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Translation from Bulgarian

EASY ASSET MANAGEMENT AD **Separate Annual Financial Statements**

For the year ended 31 December 2019



EASY ASSET MANAGEMENT AD
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31 DECEMBER 2019

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EASY ASSET MANAGEMENT AD
REPORT ON THE ACTIVITIES
31 DECEMBER 2019

The management presents its annual financial statements for the year ended 31 December 2019, prepared in accordance with International Financial Reporting Standards (IFRSs). These statements have been certified by Moore Bulgaria Audit OOD.

SEPARATE ANNUAL REPORT ON THE ACTIVITIES

CORPORATE INFORMATION

EASY ASSET MANAGEMENT AD (the "Company") is a joint stock company established on 8 December 2005 and operating in Bulgaria. The seat and registered office of the Company is at 28 Jawaharlal Nehru Blvd., Sofia, Bulgaria. It is managed by Board of Directors, which is composed of:

- Stanimir Svetoslavov Vassilev - 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 severally by Galin Todorov Todorov and Angel Vasilev Madzhirov - Executive Directors.

Galina Todorov Todorov does not participate in commercial companies as a general partner, does not own more than 25 percent of the capital of another company.

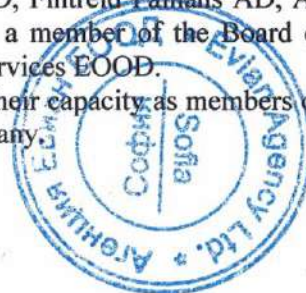
Angel Vasilev Madzhirov does not participate in commercial companies as a general partner, does not own more than 25 percent of the capital of another company.

Ivelina Tsankova Kavurska does not participate in commercial companies as a general partner. She owns more than 25 percent of the capital of Holiday Resorts Troyan LTD (sole owner of the capital). She participates in the management of Management Financial Group JSCo and April Finance EAD as a member of the Board of Directors. Ivelina Kavurska is a manager in Agency for Control of Outstanding Debts LTD.

Nedelcho Yordanov Spasov does not participate in commercial companies as a general partner. He owns more than 25 percent of the capital of the following companies: Management Financial Group JSCo (Deputy Chairman of the Board of Directors), Liquid Dreams OOD (Manager of the Company), Chiron Management AD (member of the Board of Directors). He participates in the management of Seewines AD, Easy Asset Management IFN S.A., AXI Finance IFN S.A., Easy Asset Management Asia Limited, MFG AB, Agency for Control of Outstanding Debts S.R.L., Lucent Investments AD, Prospect Capital AD, April Finance EAD, as a member of the Board of Directors. Nedelcho Spasov is a manager in the following companies: Agency for Control of Outstanding Debts LTD, MFG Investments EOOD, MFG Partners EOOD and April Services EOOD.

Stanimir Svetoslavov Vassilev does not participate in commercial companies as a general partner. He owns more than 25 percent of the capital of the following companies: Management Financial Group JSCo (Chairman of the Board of Directors), Liquid Dreams OOD (Manager of the company), Chiron Management AD (member of the Board of Directors). He participates in the management of Seewines AD, Easy Asset Management IFN S.A., AXI Finance IFN S.A., Easy Asset Management Asia Limited, MFG AB, Agency for Control of Outstanding Debts S.R.L., Lucent Investments AD, Prospect Capital AD, Fintreid Finans AD, April Finance EAD, Seewines Spirit AD and Easy Individual Solutions (Mexico) as a member of the Board of Directors. Stanimir Vassilev is a manager in MFG Investments EOOD and April Services EOOD.

The members of the Board of Directors do not receive remuneration in their capacity as members of the Board, and in 2019, they did not acquire or transfer shares or bonds of the Company.



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EASY ASSET MANAGEMENT AD

REPORT ON THE ACTIVITIES

31 DECEMBER 2019

The share capital was not increased during the year through the issuance of ordinary voting shares. The number of issued ordinary shares is 8,503,000 with a par value of BGN 1.00, amounting to a total amount of the share capital of BGN 8,503 thousand as at 31 December 2019. Each ordinary share gives the right to vote at the General Meeting of Shareholders, the right to dividends and liquidation quota. Each share carries one vote per share. The right to dividends and liquidation quota is determined in proportion to the par value of the share. The Company may redeem its shares under conditions and procedure prescribed by law.

Easy Asset Management AD is a non-bank financial institution with a focus on microcredit and it uses the Easy Credit trademark. The Company e small unsecured short-term loans to low- or middle-income clients. The Company operates through a wide distribution network, which consists of more than 190 offices in the country. As at 31 December 2019, the total number of employees under an employment contract amounted to 1,457.

The Company owns 100% of Easy Credit LLK ("Subsidiary"). The subsidiary is incorporated in accordance with Ukrainian laws and regulatory requirements on non-bank financial institutions. The value of the initially registered capital of the Subsidiary is UAH 6,922 thousand, which amount as at the date of registration of the capital was equivalent to EUR 800 thousand or BGN 1,565 thousand. In 2015, a resolution was adopted to increase the capital to UAH 102,460 thousand, equivalent to EUR 4,581 thousand or BGN 8,960 thousand as at the date of the capital increase. In 2016, the capital reached the equivalent of BGN 13,797 thousand.

The Company owns 100% (99.9995416%) of SC Easy Asset Management IFN S.A. ("Subsidiary"). The subsidiary is incorporated in accordance with the Romanian laws and regulatory requirements on non-bank 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. In 2018, a resolution was adopted to increase the capital to BGN 4,303 thousand, equivalent to EUR 2,200 thousand (RON 10,261 thousand). In the reporting year 2019, the capital of the Romanian company reached BGN 5,770 thousand, equivalent to EUR 2,950 thousand (RON 13,722 thousand).

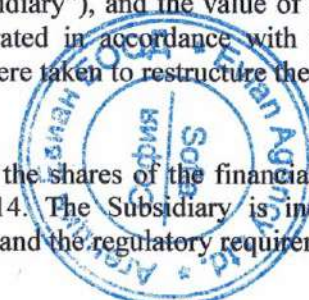
The Company owns 100% of iCredit Sp. z o.o. ("Subsidiary") established in 2014. The subsidiary is incorporated in accordance with Polish laws and regulatory requirements on non-bank financial institutions. The value of the registered capital of the Subsidiary is BGN 2,000 (equivalent to PLN 5,000) as at the date of incorporation. In 2016, a resolution was adopted to increase the capital to PLN 200 thousand.

The Company owns 81.30% of Easy Payments Services Ltd ("Subsidiary") established in 2016. The subsidiary is incorporated in accordance with the legislation of the Republic of Bulgaria. The value of the initially registered capital is BGN 1,000 thousand. The activity of the Subsidiary is related to the execution of payment transactions, issuance of payment instruments and/or acceptance of payments with payment instruments. In 2018, a resolution was adopted to increase the registered capital to BGN 3,000 thousand, and in 2019, the capital reached BGN 5,000 thousand.

The Company owns 98% of Easy Asset Management Asia Limited ("Subsidiary") established in 2016. The Subsidiary is incorporated in accordance with the laws and regulatory requirements of the Union Republic of Myanmar. The value of the registered capital of the Subsidiary is USD 200 thousand, equivalent to BGN 345 thousand as at the date of incorporation. In 2019, the Company did not carry out commercial activities and its liquidation was initiated.

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"), and the value of the registered capital at the time of acquisition is BGN 51 million. It is incorporated in accordance with the laws 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 Ltd. 100% of the shares of the financial company M Cash Macedonia DOOEL Skopje ("Subsidiary") established in 2014. The Subsidiary is incorporated in accordance with the legislation of the Republic of Northern Macedonia and the regulatory requirements on non-



EASY ASSET MANAGEMENT AD

REPORT ON THE ACTIVITIES

31 DECEMBER 2019

bank financial institutions. The value of the registered capital of the Subsidiary is BGN 196 thousand (equivalent to EUR 100 thousand).

The Company owns 98% of Easy Individual Solutions SA DE CV SOFOM ENR ("Subsidiary") established on 29 July 2019. The Subsidiary is incorporated in accordance with Mexican laws. The value of the registered capital is MXN 402 thousand (equivalent to BGN 37 thousand) as at the date of incorporation.

DEVELOPMENT, OPERATING RESULTS AND CONDITION OF THE COMPANY IN 2019

Easy Asset Management AD (Easy Credit) is among the largest companies in Bulgaria for non-bank consumer loans granted to customers at home and is one of the fastest growing company in its segment in Eastern Europe. In 2019, Easy Credit also continued to make its services more accessible and convenient for consumers. It lends money across the country through the assistance of over 3,000 credit consultants and over 190 offices serving more than 1,200 settlements. Apart from the branches of Bulgarian Posts, the loans are also offered by more and more partners of the Company. The service for filing a loan application entirely online through the website or mobile application of Easy Credit was launched. In 2019, the partnership with Western Union started, which allowed customers to receive or send money quickly and easily to/from anywhere in Europe. In August 2019, through one of its subsidiaries - Financial Bulgaria EOOD, Easy Credit offered its customers a new type of service, i.e. providing a guarantor when granting loans. In return for a certain fee and under certain conditions, the guaranteeing company undertakes to repay the obligations to the crediting company.

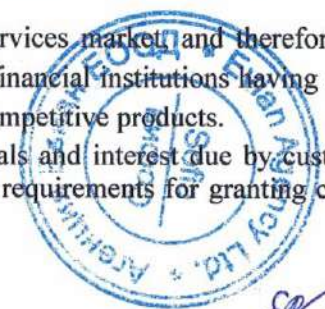
Since its launch more than 10 years ago, the group of Easy Credit has granted over 2 million loans in Europe. For the past 2019, loans of nearly BGN 177 million have been granted to consumers (BGN 162 million in 2018), which amount is 8% higher compared to 2018. The amounts collected for the period exceeded BGN 239 million.] (BGN 230 million in 2018) or an increase of 3%. The Company's gross loan portfolio as at December 2019 was BGN 68 million or it increased by 0.7% compared to the previous year.

Bulgaria - Portfolio dynamics (in thousands of BGN)

		January - December 2019	January - December 2018	Change %
Portfolio	Amounts granted	176 995	162 066	8%
	Amounts collected	239 110	230 902	3%
Receivables from customers				
	Total	68 042	67 536	0.7%
	<i>of which regular</i>	23 971	22 446	6%
	<i>from 4 to 90 days</i>	22 921	\$24,892	-8%
	<i>from 91 to 360 days</i>	20,229	19 207	5%
	<i>with indefinite maturity (incl. judicial)</i>	921	991	-7%
	Active customers	129 861	130 445	-0.4%
	Number of granted loans	280 726	263 387	6%

The Company operates in a highly developed and competitive financial services market and therefore it is affected by price risk. Some of the Company's competitors are banking and financial institutions having access to cheap financial resources that provide them with an advantage in pricing competitive products.

Easy Asset Management AD manages the risk of credit defaults on principals and interest due by customers through internal rules on credit activity management. The rules regulate the requirements for granting credits, classifying risk exposures and forming provisions for impairment loss.



EASY ASSET MANAGEMENT AD

REPORT ON THE ACTIVITIES

31 DECEMBER 2019

In order to manage the credit risk, the Company has developed strict procedures for analysis and assessment of potential borrowers, including scoring procedures and detailed verification of the provided data. Easy Credit has in place an effective payment monitoring system and active debt collection measures as well. The Management carefully monitors its exposure to that risk at each stage of the credit.

In terms of liquidity, Easy Asset Management AD maintains, at any time, liquid assets (including cash on hand and in current accounts) sufficient to satisfy the demand for credits and cover current payments. This is necessary due to the special distribution network of the Company - over 190 regional offices and over 3,000 credit consultants, who need to have available funds on a daily basis in order to be able to achieve one of their main goals for quick and easy servicing and lending within 24 hours of completing the credit application.

	2018	2019
<i>Consultants</i>	3 075	3 036
<i>Offices</i>	181	194
<i>Credits</i>	263 387	280 726

A detailed overview of the financial results, as well as of the financial instruments and associated risks are set out in the notes to the financial statements of the Company, on pages 8 - 56. The main risks facing the Company, including credit risk, currency risk, interest rate risk and capital management are explained in the notes to the financial statements.

In 2019, the Company did not carry out research and development activities.
The Company has no branches.

Expected development of the Company and prospects

The fair treatment and the security, discretion, speed and convenience provided by Easy Credit to its clients, are the leading reasons for consumers to prefer the Company's loans.

We continue to pursue the strategy of expanding into new markets in Europe, where the services we provide are well known and demanded by consumers. Our ambition is to establish ourselves as one of the leaders in our sector in the region in the long run. Our strategy also envisages the expansion into new markets outside Europe.

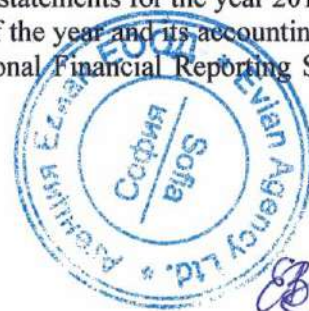
Important events that occurred after the end of the reporting period

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

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

Responsibilities of the management

The management of Easy Asset Management AD has prepared the financial statements for the year 2019, which give a true and fair view of the Company's financial position as at the end of the year and its accounting results. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).



EASY ASSET MANAGEMENT AD
REPORT ON THE ACTIVITIES
31 DECEMBER 2019

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

The Management also confirms that it has adhered to the applicable accounting standards and the financial statements have been prepared on a going concern basis.

The Management is responsible for keeping proper accounting, appropriate asset management and for taking reasonable measures to avoid and detect possible misuse and other irregularities.

Galin Todorov
Executive Director

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Angel Madzhirov
CEO

[illegible signature]

Date: 25 June 2020



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NON-FINANCIAL DECLARATION OF EASY ASSET MANAGEMENT AD FOR 2019

This non-financial declaration has been prepared in accordance with the requirements of Articles 41 and 48 of the Accountancy Act and forms an integral part of the Annual Report on the Activities

1. Business Model

Easy Asset Management AD is a joint stock company established on 8 December 2005 and operating in Bulgaria. The seat and registered office of the Company is located at 28 Jawaharlal Nehru Blvd., Sofia, Bulgaria. The principal objects of activity of the Company in accordance with the Credit Institutions Act is granting loans with funds, which have not been raised through public attraction of deposits or other repayable funds.

As at the date of preparation of these financial statements, the Company is managed by a Board of Directors consisting of 5 people and is represented by two executive directors.

2. Company policies

Environmental policy

Easy Asset Management AD does not produce products and does not perform activities related to environmental and water pollution.

Social policy

It is of great importance for the Management of Easy Asset Management AD to ensure that employees are satisfied with their work and feel empathy with the problems and achievements of the Company. The Company considers that the social benefits for the staff are an important prerequisite for the Company's economic development and the staffing with highly qualified staff.

Employee policy

Driven by the serious shortage of skilled labor and the dynamics of the market environment, the Company's Management is focused on providing constant care in order for each employee to feel satisfied with provided working conditions and opportunities for personal and professional development. The main tasks for the Management are the following:

- **Equality and respect for human rights**

The Company's Management strictly observes the Constitution and the laws of the Republic of Bulgaria and in particular any other regulations concerning employment relations. There is equality in employment, without discrimination based on sex, race, nationality, ethnicity, citizenship, religion, political affiliation, disability and age.

- **Occupational health and safety**

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

- **Professional Growth**

The Company's Management gives the opportunity to each working employee to improve their qualification through participation in seminars and training courses.

Gender equality in leadership positions



EASY ASSET MANAGEMENT AD
REPORT ON THE ACTIVITIES
31 DECEMBER 2019

The Company effectively practices equal treatment of men and women in their appointment to management positions, as well as 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 conduct that could be perceived as active or passive bribery.

Main environmental risks

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

Sofia, Bulgaria,
25 June 2020

Executive Director: *[illegible signature]*
/Galin Todorov /

Executive Director: *[illegible signature]*
/Angel Madzhirov/



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EASY ASSET MANAGEMENT AD
SEPARATE STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

(All amounts are in thousands of BGN)

	Note	31 December 2019	2018
ASSETS			
Cash and cash equivalents	11	2,804	3,756
Loans and receivables from customers	12	51,458	43,531
Individually significant loans granted to legal entities and individuals	13	69,933	56,360
Trade and other receivables	14	2,977	2,243
Investments in subsidiaries	15	18,630	8,950
Property, plant and equipment	16	500	374
Intangible assets	17	42	71
Right-of-use assets	18	2,927	-
Deferred tax assets	8	303	330
Total assets		149,574	115,615
EQUITY			
Owners' equity and reserves			
Share capital	22	8,503	8,503
Redeemed own shares	23	(75)	(74)
Reserves	22	15,910	15,910
Retained earnings	22	81,305	48,917
Total equity		105,643	73,256
LIABILITIES			
Liabilities to banks	19	4,692	5
Payables to staff and social security institutions	20	5,769	5,811
Trade and other payables	21	33,335	36,481
Corporate tax liabilities		135	62
Total liabilities		43,931	42,359
Total equity and liabilities		149,574	115,615

The financial statements from page 8 to page 56 were approved on 25 June 2020.

Executive Director
[illegible signature]

Executive Director
[illegible signature]

Chief Accountant:
[illegible signature]

Galin Todorov

Angel Madzhirov

Stefan Dzhuglarski

Certified according to Auditor's Report by:

Ivan Simov
Registered Auditor
Date: 13 July 2020

Oval seal of Moore
Bulgaria Audit OOD



The accompanying notes on pages 12 to 56 form an integral part of these financial statements.

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EASY ASSET MANAGEMENT AD
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2019

(All amounts are in thousands of BGN)

	Note	31 December	
		2019	2018
Interest income and penalties for non-performance of contractual obligations	3	90,007	100,501
Interest expense	4	(1,245)	(561)
Net interest income		88,762	99,940
Other financial income / (expenses), net	5	3,694	5,131
Costs for impairment of financial assets	12,13,15	(19,857)	(37,969)
Net interest income after impairment		72,599	67,102
Dividend income	10	26,440	-
Personnel costs	6	(49,508)	(44,143)
Depreciation	16,17,18	(1,803)	(376)
Other operating costs, net	7	(10,810)	(13,410)
Profit before taxes		36,918	9,173
Tax expense	8	(1,062)	(928)
Net profit for the period		35,856	8,245
Other comprehensive income		-	-
Total comprehensive income		35,856	8,245
Earnings per share	9	4,22	0,97

The financial statements from page 8 to page 56 were approved on 25 June 2020.

Executive Director
[illegible signature]

Galín Todorov

Executive Director
[illegible signature]

Angel Madzhírov

Chief Accountant:
[illegible signature]

Stefan Dzhuglarski

Certified according to an auditor's report by:
 Certified according to Auditor's Report by:

Ivan Simov
 Registered Auditor

Date: 13 July 2020

Oval seal of Moore
 Bulgaria Audit OOD



The accompanying notes on pages 12 to 56 form an integral part of these financial statements. 9

(Logo) MOORE Bulgaria Audit

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EASY ASSET MANAGEMENT AD

Report on the audit of the separate financial statements

Opinion

We have audited the accompanying separate financial statements of **EASY ASSET MANAGEMENT AD**, which comprise the separate statement of financial position as of 31 December 2019, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year ended on that date, as well as accompanying notes to the financial statements, which also contain the summarized disclosure of significant accounting policies presented from page 8 to page 57.

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

Basis for opinion

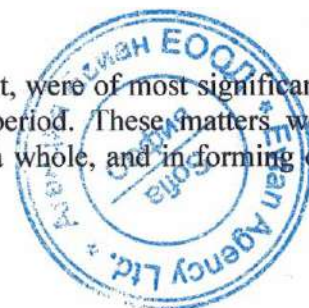
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described below in 'Auditor's responsibilities for the audit of the separate financial statements' section of our report. We are independent of the Company in accordance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

Emphasis of matter

We draw attention to Note 28 'Events after the end of the reporting period' to the separate financial statements, which discloses a material non-adjusting event related to the spread of the coronavirus pandemic (COVID-19). The disruption of normal economic activities in Bulgaria as a result of COVID-19 may adversely affect the Company's operations. Due to the unpredictable dynamics of COVID-19, it is practically impossible at this stage to make a reliable assessment and measurement of the potential effect of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our



opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed this key audit matter</i>
<p><i>Impairment of loans granted to customers</i></p> <p>We have focused our work on this area, as Management makes subjective judgments about both the time range of recognition of impairments and the assessment of the amounts to be recognized.</p> <p>The identification of impairments and the determination of the recoverable amounts of granted loans are part of the Company's judgements, which also include an assessment of the existence of objective evidence of impairment, probability of default, financial condition of borrowers and expected future cash flows. The use of different assumptions could result in various values of costs of impairment of loans granted to customers.</p> <p>Since this item represents a significant portion of the Company's assets and, given the associated uncertainty about the judgments, we consider this to be a key audit matter.</p>	<p>Our audit approach includes an assessment of management of the processes for forming impairment on granted loans in the Company.</p> <p>We have assessed the methodology for compliance with IFRS 9 'Financial Instruments'.</p> <p>With respect to impairments calculated on a collective basis, we tested the models used and the correctness of key inputs, such as probabilities of default and losses from default, and where available, we compared the data and assumptions with historical results.</p> <p>For individually impaired loans, we performed, on a sample basis, a detailed review of credit files. We critically assessed the assumptions regarding the identification of impairments and the estimation of expected cash flows. Our tests did not identify significant deficiencies.</p> <p>We did not find any significant inaccuracies as a result of our work.</p>

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

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

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

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

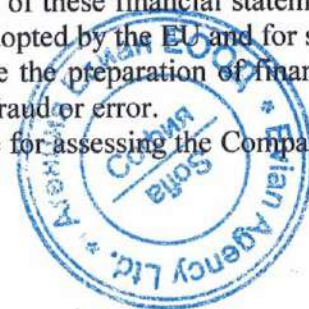
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's



ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting based on assumption for going concern basis, unless Management either intends to liquidate the Company or to cease its operation, or has no realistic alternatives but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with the applicable ethical requirements relating to independence and that we will communicate with them any relationship and other matters that could reasonably be considered relevant to our



independence, and, where applicable, the precautions involved.

Among the matters communicated to those charged with governance, we identify those matters that were of the greatest importance in the audit of the financial statements for the current period and which are therefore key audit matters. We describe these matters in our audit report, except where law or regulation impedes the public disclosure of the matter or when, in extremely rare cases, we decide that an issue should not be communicated in our report, as it could reasonably be expected that the adverse consequences of this action would outweigh the public interest benefits of this communication.

Report on other legal and regulatory requirements

Additional issues subject to reporting based on the Accountancy Act

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

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

Based on the procedures performed, our opinion is that:

- a) The information included in the report on the activities for the financial year for which the financial statements have been prepared is consistent with these financial statements.
- b) The report on the activities has been prepared in compliance with the requirements of Chapter Seven of the Accountancy Act.
- c) The non-financial declaration for the financial year for which the separate financial statement has been prepared, set out on page 6 to page 7 is provided and prepared in accordance with the requirements of Chapter Seven of the Accountancy Act

Reporting under Article 10 of Regulation (EU) No. 537/2014 in connection with the requirements of Article 59 of the Independent Financial Audit Act

In accordance with the requirements of the Independent Financial Audit Act in connection with Article 10 of Regulation (EU) No. 537/2014, we additionally report the information set out below. Moore Bulgaria Audit OOD has been appointed as a statutory auditor of the financial statements for the year ended 31 December 2019 of Easy Asset Management AD (the "Company") with a Letter of Audit dated 30 September 2019, for a period of one year.

The audit of the financial statements for the year ended 31 December 2019 of the Company represents the third full ongoing commitment to a statutory audit of this company performed by us.

We confirm that the audit opinion expressed by us is in compliance with the additional report submitted to the audit committee of the Company under the requirements of Article 60 of the Independent Financial Audit Act.

We confirm that we have not provided prohibited services outside the audit specified in Article 64 of the Independent Financial Audit Act.

We confirm that in performing the audit we have maintained our independence from the Company.

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



Registered Auditor

Signature (illegible)

Ivan Simov

13 July 2020
Sofia, Bulgaria

MOORE BULGARIA AUDIT OOD

Signature (illegible)

Stefan Nenov
Managing Partner, Registered Auditor

Oval seal of Moore Bulgaria Audit OOD



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EASY ASSET MANAGEMENT AD
SEPARATE STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2019

(All amounts are in thousands of BGN)

Relating to equity holders

	Fixed capital	Reserves	Premium standby	Own shares	Retained earnings	Total equity
Balance as at 1 January 2018	8,503	15,910	-	(73)	42,287	66,627
Profit for the year	-	-	-	-	8,245	8,245
Paid dividend	-	-	-	-	(1,600)	(1,600)
Redeemed own shares	-	-	-	(1)	(15)	(16)
Balance as at 31 December 2018	8,503	15,910	-	(74)	48,917	73,256
Balance as at 1 January 2019	8,503	15,910	-	(74)	48,917	73,256
Profit for the year	-	-	-	-	35,856	35,856
Paid dividend	-	-	-	-	(3,450)	(3,450)
Redeemed own shares	-	-	-	(1)	(18)	(19)
Balance as at 31 December 2019	8,503	15,910	-	(75)	81,305	105,643

The financial statements from page 8 to page 56 were approved on 25 June 2020.

Executive Director
[illegible signature]

Galin Todorov

Executive Director
[illegible signature]

Angel Madzhirov

Chief Accountant:
[illegible signature]

Stefan Dzhuglarski

Certified according to Auditor's Report by:

Ivan Simov
Registered Auditor

Oval seal of Moore Bulgaria Audit OOD

Date: 13 July 2020



The accompanying notes on pages 12 to 56 form an integral part of these financial statements.

EASY ASSET MANAGEMENT AD
SEPARATE STATEMENT OF CASH FLOWS
31 DECEMBER 2019

(All amounts are in thousands of BGN)

	31 December	
	2019	2018
Cash flows from operating activities		
Loans granted to customers	(177,290)	(162,429)
Loans repaid by customers, incl. interest repayments	237,425	229,186
Individually significant loans granted	(38,274)	(27,052)
Repayments on individually significant loans granted, incl. interest repayments	18,508	17,698
Payments to suppliers and other counterparties	4,917	(5,104)
Payments to staff and social security institutions	(45,806)	(40,514)
Tax payments	(1,202)	(886)
Net cash flow from operating activities	(1,722)	10,899
Investment activities		
Acquisition of fixed assets	(447)	(333)
Cash flows from investment activity	(2,792)	(5,432)
Other cash flows from investment activities	(675)	2,099
Net cash flow from investment activities	(3,914)	(3,666)
Net cash flows from financial activities		
Redemption of shares	(19)	(16)
Loans received from banks	42,316	23,476
Repayment of received bank loans, incl. repayment of interest	(37,751)	(28,408)
Dividends paid	(3,026)	(1,421)
Trade loans received, net, incl. interest repayments	3,325	(8,401)
Other	(161)	(162)
Net cash flows from financial activities	4,684	(14,932)
Net (decrease) / increase in cash	(952)	(7,699)
Cash and equivalents at the beginning of the year	3,756	11,455
Cash at the end of the year	2,804	3,756

The financial statements from page 8 to page 56 were approved on 25 June 2020

Executive Director

[illegible signature]

Galin Todorov

Executive Director

[illegible signature]

Angel Madzhirov

Chief Accountant

[illegible signature]

Stefan Dzhuglarski

Certified according to Auditor's Report by:

Ivan Simov

Registered Auditor

Date: 13 July 2020

Oval seal of Moore
Bulgaria Audit OOD



The accompanying notes on pages 12 to 56 form an integral part of these financial statements.

EASY ASSET MANAGEMENT AD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2019

Notes to the Financial Statement

1. General information

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

- Stanimir Svetoslavov Vassilev - 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 severally by Galin Todorov Todorov and Angel Vasilev Madzhirov - Executive Directors.

The share capital was not increased during the year through the issuance of ordinary voting shares. The number of issued ordinary shares is 8,503,000 with a par value of BGN 1.00, amounting to a total amount of the share capital of BGN 8,503 thousand as at 31 December 2019. Each ordinary share gives the right to vote at the General Meeting of Shareholders, the right to dividends and liquidation quota. Each share carries one vote per share. The right to dividends and liquidation quota is determined in proportion to the par value of the share. The Company may redeem its shares under conditions and procedure prescribed by law.

Easy Asset Management AD is a non-bank financial institution with a focus on microcredit and it uses the Easy Credit trademark. The Company grants small unsecured short-term loans to low- or middle-income clients. The Company operates through a wide distribution network, which consists of more than 190 offices in the country. As at 31 December 2019, the total number of employees under an employment contract amounted to 1,457.

The Company has the following investments in subsidiaries:

- Easy Credit LLK (Ukraine) - 100%
- SC Easy Asset Management IFN S.A. (Romania) - 100% (99.9995416%)
- ICredit Sp. z o.o. (Poland) - 100%
- Easy Payment Services LTD (Bulgaria) - 81.30%
- Easy Asset Management Asia Limited (Myanmar) - 98%
- Financial Bulgaria EOOD - 100%
- Easy Individual Solutions SA DE CV SOFOM ENR (Mexico) - 98%
- M Cash Macedonia DOOEL Skopje (Northern Macedonia) - 100%

Detailed information on investments is presented in Note 15.

In accordance with the requirements of IFRS 10 "Consolidated Financial Statements", the Company also prepares consolidated financial statements, which due to the pandemic related to COVID - 19, will be issued in September 2020.



The accompanying notes on pages 12 to 56 form an integral part of these financial statements.

2. Accounting policy

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies are systematically applied to all reporting periods presented, unless otherwise stated.

The separate financial statements include the separate statement of comprehensive income, the separate statement of financial position, the separate statement of changes in equity, the separate statement of cash flows and the accompanying notes thereto. The separate financial statements have been prepared on a historical cost basis, except for the items in the statement of financial position that require presentation at fair value in accordance with the applicable accounting standards. The Company classifies its costs according to their nature.

The accounting policy applied in the preparation of the financial statements is described below. The policy has been applied consistently for all years presented, unless explicitly stated otherwise.

2.1 Basis of preparation of financial statements

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

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

2.1.1. Going-concern principle

Management has reasonable expectations that the Company has adequate resources to continue to operate in the foreseeable future. For this reason, the Company continues to accept the going concern principle in preparing its separate financial statements.

2.1.2. Changes in accounting policies and disclosures

/ New and amended standards adopted by the Company/

The Company applies for the first time the following standards and amendments to its annual reporting period beginning on 1 January 2018:

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



(a) New standards and amendments applicable from 1 January 2019

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

- IFRS 16 Leases

IFRS 16 affects mainly the accounting by lessees and results to the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires its recognition as an asset (with the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

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

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

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

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

- Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation discloses how to recognise and measure deferred and current tax assets and liabilities when there is uncertainty over a tax treatment. In particular:

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

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

Effective date 1 January 2019



EASY ASSET MANAGEMENT AD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2019

- *Prepayment Features with Negative Compensation - Amendments to IFRS 9*

The narrow amendments made to IFRS 9 'Financial Instruments' in October 2017 allow entities to measure certain prepaid financial assets with negative compensation at amortised cost. These assets, which include certain borrowed and debt securities, would otherwise have to be measured at fair value through profit or loss.

To meet the requirements for measurement of amortised cost, the negative consideration must be "reasonable compensation for early termination of a contract" and the asset must be held for collection.

Effective date 1 January 2019

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

The amendments clarify the accounting for long-term interests in associates and joint ventures that are essentially part of the net investment in the associate or joint venture but to which no equity accounting is applied. Entities shall account for such participations under IFRS 9 'Financial Instruments' before applying the requirements for loss allocation and impairment set forth in IAS 28 'Investments in Associates and Joint Ventures'.

Effective date 1 January 2019

- *Annual Improvements to IFRS Standards 2015-2017 Cycle*

The following improvements were finalised in December 2017:

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

Effective date 1 January 2019

- *Plan Amendment, Curtailment or Settlement - Amendments to IAS 19*

The amendments to IAS 19 'Employee Benefits' clarify the accounting for the plan amendment, curtailment or settlement. They confirm that entities must:

- calculate the current price of the service and net interest for the balance for the reporting period after plan amendment, curtailment or settlement using the updated assumptions from the date of the change



EASY ASSET MANAGEMENT AD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2019

- recognise any reduction in the surplus immediately in profit or loss, either as part of the costs of previous services or as a gain or loss on settlement. In other words, the reduction of the surplus must be recognised in profit or loss, even if this surplus has not been previously recognised due to the impact of the asset ceiling
- separately recognise all changes in the asset ceiling through other comprehensive income.

Effective date 1 January 2019

(b) Forthcoming requirements

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

- **IFRS 17 Insurance Contracts**

IFRS 17 was issued in May 2017 as replacement of IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short-term contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

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

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

- **Definition of material - Amendments to IAS 1 and IAS 8**

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



EASY ASSET MANAGEMENT AD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2019

In particular, the amendments clarify:

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

Effective date 1 January 2020

• **Definition of a Business - Amendments to IFRS 3**

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Effective date 1 January 2020

• **Revised Conceptual Framework for Financial Reporting**

The IASB has issued a revised Conceptual Framework that will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

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

Effective date 1 January 2020



EASY ASSET MANAGEMENT AD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2019

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

The IASB has made amendments to the scope of IFRS 10 'Consolidated Financial statements and IAS 28 Investments in Associates and Joint Ventures'.

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

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

2.2 Foreign currency transactions

Functional and presentation currency

The individual items of the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The annual financial statements are presented in thousands of BGN, which is the functional and presentation currency.

The Bulgarian lev is pegged to the euro (EUR) through the currency board mechanism introduced in the Republic of Bulgaria as from 1 January 1999.

(a) Transactions and balances

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

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

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

Significant exchange rates:

	31 December 2019	31 December 2018
	BGN	BGN
1 US dollar is equivalent to	1.74099	1.70815
1 Euro is equivalent to	1.95583	1.95583



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2.3 Impairment losses on loans and receivables

The Company reviews the portfolio of loans and receivables and determines impairment and uncollectibility losses on a monthly basis. In determining the amount of impairment, the Company makes estimates and assumptions about the existence of a measurable decrease in the expected future cash flows of the loan and credit portfolio, before this decrease can be found in the pool of loans. An analysis of all available indications of problems in the credit and payment status of borrowers is made, and possible changes in the economic environment at local and national level are analyzed. Due to the fact that the Company does not have a significant concentration of credit risk on individual positions in the portfolio of microcredits, the analyzes are performed for the entire pool of loans at a given time. In making these assessments and analyzes, the Management uses historical data on realised losses on assets with similar risk characteristics. The methodology and basic assumptions of the models used to calculate the amounts and time structure of future cash flows are periodically analyzed to correspond more accurately to the actual losses incurred.

A detailed analysis of impairment losses on loans assessed on a portfolio basis is presented in Note 12.

Provisions for impairment of Individually significant loans and receivables are accrued in cases where there is objective evidence that the Company will not be able to collect all amounts due on the loan. The amount of impairment is determined as the difference between the carrying amount and the recoverable amount at the end of each month.

A detailed analysis of impairment losses on loans assessed on an individual basis is presented in Note 13.

2.4 Financial assets and liabilities

All financial assets and liabilities, which may include derivative financial instruments, must be recognised in the statement of financial position and measured in accordance with their categorization.

The Company categorizes financial assets into the following groups: financial assets carried at fair value through profit or loss; held-to-maturity investments; available-for-sale financial assets. The Company's Management determines the categorization of the financial instruments at their initial recognition.

Financial assets carried at fair value through profit or loss

This category consists of two sub-categories: instruments that are held-for-trading and instruments that, when initially recognised, are designated at fair value through profit or loss and which are subsequently remeasured at fair value.

A financial asset is classified as held-for-trading if it is acquired for the purpose of selling or repurchasing in the near future, or if it is part of a portfolio of identified financial instruments that are managed together and for which there is a recent practice of short-term profit taking through purchase and sale. Derivative instruments are also categorized as held-for-trading unless they are designated and effectively performing the role of hedging instruments. Financial assets held-for-trading consist of debt instruments, equity instruments, as well as financial assets with embedded derivatives.



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EASY ASSET MANAGEMENT AD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2019

Upon initial recognition, instruments in this category are stated at fair value. Transaction costs are reported directly in the statement of comprehensive income. Any changes in fair value are recognised in the statement of comprehensive income as profit or loss. Interest income is recognised in profit or loss using the effective interest method. Dividend income is reported as other operating income when the right to dividend is received. Instruments in this category are derecognised upon termination of the rights to receive the cash flows associated therewith or on the actual transfer of all risks and rewards of ownership, provided that the transfer meets the conditions for derecognition.

The Company may classify certain financial assets upon their initial recognition as instruments carried at fair value through profit or loss (the so-called fair value option). This classification cannot be changed later. The fair value measurement option applies only when the following conditions are met:

- the application of the fair value measurement option reduces or eliminates accounting discrepancies between assets and liabilities, income and expenses; or
- financial assets are part of a portfolio of financial instruments that is managed and reported on a fair value basis according to a documented investment strategy and risk management; or
- financial assets contain debt and embedded derivative (s) that substantially modify cash flows and must therefore be segregated and reported separately.

Investments held-to-maturity

Held-to-maturity financial assets are non-derivative financial instruments with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity, except for:

- (a) instruments classified as held-for-trading
- (b) instruments carried at fair value through profit or loss
- (c) financial assets and liabilities that meet the definition of loans and receivables arising in the Company.

Initial recognition is at cost, which also includes transaction costs, and reflects fair value at that time. Subsequent measurement is at amortised cost using the effective interest method less any accumulated impairment losses. The calculation of the amortised cost includes premiums and deductions related to the acquisition, commissions and other costs or revenues from the transaction, as well as all other income and expenses that form an integral part of the effective profitability of the instrument. Interest income is reported as such in the statement of comprehensive income. The amortised portion included in the effective interest calculations for the period is shown as an adjustment to interest income in the statement of comprehensive income. Impairment losses are included in the statement of comprehensive income for the period of impairment.

As at 31 December 2019 and 31 December 2018 the Company has no held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale investments are financial assets that are held for an indefinite period of time, that can be sold in response to liquidity needs or changes in interest rates, exchange rates or share prices, or that are not classified as loans and receivables, held-to-maturity investments or financial assets carried at fair value through profit or loss for the period. Available-for-sale financial assets include units and holdings as well as debt securities. The Company has not classified loans and receivables as available-for-sale.



EASY ASSET MANAGEMENT AD
NOTES TO THE SEPARATE ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2019

Available-for-sale financial assets are initially recognised at fair value, which is the consideration paid and transaction costs, and are subsequently measured at fair value, with revaluation gains and losses recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses. Upon disposal of the investment, the cumulative gain or loss that was recognised in equity is recognised in the statement of comprehensive income in "Other operating income". In cases where the Company has more than one investment in the same financial instrument, the value of the sold instruments is calculated using the first in, first out (FIFO) method. Interest received for the retention period is reported as interest income using the effective interest method. If an available-for-sale financial asset is impaired, the cumulative gain or loss that was previously recognised in equity is transferred to the statement of comprehensive income. Dividend income is recognised in profit or loss for the period in which the right to receive payment is established.

Investments in subsidiaries are presented in the group of available-for-sale financial assets.

2.5 Investment property

Investment property is property (land, a building, parts of a building or a building under construction) held to earn rentals or for capital appreciation, or both, in accordance with IAS 40 'Investment Property' and which is not expected to be used in the ordinary course of business of the Company.

Investment property is recognised as an asset only when it becomes probable that the Company will enjoy the future economic benefits, which are attributable to it, and when the cost of the investment property can be reliably measured. Recognition is usually made from the time when all the benefits and risks associated with the asset are transferred to the Company.

Investment property is initially measured at cost, including transaction costs. Current costs associated with servicing the asset are not included in the carrying amount but are reported as direct investment property costs in the statement of comprehensive income for the period.

Easy Asset Management AD applies the cost model for subsequent reporting of investment properties. The cost model requires investment property to be carried at cost less accumulated depreciation and impairment losses. Depreciation is performed on a straight-line basis. Land classified as investment property is not depreciated. The Company does not own any investment property.

Investment property should be tested for impairment whenever there is an indication that the carrying amount of an asset may not be recoverable. An impairment loss is recognised to the extent of the positive difference between the carrying amount and the asset's recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

The Company classifies investment properties at level 3 of the fair value hierarchy.

Gains or losses arising from decommissioning or disposal of investment property are determined as the difference between the net proceeds of the disposal and the carrying amount of the asset and are recognised in profit or loss in the period of decommissioning or disposal.



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2.6 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that are not:

- (a) loans that the Company intends to immediately sell that are classified as held-for-trading and those that, after initial recognition, are designated at fair value through profit or loss;
- (b) loans that, after initial recognition, are classified as available-for-sale; or
- (c) loans for which the Company may not significantly recover the entire initial investment for a reason other than the deterioration of the borrower's condition.

These financial assets are initially measured at fair value and subsequently at amortised cost using the effective interest method, less impairment losses and uncollectibility.

Amortised cost is calculated by taking into account any discounts or premiums given on acquisition and includes fees that form an integral part of the applicable interest rate as well as transaction costs. Loans and receivables are stated in the statement of financial position as loans and prepayments to customers. Accrued interest is included in the statement of comprehensive income as "Interest income". In the event of impairment, the impairment loss is recognised as a deduction from the book amount of the investment and is recognised in the statement of comprehensive income as an impairment loss. The amortised portion included in the effective interest calculations for the period is shown as an adjustment to interest income in the statement of comprehensive income. Impairment losses are included in the statement of comprehensive income for the period of impairment.

The Company may enter into credit commitments in which the loans are classified as held-for-trading, as the intention is to sell the loans in the short term. These credit commitments are referred to as derivatives, and are measured at fair value through profit or loss for the period.

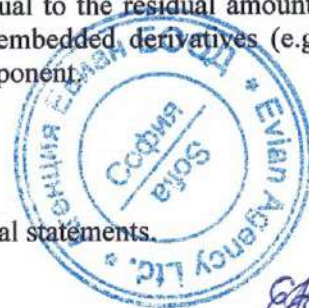
Credit commitments that are expected to be retained by the Company after their disbursement are stated as a liability only in cases where there is an onerous contract that is likely to result in a loss.

2.7 Financial liabilities

Financial instruments issued by the Company that are not items of equity in nature and are not carried at fair value through profit or loss for the period are classified as liabilities ("borrowings") if the contractual arrangement gives rise to a liability of the Company or for providing cash or other financial asset to the holder or fulfillment of the obligation - by exchanging a fixed amount in cash or another type of financial asset for a fixed number of own shares. Financial liabilities are initially recognised at fair value, net of direct costs relating to their origination.

After initial recognition, issued bonds and other borrowings are measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discounts or premiums given on acquisition and includes fees and charges that form an integral part of the effective interest rate, as well as transaction costs. Interest expenses are reported in the statement of comprehensive income.

A compound financial instrument that contains both a debt and an equity component is divided on the date of issue. The portion of the net proceeds of the instrument allocated to the debt component of the issue date is calculated on the basis of fair value (determined on the basis of a quoted market price for similar debt instruments). The part of the proceeds allocated to the equity component is equal to the residual amount after deducting the amount determined for the debt component. The value of all embedded derivatives (e.g. call options) that are different from the equity component is included in the debt component.



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Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised when the rights to receive cash flows from that asset have expired or the Company has transferred its right to receive cash flows from the asset, or has undertaken to pay the cash flows received in full and without material delay to a third party under a transfer agreement, and the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither received nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

In cases where the Company has transferred its rights to receive cash flows from the asset or has entered into a transfer agreement and has neither transferred nor retained substantially all the risks and rewards of the asset or has not transferred control of the asset, the asset is recognised to the extent of the continued involvement of the Company in the asset. In this case, the Company also recognises the obligation related to the asset (liability). The transferred asset and the related liability are measured in a way that reflects the rights and obligations that the Company retains.

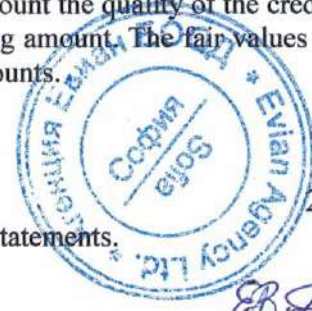
Continuing involvement, which is in the form of a guarantee over the transferred asset, is measured by the lower of the original carrying amount of the asset and the maximum amount of consideration that could be required by the Company for repayment.

A financial liability is derecognised when the obligation is discharged, cancelled or expired. In cases where an existing financial obligation is replaced by another by the same creditor under substantially different conditions or the conditions of the existing obligation are substantially modified, that change or modification shall be treated as a derecognition of the original obligation and recognition of a new one. The difference between the carrying amount of the original financial liability and the consideration paid is stated in profit or loss for the period.

2.8 Determination of fair value

For financial instruments that are traded in active markets, the determination of fair value is based on market prices or dealer quotes. A financial instrument is considered to be traded in an active market if quoted prices are regularly available from an exchange, dealer, broker, company in the 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. These include the discounted cash flow method, comparison with similar instruments for which observable market prices exist, option pricing models, credit models and other relevant valuation models. In applying these models, fair values are calculated from observable data for similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques that use inputs existing at the date of the statement of financial position. Some of the inputs to these models may not be observable in active markets and are therefore estimated on the basis of assumptions. The results of a model represent an estimate or approximate value that cannot be determined with absolute certainty and the valuation techniques may not fully reflect all the factors corresponding to the positions held by the Company. Therefore, estimates and models are adjusted where appropriate to allow for the inclusion of additional factors, including model risks and credit risks. In cases where the fair value of an unquoted equity instrument cannot be determined with certainty, the instruments are carried at cost less impairment. The fair values of loans and prepayments, as well as liabilities to third parties, are determined using a present value model based on agreed cash flows, taking into account the quality of the credit, liquidity and costs; their fair value does not differ materially from their net carrying amount. The fair values of contingent liabilities and irrevocable loan liabilities correspond to their carrying amounts.



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Financial assets and financial liabilities that have a short-term maturity (less than three months) are considered to have a carrying 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 contain information about the determination of fair value in accordance with IFRS 13 'Fair Value Measurement' of financial assets and liabilities that are not presented at fair value in the statement of financial position. IFRS 13 defines a hierarchy of measurement techniques, depending on whether or not the inputs to the models can be observed. Observable inputs include market information obtained from external sources of information; unobservable inputs include assumptions and estimates of the Company.

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

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

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

Fair value of financial instruments

	31 December 2019		at 31 December 2018	
	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
Financial assets				
Cash and cash equivalents	2,804	2,804	3,756	3,756
Loans and receivables from customers	51,458	51,458	43,531	43,531
Individually significant loans granted to legal entities and individuals	69,933	69,933	56,360	56,360
Trade and other receivables	2,977	2,977	2,243	2,243
Investments in subsidiaries	18,630	18,630	8,950	8,950
Total assets	145,802	145,802	114,840	114,840

Financial liabilities

Liabilities to banks	4,692	4,692	5	5
Payables to staff and social security institutions	5,769	5,769	5,811	5,811
Trade and other payables	33,335	33,335	36,481	36,481
Total liabilities	43,796	43,796	42,297	42,297



The accompanying notes on pages 12 to 56 form an integral part of these financial statements.

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In connection with the requirements of IFRS 13 'Fair Value Measurement', the Company pays special attention to Level 3 financial instruments, which include prices determined using inputs, where there is no observable market information or when there is little (if any) market activity for the asset or liability at the measurement date. An entity shall produce observable input variables using the best information available in the given circumstances, which may be the entity's own data, taking into account all available information about market participants' assumptions.

When examining loans to customers that are presented in the statements at amortised cost, valuation techniques are used that transform future amounts (cash flows or income and expenses) into a current (discounted) amount. The measurement of fair value is determined based on the value required by current market expectations regarding these future amounts.

In determining the fair value of loans granted of individually significant segment, a detailed analysis of recoverable amounts and estimated cash flows used for valuation by enterprise was performed. The Company reasonably assumes that the fair value of these financial assets is equal to their carrying amount.

The following table presents information on financial instruments as at 31 December 2019 for which fair value disclosure is required in accordance with IFRS 7, allocated according to the valuation methods used:

	<i>Level 1</i>	<i>2nd Level</i>	<i>Level 3</i>	<i>Total</i>
Financial assets				
Cash and cash equivalents	2,804	-	-	2,804
Loans and receivables from customers	-	-	51,458	51,458
Individually significant loans granted to legal entities and individuals	-	-	69,933	69,933
Trade and other receivables	-	-	2,977	2,977
Financial liabilities				
Liabilities to banks	-	-	4,692	4,692
Payables to staff and social security institutions	-	-	5,769	5,769
Trade and other payables	-	-	33,335	33,335

Capital investments in subsidiaries in the amount of BGN 18,630 thousand are presented at cost, as their fair value as at 31 December 2019 cannot be properly determined.



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Offsetting of financial instruments

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

Impairment of financial assets

(A) Impairment of assets carried at amortised cost

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired only when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that event (or events) of loss has had a negative impact on the expected future cash flows from the financial asset or group of financial assets of the Company that can be measured reliably. The criteria that the Company uses to determine whether objective evidence of impairment loss is available include:

- (a) significant financial difficulties of the debtor;
- (b) breach of contract, such as default or delay in the payment of interest or principal installments;
- (c) the existence of objective evidence that there is a measurable decrease in the expected future cash flows of a portfolio of financial assets after the initial recognition of those assets, although the decrease cannot yet be identified relative to the individual financial assets in that portfolio;
- (d) adverse changes in borrowers' payment status in the portfolio.

There may also be other circumstances (e.g. fraud, adverse changes in the unemployment rate, etc.) that are accepted as an indication of loan impairment. The Company assesses the existence of objective evidence of impairment of individual loans or groups of loans. The Company forms a portfolio of loans with similar credit risk characteristics that are not individually significant and evaluates them collectively for impairment.

The amount of the loss is measured as the difference between the carrying amount of the asset or group of assets and its recoverable amount, which is the present value of expected future cash flows (excluding future credit losses that have not occurred).

The carrying amount of the loans is reduced by the amount of the impairment loss and the amount of the loss is recognised in the statement of comprehensive income for the period in which the loss occurs.

Future cash flows of a group of financial assets that are tested for impairment on a portfolio basis are calculated on the basis of contractual cash flows, taking into account historical losses on assets with similar credit risk characteristics. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. In cases where a loan cannot be repaid, it is written off against the accumulated impairment. These loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is objectively related to an event occurring after the impairment was recognised, the impairment loss that was previously recognised is reversed in the statement of comprehensive income.



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(B) Impairment of assets classified as available-for-sale

The Company assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. A significant or prolonged decline in the fair value of an available-for-sale financial asset is objective evidence of impairment that results in an impairment loss. If any such evidence exists for available-for-sale assets, the cumulative loss, measured as the difference between the acquisition value and the current fair value, is transferred from equity and recognised in profit or loss for the period.

If, in a subsequent period, the fair value of an available-for-sale debt instrument increases and the increase is due to an event that occurred after the period in which the impairment was recognised in profit or loss, the impairment is reversed through the statement of comprehensive income.

Impairment losses recognised in profit or loss for investments in equity instruments classified as available-for-sale are not reversed in profit or loss.

(C) Impairment of financial assets

At each reporting date, the Company assesses the existence of indications that the value of an asset is impaired. If there is any indication of impairment, the recoverable amount of the asset is calculated. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is reduced to its recoverable amount. Irrespective of whether or not there are indications of impairment, the Company reviews all intangible assets with indefinite useful lives or intangible assets not yet available for use for impairment annually.

The recoverable amount of an asset or cash-generating unit is the higher of the fair value less disposal costs of an asset and its value in use. Recoverable amount is determined for an individual asset, except in case that when using the asset cash flows are generated that are largely dependent of cash flows generated from other assets or groups of assets. If so, the recoverable amount is determined for the cash-generating unit to which the asset belongs. At each reporting date, the Company assesses the existence of indications that an impairment loss on a non-financial asset other than goodwill recognised in prior years may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the respective asset is estimated.

An impairment loss on an asset is reversed only when there has been a change in the estimates used in the initial determination of the asset's recoverable amount after the recognition of the last impairment loss. In this case, the carrying amount of the asset is increased to its recoverable amount, which does not exceed the carrying amount that would have been determined after deducting depreciation if no impairment loss had been recognised for the asset in previous years.

2.9 Leasing

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



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

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

- (a) there is a change in the terms of the contract, unless the change only renews or extends the agreement;
- (b) an option to renew has been exercised or an extension of the agreement has been agreed between the parties, unless the term of the renewal or extension was not initially included in the lease term;
- (c) there is a change in determining whether performance depends on the specific asset;
- (d) there is a significant change in the asset, such as a significant physical change;

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

Leases that do not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases, with the asset being recognised at the date of initial registration at an amount equal to the lease liability, using the current interest rate set in the contract.

Leases in which all significant risks and rewards of ownership of the asset are transferred are classified as finance leases. At the beginning of the lease term, the finance lease is recognised as an asset and a liability in the statement of financial position at an amount equal to the fair value of the leased property at the beginning of the lease term or, if lower, the present value of the minimum lease payments, specified at the beginning of the lease. The initial direct costs are added to the value recognised as an asset. The obligation for future lease payments, less financial expenses for future periods, is reflected in the statement of financial position.

The minimum lease payments are apportioned between the finance charge and the reduction of the liability. The financial expense is distributed over periods for the term of the lease agreement so as to obtain a constant interest rate for the periods over the residual amount of the liability. The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is a sufficient degree of certainty that the title will be acquired by the end of the lease term, the expected useful life is equal to the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term or the useful life of the asset.

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2.10 Revenue and expense recognition

Revenue is recognised to the extent that there are economic benefits that are likely to flow to the Company and those economic benefits can be measured reliably. The Company meets the following specific criteria for revenue recognition:

(a) For all financial instruments carried at amortised cost, interest-bearing financial assets classified as available-for-sale and financial instruments carried at fair value, interest income and expense are reported as "interest income" and "interest expense" in the financial statements using the effective interest 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 that take into account all contractual terms of the financial instrument (e.g. prepayment options) but do not take into account future credit losses. The calculation includes all fees and commissions paid or received between the parties to the contract that form an integral part of the effective interest rate, transaction costs and all other premiums and discounts granted or received.

The income from penalties and in case of non-fulfillment of contractual obligations by the borrowers on granted loans is recognised in proportion to the loan period. In cases of early repayment, the residual amount of the receivable is recognised as income on the date of early repayment.

(b) Revenues from fees and commissions are accrued at the time of providing the service. Fees received for the provision of services for a certain period of time are charged within that period of time. Fees for borrowing obligations that are most likely to be withdrawn and other loan-related fees are deferred (together with any additional costs) and recognised by changing the effective interest rate on the loan. Dividends are recognised as income in the statement of comprehensive income once the right to receive them has been established.

(c) Loans granted under customer loyalty programs are a separate identifiable component of the transaction under which they are provided. The fair value of the consideration received in respect of the initial sale is allocated between the loans and the other components of the transaction. Loans granted under loyalty programs are reported as an adjustment to the carrying amount of the loan portfolio and interest income for the period.

2.11 Cash and cash equivalents

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

2.12 Property, plant and equipment

Tangible fixed assets are valued at historical cost, excluding maintenance costs, less accumulated depreciation and impairment. The historical cost also includes costs that can be directly included in the cost of the asset. Subsequent costs are capitalized in the value of the asset, or are recognised as a separate tangible asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The transfer value of the replaced part of the durable tangible asset is derecognised. All other repair and maintenance expenses are recognised in the statement of comprehensive income in the period in which they arise.

The accompanying notes on pages 12 to 56 form an integral part of these financial statements.



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Depreciation of fixed assets is calculated on a straight-line basis so that their depreciation corresponds to their estimated useful lives as at 31 December 2019 and 31 December 2018, as follows:

Equipment	3.33 years
Vehicles	4 years
Computers and peripherals	2 years
Other	6.7 years

2.13 Intangible assets

Intangible assets consist of software, licenses and other separately identifiable assets. Intangible fixed assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of fixed assets is calculated on a straight-line basis so that their amortisation corresponds to their estimated useful life.

The Company's management revalues the carrying amount and residual useful lives of intangible assets at each reporting date. In the event of changes in the residual useful life of assets, the depreciation method or term is changed, which is treated as a change in accounting estimates. Intangible assets with indefinite useful lives are not amortised but are tested periodically for indications of impairment. An annual review is performed for indications of impairment of all intangible assets. If such indications are available at the statement of financial position date, the assets are subject to further analysis to determine whether their carrying amount is recoverable. If the carrying amount of an intangible asset is lower than its recoverable amount, the statement of comprehensive income recognises an impairment loss.

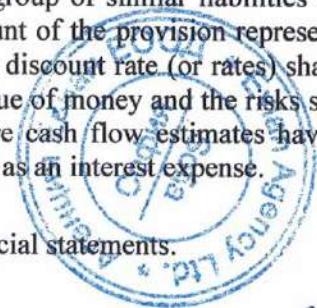
Acquired software licenses are recognised in cases where they may be separated or arise as a result of contractual or other legal rights, the costs of acquiring them can be reliably determined and future economic benefits from their use are likely to arise. The software has a maximum expected useful life of 2 years.

Other intangible assets are initially recognised when they are identified or arise as a result of contractual or other legal rights, the cost of acquiring them can be measured reliably and (in the case of intangible assets not acquired as a result of business combinations) when there are expected future economic benefits associated with the assets. Other intangible assets are measured at cost less accumulated amortisation and impairment. These assets are amortised over their useful lives in a manner that reflects their contribution to the future cash flows of the Company.

2.14 Provisions

A provision for a legal or constructive obligation is recognised when the Company has a present obligation as a result of past events; there is a significant likelihood that an outflow of resources will be required to settle the obligation; a reliable estimate of the value of the liability can be made. Expenses related to all provisions are presented in the statement of comprehensive income without being offset. The Company does not recognise provisions for future operating losses. In cases where there are multiple obligations of a similar nature, the probability of settlement is determined by considering these similar obligations as a whole. 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 (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. The discount rate(s) 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.

The accompanying notes on pages 12 to 56 form an integral part of these financial statements.



2.15 Share-based payments

The Company's staff receives remuneration based on shares, and the employees provide services against remuneration received in the form of equity instruments. The cost of share transactions is recognised together with a corresponding increase in equity for the period in which the performance and/or the conditions for the provision of services are met, at the date on which the relevant employees receive a full right to receive them ("date of acquisition of rights"). The cumulative expense recognised for share transactions for each reporting date up to the date of acquisition of rights reflects the extent to which the acquisition period has expired and the Company's best estimate of the number of equity instruments for which it will ultimately rights are acquired. The cost is referred to as "Staff costs". In cases where the conditions for share-based payments are changed, the minimum costs recognised in "Staff costs" are the costs that would have been the case if the conditions had not been changed. An additional cost is recognised for all modifications that increases the total value of the share payment agreement or otherwise benefits the employee. In cases where share-based payments are canceled, the cancellation is treated as a transferred right from the date of cancellation and all costs not yet recognised by the date of cancellation are recognised immediately.

If a new program is introduced in place of an old share-based payment program, the canceled and new programs are treated as if they were a modification of the original program, 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 in the period in which the rights are acquired. The liabilities under the plan are remeasured at fair value in each statement of financial position up to and including the settlement date, and changes in fair value are recognised in the statement of comprehensive income.

2.16 Current income tax

The Company charges current taxes under Bulgarian laws. Income tax is calculated on the basis of taxable profit for the period determined in accordance with the rules established by the tax regulations. The tax effect related to transactions or other events is reported in the statement of comprehensive income. The tax effect associated with transactions and other events reported directly in equity is carried forward directly to equity. Current tax assets and liabilities for the current and previous years represent the amount that is expected to be recovered from or paid to the taxation authorities. Tax rates used in the calculations are those that are legally established at the date of the statement of financial position.

2.17 Deferred tax

Deferred tax assets and liabilities are reported for all temporary differences subject to taxation using the balance sheet liability method applied to the difference in the tax base of the assets and liabilities and their carrying amount recorded in the financial statements. Deferred tax assets are reported for all deductible temporary differences up to the extent to which it is probable that future taxable profits will be available against which the respective deductions can be made.

Deferred taxes are recognised as income or expense and are included in net profit for the period, except when these taxes arise from a transaction or an event reported for the same or a different period directly in equity. Deferred taxes are charged or deducted directly from equity when those taxes relate to items that are charged or deducted during the same or a different period directly in equity.



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Deferred taxes are recognised as income or expense using the tax rates that have been enacted or substantively enacted by the date of preparation of the financial statements. Deferred taxes are not recognised when they arise from the initial reporting of an asset or liability in a transaction for which, at the time of the transaction, neither the accounting nor the tax gain (loss) is reflected. Deferred taxes arising from investments in subsidiaries and operations abroad are recognised in the statement of comprehensive income and statement of financial position, except when the period for accrual (or deduction) of these temporary differences is controlled by the Company, and there is a high probability that the temporary difference will not reverse in the future.

2.18 Redeemed own shares and contracts on own shares

The Company's own equity instruments acquired by it or its subsidiaries (the Company's own shares) are deducted from equity at the weighted average cost of acquisition. Remuneration paid or received for the purchase, sale, issue or cancellation of the Company's own equity instruments is recognised directly in equity. Gains or losses are not recognised in the statement of comprehensive income. Contracts on own shares that involve the issuance of own shares for consideration are classified as equity and are added to or deducted from equity. Contracts on own shares that require a net cash settlement or provide a settlement option while maintaining the value of the contractual obligation, resulting in a change in the number of shares when their fair value changes, are classified as financial liabilities.

2.19 Dividends

Dividends related to ordinary shares are recognised as a liability and deducted from equity in cases where they are approved by the shareholders of the Company. Interim dividends are deducted from equity in cases where they are declared. Dividends for the year that are approved after the end of the reporting period, but before the date of issue of the statement of financial position, are disclosed as an event after the date of issue of the statement of financial position.

2.20 Employee benefits

The Company makes contributions to various public or privately administered pension schemes and funds. Payments made in connection with these short-term staff benefits are recognised as an expense in the period.

The Company is obliged to pay retirement benefits to its employees, provided that a number of legal grounds are met, in accordance with the relevant labor legislation. The Company recognises termination benefits if the following conditions are met: there is a firm commitment and a detailed termination plan, and there is a legal obligation to pay such short-term employee benefits. Employee benefits that are due for more than one year after the reporting date are discounted to their present value.

In accordance with the Bulgarian labor legislation, the Company is obliged to pay 2 or 6 monthly gross salaries to its employees upon retirement, the amount depending on the length of service in the Company. If the length of service of the employee in the Company is more than 10 years, the retirement income amounts to 6 gross monthly salaries; in other cases the amount of the retirement benefit is 2 gross monthly salaries. These retirement benefit obligations are not secured by funds raised in a special fund (i.e. the liabilities are not funded). The Company's management has made an assessment of the present value of these liabilities as at the date of preparation of the financial statements based on actuarial calculations using the projected unit credit method.



2.21 Comparative data

Except where a standard or interpretation of a standard requires or permits otherwise, all values in the report are stated or disclosed together with comparative information for prior periods. Where IAS 8 applies, the comparative figures are adjusted to reflect changes in performance during the current year.

2.22 Related parties

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

2.23 Significant accounting estimates and judgments

The presentation of the financial statements in accordance with IFRS requires management to make the best estimates and reasonable assumptions that affect the reported values of assets and liabilities, and the disclosure of contingent receivables and liabilities at the date of the report, and accordingly the values of income and expenses for the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are appropriate in the circumstances, the results of which form the basis for judgments about the carrying amount of assets and liabilities that are not apparent from other sources. Actual results may differ from estimates.

Accounting estimates and underlying assumptions are reviewed on a regular basis. An adjustment to the accounting estimates is made in the year of the revision of the estimates if the adjustment relates to the current and future years. Management's estimates of the application of IFRSs that have a material effect on the financial statements and accounting estimates with a material risk of material adjustment in the following year are set out below.



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(The amounts are indicated in all notes in thousands of BGN, unless otherwise stated)

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

	2019	2018
Interest income and penalties for non-performance of contractual obligations by the borrowers on granted loans	90,007	100,501
Interest income on deposits and current accounts	-	-
	90,007	100,501

4. Interest expense:

	2019	2018
Interest on bank loans	(119)	(31)
Interest on financing	(167)	(135)
Interest on financial leasing	(132)	-
Other interest on transferred financial assets	(827)	(395)
	(1,245)	(561)

5. Other financial income / (expenses), net

	2019	2018
Income:		
Income from foreign exchange operations and revaluations	339	418
Income from assigned receivables	3,818	5,396
	4,157	5,814
Expenses		
Expenses on foreign exchange operations and revaluations	(262)	(248)
Expenses on transactions in financial assets and instruments	-	(175)
Expenses on fees and commissions	(201)	(260)
	(463)	(683)
	3,694	5,131

6. Personnel costs

	2019	2018
Salaries and wages	(43,164)	(38,911)
Social security contributions	(6,344)	(5,232)
	(49,508)	(44,143)

7. Other operating costs, net

	2019	2018
• Other operating revenue		
Revenues from the provision of services	2,433	111
Other operating revenue	72	10
	2,505	121

The accompanying notes on pages 12 to 56 form an integral part of these financial statements.



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<i>Other operating expenses</i>		
Expenses on materials	(1,384)	(1,487)
Rental of assets	(1,337)	(3,035)
Advertising and marketing	(3,668)	(3,612)
Telecommunication and postage costs	(1,037)	(807)
Transport and business trips	(1,850)	(1,008)
Consulting and legal services	(482)	(410)
Utility bills, incl. electricity	(370)	(402)
Office security	(89)	(106)
Insurance	(421)	(332)
Repair and technical support	(264)	(300)
Entertainment expenses and expenses unrelated to the activity	(741)	(714)
Other operating expenses	(1,672)	(1,318)
	(13,315)	(13,531)
	(10,810)	(13,410)

8. Tax temporary differences

The Company has no contingent receivables or liabilities related to taxation, and it does not expect significant changes in its tax status related to changes in tax rates or tax laws in subsequent reporting periods.

	2019	2018
Current corporate tax expense	1,035	961
Effect of deferred taxes	27	(33)
Total	1,062	928

The current tax liability rate in Bulgaria for 2019 is 10% (2018: 10%). The calculation of tax expenses and accounting profit, multiplied by the current tax rate for the years ending 31 December 2019 and 2018, is as follows:

	2019	2018
Profit before taxes	36,918	9,173
Tax expense at an effective tax rate of 10% (2018: 10%)	3,692	917
Tax effect of expenses not recognised for tax purposes and others	476	44
Tax effect of income not recognised for tax purposes and others	(3,133)	-
Tax effect of deferred taxes	27	(33)
Tax expense	1,062	928

The following table shows the reflection of deferred tax assets and liabilities in the statement of financial position and statement of comprehensive income:

	2019	2018
Deferred tax assets	303	330

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	2019	2018
In the beginning of the year	330	297
(Expense) / Income in the income statement	(27)	33
At the end of the year.	303	330

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

Deferred tax assets	Unused leave	Employee benefits	Other	Total
As at 1 January 2018	155	95	47	297
(Expense) / income in the income statement	(4)	6	31	33
As at 31 December 2018	151	101	78	330
As at 1 January 2019	151	101	78	330
(Expense) / income in the income statement	2	19	(48)	(27)
As at 31 December	153	120	30	303

9. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the respective year. The Company has not issued or received financial instruments that reduce the value of earnings per share. There were no significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval of these separate financial statements that would require a recalculation of earnings per share.

The following table shows the data used in the calculation of earnings per share:

	2019	2018
Net profit distributable to shareholders	35,856	8,245
Number of ordinary shares	8,503	8,503
Earnings per share	4.22	0.97

10. Dividends

In 2019, dividends in the amount of BGN 3,450 thousand (BGN 1, 600 thousand in 2018) were distributed and paid to shareholders.

In 2019, the subsidiary Financial Bulgaria EOOD distributed a dividend amounting to BGN 26,440 thousand to Easy Asset Management AD.



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11. Cash and cash equivalents

	2019	2018
Cash in current accounts	2,047	2,946
Cash in hand	675	635
Cash in transit	82	175
	2,804	3,756

Cash and cash equivalents are cash in hand or in bank accounts.

12. Loans and receivables from customers

	2019	2018
Principals and accrued interest	67,121	66,545
Other receivables, including court receivables	921	991
Minus: accumulated impairment losses	(16,584)	(24,005)
	51,458	43,531

All loans have a fixed interest rate.

The change in impairment losses on loans to customers is as follows:

	2019	2018
At the beginning of the period	24,005	28,760
Accrued during the year, net of reintegrated impairments	14,587	26,873
Recovered impairment loss	-	-
Written off against provisions	(22,008)	(31,628)
At the end of the period	16,584	24,005

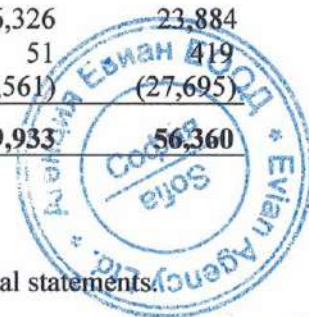
For its internal needs, the Company uses its own models for measuring and analyzing credit risk. These rating and evaluation models are used in the analysis of the loan portfolio, and serve as a basis for calculating the loss on non-performing loans.

13. Individually significant loans granted to legal entities and individuals

	2019	2018
Commercial loans granted to related parties, incl. accrued interest	72,117	59,752
Commercial loans granted to legal entities, incl. accrued interest	26,326	23,884
Commercial loans granted to individuals, incl. accrued interest	51	419
Minus: impairment losses	(28,561)	(27,695)
Total	69,933	56,360

All granted commercial loans are unsecured and with a fixed interest rate.

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The change in impairment losses on loans granted to legal entities and individuals is as follows:

	2019	2018
At the beginning of the period	27,695	16,926
Accrued during the year, net of reintegrated impairments	5,269	10,922
Recovered impairment loss	-	-
Written off against provisions	(4,403)	(153)
At the end of the period	28,561	27,695

Individually significant commercial loans are reviewed for impairment based on the individual characteristics of the loan receivable.

14. Trade and other receivables

	2019	2018
Prepayments	1,822	1,248
Guarantees	301	161
Receivable under assignment of loans and receivables	156	476
Other	698	358
Total	2,977	2,243

The structure of receivables under assignment of receivables and loans is as follows:

	2019	2018
Receivable under assignment of non-performing receivables own portfolio	156	476
Total	156	476

15. Investments in subsidiaries

Information on investments in subsidiaries is presented in the following table:

	Gross value of the investment		Accumulated impairment		Net book value after impairment	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Easy Credit LLK	13,797	13,797	12,232	12,232	1,565	1,565
SC Easy Asset Management IFN S.A.	5,770	4,303	5	4	5,765	4,299
ICredit Sp. z o.o.	90	90	-	-	90	90
ICredit s.r.o.	-	73	-	73	-	-
						38

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Financial Company M						
Cash Macedonia						
DOOEL Skopje	489	-	-	-	489	-
Easy Payments Services						
Ltd.	4,065	2,770	-	-	4,065	2,770
Easy Credit Asia	102	102	102	102	-	-
Financial Bulgaria						
EOOD	6,656	226	-	-	6,656	226
Easy Individual						
Solutions - Mexico	-	-	-	-	-	-
Total	30,969	21,361	12,339	12,411	18,630	8,950

The Company owns 100% of Easy Credit LLK ("Subsidiary"). The subsidiary is incorporated in accordance with Ukrainian laws and regulatory requirements on non-bank financial institutions. The value of the initially registered capital of the Subsidiary is UAH 6,922 thousand, which amount as at the date of registration of the capital was equivalent to EUR 800 thousand or BGN 1,565 thousand. In 2015, a resolution was adopted to increase the capital to UAH 102,460 thousand, equivalent to EUR 4,581 thousand or BGN 8,960 thousand as at the date of the capital increase. In 2016, the capital reached the equivalent of BGN 13,797 thousand.

The Company owns 100% (99.9995416%) of SC Easy Asset Management IFN S.A. ("Subsidiary"). The subsidiary is incorporated in accordance with the Romanian laws and regulatory requirements on non-bank 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. In 2018, a resolution was adopted to increase the capital to BGN 4,303 thousand, equivalent to EUR 2,200 thousand (RON 10,261 thousand). In the reporting year 2019, the capital of the Romanian company reached BGN 5,770 thousand, equivalent to EUR 2,950 thousand (RON 13,722 thousand).

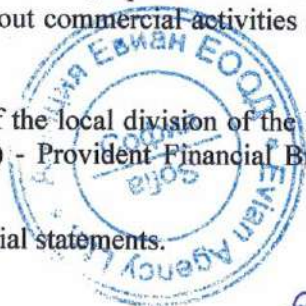
The Company owns 100% of iCredit Sp. z o.o. ("Subsidiary") established in 2014. The subsidiary is incorporated in accordance with Polish laws and regulatory requirements on non-bank financial institutions. The value of the registered capital of the Subsidiary is BGN 2,000 (equivalent to PLN 5,000) as at the date of incorporation. In 2016, a resolution was adopted to increase the capital to PLN 200 thousand.

The Company owns 81.30% of Easy Payments Services Ltd ("Subsidiary") established in 2016. The subsidiary is incorporated in accordance with the legislation of the Republic of Bulgaria. The value of the initially registered capital is BGN 1,000 thousand. The activity of the Subsidiary is related to the execution of payment transactions, issuance of payment instruments and/or acceptance of payments with payment instruments. In 2018, a resolution was adopted to increase the registered capital to BGN 3,000 thousand, and in 2019, the capital reached BGN 5,000 thousand.

The Company owns 98% of Easy Asset Management Asia Limited ("Subsidiary") established in 2016. The Subsidiary is incorporated in accordance with the laws and regulatory requirements of the Union Republic of Myanmar. The value of the registered capital of the Subsidiary is USD 200 thousand, equivalent to BGN 345 thousand as at the date of incorporation. In 2019, the Company did not carry out commercial activities and its liquidation was initiated.

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

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OOD. The Company owns 100% of Financial Bulgaria EOOD ("Subsidiary"), and the value of the registered capital at the time of acquisition is BGN 51 million. It is incorporated in accordance with the laws 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 Ltd. 100% of the shares of the financial company M Cash Macedonia DOOEL Skopje ("Subsidiary") established in 2014. The Subsidiary is incorporated in accordance with the legislation of the Republic of Northern Macedonia and the regulatory requirements on non-bank financial institutions. The value of the registered capital of the Subsidiary is BGN 196 thousand (equivalent to EUR 100 thousand).

The Company owns 98% of EASY INDIVIDUAL SOLUTIONS SA DE CV SOFOM ENR ("Subsidiary") established on 29 July 2019. The Subsidiary is incorporated in accordance with Mexican laws. The value of the registered capital is MXN 402 thousand (equivalent to BGN 37 thousand) as at the date of incorporation.

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

	2019	2018
At the beginning of the period	12,411	12,249
Accumulated during the year, net of reintegrated impairments	1	174
Written off against provisions	(73)	(12)
At the end of the period	12,339	12,411

As at 31 December 2019, the Company has performed an analysis of the recoverable amount of investments in subsidiaries and receivables from loans granted to them. The Company's Management considers that the respective net book values as at 31 December 2019 are recoverable.

16. Property, plant and equipment

	Plant and equipment	Vehicles	Other	Total
As at 1 January 2018				
Carrying amount	76	47	935	1,058
Accumulated depreciation	(76)	(47)	(658)	(781)
Book value	-	-	277	277
31 December 2018				
Book value at the beginning of the period	-	-	277	277
Acquired	-	-	260	260
Depreciation costs	-	-	(163)	(163)
Written off at book value	-	-	-	-
Book value at the end of the period	-	-	374	374

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As at 1 January 2019

Carrying amount	76	12	1,121	1,209
Accumulated depreciation	(76)	(12)	(747)	(835)
Book value	-	-	374	374

31 December 2019

Book value at the beginning of the period	-	-	374	374
Acquired	-	-	367	367
Written off (at book value)	-	-	-	-
Depreciation costs	-	-	(241)	(241)
Book value at the end of the period	-	-	500	500

31 December 2019

Carrying amount	76	12	1,462	1,550
Accumulated depreciation	(76)	(12)	(962)	(1,050)
Book value	-	-	500	500

17. Intangible assets

	Software	Total
1 January 2018		
Carrying amount	756	756
Accumulated amortization	563	563
Book value	193	193

31 December 2018

Book value at the beginning of the period	193	193
Acquired	91	91
Written off at book value	-	-
Amortization costs	213	213
Book value at the end of the period	71	71

As at 1 January 2019

Carrying amount	847	847
Accumulated depreciation	776	776
Book value	71	71

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31 December 2019

Book value at the beginning of the period	71	71
Acquired	69	69
Written off (at book value)	-	-
Depreciation costs	(98)	(98)
Book value at the end of the period	42	42

31 December 2019

Carrying amount	916	916
Accumulated depreciation	874	874
Book value	42	42

18. Right-of-use assets

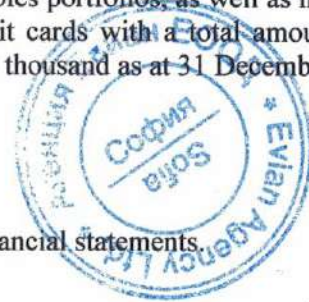
	Buildings	Total
1 January 2019		
Carrying amount	-	-
Accumulated depreciation	-	-
Book value	-	-

31 December 2019

Book value at the beginning of the period	-	-
Acquired	4,391	4,391
Depreciation costs	(1,464)	(1,464)
Book value at the end of the period	2,927	2,927

19. Liabilities to banks

Liabilities to banks include interest-bearing bank loans on revolving loan facilities. The Company has no arrears on principal, interest and other similar liabilities as at 31 December 2019 and 31 December 2018. The interest on loans is calculated on the basis of the effective yield by applying an effective interest rate. The borrowings have variable interest rates, in the form of a base interest rate and a margin. The liability under the main loan facility/overdraft for working capital as at 31 December 2019 is BGN 4,689 thousand (as at 31 December 2018 there is no liability). The loan is secured by special pledges on loan receivables portfolios, as well as mortgaged properties of co-debtors. Other liabilities to banks include revolving credit cards with a total amount of the liability as at 31 December 2019 in the amount of BGN 3 thousand. (BGN 5 thousand as at 31 December 2018).



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20. Payables to staff and social security institutions

Payables related to employee benefits consist of the following:

	2019	2018
Payables related to staff	3,242	3,459
Social insurance obligations	993	838
Unused leave and other short-term employee benefits	1,534	1,514
	5,769	5,811

Long-term employee benefits

In accordance with the Labor Code of the Republic of Bulgaria, the Company, as an employer, is obliged to pay from two to six gross monthly salaries to its employees upon retirement, depending on their length of service, as follows:

Length of employment	number of monthly salaries
The last 10 years of employment with the Company	2
Over 10 years of employment with the Company	6

The main assumptions at the reporting date are the following:

	2019	2018
Discount interest rate	0,60%	0,72%
Future income growth	2,00%	2,00%

As at 31 December 2019, the Company recovered part of the provisions for retirement benefits, as the accrued amount is BGN 281 thousand (as at 31 December 2018, BGN 757 thousand), included above in the total payables to staff.

Until 2011, the employees of the Company and its subsidiaries had the right to participate in a share-based payment plan. All employees were eligible to participate in a share purchase scheme, provided they had at least one year of employment with the Company. Employees acquired rights to the shares if they worked in the Company for a period of one year after the date of granting the shares. The shares under the plan are paid in cash and the redemption price is equal to the net consolidated earnings per share for the previous financial year, multiplied by a factor of 10. The term of the contract is unlimited and there are no alternatives for non-monetary settlement. There were no cancellations or changes to the plan in 2019.

21. Trade and other payables

	2019	2018
Payables to suppliers	449	591
Liabilities under guarantees	15,210	6,952
Liabilities for collected guarantee installments	10,510	
Obligations under assignments - purchased receivables		28,331

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Liabilities under other financing	3,492	-
Personal income taxes	612	530
Liabilities for other taxes and fees	93	75
Lease liabilities related to usable assets	2,927	
Other liabilities	42	2
	33,335	36,481

Liabilities under guarantees represent commitments undertaken by the Company for repurchase of assigned receivables on loans from its own portfolio up to the amount of the transferred principal.

In 2016, the Company started a partnership with a P2P investment platform, regulated according to the legal framework of the Republic of Estonia. The platform provides an opportunity to invest in loans already granted by the Company, which acts as an originator. This is done through the transfer of rights, and the gross book value of the transferred but not written off assets as at 31 December 2019 amounts to BGN 15,831 thousand. (BGN 6,952 thousand as at 31 December 2018). The investor can choose in which part of the loan to invest, with a maximum threshold of up to 70% of the loan principal. The loans that are financed through the platform are different in type and default in payment, and their realization is within one year. The originator is obliged to pay the remaining part of the principal to the investor in case of delay over 60 days. The maximum exposure of the Company in terms of credit risk is up to the amount of the transferred principal and as at 31 December 2019 amounts to BGN 15,831 thousand. (BGN 6,952 thousand as at 31 December 2018). The reported expenses recognised during the period amount to BGN 828 thousand. (BGN 395 thousand for 2018). The fair value of the depreciated assets transferred by the Company and the related liabilities as at 31 December 2019 amounts to BGN 15,831 thousand (BGN 6,952 thousand as at 31 December 2018). The Company did not write off the loans transferred through the platform from the individual statement of financial position, since the conditions of IFRS 9 for writing off financial assets have not been met, but reported a corresponding liability under guarantees.

The Company's liabilities for other financing include unsecured trade loans from associated companies with interest rates up to 12%, see also note 26.

22. Equity

As at 31 December 2019, the share capital has remained unchanged compared to the end of the previous reporting period. The number of issued ordinary shares is 8,503,000 with a par value of BGN 1.00, amounting to a total share capital of BGN 8,503 thousand as at 31 December 2019. The ultimate majority owners of the Company are Management Financial Group JSCo with 48%, Nedelcho Yordanov Spasov and Stanimir Svetloslavov Vassilev, and each of them owns 20.56% of its share capital or a total of 41.12%. The Company has formed legal reserves in accordance with the requirements of the Commercial Act in the amount of BGN 15,910 thousand.

In 2019, as a result of the purchase of own shares with a par value of BGN 1.00, the Company reports redemption costs in the amount of BGN 19 thousand, which are carried forward to reduction of equity in exchange for retained earnings. In 2018, the reported costs for redemption of own shares were in the amount of BGN 15 thousand.



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23. Redeemed own shares

	2019	2018
As at 1 January:	74	73
Redemption of own shares	1	1
Sale of own shares	-	-
At 31 December:	75	74

24. Financial risk management

The nature of the Company's activity requires undertaking and professional management of certain financial risks. The main functions of the risk management unit are to identify and measure all principal risks inherent to the Company's activity, as well as manage the risk exposures and the allocation of resources. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and/or market practices.

The purpose of the Company is to achieve an appropriate balance between incurred risks and achieved return, as well as minimize the potential adverse effects on the financial results. In this context, risk is defined as the probability of incurring losses or lost profits due to internal or external factors to the organization. Risk management is performed within rules and procedures approved by the Board of Directors. The Company identifies, assesses and manages financial risks in close cooperation with all operational units. The Board of Directors sets out the principles for overall risk control and management, as well as written policies regarding Company-specific areas such as exchange rate risk, interest rate risk, credit risk, financial instruments, etc. In addition, the internal control unit performs an independent review of the risk management systems, as well as a review of the control environment. Risks that arise in connection with financial instruments to which the Company is exposed include credit risk, liquidity risk, market risk (disclosed below), and operational risk.

24.1 Credit risk

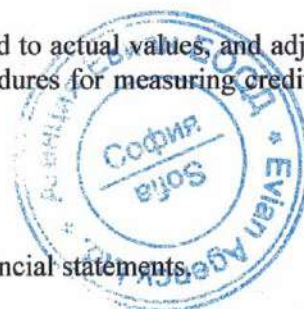
Credit risk is related to the incurrence of financial losses due to failure to fulfill the obligations of the Company's customers, suppliers, creditors. Credit risk is primarily related to credits granted to customers by the Company.

Due to the nature of the Company's activity, the risks related to credit exposures of third parties to the Company are of major importance. The credit risk assessment of the micro-credit 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 analyzing credit risk. These rating and assessment models are used in the analysis of the loan portfolio. In measuring credit risk, the Company performs an analysis of the following key components:

- "Probability of insolvency" in respect of customers in terms of contractual relations;
- Current exposures to those third parties, as well as their expected future development;
- The probable percentage of recovery of the Company's receivables (the so-called "loss given default").

These models are subject to periodical review and their behavior is compared to actual values, and adjustments are made to baseline variables to optimize model performance. These procedures for measuring credit risk are part of the routine operating activities of the Company.



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The Company analyzes the portfolio of microcredits using internal ratings, depending on customer behavior and other factors combining statistical analysis and analysis of credit consultants.

Data is verified and validated by comparison with data from external sources. Credit risk assessment methods are subject to periodic revaluation, which ensures their compliance with recent developments in portfolio risks.

- *Exposure at default*

An exposure at default is the amount that the Company expects to be due at the time when default occurs (for example, for loans, this is the amount under the loan agreement). In the case of credit commitments, the Company includes both the amounts already granted and the amounts that can be granted at the time when default occurs.

- *Loss given default*

A loss given default is defined as the expected amount of the loss at the time when default occurs, and is reported as a percentage of the exposure. The loss given default varies widely, depending on the characteristics of the counterparty, the type and structural features of the loan, the availability of collateral or credit support of the debtor. The measurement of exposure at default and loss given default is performed on a portfolio basis for the main pool of microcredits.

The Company manages the level of credit risk by limiting the total risk exposure to a single borrower or group of borrowers. Regular monitoring of credit exposures is performed. Credit limits are subject to periodic review, depending on changes in market conditions and the probabilities of default.

- *Impairments*

The risk assessment models described above are used to estimate the expected losses – i.e. risks of future events that lead to losses from certain positions in the portfolio are taken into account. On the other hand, impairment and uncollectibility expenses are recognised in the financial statements only to the extent that they have been incurred, and estimates of impairment losses and uncollectibility are based on objective criteria. The Company's Management is of the opinion that it will be able to control and minimize the exposures related to credit risk in the portfolio in the future.

In the case of individually significant credit receivables, credit risk is managed and impairment losses are determined on an individual basis, depending on the characteristics of the receivable.

- *Concentration of risks associated with financial instruments*

The Company's Management is of the opinion that the portfolio of microcredits and receivables is well diversified and that there are no significant concentrations of credit risk.



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The portfolio of individually significant loans granted to legal entities and individuals is concentrated in a limited number of borrowers:

	<i>As at 31 December</i>	
	BGN'000	Number of borrowers
Commercial loans granted to related parties, incl. accrued interest	72,117	12
Commercial loans granted to legal entities, incl. accrued interest	26,326	2
Commercial loans granted to individuals, incl. accrued interest	51	1
Total	98,494	15
<i>Minus: impairment losses</i>	<i>(28,561)</i>	
	69,933	

• *Renegotiated loans and receivables*

Loan restructuring activities include extension of loan periods and other modifications to contract terms. They are performed if there are indications that payments will be continued.

The Company's exposure to credit risk is limited to the book value of the following financial assets:

Financial assets	<i>31 December 2019</i>		<i>31 December 2018</i>	
	<i>Book value</i>	<i>Maximum risk</i>	<i>Book value</i>	<i>Maximum risk</i>
Loans and receivables from customers	51,458	51,458	43,531	43,531
Individually significant loans granted to legal entities and individuals	69,933	69,933	56,360	56,360
Trade and other receivables	2,977	2,977	2,243	2,243
Total	124,368	124,368	102,134	102,134

The Company has not used derivatives to manage credit risk.

Total value of loans and receivables from customers:	<i>As at 31 December 2019</i>	<i>As at 31 December 2018</i>
Assessed on a portfolio basis	68,042	67,536
Individually significant	98,494	84,055
Accumulated impairment:	<i>(45,145)</i>	<i>(51,700)</i>
Total	121,391	99,891

The table below shows the value of not impaired loans by number of days past due:



The accompanying notes on pages 12 to 56 form an integral part of these financial statements.

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31 December 2019						
Past due	Assessed on a portfolio basis		Individually significant		Total	
	Gross Value	Net value	Gross Value	Net value	Gross Value	Net value
Performing loans	23,971	22,279	47,326	47,326	71,297	69,605
	23,971	22,279	47,326	47,326	71,297	69,605

31 December 2018						
Past due	Assessed on a portfolio basis		Individually significant		Total	
	Gross Value	Net value	Gross Value	Net value	Gross Value	Net value
Performing loans	22,446	20,979	41,752	41,752	64,198	62,731
	22,446	20,979	41,752	41,752	64,198	62,731

The Company considers that there are indications of impairment loss on microcredits overdue for more than 4 days, considers them as impaired respectively. In the following table, the gross value of impaired loans is presented by number of days past due:

31 December 2019						
Past due	Assessed on a portfolio basis		Individually significant		Total	
	Gross Value	Net value	Gross Value	Net value	Gross Value	Net value
performing loans	-	-	51,168	22,608	51,168	22,608
from 4 to 90 days	22,921	21,575	-	-	22,921	21,575
from 91 to 360 days	20,229	7,603	-	-	20,229	7,603
Receivables with indefinite maturity (incl. judicial)	921	-	-	-	921	-
	44,071	29,178	51,168	22,608	95,239	51,786

31 December 2018						
Past due	Assessed on a portfolio basis		Individually significant		Total	
	Gross Value	Net value	Gross Value	Net value	Gross Value	Net value
Performing loans	-	-	42,303	14,608	42,303	14,608
from 4 to 90 days	24,892	18,049	-	-	24,892	18,049
from 91 to 360 days	19,207	4,496	-	-	19,207	4,496
Receivables with indefinite maturity (incl. judicial)	991	7	-	-	991	7
	45,090	22,552	42,303	14,608	87,393	37,160

The accompanying notes on pages 12 to 56 form an integral part of these financial statements.

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The Company's policy is to write off loans past due 360 days. Most of them are sold to other companies, with complete transfer of risk on sold receivables to the third party.

24.2 Market risk

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

• **Interest rate risk**

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

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

The table below presents the structure of interest-bearing financial assets and liabilities of the Company:

As at 31 December	<i>Variable interest rate</i>	<i>fixed interest</i>	<i>Interest-free</i>	<i>Total</i>
Loans and receivables from customers	-	51,458	-	51,458
Individually significant loans granted to legal entities and individuals	-	69,933	-	69,933
Trade and other receivables	-	-	2,977	2,977
Total assets	-	121,391	2,977	124,368

As at 31 December	<i>Variable interest rate</i>	<i>Fixed interest rate</i>	<i>Interest-free</i>	<i>Total</i>
Liabilities to banks	4,692	-	-	4,692
Trade and other payables	-	-	33,335	33,335
Total liabilities	4,692	-	33,335	38,027

As at 31 December 2018	<i>Variable interest rate</i>	<i>Fixed interest rate</i>	<i>Interest-free</i>	<i>Total</i>
Loans and receivables from customers	-	43,531	-	43,531
Individually significant loans granted to legal entities and individuals	-	56,360	-	56,360
Trade and other receivables	-	-	2,243	2,243
Total assets	-	99,891	2,243	102,134

As at 31 December 2018	<i>Variable interest rate</i>	<i>Fixed interest rate</i>	<i>Interest-free</i>	<i>Total</i>
Liabilities to banks	5	-	-	5
Trade and other payables	-	-	36,481	36,481
Total liabilities	5	-	36,481	36,486

The accompanying notes on pages 12 to 56 form an integral part of these financial statements.

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• Foreign exchange risk

Exchange rate fluctuations have an effect on 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 BGN to EUR of 1.95583/ EUR, which means that positions in that currency do not lead to significant foreign exchange risk, unless the rate is changed in the future.

The following table shows the structure of financial assets and liabilities by currency as at 31 December 2019:

Assets	BGN	EUR	USD	Other	Total
Cash and cash equivalents	2,489	305	9	1	2,804
Loans and receivables from customers	51,458	-	-	-	51,458
Individually significant loans granted	61,532	4,867	3,534	-	69,933
Trade and other receivables	2,944	-	33	-	2,977
Investments in subsidiaries	10,721	489	-	7,420	18,630
Total (in thousands of BGN)	129,144	5,661	3,576	7,421	145,802
Total (%)	88.58%	3.88%	2.45%	5.09%	100%

Liabilities	BGN	EUR	USD	Other	Total
Liabilities to banks	4,692	-	-	-	4,692
Trade and other payables	22,821	10,514	-	-	33,335
Total (in thousands of BGN)	27,513	10,514	-	-	38,027
Total (%)	72.35%	27.65%	-	-	100%

The following table shows the structure of financial assets and liabilities by currency as at 31 December 2018:

Assets	BGN	EUR	USD	Other	Total
Cash and cash equivalents	1,878	1,877	1	-	3,756
Loans and receivables from customers	43,531	-	-	-	43,531
Individually significant loans granted	49,500	5,655	1,205	-	56,360
Trade and other receivables	2,219	-	24	-	2,243
Investments in subsidiaries	2,996	-	-	5,954	8,950
Total (in thousands of BGN)	100,124	7,532	1,230	5,954	114,840
Total (%)	87.19%	6.56%	1.07%	5.18%	100%

Liabilities	BGN	EUR	USD	Other	Total
Liabilities to banks	5	-	-	-	5
Trade and other payables	34,781	1,700	-	-	36,481
Total (in thousands of BGN)	34,786	1,700	-	-	36,486
Total (%)	95.34%	4.66%	-	-	100%

The accompanying notes on pages 12 to 56 form an integral part of these financial statements.



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24.3 Liquidity risk

Liquidity risk is related to the Company's inability to discharge its liabilities the when they become due. Net cash outflows would lead to a reduction in the available cash resources, which play an important role in the Company's lending process and meeting its liabilities. In certain circumstances, a lack of liquidity may result in the sale of assets or the potential inability to meet the credit commitments of pre-approved customers. The risk that the Company 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.

Management of the Company's liquidity is performed by a separate team in the Accounting Department, and 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. Cash flows are measured and forecast for the next day, week and month because they are of great significance for liquidity management. An analysis of the agreed maturities of financial liabilities and financial assets is performed.

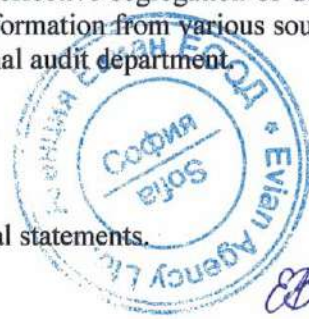
The Company has a diversified portfolio of cash and high-quality highly liquid assets to meet its current obligations.

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

	As at 31 December 2019		As at 31 December 2018	
	To 12 months	Over 12 months	To 12 months	Over 12 months
Assets				
Cash and cash equivalents	2,804	-	3,756	-
Loans and receivables from customers	51,458	-	43,531	-
Individually significant loans granted	51	69,882	808	55,552
Trade and other receivables	1,801	1,176	2,082	161
Investments in subsidiaries	-	18,630	175	8,775
Total assets	56,114	89,688	50,352	64,488
Liabilities				
Liabilities to banks	4,692	-	5	-
Payables to staff and social security institutions	5,769	-	5,811	-
Corporate tax liabilities	135	-	62	-
Trade and other payables	1,152	32,183	1,191	35,290
Total liabilities	11,748	32,183	7,069	35,290

24.4 Operational risk

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



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25. Capital management

The main objectives of capital management are to maintain the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain a strong capital base to support the development of the Company's operations

Capital adequacy is monitored by the Company's Management. As the Company is in the process of growth, the Management believes that an optimal capital structure has not been achieved.

26. Related party disclosures

Persons are considered to be 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 are placed under joint control by a third party.

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

Company Name	Type of relatedness
SC Easy Asset Management IFN S.A. - Romania	Subsidiary
Easy Credit LLK - Ukraine	Subsidiary
ICredit Sp. z o.o. - Poland	Subsidiary
ICredit s.r.o. - Czech Republic - deleted	Subsidiary
Easy Asset Management Asia LTD - Myanmar - in liquidation	Subsidiary
Easy Payments Services Ltd.	Subsidiary
Financial Bulgaria EOOD	Subsidiary
FD M Cash Macedonia DOOEL, Skopje	Subsidiary
EASY INDIVIDUAL SOLUTIONS SA DE CV SOFOM ENR - Mexico	Subsidiary
Management Financial Group JSCo	Company under general control through a majority shareholder
Fintreid Fainans AD	Company under general control through a majority shareholder
Iuvo Group OÜ	Company under general control through a majority shareholder
Viva Credit Ltd.	Company under general control through a majority shareholder
Seewines AD	Company under general control through a majority shareholder
Seewines Logistics EOOD	Company under general control through a majority shareholder
Access Finance Ltd.	Company under general control through a majority shareholder
Xpress Pay EOOD	Company under general control through a majority shareholder
Agency for Control of Outstanding Debts Ltd.	Company under general control through a majority shareholder
AXI Finance IFN S.A.	Company under general control through a majority shareholder
Lucent Investments AD	Company under general control through a majority shareholder

The accompanying notes on pages 12 to 56 form an integral part of these financial statements.



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MFG Investments EOOD

Company under general control
through a majority shareholder

Receivables and liabilities under related party transactions and the respective expenses and income as at 31 December 2019 and 2018 are as follows:

Transactions and balances

<i>(a) Income</i>	2019	2018
• Interest income		
SC Easy Asset Management IFN S.A.	-	159
Easy Credit LLK	143	75
ICredit Sp. z o.o.	761	667
ICredit s.r.o. - deleted	-	148
Financial Company M Cash Macedonia DOOEL Skopje	146	103
Lucent Investments AD	10	-
Management Financial Group JSCo	649	78
Fintreid Fainans AD	182	128
Viva Credit Ltd.	-	102
Access Finance Ltd.	1,165	1,160
Xpress Pay EOOD	31	30
Agency for Control of Outstanding Debts Ltd.	232	345
Financial Bulgaria EOOD	-	1,568
Easy Payments Services Ltd.	348	33
Iuvo Group OÜ	125	75
AXI Finance IFN S.A.	15	-
Total interest income	3,807	4,671
• Income from assigned receivables:	2019	2018
Agency for Control of Outstanding Debts Ltd.	1,621	2,893
Total income from assigned receivables	1,621	2,893
• Revenues from license fee:	2019	2018
Easy Credit LLK	10	5
Total revenues from license fee	10	5



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	2019	2018
• Revenues from rendered services		
Viva Credit Ltd.	20	36
Financial Bulgaria EOOD	<u>2,327</u>	<u>-</u>
Revenues from rendered services	<u>2,347</u>	<u>36</u>

	2019	2018
• Dividend income,		
Financial Bulgaria EOOD	<u>26,440</u>	<u>-</u>
Total dividend income:	<u>26,440</u>	<u>-</u>

<i>(b) Expenses</i>	2019	2018
• (Expenses) for loan impairment:		
Easy Credit LLK	(1,388)	673
ICredit Sp. z o.o.	(233)	(1,790)
iCredit s.r.o. - deleted	-	(148)
Financial Company M Cash Macedonia DOOEL Skopje	(387)	242
Easy Payments Services Ltd.	(1,500)	-
Xpress Pay EOOD	<u>(53)</u>	<u>(58)</u>
Total loan impairment expenses	<u>(3,561)</u>	<u>(1,081)</u>

	2019	2018
• Interest expense:		
SC Easy Asset Management IFN S.A.	(167)	-
Management Financial Group JSCo	<u>-</u>	<u>(135)</u>
Interest expense:	<u>(167)</u>	<u>(135)</u>

	2019	2018
• Other operating expenses		
Iuvo Group OÜ	(221)	(95)
Viva Credit Ltd.	(19)	(15)
Easy Payments Services Ltd.	(37)	(50)
Seewines Logistics Ltd.	(25)	(12)
Financial Bulgaria EOOD	<u>(773)</u>	<u>(777)</u>
Total other operating costs	<u>(1,075)</u>	<u>(949)</u>

(c) Receivables

	2019	2018
• Loans granted		
Easy Credit LLK	5,996	3,440
iCredit Sp. z o.o.	<u>9,715</u>	<u>8,798</u>

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iCredit s.r.o. - deleted	-	4,403
Financial Company M Cash Macedonia DOOEL Skopje	2,299	1,370
Iuvo Group OU	-	1,267
Xpress Pay EOOD	468	407
AXI Finance IFN S.A.	415	-
Fintreid Fainans AD	2,505	2,223
Financial Bulgaria EOOD	-	7,271
Agency for Control of Outstanding Debts Ltd.	804	6,711
Viva Credit Ltd.	-	389
Easy Payments Services Ltd.	6,445	837
Management Financial Group JSCo	26,897	5,828
MFG Investments EOOD	100	-
Access Finance Ltd.	16,473	16,808
Total loans granted	72,117	59,752

• Trade and other receivables

	2019	2018
Agency for Control of Outstanding Debts Ltd.	86	379
Viva Credit Ltd.	2	4
Xpress Pay EOOD	-	5
Management Financial Group JSCo	14	-
Financial Bulgaria EOOD	436	66
Total trade and other receivables	538	454

• License fee receivables:

	2019	2018
Easy Credit LLK	33	24
Total license fee receivables	33	24

(d) Liabilities

• Funding received:

	2019	2018
SC Easy Asset Management IFN S.A.	3,492	-
Total funding received	3,492	-

• Trade and other payables

	2019	2018
Iuvo Group OU	25	12
Viva Credit Ltd.	2	-
Easy Payments Services Ltd.	1	4
Financial Bulgaria EOOD	10,525	28,638
Xpress Pay EOOD	-	1
Trade and other payables	10,553	28,655

The remuneration of key executives for 2019 amounts to BGN 618 thousand (2018 - BGN 602 thousand).

The accompanying notes on pages 12 to 56 form an integral part of these financial statements.

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The amount of outstanding loans granted to management personnel as at 31 December 2019 amounts to BGN 18 thousand (as at 31 December 2018 - BGN 368 thousand).

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

27. Legal actions

The Company has in place formal control procedures as well as legal risk management policies. In the event that a present obligation has arisen as a result of past events, the settlement of which is likely to require an outflow of cash flows and the amount of any losses can be measured reliably, the Company accrues provisions in order to account for adverse effects that legal action could have on its financial position. At the end of the reporting period, the Company has a number of unresolved legal actions, the effects of which are not expected to be significant (jointly or severally). Accordingly, no provisions have been made for such legal actions in these separate financial statements.

28. Events after the end of the reporting period

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

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

I, the undersigned Eva Valerieva Angelova, hereby certify that I have accurately translated the attached document, Separate Annual Financial Statements of Easy Asset Management AD for the ended 31 December 2019 and Auditor's Report, from Bulgarian into English. The translation consists of 63 (sixty-three) pages.

Translator: 
Eva Valerieva Angelova