



stikcredit

annual report

2024

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Annual activity report

The current management report for Stik-Credit JSC (the "Company") presents a commentary and analysis of the financial report and other material information regarding the financial position and the results of the Company for 2024. It is prepared in accordance with art. 39 of the Accounting Act and the requirements of the Commercial Law.

Stik-Credit JSC is a joint-stock company with registered address Republic of Bulgaria, Shumen, 13 B Oborishte sq.

1. Corporate information

The company has a one-tier management system. The governing body of the Company is the Board of Directors. At the date of the financial report the Board of Directors: is comprised of the following members:

1. Stefan Topuzakov - Chairman of the Board of Directors and Executive Director.
2. Svetlin Sabev - Member of the Board of Directors.
3. Kristian Georgiev - Member of the Board of Directors.

As of December 31, 2024 the Company is represented and managed by the Executive Director Stefan Topuzakov.

Branches

Stik Credit AD - branch Sofia, EIC of branch: 0011

Stik Credit AD - branch city of Smolyan, EIC of branch: 0026

Stik Credit AD - branch city of Veliko Tarnovo, EIC of branch: 0030

Stik Credit AD - branch city of Varna, EIC of branch: 0045

Stik Credit AD - branch city of Pleven, EIC of branch: 0055

Independent financial auditor

"ZACHARINOVA NEXIA" EOOD with registration No.138.

The management confirms that it has consistently followed an adequate accounting policy.

Management also confirms that it has adhered to the current IFRS accounting standards developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS as adopted by the EU). These are the International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council, and the financial statements have been prepared on a going concern basis.

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

Information under Art. 187e and Art. 247 of the Commercial Law /TC/

In 2024 no shares of the company were acquired, owned and transferred by the members of the Board of Directors.

The members of the Board of Directors do not have special rights to acquire shares of the company.

The members of the Board of Directors do not participate in companies as unlimited partners. They own more than 25% of the capital of other companies.

Stefan Topuzakov participates and owns the following companies, and they appear related parties for Stik-Credit JSC:

Name of the company:	UIC	Position	Shareholding
St i K 9086 Pawn brokerage 2OOD	207468701	Manager	50%
Briz Konstrukt OOD	207624926	Manager	-
Stik Property OOD	207034039	Manager	50%
Casino Escape gr. Isperih OOD	200716044	Manager	33%
Dizbet OOD	207404339	Manager	17%
Ny Konsulting Vision – NKV EOOD	204507451	Manager	100%
TETS Shumen EOOD	207411376	Manager	25%
ST Investment EOOD	207609301	Manager	100%
Mrezha za aktualni novini OOD	207636444	Manager	50%
Foundation Lazar Ivilinov Todorov	207542500	Representer	-
STIK-CREDIT 9086 COOP	203532882	Board of Directors	-
PCHELINA KONSTRUKT 2024 OOD	208047833	Manager	-
EREBRUS OOD	207103243	Manager	-
VINITSA KONSTRUKT 2024	207892632	Manager	-
VLADISLAVOVO KONSTRUKT 2024	207893190	Manager	-
TIBERUS EOOD	205174291	Manager	-
LENDIVO	203811241	Manager	-

Kristian Kostadinov participates and owns the following companies, and they appear affiliate parties for Stik-Credit JSC:

Name of the company	UIC	Position	Shareholding
St i K 9086 Pawn brokerage 2OOD	207468701	Manager	50%
Stik Property OOD	207034039	Owner	50%
Casino Escape gr. Isperih OOD	200716044	Owner	33%
Dizbet OOD	207404339	Partner	17%
TETS Shumen EOOD	207411376	Partner	25%
KK Investment EOOD	207610524	Manager	100%
Mrezha za aktualni novini OOD	207636444	Partner	50%
STIK-CREDIT 9086 COOP	203532882	Board of Directors	-
TIBERUS EOOD	205174291	Manager	-

Svetlin Sabev participates and owns the following companies, and they appear affiliate parties for Stik-Credit JSC:

Name of the company	UIC	Position	Shareholding
Bedex OOD	203717240	Manager	50%
Afranga OOD	206337510	Manager	100%
CH Investment EOOD	207617115	Manager	100%
Dizbet OOD	207404339	Partner	17%

As of December 31, 2024 no contracts have been concluded under Art. 240b of the Commercial Law.

Share capital: As of December 31, 2024 the Company has registered capital in the amount of BGN 1,008 thousand, which is fully paid. During the reporting period there is no change in the amount of the registered capital. All shares are ordinary, in an un-certificated form and registered with equal rights, without restriction on the transfer.

Number of shares: At the end of the reporting period the capital of the Company was distributed in 10,008 shares, with a nominal value of BGN 100 each.

The shareholders of Stick - Credit JSC do not have different voting rights in the General Meeting of the Company.

The company is not aware of any agreements, the effect of which may on a subsequent date lead to a change in control.

Commercial activity of the Company: Stick - Credit JSC is a non-bank financial institution registered by the BNB according to Art. 3 para. 2 of the Credit Institutions Act with registration number BGR00370. The main activity of the Company consists in granting loans with funds that are not raised through public attraction of deposits or other repayable funds, as well as any activity for which there is no explicit legal prohibition for the activities subject to licensing - only after issuance of the respective license.

2. Operating and financial results

Despite the difficulties arising from the global pandemic and the impact of the military conflict between Russia and Ukraine in 2024, the Company reported another year of good results and financial stability. In 2024, the company's credit portfolio, after the review for expected credit losses, grew by 30%, reaching BGN 29,886, an increase of BGN 6.928 million compared to the previous year (2023 – BGN 22,958 thousand). The growth in the loan portfolio is the result of the Company's focused strategy to expand its national office network and to establish a leading position in the online lending market. As a result, the number of active clients rose to over 38,000 by year-end.

The investments made by the company amount to 688 thousand levs, distributed as follows:

Land and buildings – BGN 173 thousand

Computer equipment – BGN 28 thousand

Transport vehicles – BGN 310 thousand

Other fixed assets – BGN 177 thousand

Our office teams constantly review market developments and customer service models to be able to quickly locate potential risks and adapt quickly to the changing environment. In 2024, the company

opened 17 new offices in different regions of the country, while at the same time closing 1 of its existing offices and created 24 new jobs.

The company does not carry out activities in the field of scientific research and studies. Develops software products related to the current functionality of the core business.

Perspectives and development

Although the economic and political situation remains uncertain, the company enters 2025 with excellent operational performance and capital adequacy. Our employees, partners and customers have demonstrated resilience to the challenges posed by the country's domestic political instability and the complex global geopolitical situation. The company's online business model and the functioning of our financial platform gives us reason for peace of mind, despite the increasing inflation worldwide, and ensures our smooth operations.

Entering 2025, the management will continue the focused efforts for growing the business on the Bulgarian market, planning to embark a number of marketing activities and technological enhancements, aimed at growing in the niche of online lending. The management will continue to analyze and research the credit market to expand the current office system of the company, maintaining a moderate credit risk policy given the uncertain and complex local and global environment.

Financial results

In 2024 the Company recorded BGN 1,377 thousand higher income from interest and fees compared to 2023 (19,9% increase), and BGN 6,692 thousand more fee income from issued loans compared to 2023 (a 26.80% increase). This revenue growth is the result of management's sustained efforts to increase the volume of loans granted and the size of the loan portfolio. During the year, the Company also reported income from the sale of financial assets amounting to BGN 1,043 thousand (2023: BGN 561 thousand).

Interest expenses in 2024 amounted to BGN 2,015 thousand, or BGN 264 thousand more than in 2023, when they amounted to BGN 1,751 thousand.

The net costs for impairment of loans and receivables in 2024 amounted to BGN 9,911 thousand, representing an increase of BGN 2,813 thousand compared to 2023, when they totaled BGN 7,098 thousand. The increase in impairment is due to the growth of the loan portfolio throughout 2024 and its structure at the end of the reporting period.

The total administrative and staff costs in 2024 amounted to BGN 13,349 thousand, compared to BGN 9,278 thousand in 2023 — an increase of BGN 4,071 thousand or 44% over the previous period.

The financial result for the reporting year 2024 is a profit before tax of BGN 7,604 thousand, and BGN 6,817 thousand after tax. The increase in profit of BGN 1,029 thousand compared to 2023 is mainly due to a continued trend of optimization and effective business management.

The achieved results show that with its long-standing history, Stik-Credit AD effectively manages and capitalizes on its accumulated experience in the financial services market, continues to successfully develop its innovative product range, and maintains the high level of trust granted by its customers.

In 2024 the Company reports financial indicators summarized as follows:

Results from activity	2024	2023	Change	%
Income from interest and fees	33 338	24 735	8 603	34,78%
Interest expense	2 015	1 751	264	15,08%
Net interest income	31 323	22 984	8 339	36,28%
Loan loss allowance	9 911	7 098	2 813	39,63%
Personnel expenses	7 473	5 655	1 818	32,15%
Total administrative expenses	5 876	3 623	2 253	62,19%
Profit before tax	7 604	6 453	1 151	17,84%
Corporate tax	787	665	122	18,35%
Net profit for the year	6 817	5 788	1 029	17,78%
Total comprehensive income for the year	6 817	5 788	1 029	17,78%
Key financial ratios			2024	2023
Net margin			19,42%	23,14%
Return on assets ratio			12,31%	13,58%
Return on liabilities ratio			26,74%	31,30%
Return on capital ratio			22,81%	23,97%

The financial indicators and ratios testify to a stable financial condition, rational and strategic purposeful management, in conditions of international economic uncertainty, preserving the achieved sustainable levels of profitability.

3. The military conflict between Russia and Ukraine - influence, effects, actions and measures taken

Despite the prevailing uncertainty due to the military conflict between Russia and Ukraine and the imposed restrictions related to it, no deterioration in client creditworthiness has been observed. In 2024 an increased demand for consumer loans and an improved behavior of bad loans have been observed.

The main risk identified by the company at the time of approval of the financial statements is the risk of a delay in collections related to increased inflation due to the military conflict between Russia and Ukraine, which directly affects the world economy. The management has made a detailed review of each exposure in the credit portfolio.

4. Significant events that occurred after the date on which the annual financial statements were prepared.

There are no significant events after the balance sheet date that have an impact on these annual financial statements.

Date: 28 May 2024

Executive Director:

/Stefan Topuzakov/

Independent auditors' report

TO SHAREHOLDERS OF

Stik Credit JSC, Shumen

Opinion

We have audited the financial statements of STIK-CREDIT AD (the "Company"), which comprise the statement of financial position as at 31 December 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements that include significant accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS accounting 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 in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including the International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit and Sustainability Assurance Act (IFASAA) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFASAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the management report, prepared by management in accordance with Chapter Seven 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 and to the extent explicitly specified in our report.

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

We have nothing to report in this regard.

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the management report, we have also performed the procedures added to those required under ISAs in accordance with the "Guidelines regarding new and extended audit reports and communication by the auditor" of the professional organization of registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

- a) The information provided in the management report for the financial year conforms to the information provided in the financial statements.
- b) The management report is prepared in compliance with the requirements of Chapter Seven of the Accounting Act.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the EU and for such internal control as management determines is 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such 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. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, 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 management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Audit firm with reg.number 138

„ZAHARINOVA NEXIA” LTD

Dimitrina Zaharinova

Manager and registered auditor accountable for the audit

**Sofia,
13.06.2025**

General Information

Company name	Stik Credit
Company legal status	Joint stock company
Registration number	202557159
Incorporation date	14 May 2013
Company website	www.stikcredit.com
Registered office	Oborishte sq. 13B Shumen, Bulgaria
Major shareholders	Stefan Topuzakov - 47% Kristiyan Kostadinov - 47%
Board Members	Stefan Topuzakov Kristiyan Kostadinov Svetlin Sabev
Financial year	1 January - 31 December 2023

Statement of comprehensive income

	Notes	2024 BGN (thousand)	2023 BGN (thousand)
Income from interest and charges	3	33 338	24 735
Interest expense	4	(2 015)	(1 751)
Net interest and fee income (expense)		31 323	22 984
Other operating income (losses), net	5	135	241
Financial income	6	34	37
Financial expenses	7	(628)	(433)
Personnel expenses	8	(7 473)	(5 655)
Losses from impairment of loans	12	(9 911)	(7 098)
Total administrative expenses	9	(5 876)	(3 623)
Profit (loss) from ordinary activities before tax		7 604	6 453
Corporate income tax	10	(787)	(665)
Net profit for the year		6 817	5 788
Other comprehensive income		6 817	5 788
Total comprehensive income	3	33 338	24 735

Date of compilation: 28.05.2025

The annual financial report was approved by the Board of Directors on 12.06.2025. The appendices from p.7 to p.50 are an integral part of this annual financial report.

Stefan Topuzakov

Executive Director

Nadka Dimitrova

Prepared by

Annual financial statement, on which we have issued an audit report dated: 13.06.2025.

Dimitrina Zaharinova

Manager and registered auditor, accountable for the audit
„ZAHARINOVA NEXIA” LTD with reg.number 138

Statement of financial position

	Notes	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Assets			
Non-current assets			
Property, plant, and equipment	14	1 629	1 135
Loans to customers	12.1	12 633	7 203
Receivables from related parties	27	7 555	6 832
Net investment in finance lease	12.2	690	-
Total non-current assets		22 507	15 170
Current assets			
Loans granted	12.1	15 869	15 755
Receivables from related parties	27	2 528	1 548
Other current assets	13	798	888
Net investment in finance lease	12.2	694	-
Cash and cash equivalents	11	12 983	9 276
Total current assets		32 872	27 467
TOTAL ASSETS		55 379	42 637

Date of compilation: 28.05.2025

The annual financial report was approved by the Board of Directors on 12.06.2025. The appendices from p.7 to p.50 are an integral part of this annual financial report.

Stefan Topuzakov

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Statement of financial position (continued)

	Notes	31.12.2024 thsd BGN	31.12.2023 thsd BGN
EQUITY AND LIABILITIES			
Non-current liabilities			
Long-term lease liabilities	18	492	409
Loan liabilities	15	4 726	6 909
Trade payables	17	-	333
Non-current liabilities		5 218	7 651
Current liabilities			
Loan liabilities	15	17 725	9 166
Trade payables	17	537	113
Short-term lease liabilities	18	301	243
Liabilities to related parties	27	100	-
Tax liabilities	16	208	397
Other current liabilities	17	1 408	924
Current liabilities		20 279	10 843
TOTAL LIABILITIES		25 497	18 494
Equity			
Share capital	19	1 008	1 008
Reserves	20	101	101
Retained earnings	21	21 956	17 246
Profit for the year		6 817	5 788
TOTAL EQUITY		29 882	24 143
TOTAL EQUITY AND LIABILITIES		55 379	42 637

Date of compilation: 28.05.2025

The annual financial report was approved by the Board of Directors on 12.06.2025. The appendices from p.7 to p.50 are an integral part of this annual financial report.

Stefan Topuzakov

Executive Director

Nadka Dimitrova

Prepared by

Annual financial statement, on which we have issued an audit report dated: 13.06.2025.

Dimitrina Zaharinova

Manager and registered auditor, accountable for the audit
„ZAHARINOVA NEXIA” LTD with reg.number 138

Statement of changes in equity

thsd BGN	Share capital	Reserves	Retained earnings	Profit for the year	Total
Balance at 1 January 2023	1 008	101	14 793	3 953	19 855
Profit for the year	-	-	-	5 788	5 788
Distribution of dividends	-	-	(1 500)		(1 500)
Transfer of profit to retained earnings		- -	3 953 3 953	(3 953) (3 953)	(3 953) (3 953)
Balance at 31 December 2023	1 008	101	17 246	5 788	24 143
Balance at 1 January 2024	1 008	101	17 246	5 788	24 143
Profit for the year	-	-	-	6 817	6 817
Distribution of dividends	-	-	(1 078)		(1 078)
Transfer of profit to retained earnings	-	-	5 788	(5 788)	-
Balance at 31 December 2024	1 008	101	21 956	6 817	29 882

Date of compilation: 28.05.2025

The annual financial report was approved by the Board of Directors on 12.06.2025. The appendices from p.7 to p.50 are an integral part of this annual financial report.

Stefan Topuzakov

Executive Director

Nadka Dimitrova

Prepared by

Annual financial statement, on which we have issued an audit report dated: 13.06.2025.

Dimitrina Zaharinova

Manager and registered auditor, accountable for the audit
„ZAHARINOVA NEXIA” LTD with reg.number 138

Statement of cash flow

	2024 thsd BGN	2023 thsd BGN
Cash flows from operating activities		
Loans and finance leases granted to customers, net	(9 558)	(3 455)
Proceeds from interests and fees	26 463	20 432
Other proceeds (payments), net	(160)	(351)
Payments to personnel	(7 253)	(5 613)
Payments to suppliers	(6 225)	(2 989)
Income tax paid	(961)	(743)
Dividend payments (net)	(1 024)	(1 425)
Other proceeds (payments) from financing activity, net	(267)	(220)
Net cash flows from operating activity	1 015	5 636
Cash flows from investment activities		
Payments for property, plant and equipment	(443)	(328)
Changes in loans to related parties	(807)	(379)
Net cash flows from investment activities	(1 250)	(707)
Cash flows from financing activities		
Loans, net	5 644	58
Interest and fees paid on loans received	(1 370)	(1 133)
Lease payments	(320)	(248)
Net cash flows from financing activities	3 954	(1 323)
Net change of cash and cash equivalents	3 719	3 606
Net effect of exchange rate changes	(12)	(2)
Cash and cash equivalents at the beginning of the period	9 276	5 672
Cash and cash equivalents at the end of the period	12 983	9 276

Date of compilation: 28.05.2025

The annual financial report was approved by the Board of Directors on 12.06.2025. The appendices from p.7 to p.50 are an integral part of this annual financial report.

Stefan Topuzakov

Executive Director

Nadka Dimitrova

Prepared by

Annual financial statement, on which we have issued an audit report dated: 13.06.2025.

Dimitrina Zaharinova

Manager and registered auditor, accountable for the audit
„ZAHARINOVA NEXIA” LTD with reg.number 138

Corporate information

Stik-Credit JSC is incorporated in the Republic of Bulgaria, registered in the Commercial Register operated by the Registry Agency under company number 202557159 and with registered address at Shumen, 13 B Oborishte sq. The company is registered without a term or termination condition.

The primary activity of the Company is granting loans with own funds. The company is registered with the Bulgarian National Bank ("BNB") as a non-bank financial institution according to Art. 3, para. 2 of the Credit Institutions Act. The company is registered with the BNB by order reg. № BGR00370/2017.

Stik - Credit JSC is registered as a joint stock company. There is no publicly traded debt or securities and it is not a publicly registered Company. The company's shares are ordinary registered.

As of December 31, 2024 the share capital amounts to BGN 1,008,000 distributed in 10,008 shares, each with a par value of BGN 100. Shareholders holding shares amounting to more than 5% of the capital are as follows:

- Stefan Nikolaev Topuzakov - 4,738 shares - 47%
- Kristiyan Georgiev Kostadinov - 4,738 shares - 47%
- Ivaylo Lazarov Todorov - 604 shares - 6%

The company is managed by a Board of Directors consisting of the following elected members:

- Stefan Nikolaev Topuzakov
- Kristiyan Georgiev Kostadinov
- Svetlin Nikolov Sabev

The company is represented by Stefan Nikolaev Topuzakov.

The company keeps its accounting records in Bulgarian lev (BGN), which it accepts as its reporting currency for presentation. The data in the financial statements and the notes to them are presented in thousands of BGN.

Basis of preparation of the financial statements and significant accounting policies

a. Basis of compliance

These financial statements of Stick Credit JSC are prepared in accordance with the International Financial Reporting Standards (IFRS), which consist of: financial reporting standards and interpretations of the IFRS Interpretations Committee (IFRIC) approved by the Council on International Accounting Standards (IASB) and International Accounting Standards and Interpretations of the Standing Interpretations Committee (IAS), approved by the International Accounting Standards Committee (IASB), adopted by the Commission of the European Union, which are effectively in force on 1 January 2024. IFRS, adopted in the European Union, is the common name of the general-purpose framework - accounting base, equivalent to the framework introduced by the definition according to §1 item 8 of the Additional Provisions of the Accounting Act under the name "International Accounting Standards". For the current year the Company has complied with all standards and interpretations that have been relevant to its business.

b. New standards, amendments and clarifications to IFRS, which came into force on 1 January 2023.

The company applies the following new standards, amendments and clarifications to IFRS, developed and published by the International Accounting Standards Board, which are mandatory for application from the annual period beginning on January 1, but do not have a significant effect of their application on the financial result and financial position of Company:

- Amendment to IAS 1 "Presentation of Financial Statements" and IFRS Statement of Annex 2: Disclosure of accounting policies effective from 1 January 2024 adopted by the EU

The changes in the classification of liabilities as current or non-current affect only the presentation of liabilities in the statement of financial position, but not the amount or timing of the recognition of assets, liabilities, income, or expenses, nor the information that companies disclose about these elements. The amendments aim to clarify the following:

- The classification of liabilities as current or non-current should be based on the rights in existence at the end of the reporting period and should align the wording across all affected paragraphs to clarify the "right" to defer the settlement of the liability for at least twelve months. It is explicitly stated that only rights that exist at the end of the reporting period should affect the classification of the liability;
 - The classification is not affected by the Company's expectations regarding whether it will exercise its right to defer the settlement of the liability; and
 - The settlement of the liability may be carried out through the transfer of cash, equity instruments, other assets, or services to the counterparty.
- Amendments to IAS 1 Presentation of Financial Statements: Non-current liabilities with covenants, effective from 1 January 2024, adopted by the EU

IAS 1 is amended as follows:

It is clarified that if the right to defer settlement for at least 12 months is subject to the entity meeting certain conditions after the reporting period, those conditions do not affect whether the right to defer settlement exists at the end of the reporting period (reporting date) for the purposes of classifying a liability as current or non-current; and

For non-current liabilities subject to covenants, entities are required to disclose information about:

- the covenants (e.g. the nature of the condition and the date by which the entity must comply);
- whether the entity would have complied with the covenants based on the circumstances as of the reporting date; and
- whether and how the entity expects to comply with the covenants by the date on which the financial indicators must be assessed in accordance with the agreement.

- Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements, effective from 1 January 2024, adopted by the EU

The amendments to IAS 7 and IFRS 7 introduce new disclosure requirements and provide guidance within the existing disclosure framework related to the provision of qualitative and quantitative information on supplier finance arrangements. These amendments add two disclosure objectives, which require entities to disclose information in the notes to the financial statements that enables users to:

- assess how supplier finance arrangements affect the entity's liabilities and cash flows, and
- understand the effect of supplier finance arrangements on the entity's exposure to liquidity risk and how the entity may be affected if such arrangements were no longer available.

- Amendment to IFRS 16 Leases – Lease Liability in a Sale and Leaseback, effective from 1 January 2024, adopted by the EU

The amendments to IFRS 16 require the lessee entity to measure subsequently the lease liabilities arising from the leaseback in a manner that does not recognize any amount of the gain or loss that relates to the right of use that it retains. The new requirements do not prevent the seller-lessee from recognizing in profit or loss a gain or loss related to the partial or full termination of the lease. The amendments to IFRS 16 do not prescribe specific requirements for measuring lease liabilities arising from leasebacks.

- European Sustainability Reporting Standards (ESRS)

ESRS Code	Title (English)
ESRS 1	General Requirements
ESRS 2	General Disclosures
ESRS E1	Climate Change
ESRS E2	Pollution
ESRS E3	Water and Marine Resources
ESRS E4	Biodiversity and Ecosystems
ESRS E5	Resource Use and Circular Economy
ESRS S1	Own Workforce
ESRS S2	Workers in the Value Chain
ESRS S3	Affected Communities
ESRS S4	Consumers and End-users
ESRS G1	Business Conduct

The purpose of the European Sustainability Reporting Standards (ESRS) is to define the sustainability information that the undertaking must disclose in accordance with Directive 2013/34/EU of the European Parliament and of the Council, as amended by Directive (EU) 2022/2464 of the European Parliament and of the Council. Reporting in accordance with the ESRS does not exempt the undertaking from other obligations established under Union law.

The ESRS define the information that an undertaking must disclose about its material impacts, risks, and opportunities related to environmental, social, and governance sustainability matters. Under the ESRS, the undertaking is not required to disclose information on ESG topics covered by the ESRS that it has assessed as not material. The information disclosed in accordance with the ESRS enables users of the sustainability report to understand the material impacts the undertaking has on people and the environment, as well as the material impacts sustainability matters have on the undertaking's development, performance, and position.

The general and thematic standards are sector-agnostic, meaning they apply to all undertakings regardless of the sector or sectors in which they operate.

General standards ESRS 1 General Requirements and ESRS 2 General Disclosures apply to the sustainability matters covered by the thematic and sector-specific standards.

ESRS 1 describes the structure of the standards, explains the preparation rules and key concepts, and sets out general requirements for preparing and presenting sustainability-related information.

ESRS 2 establishes the disclosure requirements for the information that the undertaking must provide at a general level across all sustainability matters for the following reporting areas: governance, strategy, impact/risk/opportunity management, and metrics and targets.

Thematic ESRS cover a specific sustainability topic and are structured by topics and subtopics, and, if necessary, further sub-subtopics. Thematic ESRS may include specific disclosure requirements that supplement the general disclosure requirements under ESRS 2. In ESRS 2, an annex with additional disclosure requirements/applicability provisions in the thematic ESRS applicable together with ESRS 2 General Disclosures includes a list of such additional requirements in the thematic ESRS that are to be applied together with the general-level requirements in ESRS 2.

Sector-specific standards apply to all undertakings within a given sector. They address impacts, risks, and opportunities likely to be material for all undertakings in that sector that are either not covered or not sufficiently covered by the thematic standards. Sector-specific standards are multi-thematic and cover the most relevant topics for the respective sector. Sector-specific standards enable a high degree of comparability.

The disclosure requirements in ESRS 2, the thematic ESRS, and the sector-specific ESRS are structured by the following reporting areas:

- a. **Governance:** governance processes, control mechanisms, and procedures used for monitoring, managing, and overseeing impacts, risks, and opportunities;
- b. **Strategy:** how the undertaking's strategy and business model interact with its material impacts, risks, and opportunities, including how the undertaking addresses them;
- c. **Impact, risk, and opportunity management:** the process or processes through which the undertaking:

identifies impacts, risks, and opportunities and assesses their materiality
manages material sustainability matters through policies and actions

- d. **Metrics and targets:** the undertaking's results, including the targets it has set and progress toward achieving them

The undertaking applies the minimum disclosure requirements on policies, actions, metrics, and targets together with the relevant disclosure requirements in the thematic and sector-specific ESRS.

c. Standards and clarifications issued by the ISMS that have not yet entered into force and are not applied from an earlier date by the Company.

As of the date of approval for issuance of these financial statements, new standards, amendments, and interpretations to existing standards have been published but have not yet entered into force or have not been adopted by the EU for the financial year starting on 1 January 2024, and have not been early adopted by the Company. Management expects all standards and amendments to be adopted in the Company's accounting policy in the first period beginning after their effective date. The changes relate to the following standards: Changes in accounting policies

- Amendments to IFRS 14 "Deferred accounts at regulated prices" effective from 1 January 2016, not adopted by the EU

IFRS 14 "Deferred Accounts at Regulated Prices" allows companies applying IFRS for the first time to continue recognizing amounts related to regulated prices in accordance with the requirements of their previous accounting basis. To improve comparability with statements of companies that already apply IFRS and do not recognize such amounts, the standard requires that the effect of regulated prices be presented separately.

- Amendments to IAS 21 "Effects of Changes in Exchange Rates", effective from 1 January 2025, not adopted by the EU.

The amendments to IAS 21 regarding non-substitutability will specify when one currency can be exchanged for another currency and when not - one currency can be exchanged when the entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay as of the valuation date and for a specified purpose; one currency cannot be exchanged for another currency if the entity can only receive a negligible amount of the other currency.

Determining how the entity determines the exchange rate that applies when the currency is not exchangeable - when the currency is not exchangeable at the measurement date, the entity measures the spot exchange rate as the rate that would apply in a regular transaction between market participants on the valuation date and which would faithfully reflect the prevailing economic conditions.

Requirement to disclose additional information when the currency is not exchangeable - when the currency is not exchangeable, the entity discloses information that would enable users of its financial statements to assess how the lack of currency exchangeability affects or is expected to affect its financial results, financial condition and cash flows. The changes also include a new appendix with guidelines for implementing substitutability and a new illustrative example.

- Amendments to IFRS 9 and IFRS 7 – Changes in the Classification and Measurement of Financial Instruments, effective from 1 January 2026, not yet adopted by the EU

The amendments to IFRS 9 and IFRS 7 include:

Derecognition of a financial liability settled via electronic transfer: The amendments to the application guidance in IFRS 9 allow a financial liability (or part of it) that will be settled in cash via an electronic payment system to be considered derecognized before the settlement date, if certain criteria are met.

An entity that chooses to apply this derecognition option will be required to apply it to all settlements made through the same electronic payment system.

Classification of financial assets:

- Guidance is provided on how an entity may assess whether the contractual cash flows of a financial asset represent solely payments of principal and interest (SPPI). The amendments add examples of financial assets that do or do not have contractual cash flows representing only payments of principal and interest on the outstanding principal amount.
- The definition of the term “non-recourse” is improved. According to the amendments, a financial asset has a “non-recourse” feature if the entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- The amendments clarify the characteristics of contractually linked instruments (CLIs) that distinguish them from other transactions. They also note that not all transactions with multiple debt instruments meet the criteria for CLIs and provide an example. The reference group of instruments may include financial instruments not subject to the classification requirements.

Disclosures:

- The disclosures related to investments in equity instruments measured at fair value through other comprehensive income are amended. Specifically, the entity will be required to disclose the fair value gain or loss presented in other comprehensive income during the period, separately showing the fair value gain or loss related to investments derecognized during the period, and the fair value gain or loss related to investments held at the end of the period.
- The amendments require disclosure of contractual terms that may change the timing or amount of the contractual cash flows upon the occurrence (or non-occurrence) of a contingent event that is not directly linked to changes in the underlying credit risk and cost of funding. These disclosure requirements apply to each class of financial asset measured at amortized cost or fair value through other comprehensive income, and each class of financial liability measured at amortized cost.

The amendments also include changes to IFRS 19 – Subsidiaries without Public Accountability, which limit the disclosure requirements for qualifying subsidiaries.

- IFRS 18 Presentation and Disclosure in Financial Statements, effective from 1 January 2027, not yet adopted by the EU

IFRS 18 aims to improve how companies present information in their financial statements, with a focus on financial performance information in the statement of profit or loss. The amendments also partially revise the requirements in IAS 7 Statement of Cash Flows. IFRS 18 replaces IAS 1 Presentation of Financial Statements. The requirements from IAS 1 that remain unchanged have been transferred to IFRS 18 and other standards.

Although IFRS 18 will not affect how companies measure financial performance, it will affect how companies present and disclose financial performance. IFRS 18 aims to improve financial reporting by:

- Requiring additional defined subtotals in the statement of profit or loss;
- Requiring disclosure of management-defined performance measures;
- Introducing new principles for grouping information and specifying whether information should be included in the primary financial statements or in the notes.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027, not yet adopted by the EU

An entity may choose to apply IFRS 19 in its consolidated, individual, or separate financial statements if, and only if, at the end of the reporting period:

- It is a subsidiary;
- It has no public accountability; and
- It has an ultimate or intermediate parent that prepares consolidated financial statements available for public use, which are in compliance with IFRS.

An entity has public accountability if its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for trading in a public market (domestic or foreign stock exchange or over-the-counter market, including local and regional markets); or it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (for example, banks, credit unions, insurance companies, securities brokers/dealers, mutual funds, and investment banks often meet this criterion).

An entity applying IFRS 19 applies the requirements of other IFRS accounting standards, except for the disclosure requirements.

IFRS 19 introduces the following disclosure requirements:

- The disclosure requirements from other IFRS standards that remain applicable to an entity applying IFRS 19 are specified in IFRS 19;
 - If the entity applying IFRS 19 applies IFRS 8 Operating Segments, IFRS 17 Insurance Contracts, or IAS 33 Earnings per Share, it must apply all disclosure requirements in those standards;
 - A new or amended IFRS accounting standard may include disclosure requirements related to the entity's transition to that standard. Any exemption for an entity applying IFRS 19 from the disclosure requirements related to the transition to that new or amended standard will be specified in that new or amended IFRS standard;
 - If the information resulting from a disclosure required by IFRS 19 is not material, the entity is not required to provide that specific disclosure.
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the accounting treatment for sales or contributions of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to the associate or joint venture constitute a “business” (as defined in IFRS 3 Business Combinations).

If the non-monetary assets constitute a business, the investor will recognize the full gain or loss on the sale or contribution of the asset. If the assets do not meet the definition of a business, the gain or loss is recognized by the investor only to the extent of the interests of the other investors in the associate or joint venture. The amendments are to be applied prospectively.

* In December 2015, the IASB decided to postpone the effective date of this amendment until the Board has finalized its research project on the equity method.

- IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information, issued in June 2023, effective from 1 January 2024, not yet adopted by the EU

The International Sustainability Standards Board (ISSB) has issued amendments to the standards originally published by the Sustainability Accounting Standards Board (SASB), aiming to enhance their global applicability. The amendments are intended to assist reporting entities in applying the SASB standards, regardless of the jurisdiction in which they operate or the generally accepted accounting principles under which they report. However, they are not intended to significantly alter the structure or purpose of the original SASB sustainability standards.

The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions related to providing resources to the entity.

IFRS S1 requires the entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance, or cost of capital over the short, medium, or long term (collectively referred to as "sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects").

IFRS S1 prescribes how the entity should prepare and report its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of these disclosures so that the information disclosed is useful to users when making decisions related to providing resources to the entity.

IFRS S1 defines the disclosure requirements for the sustainability-related risks and opportunities of the entity. In particular, the entity is required to provide disclosures about:

- The governance processes, controls, and procedures the entity uses to monitor, manage, and oversee sustainability-related risks and opportunities;
- The entity's strategy for managing sustainability-related risks and opportunities;
- The processes the entity uses to identify, assess, prioritize, and monitor sustainability-related opportunities; and
- The entity's performance in relation to sustainability-related risks and opportunities, including progress toward any targets the entity has set or is required to meet by law or regulation.

- IFRS S2 – Climate-related Disclosures, issued in June 2023, effective from 1 January 2024, not yet adopted by the EU

The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions related to providing resources to the entity.

IFRS S2 requires the entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance, or cost of capital over the short, medium, or long term (collectively referred to as "climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects").

IFRS S2 applies to:

Climate-related risks to which the entity is exposed, including:

- Physical climate-related risks; and
- Climate-related transition risks; and
- Climate-related opportunities available to the entity.

IFRS S2 sets out the disclosure requirements regarding the entity's climate-related risks and opportunities. In particular, IFRS S2 requires the entity to disclose information that enables users of general-purpose financial reports to understand:

- The governance processes, controls, and procedures the entity uses to monitor, manage, and oversee climate-related risks and opportunities;
- The entity's strategy for managing climate-related risks and opportunities;
- The processes the entity uses to identify, assess, prioritize, and monitor climate-related risks and opportunities, including whether and how these processes are integrated into and inform the entity's overall risk management process; and
- The entity's performance in relation to its climate-related risks and opportunities, including progress toward any climate-related targets it has set, and any targets it is required to meet by law or regulation.

d. Changes in accounting policies

The adopted accounting policies are consistent with those applied in the previous reporting period.

e. Going concern

The going concern assumption is a fundamental principle in the preparation of financial statements. According to this principle, an enterprise is generally considered to continue in the foreseeable future without the intention or necessity of liquidation, cessation of business or seeking protection from creditors as a result of existing laws or regulations. Accordingly, assets and liabilities are reported based on the ability of the enterprise to sell assets and settle its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate the Management takes into account all available information about the foreseeable future, covering at least, but not limited to, the twelve months from the end of the reporting period.

As at the date of preparation of these financial statements, the Management has assessed the ability of the enterprise to continue its activity as an operating enterprise based on the available information for the foreseeable future. Following the review of the entity's operations, the Management expects that the entity has sufficient financial resources to continue its operational existence in the near future and continues to apply the going concern principle in preparing the financial statements. In connection with the Management's assessment, which covers a period of 24 months after the end of the reporting period, that the company will continue its activities in the foreseeable future, is the fact that the current assets of the company significantly exceed its liabilities, which is a prerequisite for resource adequacy of the enterprise for its liquidity needs.

f. Comparative information

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

When for the purposes of more reliable presentation of the reporting objects and operations it is necessary to make changes in their classification and their presentation as separate components of the annual financial statement, the comparative data for the previous period is reclassified in order to achieve comparability with the current reporting period. In case of a change in the accounting policy, correction of an error from a previous period or a change in the presentation of financial information,

the adjustment is reflected retrospectively and the Company provides an additional statement of financial position at the beginning of the comparative period.

g. Reporting currency

The functional currency of the Company and the reporting currency of the presentation of the financial statements of the Company is the Bulgarian lev. As of January 1, 1999, the Bulgarian lev is pegged to the euro at the rate of BGN 1.95583 = EUR 1. Upon initial recognition, a foreign currency transaction is recorded in the functional currency, the exchange rate at the time of the transaction or operation being applied to the foreign currency amount. Cash and cash equivalents, loans and receivables, investments in securities, loans and other liabilities as monetary reporting items denominated in foreign currency are reported in the functional currency using the exchange rate published daily by the BNB.

The most significant exchange rates for the activity of the Company as of 31.12.2024 are as follows:

	31 December 2024	31 December 2023
	BGN	BGN
1 EUR is equal to	1.95583	1.95583

Non-monetary items in the statement of financial position that are initially denominated in a foreign currency are translated into the functional currency using the historical exchange rate at the date of the transaction and are not subsequently remeasured at the closing rate.

h. Accounting estimates and assumptions

The preparation of financial statements in accordance with IFRS requires from the management the exercise of judgement, to make estimates and assumptions, which influence the application of accounting principles and the reported amounts of assets, liabilities, income and expenses as well as to disclose contingent assets and liabilities as at the date of reporting. The estimates, accruals and underlying assumptions are based on knowledge available at the time when the financial statement was prepared and actual results may deviate from them. Items which involve a higher degree of subjective judgement or complexity, or where assumptions and estimates are material to the financial statement, are disclosed in Note v.

i. Land, machinery and equipment

Property, plant and equipment are measured and reported at acquisition price, reduced by accumulated depreciation and accumulated impairment losses.

Initial recognition

The acquisition cost includes the purchase price, non-refundable taxes and fees payable on purchase and all other direct costs necessary to bring the asset to working condition. The direct costs are: costs for site preparation, costs for initial delivery and processing, installation costs, costs for fees of persons related to the project, etc. The value threshold adopted by the Company for recognition of an asset in the group of land, machinery and equipment is BGN 700, below which the acquired assets, despite having the characteristics of fixed assets, are reported as current expense.

Subsequent measurement

Following the initial recognition, the long-term assets are measured at cost less accumulated depreciation value.

Subsequent costs

Subsequent costs incurred as a result of the replacement of a component of the tangible fixed assets, which is reported separately, are capitalised following the write-off of the replaced component. Other subsequent costs are capitalised only in case they lead to an increase of the economic benefit of using the respective asset above the one initially determined. All other subsequent costs related to the maintenance of the asset in serviceable condition are reported as current in the profit or loss statement and other comprehensive income.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the depreciable fixed assets. The amortization period of assets acquired under a lease is the shorter period between the term of the contract and the useful life of the assets, except when it is almost certain that the property will be acquired at the expiration of the lease contract.

The expected useful life is as follows:

IT equipment and hardware	-	2 years
Transportation vehicles	-	4 years
Office equipment and other long-term asses	-	7 years

At the end of each financial year, a review of the residual values, useful lives and methods of depreciation of the assets is performed and, if significant deviations from the expected future useful life are found, it is adjusted. The adjustment is treated as a change in the accounting estimates and is effective prospectively from the date the change is made.

Derecognition of fixed assets

Land, machinery or equipment is derecognised upon sale or when no future economic benefits are expected from its use. Gains or losses arising from the derecognition of the asset (representing the difference between the net disposal proceeds, if any, and the carrying amount of the asset) are included in the income statement and other comprehensive income when the asset is derecognised.

j. Intangible assets

Intangible assets are measured and reported at acquisition price, reduced by the accumulated amortization and accumulated impairment. Changes in the useful life are accounted for by a change in the amortization period or method, as appropriate, and are treated as changes in the accounting estimates. At each reporting date the Management reviews the useful lives of the intangible assets. Amortization is calculated using the straight-line method to reduce the cost of an intangible asset to its residual value over its useful life.

The Company assesses whether the useful life of an intangible asset is limited or unlimited. The useful life for software is 2 years.

k. Financial instruments

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument of another entity.

(i.) Financial assets

Initial recognition, classification and measurement

Upon initial recognition, financial assets are classified into three groups according to their subsequent measurement: at amortized cost, at fair value through other comprehensive income, at fair value through profit or loss.

The Company initially measures the financial assets at fair value, and in the case of financial assets that are not reported at fair value through profit or loss, the direct transaction costs are added. Exceptions are trade receivables that do not contain a significant component of financing - they are measured on the basis of the transaction price determined using IFRS 15.

Purchases or sales of financial assets whose terms require delivery of the assets within a given period of time, usually established by law or current practice in the relevant market (regular purchases), are recognised on the trade date (transaction), i.e. on the date the company commits to purchase or sell the asset.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For the purposes of subsequent measurement of financial assets, the company has classified its financial assets in the category "*Financial assets at amortized cost*".

Financial assets at amortized cost (debt instruments)

The company measures its financial assets at amortized cost when both of the following conditions are met:

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

After initial measurement, financial assets measured at amortised cost are measured at amortised cost using the effective interest rate (EIR). They are subject to impairment. Gains and losses are recognized in the statement of comprehensive income (in profit or loss for the year) when the asset is written off, modified or impaired.

The company's financial assets at amortized cost include cash and cash equivalents, granted loans and trade and other receivables.

Derecognition

A financial asset (where applicable part of a financial asset or part of a group of similar financial assets) is derecognised from the statement of financial position of the company when:

- The rights to receive cash flows from the asset have expired, or
- The rights to receive cash flows from the asset have been transferred or the company has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Upon transferring the rights to receive cash flows from the asset or entering into an agreement for transfer, the company performs an evaluation of the extent to which it has transferred the risks and rewards of the ownership of the asset. In case the company has neither transferred, nor retained substantially all the risks and rewards of ownership of the financial asset, nor has it transferred control of it, the company continues to recognise the asset to the extent of its participation in it. In this case the company recognises the related liability. The transferred asset and the related liability are measured on the basis of the rights and obligations retained by the company.

The remaining participation, which takes the form of a guarantee over the transferred asset, is measured as the higher of initial balance sheet value of the asset and the maximum amount of the payment which the company may be subject to pay.

Impairment of financial assets

The company recognises an adjustment (provision for impairment) for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The expected credit losses are calculated in a manner reflecting:

- An objective amount taking into account probability of loss.
- Time value of money.
- Information regarding past events, current conditions and forecasted economic conditions.

Loans granted to customers

For the calculation of the expected credit losses on loans granted to customers, the Company applies the general approach for impairment, determined by IFRS 9 "Financial instruments". The amount of the expected credit losses recognized as an impairment loss depends on the credit risk of the instrument on initial recognition and the change in credit risk in subsequent reporting periods.

Three levels of credit risk classification have been introduced, with specific reporting requirements for each level. Level 1 includes those financial instruments for which there has been no significant change in credit risk since initial recognition and the arrears on agreed payments do not exceed 30 days. Level 2 includes instruments whose credit risk has increased significantly since their initial recognition, but for which there is still no objective evidence of loss. Level 3 refers to financial instruments for which there is objective evidence of default and/or arrears of agreed payments exceeding 90 days.

At the end of each reporting period, the Company's Management assesses the level to which a financial asset belongs in order to apply the relevant requirements. A financial asset or group of

financial assets is considered impaired and this incurs a loss when there is an objective evidence that it has deteriorated as a result of one or more events that occurred after the initial recognition of the asset and that event has an impact on the expected future cash flows of the financial asset or group of financial assets that can be estimated. The accumulated impairment is presented by deducting from the carrying amount of the respective financial asset.

For loans that are not individually significant, the expected impairment losses are calculated collectively on a portfolio basis. Assets are grouped according to similar credit risk characteristics and are considered together for impairment.

The amount of loan impairment is calculated as the difference between the recoverable amount and the carrying amount of loans at the end of the reporting period. The loss is measured as the difference between the asset's carrying amount and the recoverable amount of the loan, which is the present value of expected future cash flows, discounted at the loan's original effective interest rate. The calculations of the amounts for impairment are performed by the Company on the basis of internally developed principles, rules and techniques.

The book value of the loans is reduced through the use of an adjustment account for impairment losses. The amount of the loss is recognized in the statement of comprehensive income. Future cash flows for a group of financial assets that are considered together for impairment are measured on the basis of contractual cash flows and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted based on current available data to reflect the effect of existing conditions that did not affect the period on which historical loss experience is based and to eliminate the effects of conditions in the historical period that do not currently exist. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce the differences between estimates and current losses. If, in a subsequent period, the amount of the impairment loss decreases and the decline can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through a reduction in the allowance account for the impairment loss.

As at the reporting date, for the purchased or initially created financial assets with credit impairment, the Company recognizes only the cumulative changes in the expected credit losses for the entire term of the instrument after the initial recognition as a loss adjustment.

The Company recognizes in profit or loss the amount of the change in expected credit losses for the entire term of the instrument as a gain or loss from impairment.

Trade receivables and assets under contracts with clients

To calculate the expected credit losses on trade receivables and assets under contracts with customers, the company has chosen to apply a simplified approach based on a matrix for calculating expected credit losses and does not track subsequent changes in their credit risk.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from them have expired, when substantially all the risks and rewards of ownership of the assets have been transferred or when the Company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of them, or has transferred the rights to receive the cash flows from the asset, or has undertaken to pay all collected cash flows, without significant delay, to a third party to a transfer transaction.

(ii.) Financial liabilities

Initial recognition, classification and measurement

The financial liabilities of the company include trade and other liabilities, loans and other borrowed funds. Upon initial recognition, they are usually classified as liabilities at amortized cost.

Initially, all liabilities are recognized at fair value, and in the case of loans and borrowings, and trade and other payables, net of directly attributable transaction costs.

Subsequent measurement

Subsequent measurement of financial assets is determined by their classification. Generally, they are classified and measured at amortised cost.

Classification groups

Loans and other borrowings

After initial recognition, loans and borrowings are measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are reported in the statement of comprehensive income (in profit or loss for the year), when the respective financial asset is written-off as well as through amortisation base on the EIR.

Amortisation cost takes into account any discounts/premiums upon acquiring the asset as well as any taxes or expenses which represent an inseparable part of the EIR. Amortisation is included as a financial expense in the statement of comprehensive income.

Derecognition

The financial liabilities are derecognised when the payable is paid in full, cancelled or expires. When an existing financial liability is replaced with another financial liability from the same lender under substantially different terms, or the terms of an existing financial liability are substantially modified, then this change or modification is treated as a derecognition of the initial liability and the recognition of a new one. The difference in the respective balances is recognised in the statement of comprehensive income.

(iii.) Compensation (netting) of financial instruments

Financial assets and financial liabilities are offset (netted) and the net amount is recognized in the statement of financial position if there is an applicable legal right to offset the recognized amounts and if there is an intention to settle on a net basis, or to realize the assets and settle at the same time.

This requirement derives from the real economic nature of the relationship with a counterparty, that with the simultaneous existence of assets and liabilities, the expected actual future cash flow and benefits of these estimates for the company is the net flow, i.e. the net amount reflects the real right or obligation of these financial instruments - to receive or pay only the net amount.

The criteria that are applied to establish "the existence of a current and legally applicable netting right" are: not to depend on a future event, i.e. not to be applicable only in the event of a future event; and be practicable and legally defensible in the course of the ordinary activity, in the event of default/non-performance and in the event of insolvency.

l. Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in current accounts with commercial banks, and cash in payment institutions.

Cash and cash equivalents for the purposes of the cash flow statement consist of cash on hand and in bank accounts - on sight and/or with an original term of up to three months, which funds are free from any restrictions.

m. Interest income and interest expense

Interest income and interest expense for all interest-bearing financial instruments are recognized in interest income and interest expense in the income statement and other comprehensive income using the effective interest method for all instruments except those designated as such at fair value through profit or loss. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability.

In calculating the effective interest rate, the Company estimates the cash flows approximately, considering all contractual terms of the financial instrument, but does not take into account future loan losses. The calculation includes all agreed outgoing and incoming cash flows that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Interest income is reported on the basis of the gross value of loans, with the exception of loans with objective evidence of impairment. In these cases, income is calculated using the original effective interest rate applied to the new carrying amount. The Company sells impaired loans through assignment, resulting in a lower level of Phase 3 loans.

Interest expense shows accrued interest expense for the year, regardless of whether it has actually been paid as of the date of this financial statement.

Exchange differences from foreign currency transactions are recognized net in the statement of comprehensive income.

n. Other income and financial revenue

Other income includes the net positive results, as well as gross income that are realized from activities other than the usual for the Company, and/or are incidental. Other income includes income from operating leases in accordance with accounting policies and IFRS 16 - Leasing, as well as income from sales of goods and fixed assets, net of their carrying amount, at which income is currently recognized in accordance with IFRS 15, in which the client receives control over them, respectively the obligation to perform is satisfied. Other income also includes written-off and undue liabilities, including financial liabilities and others that have been terminated or expired, as well as differences from write-offs related to provisions and surplus assets and inventories, and other.

o. Administrative expenses and financial expenses

Expenses are recognized when they arise on the basis of accrual principles and comparability between income and expenses. They are measured at the fair value of what has been paid or is due to be paid. Recognition of expenses for the current period is performed when their corresponding income is accrued.

An expense is recognized immediately in the income statement when the expense does not create a future economic benefit or when and to the extent that the future economic benefit does not meet the requirements or ceases to meet the requirements for recognition of an asset in the statement of financial position.

Negative exchange rate differences, commissions and fees paid to banks, etc. are reported as financial expenses.

p. Employee benefits

Employee benefits include all forms of remuneration for past service provided by employees and the relevant social security contributions required by law. In accordance with the requirements of IAS 19, accrued short-term employee benefits originating from unused staff leave and accrued on the basis of current insurance rates, insurance contributions on these benefits and other long-term benefits are also included.

Short - term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are reported as an expense when the related services are received. Liabilities are recognized for the amount that is expected to be paid on short-term bonuses if the Company has a legal or constructive obligation to pay this amount as a result of past services provided by employees and the obligation can be measured reliably.

The Company reports short-term liabilities for compensatory leave arising from unused paid annual leave in cases where it is expected to be used within 12 months after the date of the reporting period during which employees have performed work related to these leaves.

Long - term employee benefits

Defined contribution plans

The main obligation of the company as an employer in Bulgaria is to provide mandatory insurance of its employees.

The amounts of the social security contributions are approved specifically by the Social Security Budget Act for the respective year. The contributions are distributed between the employer and the insured person in a ratio that changes annually and is determined by the insurance code. The total amount of the contribution for compulsory state social insurance and for health insurance for 2023 is 33.3% for those working under the conditions of the third category of labour. The distribution of the contributions for the Pensions Fund and for the Universal Pension Fund is 7.9% at the expense of the insured person and 9.9% at the expense of the insurer among the workers under the conditions of the third category of labour, for the other funds and for the health insurance contributions person 60: 40. For 2023 the amount and distribution of contributions between employee and employer for the other funds are retained.

These mandatory pension insurance plans applied by the company in its capacity as an employer are defined contribution plans.

Contributions due by the Company under defined contribution plans for social and health insurance are recognized as an expense in the statement of comprehensive income (in profit or loss), unless an IFRS requires that amount to be capitalized in the cost of a certain asset.

Defined benefit plans

According to the Labour Code, the company in its capacity as an employer in Bulgaria is obliged to pay the staff upon retirement compensation in the amount of two to six salaries depending on the length of service in the Company, as of the date of termination of employment. The payment of these benefits depends not only on financial variables but also on assumptions about demographic factors. At each reporting date, management estimates the estimated amount of potential costs payable at the current level of remuneration.

q. Leases

The company as a lessee

Lease recognition appraisal

The Company assesses whether a contract is or contains a lease. A lease is defined as "a contract or part of a contract that gives the right to use an asset (the underlying asset) for a specified period of time in exchange for remuneration". To apply this definition, the Company makes three main judgments:

- whether the contract contains an identified asset that is either explicitly stated in the contract or is specified by default at the time the asset is made available for use.
- the Company has the right to receive essentially all economic benefits from the use of the asset during the entire period of use, within the defined scope of its right to use the asset under the contract.
- the Company has the right to manage the use of the identified asset throughout the period of use.

Initial recognition and measurement

At the starting date of the lease agreement the Company recognizes the asset with the right of use and the lease liability in the statement of financial position. The asset with the right of use is valued at acquisition cost, which consists of the amount of the initial valuation of the lease liability, the initial direct costs incurred by the Company, an estimate of the costs that the lessee will incur for dismantling and relocating the main asset at the end of the lease and any lease payments made before the date of commencement of the lease less the lease incentives received.

The Company depreciates the asset with the right of use under the straight-line method from the date of commencement of the lease for the term of the lease agreement. The Company also reviews impaired assets when such indicators exist.

At the starting date of the lease agreement, the Company measures the lease liability at the present value of the lease payments that have not been paid as of that date, discounted by the Company's differential interest rate.

When a lease liability is revalued, the corresponding adjustment is recognized in the asset held for use or recognized in profit or loss if the carrying amount of the asset held for use is already reduced to zero.

The Company has chosen to account for short-term leases (up to 12 months) and leasing of low-value assets (up to USD 5,000), using the practical benefits provided in the standard. Instead of recognizing assets with a right of use and liabilities under leases, payments in respect of them are recognized as an expense in profit or loss on a straight-line basis over the term of the lease.

r. Income taxes

Tax recovery

Tax for recovery does not arise from contractual relationships and it is not classified as a financial asset. Tax paid for the current and previous periods which exceeds the amount due in the respective periods is recognised as an asset. Current tax assets for the current and previous periods are measured at the amount which is expected to be recovered from tax authorities using the tax rates and tax laws which have been enacted, or substantively enacted, by the date of preparation of the statement for financial position. Tax refunds are reported in item *other receivables* in the statement of financial position.

Tax liabilities

The Company's current tax liabilities do not arise from contractual relationships and are not classified as financial liabilities.

The current tax for the current and previous periods is recognized as a liability to the extent to which it is not paid.

Current tax liabilities for the current and prior periods are measured at the amount that is expected to be paid to the tax authorities when applying the tax rates and tax laws, effective as of the balance sheet date.

Deferred tax assets and liabilities

The deferred tax assets and liabilities are recognised in the balance sheet method for all temporary differences arising between tax bases of the assets and the liabilities and their carrying amount at the balance sheet date.

Deferred tax liabilities are recognized for all amounts due in future periods of taxes related to taxable temporary differences.

A deferred tax assets is recognized for recoverable amounts of tax related to deductible temporary differences, carry-over of unused tax losses and tax credits, to the extent that it is probable that future taxable profit will be available against which the temporary tax differences can be utilised.

As at the date of every statement of financial position, the company remeasures unrecognised deferred tax assets. The company recognises the unrecognised deferred tax assets in a previous period to the extent that it is probable that future taxable profit will be available against which the temporary tax differences can be utilised.

The carrying value of deferred tax assets is remeasured at the date of preparation of the statement of financial position. The company reduces the carrying value of the deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Any such reduction is rolled back to the extent to which it has become probable for the company to realise the deferred tax asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled / settled based on tax rates (and tax laws) that are enacted or substantively enacted as of the balance sheet date.

Current and deferred taxes are recognised as income or expense and are reported in the profit or loss for the period except for the extent to which the tax has arisen from a transaction or event which has been recognised in the same period or different period in the shareholders' equity.

s. Share capital and equity reserves

STICK - CREDIT JSC is a joint stock company registered in the Commercial Register in accordance with the legal requirements for the activity it carries out. The shareholders are responsible for the obligations of the Company up to the amount of their participation in the capital and may claim return of this participation only in liquidation or bankruptcy proceedings.

The company's capital consists of:

- Fixed capital presented at nominal value according to the decision to enter in the Commercial Register. The share capital is fully paid up.
- "Reserve" Fund, formed in accordance with the requirements of the Commercial Law and the Company's Articles of Association.

Retained earnings

Current financial result

Dividends

Dividends are recognized as a reduction of the Company's net assets and a current liability to the owners of the capital in the period in which their right to receive them has arisen.

In 2024, a decision was made to distribute dividends to shareholders in the amount of BGN 1 078 million.

t. Net profit or loss for the period

All income and expense items recognized for the period are included in profit or loss, unless a standard or interpretation in IFRS requires otherwise.

u. Earnings per share

Basic earnings per share are calculated by dividing net profit for the period by the weighted average number of ordinary registered shares during the reporting period.

v. Critical judgements in applying the accounting policy. Key estimates and assumptions with high uncertainty.

The preparation of financial statements in conformity with IFRS requires the management to make critical judgements, estimates and assumptions that affect the application of accounting policies and, accordingly, the reported values of assets, liabilities, income and expenses. As a result, actual results may differ from these estimates.

Estimates and assumptions are reviewed periodically. The effect of a change in estimates is reflected in the period of the change and in future periods, in case the change affects not only the current period. The principal judgments and assumptions applied in these financial statements are as follows:

Calculation of expected credit losses on loans, trade receivables and cash receivables and cash equivalents.

Impairment losses on loans and receivables

The Company's management has an established policy for monthly review of the loan portfolio to determine the amount of expected loan losses. In determining whether and to what extent the expected credit loss should be recognized in the income statement or other comprehensive income, it is assessed whether there is sufficient, visible and objective data indicating the existence of a measurable decrease in projected actual future portfolio cash flows (group) with loans with similar characteristics before even such a reduction can be accurately identified and measurable at the level of a specific loan in the portfolio.

The company has adopted a model for calculating impairment losses on loans, according to which the assessment and calculation of impairment of the loan portfolio include the following steps:

- Distribution of the portfolio by groups of days in arrears.
- Calculation of impairment ratios for each of the levels of arrears based on the transition of receivables from one level to another, averaged over twenty-four monthly periods.
- Calculation of the amount of the accumulated impairment loss on the loan portfolio of the Company at the end of the reporting period - as the difference between its carrying amount and recoverable amount. The change in its amount compared to the date of the previous individual statement of financial position is treated and recognized as an increase / decrease in the impairment loss for the current year (period).

The determination of the expected credit loss is made on the basis of the data on the total amount of the loan portfolio, segmented by groups of arrears on the basis of historical information for the previous twenty-four months.

The process of analysis and assessment to determine the expected credit loss begins from the first day after the loan is provided to the client. The Company monitors whether there are objective events and loss indicators for each loan in a group.

Related to leasing contracts

When identifying and classifying a lease or a leased item in a contract, the company's management makes several important assessments: whether there is a lease agreement, including whether the contract contains an identified asset and whether the right of control is transferred under it, over the used asset for the respective term of the contract; determining the term of the contract; determination of the differential interest rate under the lease agreements.

The management has made an analysis of the concluded lease agreements and has determined that there are twelve lease agreements, as well as that the right to control over the used qualifying assets is transferred under them for the respective term of the agreement. The identified assets are premises used for offices and cars.

w. Restatement of errors

Past period errors are omissions or inaccuracies in the Company's financial statements for one or more past reporting periods resulting from the non-use or misuse of reliable information that was available at the time the financial statements for those periods were approved for publication and it was possible, with reasonable efforts, to obtain and consider in the preparation and presentation of these financial statements.

These errors include the effects of mathematical errors, errors in the application of accounting policies, negligence or inaccurate presentation of facts.

Errors may arise in relation to the recognition, measurement, reporting and disclosure of items of the financial statements. Potential errors relevant to the current period and discovered within the current period are corrected before publishing the financial statements. Despite the best effort, errors may be determined in subsequent periods and such errors related to previous periods are corrected.

Errors from a previous period are corrected by a retroactive remeasurement unless doing so is practically impossible and the specific or cumulative effects from the error cannot be calculated.

x. Events after the balance sheet date

Post-year-end events are such events which arise between the balance sheet date and the date at which the financial statements are approved for publishing.

There are two types of events:

- events which prove conditions existed as at the balance sheet date (adjusting events after the balance sheet date)
- events which are indicative for conditions that have occurred after the balance sheet date (non-adjusting events after the balance sheet date)

The company adjusts the carrying values, reported in the financial statements, to reflect the adjusting events after the balance sheet date and updates announcements. When the non-adjusting events after the balance sheet date have a significant impact and their non-disclosure would affect the ability of the readers to make accurate decisions, the company discloses such events for every significant category of non-adjusting events after the balance sheet date:

- the nature of the event
- an approximate estimate on its financial impact or statement that such estimate cannot be made

y. Related parties and related party transactions

For the purposes of these financial statements the company presents as related parties' shareholders, their subsidiaries and associates, key management personnel, close family members, including companies controlled by all of the above, are considered and treated as related parties.

z. Contingent assets and liabilities

Contingent liability is such that:

- a possible liability which arises from past events and whose existence will be confirmed upon the occurrence or non-occurrence of one or more uncertain future events which cannot be entirely controlled by the company; or
- current liability which arises from past events but is not recognised because its repayment is unlikely to require an outflow of resources containing economic benefits and the amount of the liability cannot be determined with sufficient accuracy.

Contingent asset is a possible asset which arises from past events and whose existence can be confirmed upon the occurrence or non-occurrence of one or more uncertain future events which cannot be fully controlled by the company.

Contingent assets and liabilities are not recognised.

aa. Statement of cash flows

The company has adopted the direct method for measuring and reporting cash flows in the statement of cash flows. Cash flows from customers and cash payments to suppliers are reported gross inclusive of VAT (20%). The VAT paid on the purchase of fixed assets is directed to the line "purchase of fixed assets", insofar as it participates in the operating cash flows of the company for the respective period/month.

Cash flows are classified as cash flows from:

- Operating activities
- Investing activities
- Financing activities

bb. Statement of changes in equity

The company prepares a statement of changes in equity showing:

- profit or loss for the period
- any profit or loss for the period which, in accordance with the requirements of an accounting standard, is recognised directly in the equity capital, as well as the total amount of these articles
- for each component of equity, the effects of changes in the accounting policy or restatement of errors in accordance with IFRS 8
- transactions related to the shareholders capital, acting in their capacity as owners of the share capital, reported individually for each shareholder
- the balance of the retained earnings (i.e. accumulated profit or loss) in the beginning of the period and at the balance sheet date and movements for the period
- equalization of the book value of each class of paid-in capital and all reserves in the beginning and end of the period with each change reported separately

1. Income from interest and fees

	2024 BGN (thousand)	2023 BGN (thousand)
Interest income from granted loans	6 930	5 553
Income from fees to loan agreements	24 965	18 273
Other income from interest on loans	289	348
Income from interest on financial leasing	111	-
Income from operations with financial instruments	1 043	561
Total:	33 338	24 735

2. Interest expense

	2024 BGN (thousand)	2023 BGN (thousand)
Platforms for shared lending	1 983	1 726
Lease interest	32	25
Total:	2 015	1 751

3. Other income

	2024 BGN (thousand)	2023 BGN (thousand)
Income from commissions for money transfers	17	184
Income from sales of goods	9	10
Carrying value of goods sold	(8)	(6)
Profit / loss from sale of goods	1	4
Revenues from sale of fixed assets	58	23
Book value of sold fixed assets	(56)	(11)
Profit / loss from sale of fixed assets	2	12
Other operating income	96	24
Compensation according to PMS	2	1
Revenue from second-hand passenger cars	1 540	-
Book value of second-hand passenger cars	(1 533)	-
Revenue from commercial operations, net	7	-
Total:	135	241

4. Financial income

	2024 BGN (thousand)	2023 BGN (thousand)
Income from commissions	34	37
Total:	34	37

5. Financial expenses

	2024 BGN (thousand)	2023 BGN (thousand)
Fees	354	263
Negative exchange differences	21	3
Fines, penalty interest, etc.	253	167
Total:	628	433

6. Personnel expenses

	2024 BGN (thousand)	2023 BGN (thousand)
Salary costs	6 895	5 150
Social insurance costs	578	505
Total:	7 473	5 655

7. Administrative and other general expenses

	2024 BGN (thousand)	2023 BGN (thousand)
Advertising and marketing services	527	361
Consulting, legal and auditing services	1 559	852
Fees and commissions expenses - bank and payment institutions	8	5
Rent and maintenance	544	528
Credit scoring reports	438	237
Amortization	376	290
Fuel	275	251
IT services and applications	421	334
Telecommunication services	413	213
Office stationery and consumables	304	100
Courier services	21	21

Automobiles and lease	144	97
Other expenses	868	287
Total:	5 876	3 623

Office rent expenses include:

	2024 BGN (thousand)	2023 BGN (thousand)
Rent payments to short-term leases	303	295
Total:	303	295

8. Corporate income tax expenses

	2024 BGN (thousand)	2023 BGN (thousand)
Profit before tax	7 604	6 453
Tax effect of temporary differences, net	(30)	19
Tax effect of permanent differences, net	295	182
Tax result	7 869	6 654
Tax rate	10%	10%
Corporate income tax	787	665

The effective corporate income tax rate is 10.3% for 2024 and 10.3% for 2023.

9. Cash and cash equivalents

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Cash	4 125	1 498
Cash at banks and payment institutions	8 858	7 778
Total:	12 983	9 276

The company has blocked funds in the amount of BGN 10,000 representing a guarantee for the National Insurance Institute.

A review was made for expected credit losses according to IFRS 9, but the management considered the amount to be immaterial and no such was charged in 2024 and 2023.

10. Loans granted to customers and financial leasing contracts

a. Loans Granted to customers

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Principal	33 257	28 089
Accrued interest and fees	11 868	9 904
Gross loan amount	45 125	37 993
Reduced by: impairment loss	(16 623)	(15 035)
Total:	28 502	22 958

Movements in the credit impairment allowance account

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
In the beginning of the period	15 035	12 458
Accrual for the period	9 911	7 097
Reduction for the period	(8 323)	(4 521)
In the end of the period	16 623	15 035

The distribution of the loan receivables grouped by days in arrear is presented below by days past due.

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Loans not past due	15 525	11 809
1 - 90 days in arrear	5 801	5 041
Over 90 days in arrear	23 799	21 143
Total:	45 125	37 993

b. Net investment in financial leasing - total

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Gross investment in finance lease:	1 867	-
Unearned finance income:	(483)	-
Net investment in finance lease:	1 384	-

As of 31 December 2024, the finance lease receivables have the following maturity structure:

	Gross investment as of 31 December 2024	Unearned income as of 31 December 2024	Net investment as of 31 December 2024
Maturing within 1 year	929	(235)	694
Maturing from 1 to 5 years	938	(248)	690
Net investment in finance income	1 867	(483)	1 384

11. Other current assets

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Trade receivables from customers	193	243
Advance payments and prepaid expenses	18	29
Guarantees provided	69	234
Judgments and judgments awarded	153	129
Other receivables	365	253
Total:	798	888

12. Land, machinery and equipment, including right-of-use assets

	Buildings, including right-of-use assets	Transportation Vehicles, including right-of- use assets	Other assets	Asset acquisition cost	Total
Carrying amount					
Balance as at 01.01.2023	331	768	136	1	1 236
Additions	409	282	66	5	762
Written-off	(96)	(87)			(183)
Balance as at 31.12.2023	644	963	202	6	1 815
Additions	465	311	204	9	989
Written-off	(167)	(240)		(15)	(422)
Balance as at 31.12.2024	942	1 034	406	-	2 382

Depreciation

Balance as at 01.01.2023	123	302	80	505
Additions	80	177	33	290
Written-off	(39)	(76)		(115)
Balance as at 31.12.2023	164	403	113	680

Additions	142	187	47		376
Written-off	(127)	(176)			(303)
Balance as at 31.12.2024	179	414	160		753
Carrying amount as of					
01.01.2023	208	466	56	1	731
31.12.2023	480	560	89	6	1 135
31.12.2024	763	620	246	0	1 629

The company has prepared an impairment test for tangible assets as of December 31, 2024. No indicators have been established that the book value of the assets exceeds their recoverable amount. The company has not pledged real estate, machinery and equipment as collateral for its obligations.

Additional information for the right-of-use assets included in the Land, machinery and equipment note is presented in the table below:

	Buildings BGN (thousand)	Vehicles BGN (thousand)
Reporting value		
Balance as of 1 January	351	203
Acquired during the period	291	-
Written-off during the period	(162)	(203)
Balance as of 31.12.2023	480	-
Accrued depreciation		
Balance as of 1 January	146	167
Accrued depreciation for the period	142	4
Written-off depreciation for the period	(127)	(171)
Balance as of 31 December	161	-
Carrying amount as of 31 December	319	-

13. Loans received

The Company's loan liabilities as of December 31, 2024 and 2023 represent liabilities for loans received from individuals and legal entities. Loans are compounded with a fixed interest rate, which ranges from 10% to 13.5%.

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Platforms for shared lending	22 451	16 075
Total:	22 451	16 075
Current	17 725	9 166
Non-current	4 726	6 909

14. Current tax liabilities

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Corporate income tax	257	335
Personal income tax	49	29
Withholding tax	9	14
Other alternative taxes	3	3
VAT	4	2
Dividend tax	75	-
Total:	397	383

15. Trade obligations and other current liabilities

Trade obligations

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Platforms for shared lending	537	446
Total:	537	446

16. Other current liabilities

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Current personnel liabilities	665	465
Social security liabilities	70	55
Health insurance liabilities	23	19
Liabilities for unused leave	240	275
Liabilities to insurers	161	65
Other liabilities	249	45
Total:	1 408	924

The net book value of current trade and other liabilities is assumed to be a reasonable approximation of their fair value.

17. Lease liabilities

This note provides information on leases where the company is the lessee.

Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts related to leases:

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Buildings	480	351
Vehicles	-	203
Total:	480	554

The Company's lease obligations as of December 31, 2024, are related to financial leases, concluded contracts for the right to use office premises and cars. They are presented net of the interest due and are as follows:

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Up to one year	301	243
Over one year	492	409
Total:	793	652

Amounts recognized in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts related to leases:

	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Depreciation of right-of-use assets		
Buildings	142	79
Vehicles	4	37
Total:	146	116

18. Share capital

As of December 31, 2024, the registered share capital of the Company amounts to BGN 1,080 thousand, distributed in 10 thousand shares each with a nominal value of BGN 100. The share capital is fully paid.

As of December 31, 2024, the capital structure is presented as follows:

Shareholder	No. shares	Subscribed capital BGN (thousand)	Paid capital BGN (thousand)	Shareholding (%)
Stefan Nikolaev Topuzakov	4 738	474	474	47%
Kristiyan Georgiev Kostadinov	4 738	474	474	47%
Ivaylo Lazarov Todorov	604	60	60	6%

19. Reserves

Reserves include mandatory reserves as per art. 246 of the Commercial Act and they are formed with a decision of the General meeting of the shareholders.

20. Financial results

	BGN (thousand)
Profit as at 31.12.2022	17 246
Profit for 2023	5 788
Dividend distribution	(1 078)
Profit for 2024	6 817
Profit as at 31.12.2024	28 773

21. Movement of liabilities arising from financing activities

The table below presents changes in liabilities from financing activities, including monetary and non-monetary changes. Liabilities arising from financing activities are those for which the cash flows are, or future cash flows will be classified in the statement of cash flows as cash flows from financing activities.

Liabilities	Balance as at	Monetary flows		Non-monetary flows		Balance as at
	01.01.2024 BGN (thousand)	Received BGN (thousand)	Paid BGN (thousand)	BGN (thousand)	BGN (thousand)	31.12.2023 BGN (thousand)
Loans	16 075	12 615	6 971	732		22 451
Leasing - long-term and short-term	652		320	461		793
Total	16 727	12 615	7 291	1 193		23 244

22. Credit risk

The company is exposed to credit risk, which is the risk that customers - borrowers are unable or unwilling to pay the required amount at maturity. The company manages the credit risk according to a framework developed by it, which covers a wide range of mechanisms:

- The company has developed internally approved procedures, rules and models for assessing loan applications in order to minimize credit risk.
- The company performs constant analysis and control over the approved internal procedures, and also makes constant efforts to improve the models based on statistical and other information which it receives, making changes to the criteria, requirements and approval procedures.
- The company sets limits related to one borrower or a group of borrowers, geographical unit (street, neighbourhood, city or district), or a risk unit according to the developed scorecards and other categories of portfolio diversification.
- The Company makes efforts to renegotiate the terms of loans to borrowers who are unable or unwilling to pay the required amount at maturity.

The maximum credit risk exposure

	31.12.2024	31.12.2023
BGN (thousand)	BGN (thousand)	BGN (thousand)
Cash and cash equivalents	12 983	9 276
Loans to customers	28 502	22 958
Receivables from related parties	10 083	8 380
Other current assets	798	888
Net financial leasing investment	1 384	-
Total:	53 750	41 502

The above table presents the credit risk exposure of the Company as of December 31, 2024, and 2023. For the balance sheet assets the credit risk exposure presented in the table is based on the net carrying amount as reported in the statement of financial position of the Company for the respective period.

As of December 31, 2024, 56% of the maximum credit risk exposure is related to the loan portfolio. The Company's cash and payment operations are concentrated in various first-class banks. In the distribution of cash flows between them, the Management of the Company takes into account a number of factors, including the amount of capital, security, liquidity, credit potential of the bank and others.

23. Foreign exchange risk

The Bulgarian lev is pegged to the euro in the ratio of BGN 1.95583 per 1 euro as of January 1, 1999, which is a result of the currency board that came into force in July 1997. As of December 31, 2024, and December 31, 2023, the Company's exposure to foreign currencies is only in euros and therefore the Company's currency risk is assessed as minimal.

24. Liquidity risk

Liquidity risk is the risk that it is impossible for the Company to pay its liabilities when they are due. The Company is exposed to liquidity risk, which arises from the objective mismatch between the maturities of assets and liabilities.

The main objective of the Company's liquidity risk management is to ensure stable growth of the loan portfolio and to lead liquidity efficiency by securing debt financing for the needs of its credit products and maintaining a minimum cash surplus. The Company's Management believes that the coincidence and controlled mismatch of undiscounted cash flows and the risk of changes in interest rates are important for maximizing profitability. It is normal for companies operating in the field of consumer lending to have a good match of cash flows in the short term, due to the rapid turnover. The presence of a cash flow mismatch and the lack of cash surpluses potentially leads to higher returns, but this also leads to an increased risk of loss. The presence of a mismatch in cash flows with cash surpluses reduces profitability due to inefficient use of funds, but at the same time achieves more stable liquidity.

The table below presents the undiscounted cash flows of the Company from other financial liabilities at the end of the reporting period to the remaining maturity. The amounts indicated are the agreed undiscounted cash flows, which include interest, if any.

As of 31 December 2024	No maturity	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Total
Financial liabilities						
Loans received	1 319	613	1 290	14 503	4 726	22 451
Liabilities to related parties			100			100
Lease liabilities		25	50	226	492	793
Trade and other liabilities	9	1 223		741	-	2 153
	1 328	1 861	1 620	15 470	5 218	25 497
As of 31 December 2023	No maturity	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Total
Financial liabilities						
Loans received	1 319	1 441	936	5 470	6 909	16 075
Lease liabilities		20	61	162	409	652
Trade and other liabilities	41	819	92	482	333	1 767
	1 360	2 280	1 089	6 114	7 651	18 494

The liquidity of the various elements of the statement of financial position at 31.12.2024 is as follows:

As of 31 December 2024	No maturity	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 months	Total
Cash and cash equivalents		12 983				12 983
Loans to customers, net		3 451	2 636	9 782	12 633	28 502
Other receivables	25	52	114	3 135	7 555	10 881
Total assets	-	-	-	694	690	1 384
Loan liabilities	25	16 486	2 750	13 611	20 878	53 750
Other liabilities	1 319	613	1 290	14 503	4 726	22 451
Total liabilities	9	1 248	330	967	492	3 046
Difference in maturity thresholds	1 328	1 861	1 620	15 470	5 218	25 497

With accumulation	(1 303)	14 625	1 130	(1 859)	15 660	28 253
As of 31 December 2023	No maturity	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 months	Total
Cash		9 276				9 276
Loans to customers, net		4 114	9 765	1 876	7 203	22 958
Other receivables	59	46	207	292	8 664	9 268
Total assets	59	13 436	9 972	2 168	15 867	41 502
Loan liabilities	1 319	1 441	936	5 470	6 909	16 075
Other liabilities	41	839	153	644	742	2 419
Total liabilities	1 360	2 280	1 089	6 114	7 651	18 494
Difference in maturity thresholds	(1 301)	11 156	8 883	(3 946)	8 216	23 008
With accumulation	(1 301)	9 855	18 738	14 792	23 008	23 008

25. Capital management

The Management of the Company uses for current monitoring and planning of the capital structure the debt ratio, the ratio between total debt capital and equity of the Company.

The debt ratio as of December 31, 2024, and 2023 is as follows:

	31.12.2024	31.12.2023
Total debt capital	25 497	18 494
Less: cash and cash equivalents	(12 983)	(9 276)
Net debt capital	12 514	9 218
Total equity	29 882	24 143
Total capital	42 396	33 361
Debt ratio	0.30	0.28

The company has a legal obligation as of December 31, 2024, for a minimum mandatory share capital of BGN 1,000 thousand, which requirement is fulfilled.

The Company's Management constantly monitors and updates the risk management procedures in order to adapt them and make them more effective in relation to the business environment.

26. Related parties

The related parties with which the Company is in a relationship of control, as well as companies with which the Company has carried out transactions are as follows:

Kristiyan Georgiev Kostadinov	Shareholder
Stefan Nikolaev Topuzakov	Shareholder
Ivaylo Lazarov Todorov	Shareholder
Svetlin Nikolov Sabev	Key management personnel

St i K 9086 Pawn brokerage 2OOD	Company under the control of shareholders
Stik Property OOD	Company under the control of shareholders
Dizbet OOD	Company under the control of shareholders
Casino Escape OOD	Company under the control of shareholders
Ny Konsulting Vision – NKV EOOD	Company under the control of shareholders
Mrezha za aktualni novini OOD	Company under the control of shareholders
Foundation Lazar Ivilinov Todorov	Foundation under the control of shareholders
TETS Shumen EOOD	Company under the control of shareholders
ST Investment EOOD	Company under the control of shareholders
KK Investment EOOD	Company under the control of shareholders
STIK-CREDIT 9086 COOP	Cooperation under the control of shareholders
Bedex OOD	Company under the control of key management personnel
Afranga EOOD	Company under the control of key management personnel
SN Investment EOOD	Company under the control of key management personnel
Briz Konstrukt OOD	Company under the control of shareholder
Pchelina Konstrukt 2024 OOD	Company under the control of shareholder
EREBRUS OOD	Company under the control of shareholder
Vinitsa Konstrukt 2024	Company under the control of shareholder
Vladislavovo Konstrukt 2024	Company under the control of shareholder
Tiberus EOOD	Company under the control of shareholder
Lendivo OOD	Company under the control of shareholder

Related party transactions

The volume of transactions with related parties of the Company are as follows:

Related party	Transaction type	31.12.2024	31.12.2023
		BGN (thousand)	BGN (thousand)
Stefan Nikolaev Topuzakov	Interest income on a loan	48	51
Svetlin Nikolov Sabev	Interest income on a loan	10	6
Casino Escape OOD	Interest income on a loan	513	698
Kristiyan Georgiev Kostadinov	Interest income on a loan	15	11
Casino Escape OOD	Costs for external services	7	4
Dizbet OOD	Costs for external services	2	-

Stik Property OOD	Interest income on a loan	43	10
Dizbet OOD	Interest income on a loan	350	60
Briz Konstrukt OOD	Interest income on a loan	7	-
Lendivo OOD	Interest income on a loan	136	-
TETS Shumen EOOD	Interest income on a loan	40	-
SN Investment EOOD	Interest income on a loan	12	-
St i K 9086 Pawn brokerage 2OOD	Interest costs on a loan	5	-

The carrying amount of the related party transactions are as follows:

Related party	Transaction type	31.12.2024 BGN (thousand)	31.12.2023 BGN (thousand)
Stik Property OOD	Loan granted and interest receivables	408	365
Dizbet OOD	Loan granted and interest receivables	2 718	2 433
Kristiyan Georgiev Kostadinov	Loan granted and interest receivables	15	178
Stefan Nikolaev Topuzakov	Loan granted and interest receivables	732	628
Casino Escape OOD	Loan granted and interest receivables	2 693	4 657
Svetlin Nikolov Sabev	Loan granted and interest receivables	99	89
SN Investment EOOD	Loan granted and interest receivables	372	-
Briz Konstrukt OOD	Loan granted and interest receivables	57	30
Lendivo OOD	Loan granted and interest receivables	2152	-
TETS Shumen EOOD	Loan granted and interest receivables	800	-
PCHELINA KONSTRUKT 2024 OOD	Loan granted and interest receivables	37	-
St i K 9086 Pawn brokerage 2OOD	Loan received	100	-

As of 31 December 2024, current receivables from related parties amount to BGN 2,528 thousand (31 December 2023: BGN 1,548 thousand), and non-current receivables amount to BGN 7,555 thousand (31 December 2023: BGN 6,832 thousand).

The interest rate between related parties ranges from 10% to 13.5%. No collateral has been provided for the granted loans. They are issued for a period between 24 and 36 months.

In 2024, the gross remuneration of the Company's key management personnel and the related social security expenses amount to BGN 2,293 thousand (2023: BGN 1,417 thousand).

28. Armed conflicts around the world

The year 2024 continues to be marked by armed conflicts across the globe. These conflicts have a significant impact on the global economy, leading to varying effects on different local economies. The future development of these conflicts is highly uncertain and cannot be fully predicted. The Company's management monitors and analyzes the impact of these conflicts on operations, the business environment, and asset liquidity. The main risk identified by the Company at the date of approval of the financial statements is the risk of delayed collections, associated with elevated inflation. Management has conducted a detailed review of each exposure in the loan portfolio.

27. Contingent assets and liabilities

The Company has provided a guarantee amounting to BGN 10 thousand in favor of the National Statistical Institute, with maturity on 30 May 2026.

The Company is pursuing several legal claims against its debtors, with a financial interest amounting to BGN 385 thousand.

The Company is also involved in several cases against the Commission for Consumer Protection regarding imposed sanctions totaling BGN 47 thousand.

Claims against the Company have been filed for a total amount of BGN 695 thousand.

28. Non-cash transactions

The Company has not carried out any investment or financial transactions that did not involve cash or cash equivalents.

29. Events after balance sheet date

No significant material events have occurred after the balance sheet date related to the property and the financial condition of the company, as well as until the date of authorization for issuance of this report.

30. Approval of the financial statements

The financial statements prepared as of 31 December 2024 are approved for publishing by the Board of Directors on 12 June 2025.

Prepared by:

Nadka Dimitrova

Executive Director:

Stefan Topuzakov