 | 64                        |
| Payments in 2024 | 46                        |
| Payments in 2025 | 24                        |
| Payments in 2026 | 39                        |
| Payments in 2027 | 71                        |

## 22. Equity

### Share capital

As of December 31, 2022, the share capital remains unchanged compared to the end of the previous reporting period. The number of issued ordinary shares is 8 503 000 with nominal value of BGN 1, amounting to a total share capital of BGN 8 503 thousand as of December 31, 2022. The majority shareholder of the Company is Management Financial Group AD with 88.42%. The Company formed legal reserves in accordance with the requirements of the Commercial Law in the amount of BGN 15 910 thousand.

### Reserves

The Company formed legal reserves in accordance with the requirements of the Commercial Law in the amount of BGN 15 910 thousand.

*Change in the reserves from accumulated actuarial gain / (loss)*

|                                                                  | <b>2022</b> | <b>2021</b> |
|------------------------------------------------------------------|-------------|-------------|
| Accumulated actuarial gain / (loss) at 1 January                 | -           | -           |
| Actuarial gain / (loss) recognized as other comprehensive income | 57          | -           |
| Accumulated actuarial profit / (loss) at 31 December             | 57          | -           |

### Retained earnings

|                                         | <b>31 December 2022</b> | <b>31 December 2021</b> |
|-----------------------------------------|-------------------------|-------------------------|
| Retained earnings from previous periods | 117 099                 | 97 053                  |
| Distributed dividend                    | (1 000)                 | -                       |
| Current profit                          | 29 458                  | 20 046                  |
|                                         | <b>145 557</b>          | <b>117 099</b>          |

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The changes in equity in 2021 are as follows:

- Reported profit for the period in the amount of BGN 20 046 thousand.
- During the reporting period, no decision was made to distribute a dividend.

Changes in equity in 2022 are as follows:

- Reported profit for the period in the amount of BGN 29 458 thousand.
- During the reporting period, a decision was made to distribute a dividend in the amount of BGN 1 000 thousand.

**23. Notes to the statement of cash flows**

**Non-monetary transactions**

Receivables from Financial Bulgaria EOOD for commissions in the total amount of BGN 43 127 thousand are offset with liabilities to Financial Bulgaria EOOD for collected guarantees.

Receivables from Financial Bulgaria EOOD for dividend in the amount of BGN 16 400 thousand are offset with liabilities to Financial Bulgaria EOOD for collected guarantees.

Receivables for dividend from SC Easy Asset Management IFN AD – Romania in the amount of BGN 4 654 thousand are offset with loan obligations to SC Easy Asset Management IFN AD – Romania.

**Changes in liabilities arising from financing activities**

The tables below describe changes in the Company's liabilities resulting from financing activities, including monetary and non-monetary changes. Liabilities arising from financing activities are those for which cash flows have been or future cash flows will be classified in the Company's Statement of Cash Flows as cash flows from financing activities.

|                   | 1 January<br>2022 | Cash flows from<br>financing<br>activities | Non-monetary<br>changes | 31 December<br>2022 |
|-------------------|-------------------|--------------------------------------------|-------------------------|---------------------|
| Borrowings        | 29 899            | 2 835                                      | (5 904)                 | 26 830              |
| Lease liabilities | 2 173             | (2 203)                                    | 1 969                   | 1 939               |
|                   | <b>32 072</b>     | <b>632</b>                                 | <b>(3 935)</b>          | <b>28 769</b>       |

|                   | 1 January<br>2021 | Cash flows from<br>financing<br>activities | Non-monetary<br>changes | 31 December<br>2021 |
|-------------------|-------------------|--------------------------------------------|-------------------------|---------------------|
| Borrowings        | 21 129            | 7 437                                      | 1 333                   | 29 899              |
| Lease liabilities | 3 170             | (1 893)                                    | 4 066                   | 2 173               |
|                   | <b>24 299</b>     | <b>5 544</b>                               | <b>5 399</b>            | <b>32 072</b>       |

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#### **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 arises from the risk of financial loss that may occur due to Company's customers, suppliers and creditors inability to fulfill their obligations. 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, they are changed at the suggestion of the management. The management is responsible for the operational approach to risk management and sets priorities for operation in accordance with the risk management strategy and principles, adopts controls for credit risk and reviews its management procedures and system.

##### **A.1. Credit risk assessment**

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).

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



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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>     |                             |
|-------------------------------------|-----------------------------|-----------------------------|
|                                     | <b>31 December<br/>2022</b> | <b>31 December<br/>2022</b> |
| Cash and cash equivalents           | 2 560                       | 2 219                       |
| Microloans lent to individuals      | 85 899                      | 91 057                      |
| Individually significant loans lent | 103 608                     | 89 213                      |
| Other assets                        | 25 880                      | 14 215                      |
|                                     | <b>217 947</b>              | <b>196 704</b>              |

**A.4. Analysis of credit risk of unguaranteed microloans lent to individuals**

The tables below analyze the credit risk of microloans lent to individuals:

| <b>Gross receivables</b>      | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b> |
|-------------------------------|----------------|----------------|----------------|--------------|
| <b>As at 31 December 2022</b> | -              | -              | -              | -            |
| Performing                    | 464            | -              | -              | 464          |
| Overdue up to 30 days         | -              | 161            | -              | 161          |
| Overdue from 31 to 90 days    | -              | -              | 1 405          | 1 405        |
| <b>Total</b>                  | <b>464</b>     | <b>161</b>     | <b>1 405</b>   | <b>2 030</b> |

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| Gross receivables          | Stage 1      | Stage 2    | Stage 3      | Total        |
|----------------------------|--------------|------------|--------------|--------------|
| <b>At 31 December 2021</b> | -            | -          | -            | -            |
| Performing                 | 1 199        | -          | -            | 1 199        |
| Overdue up to 30 days      | -            | 872        | -            | 872          |
| Overdue from 31 to 90 days | -            | -          | 2 699        | 2 699        |
| <b>Total</b>               | <b>1 199</b> | <b>872</b> | <b>2 699</b> | <b>4 770</b> |

| At 31 December 2022      | Stage 1    | Stage 2   | Stage 3    | Total      |
|--------------------------|------------|-----------|------------|------------|
| <b>Gross receivables</b> | 464        | 161       | 1 405      | 2 030      |
| Impairment               | (30)       | (75)      | (1 197)    | (1 302)    |
| <b>Net receivables</b>   | <b>434</b> | <b>86</b> | <b>208</b> | <b>728</b> |

| At 31 December 2021    | Stage 1      | Stage 2    | Stage 3    | Total        |
|------------------------|--------------|------------|------------|--------------|
| Gross receivables      | 1 199        | 872        | 2 699      | 4 770        |
| Impairment             | (106)        | (438)      | (2 120)    | (2 664)      |
| <b>Net receivables</b> | <b>1 093</b> | <b>434</b> | <b>579</b> | <b>2 106</b> |

| Gross receivables 2022           | Stage 1    | Stage 2    | Stage 3      | Total        |
|----------------------------------|------------|------------|--------------|--------------|
| Balance at 1 January 2022        | 1 199      | 872        | 2 699        | 4 770        |
| Transfer to Stage 1              | (566)      | -          | -            | (566)        |
| Transfer to Stage 2              | -          | (293)      | -            | (293)        |
| Transfer to Stage 3              | -          | -          | 507          | 507          |
| Acquired financial assets        | 443        | 149        | 865          | 1 457        |
| Settled                          | (612)      | (567)      | (2 666)      | (3 845)      |
| <b>Balance at 1 January 2022</b> | <b>464</b> | <b>161</b> | <b>1 405</b> | <b>2 030</b> |

| Gross receivables 2021             | Stage 1      | Stage 2    | Stage 3      | Total        |
|------------------------------------|--------------|------------|--------------|--------------|
| Balance at 1 January 2021          | 43           | 22         | 413          | 478          |
| Transfer to Stage 1                | 13           | -          | -            | 13           |
| Transfer to Stage 2                | -            | 3          | -            | 3            |
| Transfer to Stage 3                | -            | -          | 372          | 372          |
| Acquired financial assets          | 1 181        | 865        | 2 432        | 4 478        |
| Settled                            | (38)         | (18)       | (518)        | (574)        |
| <b>Balance at 31 December 2021</b> | <b>1 199</b> | <b>872</b> | <b>2 699</b> | <b>4 770</b> |

| Impairment of receivables 2022     | Stage 1   | Stage 2   | Stage 3      | Total        |
|------------------------------------|-----------|-----------|--------------|--------------|
| Balance at 1 January 2022          | 106       | 438       | 2 120        | 2 664        |
| Transfer to Stage 1                | (50)      | -         | -            | (50)         |
| Transfer to Stage 2                | -         | (147)     | -            | (147)        |
| Transfer to Stage 3                | -         | -         | 508          | 508          |
| Acquired financial assets          | 29        | 69        | 710          | 808          |
| Settled                            | (55)      | (285)     | (2 141)      | (2 481)      |
| <b>Balance at 31 December 2022</b> | <b>30</b> | <b>75</b> | <b>1 197</b> | <b>1 302</b> |

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| <b>Impairment of receivables 2021</b> | <b>Stage 1</b> | <b>Stage 2</b> | <b>Stage 3</b> | <b>Total</b> |
|---------------------------------------|----------------|----------------|----------------|--------------|
| Balance at 1 January 2021             | 2              | 11             | 366            | 379          |
| Transfer to Stage 1                   | 1              | -              | -              | 1            |
| Transfer to Stage 2                   | -              | 1              | -              | 1            |
| Transfer to Stage 3                   | -              | -              | 348            | 348          |
| Acquired financial assets             | 105            | 435            | 1 880          | 2 420        |
| Settled                               | (2)            | (9)            | (474)          | (485)        |
| <b>Balance at 31 December 2021</b>    | <b>106</b>     | <b>438</b>     | <b>2 120</b>   | <b>2 664</b> |

**A.5. Analysis of the credit risk of receivables on individually significant loans lend**

The tables below analyze the credit risk of receivables on individually significant loans lend:

| <b>Receivables gross</b>   | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|----------------------------|-----------------------------|-----------------------------|
| Performing                 | 112 219                     | 97 359                      |
| Overdue up to 30 days      | -                           | -                           |
| Overdue from 31 to 90 days | -                           | -                           |
| Overdue more than 90 days  | -                           | -                           |
| <b>Total</b>               | <b>112 219</b>              | <b>97 359</b>               |

  

|                         | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|-------------------------|-----------------------------|-----------------------------|
| Receivables gross       | 112 219                     | 97 359                      |
| Impairment              | (8 611)                     | (8 146)                     |
| <b>Receivables, net</b> | <b>103 608</b>              | <b>89 213</b>               |

**B. Liquidity risk**

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

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

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| <u>At 31 December 2022</u>   | Carrying amount | Contractual Cash Flows |               |             |                   | Total         |
|------------------------------|-----------------|------------------------|---------------|-------------|-------------------|---------------|
|                              |                 | Up to 3 months         | 3 - 12 months | 1 - 5 years | More than 5 years |               |
| <b>Financial liabilities</b> |                 |                        |               |             |                   |               |
| Borrowings                   | 26 830          | -                      | 28 959        | -           | -                 | 28 959        |
| Lease liabilities            | 1 939           | 435                    | 1 305         | 265         | -                 | 2 005         |
| Trade payables               | 47 275          | 4 984                  | 42 291        | -           | -                 | 47 275        |
|                              | <b>76 044</b>   | <b>5 419</b>           | <b>72 555</b> | <b>265</b>  | <b>-</b>          | <b>78 239</b> |

| <u>At 31 December 2022</u>   | Carrying amount | Contractual Cash Flows |               |              |                   | Total         |
|------------------------------|-----------------|------------------------|---------------|--------------|-------------------|---------------|
|                              |                 | Up to 3 months         | 3 - 12 months | 1 - 5 years  | More than 5 years |               |
| <b>Financial liabilities</b> |                 |                        |               |              |                   |               |
| Borrowings                   | 29 899          | -                      | 27 731        | 5 539        | -                 | 33 270        |
| Lease liabilities            | 2 173           | 487                    | 1 462         | 297          | -                 | 2 247         |
| Trade payables               | 51 019          | 919                    | 50 100        | -            | -                 | 51 019        |
|                              | <b>83 091</b>   | <b>1 406</b>           | <b>79 293</b> | <b>5 836</b> | <b>-</b>          | <b>86 536</b> |

**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**

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.

**At 31 December 2022**

|                                     | Variable rate | Fixed rate     | Interest free | Total          |
|-------------------------------------|---------------|----------------|---------------|----------------|
| <b>Financial assets</b>             |               |                |               |                |
| Cash and cash equivalents           | -             | -              | 2 560         | 2 560          |
| Microloans lent to individuals      | -             | 85 899         | -             | 85 899         |
| Individually significant loans lent | -             | 103 608        | -             | 103 608        |
| Other assets                        | -             | -              | 25 880        | 25 880         |
| <b>Total financial assets</b>       | <b>-</b>      | <b>189 507</b> | <b>28 440</b> | <b>217 947</b> |
| <b>Financial liabilities</b>        |               |                |               |                |
| Borrowings                          | 9 833         | 16 997         | -             | 26 830         |
| Lease liabilities                   | -             | 1 939          | -             | 1 939          |
| Trade payables                      | -             | -              | 47 275        | 47 275         |
| <b>Total financial liabilities</b>  | <b>9 833</b>  | <b>18 936</b>  | <b>47 275</b> | <b>76 044</b>  |

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**At 31 December 2021**

|                                     | <i>Variable rate</i> | <i>Fixed rate</i> | <i>Interest free</i> | <i>Total</i>   |
|-------------------------------------|----------------------|-------------------|----------------------|----------------|
| <b>Financial assets</b>             |                      |                   |                      |                |
| Cash and cash equivalents           | -                    | -                 | 2 219                | 2 219          |
| Microloans lent to individuals      | -                    | 91 057            | -                    | 91 057         |
| Individually significant loans lent | -                    | 89 213            | -                    | 89 213         |
| Other assets                        | -                    | -                 | 14 215               | 14 215         |
| <b>Total financial assets</b>       | <b>-</b>             | <b>180 270</b>    | <b>16 434</b>        | <b>196 704</b> |
| <b>Financial liabilities</b>        |                      |                   |                      |                |
| Borrowings                          | 9 832                | 20 067            | -                    | 29 899         |
| Lease liabilities                   | -                    | 2 173             | -                    | 2 173          |
| Trade payables                      | -                    | -                 | 51 019               | 51 019         |
| <b>Total financial liabilities</b>  | <b>9 832</b>         | <b>22 240</b>     | <b>51 019</b>        | <b>83 091</b>  |

**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 in the future.

**At 31 December 2022**

|                                     | <i>BGN</i>     | <i>EUR</i>    | <i>USD</i> | <i>Total</i>   |
|-------------------------------------|----------------|---------------|------------|----------------|
| <b>Financial assets</b>             |                |               |            |                |
| Cash and cash equivalents           | 2 491          | 68            | 1          | 2 560          |
| Microloans lent to individuals      | 85 899         | -             | -          | 85 899         |
| Individually significant loans lent | 93 073         | 10 535        | -          | 103 608        |
| Other assets                        | 25 803         | 2             | 75         | 25 880         |
| <b>Total financial assets</b>       | <b>207 266</b> | <b>10 605</b> | <b>76</b>  | <b>217 947</b> |
| <b>Financial liabilities</b>        |                |               |            |                |
| Borrowings                          | 14 687         | 12 143        | -          | 26 830         |
| Lease liabilities                   | 1 939          | -             | -          | 1 939          |
| Trade payables                      | 47 268         | 7             | -          | 47 275         |
| <b>Total financial liabilities</b>  | <b>63 894</b>  | <b>12 150</b> | <b>-</b>   | <b>76 044</b>  |

**At 31 December 2021**

|                                     | <i>BGN</i>     | <i>EUR</i>    | <i>USD</i>   | <i>Total</i>   |
|-------------------------------------|----------------|---------------|--------------|----------------|
| <b>Financial assets</b>             |                |               |              |                |
| Cash and cash equivalents           | 2 051          | 167           | 1            | 2 219          |
| Microloans lent to individuals      | 91 057         | -             | -            | 91 057         |
| Individually significant loans lent | 72 921         | 12 726        | 3 566        | 89 213         |
| Other assets                        | 14 152         | 2             | 61           | 14 215         |
| <b>Total financial assets</b>       | <b>180 181</b> | <b>12 895</b> | <b>3 628</b> | <b>196 704</b> |
| <b>Financial liabilities</b>        |                |               |              |                |
| Borrowings                          | 14 837         | 15 062        | -            | 29 899         |
| Lease liabilities                   | 2 173          | -             | -            | 2 173          |
| Trade payables                      | 50 949         | 53            | 17           | 51 019         |
| <b>Total financial liabilities</b>  | <b>67 959</b>  | <b>15 115</b> | <b>17</b>    | <b>83 091</b>  |

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*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. 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 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 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:

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|                                     | <i>At 31 December 2022</i> |                   | <i>At 31 December 2021</i> |                   |
|-------------------------------------|----------------------------|-------------------|----------------------------|-------------------|
|                                     | <i>Book value</i>          | <i>Fair value</i> | <i>Book value</i>          | <i>Fair value</i> |
| <b>Financial assets</b>             |                            |                   |                            |                   |
| Cash and cash equivalents           | 2 560                      | 2 560             | 2 219                      | 2 219             |
| Microloans lent to individuals      | 85 899                     | 85 899            | 91 057                     | 91 057            |
| Individually significant loans lent | 103 608                    | 103 608           | 89 213                     | 89 213            |
| Other assets                        | 25 880                     | 25 880            | 14 215                     | 14 215            |
| <b>Total financial assets</b>       | <b>217 947</b>             | <b>217 947</b>    | <b>196 704</b>             | <b>196 704</b>    |

|                                    | <i>At 31 December 2022</i> |                   | <i>At 31 December 2021</i> |                   |
|------------------------------------|----------------------------|-------------------|----------------------------|-------------------|
|                                    | <i>Book value</i>          | <i>Fair value</i> | <i>Book value</i>          | <i>Fair value</i> |
| <b>Financial liabilities</b>       |                            |                   |                            |                   |
| Borrowings                         | 26 830                     | 26 830            | 29 899                     | 29 899            |
| Lease liabilities                  | 1 939                      | 1 939             | 2 173                      | 2 173             |
| Trade payables                     | 47 275                     | 47 275            | 51 019                     | 51 019            |
| <b>Total financial liabilities</b> | <b>76 044</b>              | <b>76 044</b>     | <b>83 091</b>              | <b>83 091</b>     |

The following table provides information about the financial instruments that require fair value disclosure in accordance with IFRS 7 allocated according to the valuation methods used at 31 December 2022:

|                                     | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> | <i>Total</i> |
|-------------------------------------|----------------|----------------|----------------|--------------|
| <b>Financial assets</b>             |                |                |                |              |
| Cash and cash equivalents           | 2 560          | -              | -              | 2 560        |
| Microloans lent to individuals      | -              | -              | 85 899         | 85 899       |
| Individually significant loans lent | -              | -              | 103 608        | 103 608      |
| Other assets                        | -              | -              | 25 880         | 25 880       |
| <b>Financial liabilities</b>        |                |                |                |              |
| Borrowings                          | -              | -              | 26 830         | 26 830       |
| Lease liabilities                   | -              | -              | 1 939          | 1 939        |
| Trade payables                      | -              | -              | 47 275         | 47 275       |

***F. Capital risk management***

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

Debt-to-equity ratio at 31 December 2022 and 31 December 2021 is as follows:

|                                                     | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|-----------------------------------------------------|-----------------------------|-----------------------------|
| Total debt capital                                  | 84 250                      | 91 683                      |
| Less cash and cash equivalents                      | (2 560)                     | (2 219)                     |
| Net debt capital                                    | <b>81 690</b>               | <b>89 464</b>               |
| Total equity belonging to the owners of the Company | 170 027                     | 141 512                     |
| <b>Total capital belonging to the Company</b>       | <b>251 717</b>              | <b>230 976</b>              |
| <b>Debt-to-equity ratio</b>                         | <b>0.50</b>                 | <b>0.65</b>                 |

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

The equity consists of registered capital, reserves and retained earnings. Summary quantitative data on the composition of the equity is disclosed in Note 21.

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**25. Related Party Disclosures**

Entities are considered related if one of the parties has the ability to exercise control or significant influence over the other in making financial or operational decisions, or is placed under joint control by a third party.

**25.1. List of related parties**

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

| <i>Company name</i>                                             | <i>Type of relationship</i> |
|-----------------------------------------------------------------|-----------------------------|
| SC Easy Asset Management INF.S.A (Romania)                      | Subsidiary                  |
| Easy Credit LLC (Ukraine)                                       | Subsidiary                  |
| Icredit sp.ZOO-Poland                                           | Subsidiary                  |
| Easy Asset Management Asia Microfinance Ltd Myanmar-liquidation | Subsidiary                  |
| Easy Payment Services LTD                                       | Subsidiary                  |
| Financial Bulgaria EOOD                                         | Subsidiary                  |
| FD M cash Macedonia dooel                                       | Subsidiary                  |
| Easy Individual Solutions,(Mexico)                              | Subsidiary                  |
| Easy Asset Services EOOD                                        | Subsidiary                  |
| Easy Asset Management (Albania)                                 | Subsidiary                  |
| Easy Asset Management doo (Croatia)                             | Subsidiary                  |
| Management Financial Group AD                                   | Under common control        |
| Fintrade Finance AD                                             | Under common control        |
| IUVVO GROUP OÜ                                                  | Under common control        |
| Viva Credit AD                                                  | Under common control        |
| Seewines AD                                                     | Under common control        |
| Seewines Logistics EOOD                                         | Under common control        |
| Access Finance AD                                               | Under common control        |
| Express pay OOD                                                 | Under common control        |
| Agency for control of outstanding debts AD                      | Under common control        |
| AXI Finance IFN S.A, Romania                                    | Under common control        |
| Chiron Management AD                                            | Under common control        |
| April Finance EAD                                               | Under common control        |
| Smart Innovative Technologies EOOD                              | Under common control        |
| MFG Invest AD                                                   | Under common control        |

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



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**25.2. Related party transactions**

| <i>Related party</i>                       | <i>Transaction type</i> | <b>2022</b>   | <b>2021</b>   |
|--------------------------------------------|-------------------------|---------------|---------------|
| <b>Sales</b>                               |                         |               |               |
| Easy Credit LLC                            | Interest                | 123           | 534           |
| Icredit sp.ZOO-Poland                      | Interest                | 1 349         | 1 212         |
| FD M cash Macedonia dooel                  | Interest                | 97            | 272           |
| Easy Asset Services EOOD                   | Interest                | 29            | -             |
| Management Financial Group AD              | Interest                | 1 784         | 1 217         |
| Fintrade Finance AD                        | Interest                | 184           | 185           |
| Access Finance AD                          | Interest                | 1 299         | 1 153         |
| Express pay OOD                            | Interest                | 34            | 33            |
| Agency for control of outstanding debts AD | Interest                | 829           | 800           |
| Easy Payment Services LTD                  | Interest                | 217           | 346           |
| MFG Invest AD                              | Interest                | -             | 9             |
| AXI Finance IFN S.A, Romania               | Interest                | 29            | 36            |
| Viva Credit AD                             | Interest                | 8             | -             |
| Easy Asset Management (Albania)            | Interest                | 3             | -             |
| Easy Asset Management doo (Croatia)        | Interest                | 11            | -             |
| Agency for control of outstanding debts AD | Cession                 | 136           | 180           |
| Easy Credit LLC                            | License fee             | 14            | 14            |
| Viva Credit AD                             | Services provided       | 1             | 1             |
| Financial Bulgaria EOOD                    | Services provided       | 35 941        | 41 632        |
| Access Finance AD                          | Services provided       | 1             | 1             |
| April Finance EAD                          | Services provided       | 1             | -             |
| Fintrade Finance AD                        | Sale of fixed assets    | -             | 2             |
|                                            |                         | <b>42 090</b> | <b>47 627</b> |

| <i>Related party</i>                       | <i>Transaction type</i> | <b>2022</b>  | <b>2021</b>  |
|--------------------------------------------|-------------------------|--------------|--------------|
| <b>Purchases</b>                           |                         |              |              |
| SC Easy Asset Management INF.S.A (Romania) | Interest                | 363          | 399          |
| Easy Asset Services EOOD                   | Interest                | 1            | 17           |
| IUVO GROUP OÜ                              | Services received       | 460          | 295          |
| Viva Credit AD                             | Services received       | 31           | 64           |
| Seewines Logistics EOOD                    | Services received       | 2            | 1            |
| Seewines AD                                | Services received       | 49           | 6            |
| Easy Asset Services EOOD                   | Services received       | 214          | 174          |
| Chiron Management AD                       | Services received       | 232          | 55           |
| Access Finance AD                          | Services received       | 3            | 16           |
| April Finance EAD                          | Services received       | 6            | -            |
|                                            |                         | <b>1 361</b> | <b>1 027</b> |

During the year ending on 31.12.2022, the Company distributed a dividend to shareholders in the amount of BGN 1 million.

Dividends received from subsidiaries are disclosed in Note 4 to this individual statement.

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**25.3. Related party balances**

| <i>Related party</i>                       | <i>Balance type</i> | <b>31 December 2022</b>      |                   |                             |
|--------------------------------------------|---------------------|------------------------------|-------------------|-----------------------------|
|                                            |                     | <i>Receivables<br/>gross</i> | <i>Impairment</i> | <i>Receivables,<br/>net</i> |
| <b>Receivables</b>                         |                     |                              |                   |                             |
| Easy Credit LLC                            | Loan lented         | 1 642                        | (1 642)           | -                           |
| Icredit sp.ZOO-Poland                      | Loan lented         | 13 248                       | (4 358)           | 8 890                       |
| FDM cash Macedonia dooel                   | Loan lented         | 415                          | -                 | 415                         |
| Express pay OOD                            | Loan lented         | 587                          | (564)             | 23                          |
| AXI Finance IFN S.A, Romania               | Loan lented         | 321                          | -                 | 321                         |
| Fintrade Finance AD                        | Loan lented         | 2 066                        | -                 | 2 066                       |
| Agency for control of outstanding debts AD | Loan lented         | 11 725                       | -                 | 11 725                      |
| Easy Payment Services LTD                  | Loan lented         | 6 659                        | (1 500)           | 5 159                       |
| Management Financial Group AD              | Loan lented         | 61 001                       | -                 | 61 001                      |
| Access Finance AD                          | Loan lented         | 11 102                       | -                 | 11 102                      |
| Easy Asset Management (Albania)            | Loan lented         | 110                          | -                 | 110                         |
| Easy Asset Management doo (Croatia)        | Loan lented         | 793                          | -                 | 793                         |
| Agency for control of outstanding debts AD | Cession             | 25                           | -                 | 25                          |
| Access Finance AD                          | Services            | 1                            | -                 | 1                           |
| FDM cash Macedonia dooel                   | Services            | 2                            | -                 | 2                           |
| April Finance EAD                          | Services            | 1                            | -                 | 1                           |
| Financial Bulgaria EOOD                    | Services            | 24 313                       | -                 | 24 313                      |
| Easy Credit LLC                            | License fee         | 75                           | -                 | 75                          |
|                                            |                     | <b>134 086</b>               | <b>(8 064)</b>    | <b>126 022</b>              |

| <i>Related party</i>                       | <i>Balance type</i> | <b>31 December 2021</b>      |                   |                             |
|--------------------------------------------|---------------------|------------------------------|-------------------|-----------------------------|
|                                            |                     | <i>Receivables<br/>gross</i> | <i>Impairment</i> | <i>Receivables,<br/>net</i> |
| <b>Receivables</b>                         |                     |                              |                   |                             |
| Easy Credit LLC, Ukraine                   | Loan lented         | 5 127                        | (3 933)           | 1 194                       |
| Icredit sp.ZOO-Poland                      | Loan lented         | 13 547                       | (1 877)           | 11 670                      |
| FDM cash Macedonia dooel                   | Loan lented         | 2 941                        | -                 | 2 941                       |
| Express pay OOD                            | Loan lented         | 544                          | (525)             | 19                          |
| AXI Finance IFN S.A, Romania               | Loan lented         | 487                          | -                 | 487                         |
| Fintrade Finance AD                        | Loan lented         | 2 066                        | -                 | 2 066                       |
| Agency for control of outstanding debts AD | Loan lented         | 10 286                       | -                 | 10 286                      |
| Easy Payment Services LTD                  | Loan lented         | 9 241                        | (1 500)           | 7 741                       |
| Management Financial Group AD              | Loan lented         | 37 815                       | -                 | 37 815                      |
| Access Finance AD                          | Loan lented         | 14 981                       | -                 | 14 981                      |
| FD M cash Macedonia dooel                  | Services            | 2                            | -                 | 2                           |
| Financial Bulgaria EOOD                    | Services            | 10 408                       | -                 | 10 408                      |
| Seewines AD                                | Services            | 5                            | -                 | 5                           |
| Easy Credit LLC, Ukraine                   | License fee         | 61                           | -                 | 61                          |
|                                            |                     | <b>107 511</b>               | <b>(7 835)</b>    | <b>99 676</b>               |

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| <i>Related party</i>               | <i>Balance type</i> | <b>31 December<br/>2022</b> | <b>31 December<br/>2021</b> |
|------------------------------------|---------------------|-----------------------------|-----------------------------|
| <b>Payables</b>                    |                     |                             |                             |
| SC Easy Asset Management INF.S.A   | Loan received       | -                           | 4 291                       |
| Smart Innovative Technologies EOOD | Loan received       | -                           | 200                         |
| Viva Credit AD                     | Services            | -                           | 9                           |
| Financial Bulgaria AD              | Services            | 42 291                      | 50 100                      |
| IUVO GROUP OÜ                      | Services            | 21 082                      | 16 717                      |
| Access Finance AD                  | Services            | -                           | 1                           |
| Express pay OOD                    | Services            | -                           | 5                           |
| Seewines AD                        | Services            | 35                          | -                           |
| Chiron Management AD               | Services            | 3                           | 4                           |
|                                    |                     | <b>63 411</b>               | <b>71 327</b>               |

The remuneration for 2022 of the Company's key management amounted to BGN 1 821 thousand. (for 2021 – BGN 1 854 thousand).

The amount of outstanding loans given to the management staff as of December 31, 2022 is BGN 5,000 (as of December 31, 2021 – BGN 13,000).

Outstanding year-end balances are not collateralized. No guarantees have been given or received for receivables or payments to related parties.

## **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 after the reporting period**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report, which are related to Company's activity during the reporting period and which should be separately disclosed or require changes to the financial statements.

## **28. Approval of financial statements**

This Individual financial statement (including comparative information) was approved for issue and publication by the Board of Directors on April 24 2023.