ANNUAL REPORT

2025

LENDIVO OOD

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LENDIVO OOD • ANNUAL REPORT 2025

Annual activity report

This management report of Lendivo OOD (the "Company") presents a commentary and analysis of the annual financial statements and other material information regarding the financial position and the results of the Company for 2025. It is prepared in accordance with the requirements of art. 39 of the Accounting Act and the requirements of the Commercial Law.

Lendivo OOD is a limited liability company with registered seat and address of management: Republic of Bulgaria, Shumen, 13 B Oborishte sq.

1. Corporate information

Under the current Commercial Law in the Republic of Bulgaria, "LENDIVO" OOD is a limited liability company.

Managers:

1. Stefan Nikolaev Topuzakov

2. Svetlin Nikolov Sabev

Manner of representation: the company is represented by each of the two managers jointly and severally.

Owners of the capital as at 31.12.2025:

- ST Investment EOOD – 30%
- SN Investment EOOD – 30%
- KK Investment EOOD – 30%
- RO Investment EOOD – 10%

Servicing banks

Eurobank Bulgaria AD

First Investment Bank AD

EasyPay

Independent financial auditor

"ZAHARINOVA NEXIA" EOOD with reg. No. 138.

The management confirms that it has consistently applied 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 accounting standards 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 appropriate management of assets and for taking the necessary measures to prevent and detect possible fraud and other irregularities.

Object of activity of the Company: Lendivo OOD is a non-bank financial institution registered by the BNB according to art. 3, para. 2 of the Credit Institutions Act with registration number BGR00455. The object of activity of the Company is the granting of loans with funds that have not been raised through the public attraction of deposits or other repayable funds, finance leasing and guarantee transactions, 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. The main object of activity during 2025 is the granting of online loans with funds that have not been raised through the public attraction of deposits or other repayable funds.

2. Operating and financial results

The Company began its active operations in 2024. Despite the economic challenges and difficulties during 2025, the Company reported a year of good results and a stable financial position. In 2025 the credit portfolio, after the accrued expected credit losses, grew by 23% and reached BGN 3,663 thousand, an increase of BGN 689 thousand compared to the previous year (2024 – BGN 2,947 thousand). The growth in the loan portfolio is the result of the Company's focused policy to consolidate and expand its positions in the online lending market.

Our team continuously reviews the development of the market and the customer-service models in order to quickly identify possible risks and adapt rapidly to the changing environment.

The Company does not carry out research and development activities due to the specifics and nature of the business.

Prospects and development

In 2026 the Company plans annual growth in the volumes of online loans granted and, accordingly, in revenues. Our employees, partners and customers demonstrated resilience to the challenges caused by the domestic political instability of the country and the complex geopolitical situation on a global scale. The company's online business model gives us grounds for confidence, despite the intensifying inflation worldwide, and ensures the smooth running of our operations.

Entering 2026, management will continue its focused efforts to develop the business on the Bulgarian market, planning to undertake a number of marketing activities and innovations, as well as technological improvements, related mainly to expansion in the niche of online lending. It will continue to analyze and study the credit market with the aim of increasing the product portfolio.

Financial results

In 2025 the Company generated BGN 498 thousand of interest income from loans granted and BGN 9,602 thousand of income from fees and penalties on the loans granted. Interest expenses in 2025 amount to BGN 571 thousand. The accrued expenses for impairment of loans and receivables amount to BGN 5,757 thousand. Total administrative expenses and personnel expenses amount to BGN 3,387 thousand. The financial result for the reporting year 2025 forms a profit before tax of BGN 385 thousand, and after taxation of BGN 334 thousand.

In 2025 the Company reports financial indicators summarized as follows:

Results of operations	2025	2024	Change	%
Interest and fee income	10,100	2,889	7,211	249%
Interest expenses	571	144	427	297%
Net interest income	**9,529**	**2,745**	**6,784**	**247%**
Impairment losses on loans	5,757	1,583	4,174	264%
Personnel expenses	1,213	202	1,011	500%
Total administrative expenses	**1,985**	**844**	**1,141**	**135%**
Profit before tax	385	49	336	686%
Tax expense	51	6	45	750%
Profit for the year	**334**	**43**	**291**	**677%**
Total comprehensive income for the year	**334**	**43**	**291**	**677%**

(All amounts in BGN thousand.)

Key financial ratios	2025	2024
Net profit margin	**3.31%**	**1.49%**
Return on assets ratio	3.33%	1.04%
Return on liabilities ratio	3.86%	1.39%
Return on equity ratio	3.22%	4.09%

The financial indicators and ratios testify to a stable financial position, rational and strategically focused management amid international economic uncertainty, while maintaining the achieved sustainable levels of profitability.

3. Staff

As at 31.12.2025 the payroll number of the Company’s staff is 29 persons.

Payroll number as at 31.12.2025 (excluding persons on maternity leave)	
Total persons employed under an employment relationship	**29**
Managerial staff	6
Analytical specialists	4
Technicians and other associate professionals	2
Administrative staff	17

4. Investments

In 2025 the Company purchased office furniture for BGN 37 thousand and computer equipment for BGN 10 thousand.

5. Risk factors

Political risk

Political risk is the probability of serious domestic political turmoil that would lead to a negative change in the government’s economic programme and its priorities for economic development, as a result of which the environment in which companies operate would change in a negative direction and investors would incur losses. The political risks for Bulgaria at the international level are related to the commitments undertaken to implement serious structural reforms in the country in its capacity as an equal member of the EU, increasing social stability and limiting inefficient spending, on the one hand, as well as to the strong destabilization of the countries of the Middle East, including the conflict between Israel and Hamas in the Gaza Strip, the increasingly frequent threats of terrorist attacks in Europe, refugee waves and instability of key countries in the immediate vicinity of Bulgaria. Bulgaria, like the other EU member states in the region, continues to be seriously exposed to the pan-European problem of the intensive refugee flow from the Middle East, but the efforts to prevent or at least reduce these flows are already producing results, including with the support of the EU countries. An important moment is the admission of Bulgaria to the Schengen area as a full member from 1 January 2025. Other factors that also affect this risk are potential legislative changes, in particular those concerning the business and investment climate in the country. The geopolitical situation in the region is further complicated by the development of the Russian-Ukrainian crisis, despite the prospects of a solution being sought by Donald Trump. At present it is not possible to assess this risk for the Company in absolute terms, as the focus of the business is not directed directly at the markets of the conflict areas, but it has an indirect impact. The sanctions against Russia caused an increase in fuel prices, which in turn is reflected in the prices of raw materials and products.

Macroeconomic risk

The macroeconomic risk for the company is closely related to the dynamics of the gross domestic product, employment levels and household disposable income. Any unfavorable development in the economic environment directly affects the demand for quick loans and the ability of customers to service their obligations on time. The inflationary pressure on household budgets carries the risk of an increase in the share of non-performing loans. The Company constantly monitors this risk and, if necessary, tightens the approval criteria for risky profiles. Changes in monetary policy and the general increase in interest rates on the financial markets affect the cost of the borrowed capital with which the company finances its activities. The potential narrowing of the margin between the borrowed resource and the interest on the loans granted is controlled by optimizing the financing structure and managing the liquidity buffer.

Currency risk

Currency risk is related to the possibility that the income from the company's activities may be affected by changes in the exchange rate of the lev against other currencies. In a country like Bulgaria, the instability of the lev can cause economic instability. The pegging of the lev to the single European currency has limited the fluctuations in the exchange rate of the lev against the currencies imposed as main foreign currencies. There is no currency risk in the Company's activities.

Interest rate risk

Interest rate risk is related to the possibility that the interest rate levels at which the company finances its activities may increase and, as a result, the company's net income may decrease.

This risk can be managed through the use of various sources of financing (commercial loans, intra-company indebtedness, bank loans, etc.).

In its activities the company uses loans from related parties and crowdfunding platforms. For the purpose of assessing the liquidity risk, the maturities of the borrowed capital are differentiated by term to maturity relative to the balance sheet date:

- Current liabilities (maturing within 1 year) – BGN 4,031 thousand
- Non-current liabilities (maturing from 1 to 5 years) – BGN 3,614 thousand

The company's borrowed capital is financed entirely at fixed interest rates. Short-term and long-term loans are serviced at interest rate levels from 11% to 16%. The fixed levels eliminate the risk of market fluctuations and guarantee the predictability of the company's financial expenses for the entire term of the contracts.

Financial risk

Financial risk represents uncertainty for investors in cases where the company uses borrowed or loaned funds. The indicators of financial autonomy and financial indebtedness report the ratio between own and borrowed funds. High values of the autonomy ratio and low values of the financial indebtedness ratio are a good guarantee for investors and for the owners themselves. Management reports increased levels of financial risk, but considers it manageable, as the short-term nature and high turnover of the quick loans granted allow for the rapid generation of liquidity. The business risk is compensated by the high interest margin of the products. The company continues to meet the BNB regulatory requirements for its activities. Management exercises constant monitoring of the regulatory capital in order to guarantee strict compliance with the regulatory framework. The indicators of the share of capital obtained through loans determine what part of the total capital is represented by borrowed funds. The greater the share of liabilities relative to equity, the greater the financial risk. The acceptable or normal degree of financial risk also depends on the business risk. If the business risk is small for the company, investors can take on greater financial risk and vice versa.

6. International military conflicts – influence, effects, actions and measures taken

Despite the global instability caused by international military conflicts and the restrictions imposed in this connection, no deterioration in the solvency of customers is observed. In 2025 an increased demand for consumer loans and improved behavior of bad loans are observed.

The main risk that the company identifies at the time of approval of the financial statements is the risk of a delay in collections related to increased inflation, as a result of the deteriorated global economy. Management has made a detailed review of each exposure in the credit portfolio. The risk management processes are being optimized for a quick reaction in case of escalation of existing or emergence of new conflicts.

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

Pursuant to the Act on the Introduction of the Euro in the Republic of Bulgaria, effective from 1 January 2026, the euro becomes the official currency and legal tender in Bulgaria. The official exchange rate is set at BGN 1.95583 per EUR 1. The introduction of the euro as the official currency in the Republic of Bulgaria represents a change in the functional (reporting) currency of the Company, which will be reflected prospectively and does not represent an event after the reporting period that requires an adjustment to the financial statements for the year ending 31 December 2025. The Company does not expect material effects from the conversion of the opening balances as at 1 January 2026 into euro or from the process of changing the functional (reporting) currency.

Since the beginning of March 2026, an escalation of tensions related to the conflict in Iran has been observed, which contributes to increased geopolitical uncertainty in the region and globally. The potential consequences of these events include increased volatility on the energy markets, additional fluctuations in the macroeconomic environment and increased uncertainty about future economic conditions. The growth of energy and fuel prices has a direct impact on household expenses, and the pressure on budgets is felt particularly by lower-income families. The situation is reminiscent of the economic consequences of the war in Ukraine, which since 2022 has disrupted supply chains and led to an increase in energy prices. As then, so now, the effect is passed on to consumer prices, which calls into question the purchasing power of families and businesses.

Management is monitoring the development of the situation and has taken the available information into account in preparing the accounting estimates and assumptions; at present, no need for adjustments to the financial statements has been identified beyond the disclosures made.

The Company does not expect these two events to have a significant impact on its activities.

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

Date: 15.05.2026

Manager: / Stefan Topuzakov /

Independent auditor’s report

"Zaharinova Nexia" EOOD

Bulgaria, Sofia 1309, 157-159 Konstantin Velichkov Blvd., floor 1, office 3

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INDEPENDENT AUDITOR’S REPORT

TO THE OWNERS OF LENDIVO OOD

Opinion

We have audited the financial statements of LENDIVO OOD (the "Company"), which comprise the statement of financial position as at 31 December 2025 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 the 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 2025 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 that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, as well as the form and content of this other information, in order 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 included in the management report for the financial year for which the financial statements have been prepared is consistent with the financial statements.

b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS accounting standards 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 No. 138

"ZAHARINOVA NEXIA" EOOD

Representing and registered auditor, accountable for the audit:

Dimitrina Zaharinova

Sofia

28.05.2026

General information

Trade name	Lendivo
Legal form	Limited liability company
UIC	203811241
Corporate website	www.lendivo.bg
Registered seat and address of management	13 B Oborishte sq., Shumen, Bulgaria
Managers	Stefan Topuzakov; Svetlin Sabev
Financial year	1 January – 31 December 2025

Lendivo

Statement of profit or loss and other comprehensive income

	Notes	2025	2024
		(BGN ’000)	*(BGN ’000)*
Interest and fee income	3	10,100	2,889
Interest expenses	4	(571)	(144)
Net interest and fee income		**9,529**	**2,745**
Financial expenses	5	(189)	(67)
Personnel expenses	6	(1,213)	(202)
Impairment losses on loans	10	(5,757)	(1,583)
Total administrative expenses	**7**	**(1,985)**	**(844)**
Profit from ordinary activities before tax		385	49
Tax expense	8	(51)	(6)
Profit for the year		**334**	**43**
Other comprehensive income			
Total comprehensive income for the year		**334**	**43**

Date of compilation: 15 May 2026

The annual financial statements were approved by the Manager on 22 May 2026. The notes on pages 1 to 42 are an integral part of these annual financial statements.

Stefan Topuzakov, Manager   Nadka Dimitrova, Compiler

Annual financial statements on which we have issued an auditor’s report dated: 28 May 2026.

Dimitrina Zaharinova — Manager and registered auditor, accountable for the audit

"ZAHARINOVA NEXIA" EOOD with reg. number 138

Statement of financial position

	Notes	31.12.2025	31.12.2024
		(BGN '000)	*(BGN '000)*
ASSETS			
Non-current assets			
Property, plant and equipment	12	689	816
Total non-current assets		**689**	**816**
Current assets			
Receivables on loans granted	10	3,663	2,947
Receivables from related parties	24	202	-
Other current assets	11	221	39
Cash and cash equivalents	9	5,266	344
Total current assets		**9,352**	**3,330**
TOTAL ASSETS		**10,041**	**4,146**
EQUITY AND LIABILITIES			
Non-current liabilities			
Long-term lease liabilities	15	487	651
Liabilities to related parties	24	-	2,129
Loan liabilities	16	3,614	-
Total non-current liabilities		**4,101**	**2,780**
Current liabilities			
Trade payables	14	56	82
Loan liabilities	16	4,031	-
Short-term lease liabilities	15	164	158
Tax liabilities	13	55	17
Other current liabilities	14	251	60
Total current liabilities		**4,557**	**317**
TOTAL LIABILITIES		**8,658**	**3,097**
Equity			
Share capital	17	1,012	1,012
Uncovered loss	18	(12)	(12)
Retained earnings	18	49	6
Profit for the current year		**334**	**43**
TOTAL EQUITY		**1,383**	**1,049**
TOTAL EQUITY AND LIABILITIES		**10,041**	**4,146**

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Stefan Topuzakov, Manager Nadka Dimitrova, Compiler

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"ZAHARINOVA NEXIA" EOOD with reg. number 138

Statement of changes in equity

(BGN ’000)	Share capital	Uncovered loss	Retained earnings	Current profit/(loss)	Total
Balance as at 1 January 2024	1,012	(12)	1	5	1,006
Profit for the year	**-**	**-**	**-**	**43**	**43**
Transfer of profit to retained earnings	-	-	5	(5)	-
Balance as at 31 December 2024	**1,012**	**(12)**	**6**	**43**	**1,049**
Balance as at 1 January 2025	1,012	(12)	6	43	1,049
Profit for the year	**-**	**-**	**-**	**334**	**334**
Transfer of profit to retained earnings	-	-	43	(43)	-
Balance as at 31 December 2025	**1,012**	**(12)**	**49**	**334**	**1,383**

Date of compilation: 15 May 2026

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Stefan Topuzakov, Manager   Nadka Dimitrova, Compiler

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"ZAHARINOVA NEXIA" EOOD with reg. number 138

Lendivo

Statement of cash flows

	2025	2024
	(BGN '000)	*(BGN '000)*
Cash flows from operating activities		
Loans granted to customers, net	(4,851)	(3,619)
Proceeds from interest and fees	8,478	1,977
Other receipts (payments), net	(69)	(10)
Payments to personnel	(1,088)	(162)
Payments to suppliers	(1,357)	(468)
Other receipts (payments) from financing activities, net	(173)	(67)
Corporate taxes paid	(81)	-
Net cash flows from operating activities	**859**	**(2,349)**
Cash flows from investing activities		
Purchase of non-current assets	(46)	(12)
Change in loans granted to related parties	(200)	-
Net cash flows from investing activities	**(246)**	**(12)**
Cash flows from financing activities		
Proceeds from loans received	8,752	2,229
Payments on loans received	(3,236)	(100)
Interest and fees paid on loans received	(1,003)	(112)
Lease payments	(187)	(47)
Net cash flows from financing activities	**4,326**	**1,970**
Net increase/(decrease) in cash and cash equivalents	**4,939**	**(391)**
Net effect of changes in exchange rates	**(17)**	**-**
Cash and cash equivalents at the beginning of the period	344	735
Cash and cash equivalents at the end of the period	5,266	344

Date of compilation: 15 May 2026

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Stefan Topuzakov, Manager Nadka Dimitrova, Compiler

Annual financial statements on which we have issued an auditor's report dated: 28 May 2026.

Dimitrina Zaharinova — Manager and registered auditor, accountable for the audit

"ZAHARINOVA NEXIA" EOOD with reg. number 138

Notes to the financial statements

1. Corporate information

Lendivo OOD is a company incorporated in the Republic of Bulgaria and entered in the Commercial Register kept by the Registry Agency under UIC 203811241, with registered seat and address of management at Shumen, 13 B Oborishte sq. The Company is registered without a term or other condition for termination. The Company uses a rented office in Sofia.

The main activity of the Company is the granting of loans with own and borrowed 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. No. BGR00455/2022.

Lendivo OOD is registered as a limited liability company. As at 31 December 2025 the capital amounts to BGN 1,012,100 distributed in 101,210 shares, with a par value of BGN 10.00 each. The partners holding shares above 5% of the capital are as follows:

- ST Investment EOOD – 30%
- SN Investment EOOD – 30%
- KK Investment EOOD – 30%
- RO Investment EOOD – 10%

The company is managed by a General Meeting and Managers, jointly and severally:

- Stefan Nikolaev Topuzakov
- Svetlin Nikolov Sabev

The Company keeps its accounting records in Bulgarian lev, 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.

2. Basis of preparation of the annual financial statements and applied significant accounting policies

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with IFRS accounting standards developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS accounting standards as adopted by the EU). These represent the International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council, which are effectively in force on 1 January 2024. IFRS accounting standards adopted in the European Union is the commonly accepted name of the general-purpose framework – an accounting base equivalent to the framework introduced by the definition under §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 were relevant to its activities.

b. New standards, amendments and interpretations that entered into force for the financial year beginning on 1 January 2025

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

- **Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective from 1 January 2025, adopted by the EU**

The amendments to IAS 21 on non-exchangeability clarify when a currency can be exchanged into another currency and when it cannot. A currency is exchangeable 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 at the measurement date and for a specified purpose. A currency is not exchangeable into another currency if the Company can only obtain an insignificant amount of the other currency.

A requirement on how an entity determines the exchange rate that applies when a currency cannot be exchanged. When a currency cannot be exchanged at the measurement date, the entity estimates the spot exchange rate as the rate that would apply in an orderly transaction between market participants at the measurement date and that would faithfully reflect the prevailing economic conditions.

A requirement to disclose additional information when a currency is not exchangeable. When a currency is not exchangeable, the company discloses information that would enable users of its financial statements to assess how the lack of exchangeability of the currency affects, or is expected to affect, its financial performance, financial position and cash flows.

c. Standards, amendments and interpretations that are not yet in force and are not applied at an earlier date by the Company

As at the date of approval for issue of these financial statements, new standards, amendments and interpretations to existing standards have been published, but are not yet in force or have not been adopted by the EU for the financial year beginning on 1 January 2025, and have not been applied at an earlier date by the Company. Management expects all standards and amendments to be adopted in the accounting policy of the Company in the first period beginning after the date of their entry into force.

- **Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments, effective from 1 January 2026, adopted by the EU**

The amendments to IFRS 9 and IFRS 7 include:

Derecognition of a financial liability settled through electronic transfer. The amendments to the application guidance of IFRS 9 permit a financial liability (or part of it) that will be settled with cash through an electronic payment system to be considered settled before the settlement date if certain criteria are met. An entity that elects to apply the 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 are consistent with a basic lending arrangement. The amendments add examples of financial assets that have or do not have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The description of the term "non-recourse" is improved. Under the amendments, a financial asset has non-recourse characteristics if the entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- The characteristics of contractually linked instruments that distinguish them from other transactions are clarified. The amendments also note that not all transactions with multiple debt instruments meet the criteria for transactions with multiple contractually linked instruments, and give an example. The reference to the instruments in the underlying pool may include financial instruments that are not within the scope of the classification requirements.

Disclosures:

- The disclosures related to investments in equity instruments measured at fair value through other comprehensive income are changed. In particular, the entity will be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss relating to investments derecognized during the period and the fair value gain or loss relating to investments held at the end of the period.
- The amendments require disclosure of contractual terms that could change the timing or amount of the contractual cash flows on the occurrence (or non-occurrence) of a contingent event that is not directly related to changes in basic lending risks and costs. The requirements apply to each class of financial asset measured at amortized cost or at fair value through other comprehensive income, and to each class of financial liability measured at amortized cost.

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

- **Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity, effective from 1 January 2026, adopted by the EU**

Amendments to the own-use exemption. Under IFRS 9, it is not always clear whether a company that purchases electricity through power purchase agreements (PPAs) can apply the own-use exception for accounting purposes. If the own-use exception does not apply, PPAs are accounted for as derivatives measured at fair value through profit or loss (FVTPL). PPAs are often long-term agreements, so measuring them at FVTPL can potentially lead to significant volatility in the income statement over many reporting periods.

To apply the own-use exception to PPAs, IFRS 9 currently requires companies to assess whether the contract is for the receipt of electricity in accordance with the company's expected purchase or consumption requirements – for example, the buyer expects to use the quantity it purchases and then actually uses it.

The challenge arises because of the unique characteristics of electricity, including the difficulty of storing it and the market structure – i.e. if the purchasing company is unable to use the electricity within a short time, it must be sold back to the market within a specified period. Although these sales take place because of the market structure and not with the aim of making a profit from short-term price fluctuations, it is not clear whether the company can apply the own-consumption exception under the existing requirements.

The amendments allow a company to apply the own-use exemption to power purchase agreements if the company has been and expects to be a net purchaser of electricity for the term of the contract. The amendments are applied retrospectively, using facts and circumstances from the beginning of the reporting period of initial application (without requiring restatement of the prior period).

Amendments to hedge accounting:

Virtual PPAs and PPAs that do not meet the requirements for the own-use exception are accounted for as derivatives and measured at fair value through profit or loss. Applying hedge accounting can help companies reduce fluctuations in profit or loss by reflecting how these PPAs hedge the price of future purchases or sales of electricity. Under IFRS 9, in order to apply hedge accounting, there must be an economic offset between changes in the value of the hedging instruments and the hedged transactions. Buyers and sellers of PPAs face challenges in applying cash flow hedge accounting under IFRS 9. This is because the fair value of the hedging instrument (the PPA) is based on a P50 estimate, but the hedged transaction must be based on a P90 estimate, due to the requirement that the hedged transaction be highly probable. This creates a mismatch that could lead to a failure to meet the hedge accounting requirements.

New disclosure requirements:

Under the amendments, a company may apply the own-use exception to certain power purchase agreements and therefore not recognize these contracts in its statement of financial position. In such a case, the company is required to disclose additional information, such as:

- Contractual features that expose the company to changes in the volume of electricity and the risk of oversupply;
- Expected future cash flows from unrecognized contractual obligations to purchase electricity in appropriate time bands;
- Qualitative information on how the company has assessed whether a contract may become onerous; and
- Qualitative and quantitative information on the costs and proceeds related to purchases and sales of electricity, based on the information used to assess the "net purchaser" position.

In addition, for power purchase agreements designated in a cash flow hedging relationship, companies must break down the disclosed information about the terms by risk category.

- **Amendments to various standards "Annual Improvements to IFRS", effective from 1 January 2026, adopted by the EU**

The IASB amendments remove the inconsistency between IFRS 9 and IFRS 15 regarding the amount at which a trade receivable is initially measured. Under IFRS 15, a trade receivable can be recognized at an amount that differs from the transaction price – for example, when the transaction price is variable. On the other hand, IFRS 9 requires companies to initially measure trade receivables without a significant financing component at the transaction price. The IASB amends IFRS 9 to require companies to measure trade receivables without a significant financing component at the amount determined by applying IFRS 15.

If a lease liability is derecognized, the derecognition is considered under IFRS 9. However, when a lease liability is modified, the modification is accounted for under IFRS 16 "Leases". The IASB amendment states that when lease liabilities are derecognized under IFRS 9, the difference between the carrying amount and the consideration paid is recognized in profit or loss. However, the amendment does not address how to distinguish between derecognition and modification of a lease liability. The IASB has indicated that it may consider this issue as part of a future project. The amendments apply for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted. The amendments regarding the derecognition of lease liabilities apply only to lease liabilities settled on or after the beginning of the annual reporting period in which the amendments are first applied.

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

IFRS 18 aims to improve the way companies present information in their financial statements, focusing on information about financial performance in the statement of profit or loss. The requirements in IAS 7 Statement of Cash Flows are also partially changed. IFRS 18 replaces IAS 1 Presentation of Financial Statements. The requirements described in IAS 1 that are not changed are carried over to IFRS 18 and other standards. Although IFRS 18 will not affect the way companies measure financial performance, it will affect the way 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;
- Adding new principles for grouping information, as well as requirements on whether information should be presented 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 elect 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 does not have public accountability; and
- It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS accounting standards.

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 (a domestic or foreign stock exchange or an 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 that applies IFRS 19 applies the requirements of the other IFRS accounting standards, except for the disclosure requirements.

IFRS 19 introduces the following disclosure requirements:

- The disclosure requirements in other accounting standards that remain applicable to an entity applying IFRS 19 are set out in IFRS 19;

- If an entity applying IFRS 19 applies IFRS 8 Operating Segments, IFRS 17 Insurance Contracts or IAS 33 Earnings per Share, it is required to apply all disclosure requirements in those standards;
- A new or amended IFRS accounting standard may include disclosure requirements regarding the entity's transition to that standard. Any exemption of an entity applying IFRS 19 from the disclosure requirements regarding the entity's transition to that new or amended standard will be set out in the new or amended IFRS accounting standard;
- If the information resulting from an IFRS 19 disclosure is not material, the entity is not required to provide that specific disclosure.
- **Amendments to IFRS S2 Amendments to the Disclosure of Greenhouse Gas Emissions, effective from 1 January 2027, adopted by the EU**

Limitations on the disclosure of Scope 3, Category 15 emissions. The amendments allow entities to limit the inclusion in Scope 3, Category 15 emissions to only their financed emissions. In this context, financed emissions are those that can be attributed to loans and investments made by the entity to counterparties or entities in which it has invested. For asset management entities, this also includes emissions that can be attributed to assets under management. Emissions that can be attributed to derivatives, however, can now be excluded. When this limitation is applied, the entity must explain which instruments are treated as derivatives. It must also describe the financial activities that are excluded from the measurement of Scope 3, Category 15 emissions, including activities related to derivatives.

Exemption from certain requirements. Previously, IFRS S2 required entities to measure greenhouse gas emissions in accordance with the "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)". The amendments introduce an exemption from this requirement when an entity is required, in whole or in part, by a jurisdictional authority or a stock exchange to use a different method. This exemption allows entities to apply the other required method only for the part of the entity to which that jurisdiction relates. The IASB also provided jurisdictional relief in calculating CO2-equivalent values using global warming potential values.

Breakdown of information by industry. Entities that carry out commercial banking or insurance activities are required to disclose their absolute gross financed emissions, broken down by Scope 1, Scope 2 and Scope 3 emissions for each industry by asset class. The amendments introduce relief from this requirement and allow entities to choose an industry classification system.

d. Changes in accounting policy

The accounting policies adopted 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. Under this principle, the entity is normally regarded as continuing its operations in the foreseeable future without any intention or need for liquidation, cessation of business or seeking protection from creditors as a result of existing laws or other regulations. Accordingly, assets and liabilities are accounted for on the basis of the entity's ability to realize its assets and settle its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the foreseeable future, which covers at least, but is not limited to, the twelve months from the end of the reporting period.

As at the date of preparation of these financial statements, management has assessed the entity's ability to continue as a going concern based on the available information for the foreseeable future. After reviewing the entity's operations, management expects the entity to have sufficient financial resources to continue its operating activities in the near future and continues to apply the going concern assumption in preparing the financial statements. Supporting management's assessment — which covers a period of 12 months after the end of the reporting period — that the entity will continue its operations in the foreseeable future is also the fact that the entity's current assets significantly exceed its liabilities, which is a prerequisite for the adequacy of the entity's resources for its liquidity needs.

f. Comparative data

The Company has adopted the presentation of comparative information in its financial statements for one prior period. When, for the purpose of a more faithful presentation of the reporting items and transactions, changes in their classification and presentation as separate components of the annual financial statements are necessary, the comparative data for the prior period are reclassified in order to achieve comparability with the current reporting period. In the event of a change in accounting policy, correction of a prior period error or a change in the presentation of financial information, the correction is reflected retrospectively and the Company additionally provides a statement of financial position as at the beginning of the comparative period.

g. Reporting currency

The functional currency of the Company and the reporting currency for presentation of the Company's financial statements is the Bulgarian lev. Since 1 January 1999 the Bulgarian lev has been fixed to the euro at a rate of BGN 1.95583 = EUR 1. On initial recognition, a foreign currency transaction is recorded in the functional currency by applying the exchange rate at the time of the transaction or operation 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 accounted for in the functional currency by applying the exchange rate published daily by the BNB.

The most significant exchange rates for the Company's activities as at 31.12.2025 are as follows:

	31 December 2025	31 December 2024
	BGN	*BGN*
1 EUR equals	1.95583	1.95583

Non-monetary reporting items in the statement of financial position initially denominated in foreign currency are accounted for in the functional currency by applying the historical exchange rate at the date of the transaction and are not subsequently remeasured at the closing rate.

h. Accounting estimates

The presentation of financial statements in accordance with IFRS accounting standards as adopted by the EU requires management to make best estimates, accruals and reasonably justified assumptions that affect the reported values of assets and liabilities, income and expenses, as well as the disclosure of contingent receivables and liabilities as at the date of the report. These estimates, accruals and assumptions are based on the information available as at the date of the financial statements, and therefore future actual results may differ from them. The items that involve a higher degree of subjective judgment or complexity, or where the assumptions and accounting estimates are material to the financial statements, are disclosed in Note v.

i. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Initial acquisition

Cost includes the purchase price, non-refundable taxes and fees payable on the purchase and all other direct costs necessary to bring the asset into working condition. Direct costs are: site preparation costs, initial delivery and handling costs, installation costs, fees for persons involved in the project, etc. The Company's adopted recognition threshold for an asset in the property, plant and equipment group is BGN 700, below which the acquired assets, although they have the characteristics of non-current assets, are accounted for as a current expense.

Subsequent measurement

After initial recognition, non-current assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs

Subsequent costs arising from the replacement of a component of property, plant and equipment that is accounted for separately are capitalized after the derecognition of the respective separate component. Other subsequent costs are capitalized only if they lead to an increase in the economic benefit from the use of the respective asset above that initially determined for the asset. All other subsequent costs related to maintaining the asset in a serviceable condition are accounted for as current in the statement of profit or loss and other comprehensive income.

Depreciation

Depreciation is charged on a straight-line basis over the expected useful life of the depreciable non-current assets. The depreciation period for assets acquired under a lease contract is the shorter of the term of the contract and the useful life of the assets, except when it is almost certain that ownership will be acquired by the end of the lease contract.

The expected useful lives are as follows:

Asset group	Useful life
IT equipment and hardware	2 years
Office furniture and other PP&E	7 years

At the end of each financial year, a review is made of the residual values, useful lives and applied depreciation methods of the assets, and if significant deviations from the expected future period of use are established, they are adjusted. The adjustment is treated as a change in accounting estimates and is applied prospectively, from the date of the change.

Derecognition of non-current assets

An item of property, plant or equipment is derecognized on its disposal or when no future economic benefits are expected from its use. Gains or losses arising on the derecognition of the asset (representing the difference between the net proceeds from disposal, if any, and the carrying amount of the asset) are included in the statement of profit or loss and other comprehensive income when the asset is derecognized.

j. Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. At each reporting date, management reviews the useful lives of intangible assets. Amortization is calculated on a straight-line basis in order to reduce the cost of intangible assets to their residual value over their useful life. The Company assesses whether the useful life of an intangible asset is finite or indefinite. The expected useful life of software is 2 years.

k. Financial instruments

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

(i.) Financial assets

Initial recognition, classification and measurement

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

The Company initially measures financial assets at fair value and, in the case of financial assets not measured at fair value through profit or loss, adds the direct transaction costs. The exception is trade receivables that do not contain a significant financing component – they are measured at the transaction price determined in accordance with IFRS 15.

Purchases or sales of financial assets whose terms require delivery of the assets within a period of time established generally by regulation or convention in the respective market (regular-way purchases) are recognized on the trade date (the transaction date), i.e. the date on which the company undertook to purchase or sell the asset.

The classification of financial assets on initial recognition depends on the characteristics of the contractual cash flows of the respective financial asset and the company’s business model for its management. In order to be classified and measured at amortized cost or at fair value through other comprehensive income, the terms of a financial asset must give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. For this purpose, an SPPI test is performed at the instrument level.

The company’s business model for managing financial assets reflects the way in which the company manages its financial assets to generate cash flows. The business model determines whether the cash flows result only from the collection of contractual cash flows, from the sale of financial assets, or both.

Subsequent measurement

For the purposes of the 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 financial assets at amortized cost when both of the conditions below are met:

- The financial asset is held and used within a business model whose objective is to hold it in order to collect the contractual cash flows from it, and
- The terms of the contract for the financial asset give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method. 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 derecognized, modified or impaired. The company's financial assets at amortized cost include: cash and cash equivalents, loans granted and trade and other receivables.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized from the company's balance sheet 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 transfer arrangement; and either (a) the company has transferred substantially all the risks and rewards of ownership of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of it.

When the company has transferred its rights to receive cash flows from the asset or has entered into a transfer arrangement, it assesses whether and to what extent it has retained the risks and rewards of ownership. When the company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, nor transferred control of it, it continues to recognize the transferred asset to the extent of its continuing involvement in it. In this case, the company also recognizes the related liability. The transferred asset and the related liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement in the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company may be required to pay.

Impairment of financial assets

The Company recognizes an allowance (impairment provision) for expected credit losses for all debt instruments not measured at fair value through profit or loss. Expected credit losses are calculated as the difference between the contractual cash flows due under the terms of the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate. The expected cash flows also include the cash flows from the sale of collateral held or other credit enhancements that are an integral part of the terms of the contract.

Expected credit losses are calculated in a way that reflects:

- An unbiased, probability-weighted amount;
- The time value of money; and
- Information about past events, current conditions and forecast economic conditions.

Loans granted

For the calculation of expected credit losses on the loans granted, the Company applies the general impairment approach defined by IFRS 9 "Financial Instruments". The amount of expected credit losses recognized as an impairment allowance depends on the credit risk of the instrument on its initial recognition and on the change in credit risk in subsequent reporting periods.

Three levels of credit risk classification have been introduced, with specific reporting requirements provided for each level. Level 1 includes those financial instruments for which there has not been a significant change in credit risk since initial recognition and the arrears on the contractual 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 includes financial instruments for which there is objective evidence of default and/or the arrears on the contractual payments exceed 90 days.

At the end of each reporting period, the Company’s management makes an assessment of the level to which a given financial asset relates, in order to apply the respective requirements. A financial asset or a group of financial assets is considered to be impaired and to carry a loss when there is objective evidence of their deterioration, as a result of one or more events that have 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, which can be reliably estimated. The accumulated impairment is presented as a deduction from the carrying amount of the respective financial asset.

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

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

The carrying amount of the loans is reduced through the use of an allowance account for impairment loss. The amount of the loss is recognized in the statement of comprehensive income. The future cash flows for a group of financial assets that are reviewed together for impairment are estimated on the basis of the contractual cash flows and the historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current available data to reflect the effect of current conditions that did not affect the period on which the 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 to estimate future cash flows are reviewed regularly in order to reduce the differences between the estimates and current actual losses. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by reducing the allowance account for impairment loss.

As at the reporting date, for purchased or originated credit-impaired financial assets, the Company recognizes only the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance. The Company recognizes in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss.

Trade receivables and contract assets with customers

For the calculation of expected credit losses on trade receivables and contract assets 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 derecognized when the rights to receive the 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 substantially retained 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 assumed an obligation to pay all collected cash flows, without material delay, to a third party under a transfer transaction.

(ii.) Financial liabilities

Initial recognition, classification and measurement

The company’s financial liabilities include trade and other payables, loans and other borrowings. On their 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 related transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification. They are usually classified and measured at amortized cost.

Classification groups

Loans received and other borrowings

After their initial recognition, the company measures interest-bearing loans and borrowings at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income (in profit or loss for the year) when the respective financial liability is derecognized, as well as through amortization on an effective interest rate basis. The amortized cost is calculated by taking into account any discounts or premiums on acquisition, as well as fees or costs that are an integral part of the effective interest rate. The amortization is included as a financial expense in the statement of comprehensive income.

Derecognition

Financial liabilities are derecognized when the obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as the derecognition of the original liability and the recognition of a new one. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

(iii.) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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

The criteria applied to establish the "existence of a current and legally enforceable right to offset" are: that it does not depend on a future event, i.e. that it is not applicable only on the occurrence of some future event; and that it be enforceable and defensible by legal means in the ordinary course of business, in the event of default/arrears and in the event of insolvency or bankruptcy.

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. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and in bank accounts – on demand and/or with an original term of up to three months, which funds are free of any restrictions.

m. Interest income and interest expenses

Interest income and interest expenses for all interest-bearing financial instruments are recognized in interest income and interest expenses in the statement of profit or loss and other comprehensive income, applying the effective interest rate method for all instruments, except for those designated at fair value through profit or loss. The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense to the respective period.

The effective interest rate is the interest rate that exactly discounts the expected future cash payments or receipts over the expected term 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 by taking into account all the contractual terms of the financial instrument, but does not take into account future credit losses. The calculation includes all contractual outflows and inflows of cash that are an integral part of the effective interest rate, the transaction costs and all other premiums and discounts. Interest income is accounted for on the gross carrying amount of the loans, with the exception of loans for which there is objective evidence of impairment. For these, income is calculated using the original effective interest rate applied to the new carrying amount.

Interest expenses show the accrued interest expenses for the year, regardless of whether they have actually been paid as at the date of these financial statements. Exchange differences from foreign currency transactions are recognized net in the statement of comprehensive income.

n. Other income and financial income

Other income includes the net positive results, as well as gross income realized from activities other than the Company's ordinary activities and/or which are incidental. Other income includes income from operating leases, in accordance with the accounting policy and IFRS 16 – Leases, as well as income from sales of goods and non-current assets, net of their carrying amount, for which income is recognized in accordance with IFRS 15 at the moment the customer obtains control over them, i.e. when the performance obligation is satisfied. Other income also includes the written-off and undue liabilities, comprising financial liabilities and others, that have been terminated or have expired, as well as differences from write-offs related to provisions, and surpluses of assets and inventories, among others.

o. Administrative expenses and financial expenses

Expenses are recognized at the time of their occurrence on the basis of the accrual principle and the matching of income and expenses. They are measured at the fair value of the consideration paid or payable. The recognition of expenses for the current period takes place when the corresponding income is accrued. An expense is recognized immediately in the statement of income and expenses when the expense does not create a future economic benefit or when, and to the extent that, the future economic benefit does not qualify or ceases to qualify for recognition as an asset in the statement of financial position. Negative exchange differences, commissions and fees paid to banks, etc. are accounted for as financial expenses.

p. Employee benefits

Employee benefits include all forms of remuneration for past work performed by the employed staff and the respective social security contributions required by legislation. In accordance with the requirements of IAS 19, the accrued short-term employee benefits arising from unused leave of the staff and the social security contributions on these benefits accrued on the basis of the applicable social security rates, as well as other long-term benefits, are also included.

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are accounted for as expenses when the related services are received. A liability is recognized for the amount expected to be paid under 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 reliably estimated. The Company recognizes short-term liabilities for compensated absences 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 the employees rendered the work related to these leaves.

Long-term employee benefits

Defined contribution plans

A basic obligation of the company as an employer in Bulgaria is to carry out mandatory social security of its employed staff. The amounts of the social security contributions are approved specifically by the State 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 Social Security Code. The total amount of the contribution for mandatory state social security and for health insurance for 2023 is 33.3% for those working under the conditions of third-category labor. The distribution of the contributions for the Pensions Fund and for the Universal Pension Fund is 7.9% for the account of the insured person and 9.9% for the account of the insurer for those working under the conditions of third-category labor; for the other funds and for the health insurance contributions the distribution in the ratio employer : insured person 60 : 40 is maintained. For 2025 the amount and distribution of the contributions between employee and employer for the other funds are maintained.

These mandatory social security pension plans applied by the company in its capacity as an employer are defined contribution plans. The contributions payable by the company under the defined contribution plans for social and health insurance are recognized as a current expense in the statement of comprehensive income (in profit or loss), unless an IFRS requires this amount to be capitalized in the cost of a specific asset.

Defined benefit plans

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

q. Leases

The Company as a lessee

Assessment for recognition of a lease

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

- whether the contract contains an identified asset, which is either explicitly specified in the contract or implicitly specified at the time the asset is made available for use;
- the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use, within the defined scope of its right to use the asset under the contract;
- the Company has the right to direct the use of the identified asset throughout the period of use.

Initial recognition and measurement

At the commencement date of the lease contract, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which consists of the amount of the initial measurement of the lease liability, the initial direct costs incurred by the Company, an estimate of the costs that the lessee will incur to dismantle and remove the underlying asset at the end of the lease contract and any lease payments made before the commencement date of the lease contract minus the lease incentives received.

The Company depreciates the right-of-use asset on a straight-line basis from the commencement date of the lease over the term of the lease contract. The Company also reviews the right-of-use assets for impairment when such indicators exist.

At the commencement date of the lease contract, the Company measures the lease liability at the present value of the lease payments that are unpaid as at that date, discounted at the Company's incremental borrowing rate. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or is recognized in profit or loss if the carrying amount of the right-of-use asset has already been reduced to zero.

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

r. Taxes

Taxes recoverable

Recoverable taxes do not arise from contractual relationships and are not classified in the categories of financial assets. An amount paid for the current and previous period exceeding the amount due for those periods is recognized as an asset. Current tax assets for the current and previous periods are measured at the amount expected to be recovered from the tax authorities by applying the tax rates and tax laws in force or expected to be in force as at the balance sheet date. Taxes recoverable from the budget are included in the category of other receivables and prepaid expenses 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. Current tax for the current and previous periods is recognized as a liability to the extent that it has not been paid. Current tax liabilities for the current and previous periods are measured at the amount expected to be paid to the tax authorities by applying the tax rates and tax laws in force as at the balance sheet date.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized using the balance sheet method for all temporary differences as at the balance sheet date that arise between the tax base of assets and liabilities and their carrying amount as at the date of the financial statements. A deferred tax liability is recognized for all amounts of tax payable in future periods related to taxable temporary differences. A deferred tax asset is recognized for the amounts of tax recoverable in future periods related to deductible temporary differences, carry-forward of unused tax losses and credits, to the extent that it is probable that taxable profit will be available against which they can be used.

At each balance sheet date, the Company reviews the unrecognized deferred tax assets. The Company recognizes deferred tax assets not recognized in a previous period to the extent that it has become probable that future taxable profit will allow the recovery of the deferred tax asset. The carrying amount of deferred tax assets is reviewed at each balance sheet date. The Company reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be realized to allow the benefit of part or all of the deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be realized. Deferred tax assets and liabilities are measured at the tax rates expected to be in force for the period in which the asset is realized or the liability is settled/discharged, based on the tax rates (and tax laws) in force or expected to be in force as at the balance sheet date.

Current and deferred taxes are recognized as income or expense and are included in profit or loss for the period, except to the extent that the tax arises from a transaction or event that is recognized in the same or a different period directly in equity.

s. Capital

Lendivo OOD is a limited liability company registered in the Commercial Register in accordance with the legal requirements for the activity it carries out. The shares are liable for the Company's obligations up to the amount of their participation in the capital and can claim the return of this participation only in liquidation or bankruptcy proceedings. The Company's equity consists of:

- Share capital presented at par value in accordance with the decision on entry in the Commercial Register. The share capital is fully paid in.
- Retained earnings
- Current financial result

Dividends

Dividends are recognized as a reduction in 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 arose.

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 of IFRS requires otherwise.

u. Critical judgments in applying the accounting policy. Key estimates and assumptions with high uncertainty.

The preparation of financial statements in accordance with IFRS accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and, accordingly, the reported amounts of assets, liabilities, income and expenses. As a result, actual results may differ from these estimates. The 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 the event that the change affects not only the current period. The main judgments and assumptions applied in these financial statements are as follows:

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

Impairment losses on loans and receivables

The Company's management has an established policy of monthly review of the credit portfolio in order to determine the amount of expected credit losses. In determining whether and in what amount an expected credit loss should be recognized in the statement of profit or loss and other comprehensive income, an assessment is made of whether there is sufficient, visible and objective data indicating the existence of a measurable decrease in the forecast actual future cash flows from a portfolio (group) of loans with similar characteristics, even before such a decrease can be precisely identified and measured 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 calculations of the impairment of the credit portfolio include the following steps:

- Distribution of the portfolio into groups by days of arrears on the receivable.
- Calculation of impairment ratios for each of the arrears levels based on the migration of receivables from one level to another, averaged over twenty-four monthly periods.
- Calculation of the amount of the accumulated impairment loss of the Company's credit portfolio at the end of the reporting period – as the difference between its carrying amount and its recoverable amount. The change in its amount relative 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 data on the total amount of the credit portfolio, segmented by groups of arrears based on historical information for the previous twenty-four months. The process of analysis and judgment for determining the expected credit loss begins from the first day after the loan is granted to the customer. The Company monitors whether there are objective events and indicators of losses for each loan in a given group.

Related to lease contracts

In identifying and classifying a lease or a lease element in a given contract, the company's management makes a number of important judgments: whether there is a lease contract, including whether the contract contains an identified asset and whether under it the right to control the used asset is transferred for the respective term of the contract; determining the term of the contract; determining the incremental borrowing rate under the lease contracts. Management has made an analysis of the concluded rental contracts and has determined that there are contracts that contain a lease, and that under them the right to control the used qualified assets is transferred for the respective term of the contract. The identified assets are premises used as offices and cars.

v. Policy for the correction of errors

Prior period errors are omissions or misstatements in the Company's financial statements for one or more prior reporting periods arising from the failure to use, or the misuse of, reliable information that was available at the time the financial statements for those periods were approved for publication and that could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. These errors include the effects of mathematical errors, errors in applying accounting policy, oversights or misstatements of facts.

Errors may arise in connection with the recognition, measurement, presentation or disclosure of components of the financial statements. Potential errors for the current period discovered in the same period are corrected before the financial statements are approved for publication. However, errors are sometimes discovered in a subsequent period, and these prior period errors are corrected. A prior period error is corrected by retrospective restatement, unless it is impracticable to determine either the specific effects for the period or the cumulative effect of the error.

w. Events after the balance sheet date

Events after the balance sheet date are those events, both favorable and unfavorable, that occur between the balance sheet date and the date on which the financial statements are approved for publication. Two types of events are distinguished:

- those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date);
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

The Company adjusts the amounts recognized in the financial statements to reflect the adjusting events after the balance sheet date and updates the disclosures. When non-adjusting events after the balance sheet date are so material that non-disclosure would affect the ability of users of the financial statements to make economic decisions, the Company discloses the following information for each material category of non-adjusting event after the balance sheet date:

- the nature of the event;
- an estimate of its financial effect or a statement that such an estimate cannot be made.

x. Related parties and transactions with them

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

y. Contingent assets and liabilities

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle it and the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and liabilities are not recognized.

aa. Statement of cash flows

The Company has adopted a policy of reporting and presenting cash flows using the direct method in the statement of cash flows. Cash receipts from customers and cash payments to suppliers are presented gross, including VAT (20%). The VAT paid on the purchase of non-current assets is shown on the line "purchase of non-current assets", insofar as it participates in the Company's operating flows for the respective period/month. Flows are classified as cash flows from:

- Operating activities
- Investing activities
- Financing activities

bb. Statement of changes in equity

The Company presents a statement of changes in equity, which shows:

- the profit or loss for the period;
- each item of income or expense for the period that, in accordance with the requirements of another standard or interpretation, is recognized directly in equity, as well as the total amount of these items;
- for each component of equity, the effects of changes in accounting policy and corrections of errors in accordance with IAS 8;
- the amounts of transactions with the owners of the capital acting in their capacity as holders of equity, presenting separately the distributions to the owners;
- the balance of retained earnings (i.e. accumulated profit or loss) at the beginning of the period and at the balance sheet date and the movements for the period;
- a reconciliation of the carrying amount of each class of contributed capital and each reserve at the beginning and end of the period, with each change disclosed separately.

Additional information to the items of the financial statements

3. Interest and fee income

	2025	2024
	(BGN '000)	*(BGN '000)*
Interest income on loans granted	498	182
Income from fees and penalties on loans granted	9,448	2,693
Other interest income on loans	69	14
Income from insurance commissions	85	-
Total:	**10,100**	**2,889**

4. Interest expenses

	2025	2024
	(BGN '000)	*(BGN '000)*
Loans received from related parties	153	136
Interest on leases IFRS 16	30	8
Crowdfunding platforms	388	-
Total:	**571**	**144**

Lendivo

5. Financial expenses

	2025	2024
	(BGN '000)	*(BGN '000)*
Bank charges and transfer fees	189	67
Total:	**189**	**67**

6. Personnel expenses

	2025	2024
	(BGN '000)	*(BGN '000)*
Salary expenses	1,073	173
Social security expenses	140	29
Total:	**1,213**	**202**

7. Total administrative expenses

	2025	2024
	(BGN '000)	*(BGN '000)*
Advertising and marketing services	458	274
Fees and commissions – banks and payment institutions	40	14
Creditworthiness checks	79	99
Depreciation and amortization	174	43
IT services and applications	26	-
Telephone services	247	71
Materials and consumables	51	18
Civil contracts	22	8
Job advertisement expenses	25	18
Commissions for external collection of loans	77	48
Credit intermediation	643	-
Other	9	3
Written-off receivables	17	248
Insurance	5	-
Subscriptions	4	-
Legal and accounting services	97	-
Rent	9	-
Entertainment expenses	2	-
Total:	**1,985**	**844**

8. Income tax expense

	2025	2024
	(BGN '000)	*(BGN '000)*
Accounting profit before tax	385	49
Tax temporary differences, net	75	6

	2025	2024
	(BGN ’000)	(BGN ’000)
Tax permanent differences, net	43	4
Tax result	503	59
Tax rate	10%	10%
Income tax expense	51	6

The effective tax rate for 2025 is 13.1% (2024: 12.1%).

9. Cash and cash equivalents

	31.12.2025	31.12.2024
	(BGN ’000)	(BGN ’000)
Cash on hand	13	10
Cash in credit and payment institutions	5,253	334
Total:	**5,266**	**344**

The Company has blocked cash in the amount of BGN 10 thousand, representing a guarantee for the National Social Security Institute. A review for expected credit losses was made in accordance with IFRS 9, but management considered the amounts immaterial and no such amounts were accrued in 2025 and 2024.

10. Receivables on loans granted to customers

	31.12.2025	31.12.2024
	(BGN ’000)	(BGN ’000)
Principal	8,555	3,619
Interest, fees and penalties	2,448	911
Gross amount of loans	11,003	4,530
less: impairment loss	(7,340)	(1,583)
Total:	**3,663**	**2,947**

Movements in the allowance account for impairment of loans

	31.12.2025	31.12.2024
	(BGN ’000)	(BGN ’000)
At the beginning of the period	1,583	2
Accrued for the period	5,757	1,583
Written off for the period	-	(2)
At the end of the period	7,340	1,583

The following table presents the distribution of the receivables on the loans granted by days of arrears:

	31.12.2025	31.12.2024
	(BGN ’000)	(BGN ’000)
No arrears	2,733	1,172

	31.12.2025	31.12.2024
	(BGN '000)	*(BGN '000)*
1 – 90 days	1,863	1,157
Over 90 days	6,407	2,201
Total:	**11,003**	**4,530**

11. Other current assets

	31.12.2025	31.12.2024
	(BGN '000)	*(BGN '000)*
Trade receivables from customers and suppliers	21	38
Advance payments and prepaid expenses	16	1
Guarantees provided	1	-
Litigation and awarded receivables	157	-
Overpaid taxes	26	-
Total:	**221**	**39**

A review for expected credit losses was made in accordance with IFRS 9, but management considered the amounts immaterial and no such amounts were accrued in 2025 and 2024.

12. Property, plant and equipment

	Property, incl. right-of-use assets	Other assets	Total
Cost of assets acquired during 2024	847	12	859
Balance as at 31.12.2024	847	12	859
Cost of assets acquired during 2025	-	47	47
Balance as at 31.12.2025	847	59	906
Depreciation			
Charged	43	-	43
Balance as at 31.12.2024	43	-	43
Charged	169	5	174
Balance as at 31.12.2025	212	5	217
Carrying amount as at			
31.12.2024	804	12	816
31.12.2025	635	54	689

The Company prepared an impairment test of the property, plant and equipment as at 31 December 2025. No indicators were established that the carrying amount of the assets exceeds their recoverable amount. The Company has not pledged property, plant and equipment as collateral for its liabilities.

Additional information on the right-of-use assets included in the property, plant and equipment note is presented in the table below:

Buildings	(BGN '000)
Balance as at 01.01.2025	847

Buildings	(BGN ’000)
Balance as at 31.12.2025	847
Accrued depreciation	
Balance as at 01.01.2025	43
Depreciation charged for the period	169
Balance as at 31.12.2025	212
Carrying amount as at 31 December 2025	635

13. Current tax liabilities

	31.12.2025	31.12.2024
	(BGN ’000)	*(BGN ’000)*
Corporate tax	-	6
Personal income tax	26	4
Value added tax	-	7
Withholding tax	29	-
Total:	**55**	**17**

14. Trade payables and other current liabilities

Trade payables

	31.12.2025	31.12.2024
	(BGN ’000)	*(BGN ’000)*
Trade payables	56	82
Total:	**56**	**82**
Current	56	82

Other current liabilities

	31.12.2025	31.12.2024
	(BGN ’000)	*(BGN ’000)*
Current liabilities to personnel	109	32
Social security liabilities	21	7
Health insurance liabilities	7	2
Liabilities for unused leave	35	4
Other liabilities	72	15
Insurance liabilities	7	-
Total:	**251**	**60**

The net carrying amount of the current trade and other payables is considered a reasonable estimate of their fair value.

15. Lease liabilities

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

Amounts recognized in the statement of financial position – carrying amount

	31.12.2025	31.12.2024
	(BGN '000)	*(BGN '000)*
Buildings	651	809
Total:	**651**	**809**

The Company's lease liabilities as at 31 December 2025 relate to finance leases, contracts concluded for the right to use office premises. They are presented net of the interest due and are as follows:

	31.12.2025	31.12.2024
	(BGN '000)	*(BGN '000)*
Up to one year	164	158
Over one year	487	651
Total:	**651**	**809**

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

Depreciation of right-of-use assets	31.12.2025	31.12.2024
	(BGN '000)	*(BGN '000)*
Buildings	169	43
Total:	**169**	**43**

16. Loan liabilities

The Company's loan liabilities as at 31 December 2025 represent a liability on loans received from individuals and legal entities. The loans bear a fixed interest rate that varies within the range of 10% to 16%.

	31.12.2025	31.12.2024
	(BGN '000)	*(BGN '000)*
Crowdfunding platforms	7,645	-
Total:	**7,645**	**-**
Current	4,031	-
Non-current with maturity from 12 to 48 months	3,614	-

17. Share capital

As at 31 December 2025 the registered capital of the Company amounts to BGN 1,012 thousand, distributed in 101 thousand shares with a par value of BGN 10 each. The capital is fully paid in. There is no change in ownership during 2025.

As at 31 December 2025 the structure of the share capital is presented as follows:

Partners	No. of shares	Subscribed capital (BGN '000)	Paid-in capital (BGN '000)	Shareholding (%)
ST Investment EOOD	30,363	304	304	30%
SN Investment EOOD	30,363	304	304	30%
KK Investment EOOD	30,363	304	304	30%
RO Investment EOOD	10,121	100	100	10%

18. Financial result

	(BGN '000)
Uncovered loss as at 31.12.2023	(12)
Retained earnings as at 31.12.2023	6
Profit for the year 2024	**43**
Profit for the year 2025	**334**
Uncovered loss as at 31.12.2025	(12)
Retained earnings as at 31.12.2025	49

19. Credit risk

The Company is exposed to credit risk, which represents the risk that customers – borrowers may be unable or unwilling to pay the required amount at maturity. The Company manages credit risk through a framework it has developed that encompasses a wide range of mechanisms:

- The Company has developed internally approved procedures, rules and models for reviewing loan applications with the aim of minimizing credit risk.
- The Company carries out constant analysis and control over the approved internal procedures, and also makes constant efforts to improve the models on the basis of statistical and other information it receives, changing the criteria, requirements and procedures for approval.
- The Company sets limits related to a single borrower or group of borrowers, a geographical unit (street, neighborhood, city or region), a risk unit according to the developed scorecards and other categories of portfolio diversification.
- The Company makes efforts to renegotiate the terms of the loans of borrowers who are unable or unwilling to pay the required amount at maturity.

Maximum exposure to credit risk

	31.12.2025	31.12.2024
	(BGN '000)	*(BGN '000)*
Cash and cash equivalents	5,266	344
Loans granted to customers after impairment	3,663	2,947
Other current assets	221	39
Receivables from related parties	202	-
Total:	**9,352**	**3,330**

The table above presents the Company's credit risk exposure as at 31 December 2025 and 2024. For the balance sheet assets, the credit risk exposure presented in the table is based on the net carrying amount as reported in the Company's statement of financial position for the respective period. As at 31 December 2025, 39% of the maximum credit risk exposure is related to the credit portfolio. The Company's cash and settlement operations are concentrated in various first-class banks, as well as in cash on hand. In distributing the cash flows, the Company's management takes into account a number of factors, including the size of the capital, security, liquidity, the bank's credit potential, etc.

20. Currency risk

The Bulgarian lev has been pegged to the euro at a ratio of BGN 1.95583 per EUR 1 since 1 January 1999, as a result of the currency board that came into force in July 1997. As at 31 December 2025 and 31 December 2024, the Company's exposure to foreign currencies is only in euro, and therefore the Company's currency risk is assessed as minimal.

21. Liquidity risk

Liquidity risk is the risk that it is impossible for the Company to pay its obligations related to its financial 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 maintain liquidity efficiency, by providing borrowed funds for the needs of its credit products and maintaining a minimum surplus of cash. The Company's management considers that the matching and controlled mismatch of undiscounted cash flows and the risk of a change in the interest rate are important for maximizing profitability. It is normal for companies operating in the field of consumer lending to have a good matching of cash flows in the short-term periods, due to the rapid turnover. The existence of a mismatch in cash flows and the lack of cash surpluses potentially leads to an increase in profitability, but this also leads to an increase in the risk of loss. The existence of a mismatch in cash flows with cash surpluses reduces profitability due to the inefficient use of funds, but at the same time achieves more stable liquidity.

The table below presents the Company's due undiscounted cash flows from other financial liabilities at the end of the reporting period by remaining period to maturity. The amounts stated represent the contractual undiscounted cash flows, which also include the interest, if such is contracted.

As at 31 December 2025

	No maturity	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Total
Financial liabilities						
Lease liabilities	-	13	27	124	487	651
Trade and other payables	-	311	16	35	-	362
Loans received				4,031	3,614	7,645
Total		**324**	**43**	**4,190**	**4,101**	**8,658**

As at 31 December 2024

	No maturity	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Total
Financial liabilities						
Liabilities to related parties	-	-	-	-	2,129	2,129
Lease liabilities	-	13	27	118	651	809
Trade and other payables	-	135	20	4	-	159
Total		**148**	**47**	**122**	**2,780**	**3,097**

The liquidity of the various elements of the statement of financial position as at 31.12.2025 is as follows:

As at 31 December 2025

	No maturity	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Total
Cash	5,266	-	-	-		5,266
Loans granted, net		3,141	522	-	-	3,663
Receivables from related parties				202	-	202
Other receivables		-	-	221	-	221
Total assets		**8,407**	**522**	**423**	**-**	**9,352**
Loans received				4,031	3,614	7,645
Other liabilities		324	43	159	487	1,013
Total liabilities		**324**	**43**	**4,190**	**4,101**	**8,658**
Maturity gap		**8,083**	**479**	**(3,767)**	**(4,101)**	**694**
Cumulative		**8,083**	**8,562**	**4,795**	**694**	**694**

As at 31 December 2024

	No maturity	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 years	Total
Cash	344	-	-	-		344
Loans granted, net		1,653	663	631	-	2,947
Other receivables		-	-	39	-	39
Total assets		**1,997**	**663**	**670**	**-**	**3,330**
Liabilities to related parties					2,129	2,129
Other liabilities		148	47	122	651	968
Total liabilities		**148**	**47**	**122**	**2,780**	**3,097**
Maturity gap		**1,849**	**616**	**548**	**(2,780)**	**233**
Cumulative		**1,849**	**2,465**	**3,013**	**233**	**233**

22. Interest rate risk

31.12.2025	Interest-free	At fixed interest %	Total
Non-current liabilities	-	4,101	4,101
Non-current financial liabilities	-	4,101	4,101
Exposure to long-term risk	-	(4,101)	(4,101)
Current assets	5,455	3,865	9,320
Current financial assets from related parties		202	202
Current financial assets		3,663	3,663
Current trade and other receivables	189	-	189
Cash and cash equivalents	5,266	-	5,266
Current liabilities	134	4,195	4,329
Current financial liabilities	-	4,195	4,195
Current trade and other payables	134	-	134
Exposure to short-term risk	5,321	(330)	4,991

31.12.2025	Interest-free	At fixed interest %	Total
Total financial assets	**5,455**	**3,865**	**9,320**
Total financial liabilities	**134**	**8,296**	**8,430**
Total exposure to interest rate risk	**5,321**	**(4,431)**	**890**

23. Capital management

The Company's management uses the debt ratio – the ratio between the total debt capital and the equity of the Company – for the current monitoring and planning of the capital structure.

The debt ratio as at 31 December 2025 and 2024 is as follows:

	31.12.2025	31.12.2024
Total debt capital	**8,658**	**3,097**
Less: Cash and cash equivalents	(5,266)	(344)
Net debt capital	**3,392**	**2,753**
Total equity	**1,383**	**1,049**
Total capital	**4,775**	**3,802**
Debt ratio	0.71	0.72

As at 31 December 2025 the Company has a legal obligation for a minimum required capital in the amount of BGN 1,000 thousand, which requirement is met. 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.

24. 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:

Related party	Relationship
ST Investment EOOD	Partner
SN Investment EOOD	Partner
KK Investment EOOD	Partner
RO Investment EOOD	Partner
Stefan Nikolaev Topuzakov	Manager and owner of ST Investment EOOD
Svetlin Nikolov Sabev	Manager and owner of SN Investment EOOD
Kristiyan Georgiev Kostadinov	Owner of KK Investment EOOD
Roman Olegovich Slugin	Owner of RO Investment EOOD
Stik Credit AD	Company under the control of a manager
ST i K 9086 ZK 2 OOD	Company under the control of a manager
Stik Property OOD	Company under the control of a manager
Dizbet OOD	Company under the control of a manager
Casino Escape OOD	Company under the control of a manager
New Consulting EOOD	Company under the control of a manager
Mrezha za aktualni novini OOD	Company under the control of a manager

Related party	Relationship
Fondatsia Lazar Ivilinov Todorov	Company under the control of a manager
TEC Shumen OOD	Company under the control of a manager
STIK-CREDIT 9086 Cooperative	Cooperative under the control of a manager
Bedeks OOD	Company under the control of a manager
Afranga EOOD	Company under the control of a manager
Briz Konstrukt OOD	Company under the management of a manager
Pchelina konstrukt 2024 OOD	Company under the management of a manager
Erebrus EOOD	Company under the management of a manager
Vinitsa konstrukt 2024 OOD	Company under the management of a manager
Vladislavovo konstrukt 2024 OOD	Company under the control of a manager
Tiberus EOOD	Company under the management of a manager
Towers Estate 2025 OOD	Company under the management of a manager
Domera Build OOD	Company under the management of a manager
Ji Investment 2025 EOOD	Company under the management of a manager

Transactions with related parties

The volumes of the Company's transactions with related parties are as follows:

Related party	Type of transaction	31.12.2025	31.12.2024
		(BGN '000)	*(BGN '000)*
Stik Credit AD	Interest expenses on loans received	153	136
Afranga EOOD	Interest income on loans granted	2	-
Afranga EOOD	Commission expenses	446	-

The balances on the Company's transactions with related parties are as follows:

Related party	Type of transaction	31.12.2025	31.12.2024
		(BGN '000)	*(BGN '000)*
Stik Credit AD	Loans received	-	2,129
Afranga EOOD	Loans granted and interest receivables	202	-

The receivables from related parties as at 31.12.2025 amount to BGN 202 thousand – current. The interest rate between the related parties is 12%. No collateral has been provided on the loans granted. They are granted for a period of 12 months.

In 2025 the gross remuneration of the Company's key management personnel and the social security expenses amount to BGN 100 thousand (2024: BGN 0 thousand).

25. Movement of liabilities arising from financing activities

The table below presents the changes in the liabilities from financing activities, including the cash and non-cash 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 1.1.2025	Cash flows		Non-cash flows		Balance as at 31.12.2025
	(BGN '000)	Received (BGN '000)	Repaid (BGN '000)	(BGN '000)	(BGN '000)	(BGN '000)
Loans	2,129	8,752	3,236	-	-	7,645
Total	**2,129**	**8,752**	**3,236**	**-**	**-**	**7,645**

26. Military conflicts around the world

The year 2025 continues to be marked by the military conflicts around the world. They have a significant effect on the global economy, which leads to separate effects on the various local economies. The future development of the conflicts is associated with much uncertainty and cannot be forecast in its entirety. The Company's management monitors and analyzes the impact of the conflicts on the activity, the business environment and the liquidity of the assets. The main risk that the company identifies at the time of approval of the financial statements is the risk of a delay in collections related to increased inflation. Management has made a detailed review of each exposure in the credit portfolio.

27. Contingent assets and liabilities

The Company has provided a guarantee in the amount of BGN 10 thousand in favor of the National Statistical Institute with a maturity of 31.05.2026. The Company is conducting cases against its debtors with a financial interest in the amount of BGN 298 thousand. Cases in a total amount of BGN 153 thousand have been filed against the Company.

28. Non-cash transactions

The Company has not carried out investing and financing transactions that did not involve the use of cash or cash equivalents.

29. Events after the reporting period

Pursuant to the Act on the Introduction of the Euro in the Republic of Bulgaria, effective from 1 January 2026, the euro becomes the official currency and legal tender in Bulgaria. The official exchange rate is set at BGN 1.95583 per EUR 1. The introduction of the euro as the official currency in the Republic of Bulgaria represents a change in the functional (reporting) currency of the Company, which will be reflected prospectively and does not represent an event after the reporting period that requires an adjustment to the financial statements for the year ending 31 December 2025. The Company does not expect material effects from the conversion of the opening balances as at 1 January 2026 into euro or from the process of changing the functional (reporting) currency.

Since the beginning of March 2026, an escalation of tensions related to the conflict in Iran has been observed, which contributes to increased geopolitical uncertainty in the region and globally.

The potential consequences of these events include increased volatility on the energy markets, additional fluctuations in the macroeconomic environment and increased uncertainty about future economic conditions. The growth of energy and fuel prices has a direct impact on household expenses, and the pressure on budgets is felt particularly by lower-income families. The situation is reminiscent of the economic consequences of the war in Ukraine, which since 2022 has disrupted supply chains and led to an increase in energy prices. As then, so now, the effect is passed on to consumer prices, which calls into question the purchasing power of families and businesses.

Management is monitoring the development of the situation and has taken the available information into account in preparing the accounting estimates and assumptions; at present, no need for adjustments to the financial statements has been identified beyond the disclosures made.

The Company does not expect these two events to have a significant impact on its activities.

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

30. Disclosure under statutory requirements

The remuneration for the independent financial audit for 2025 amounts to BGN 15 thousand. No other services were provided.

31. Approval of the annual financial statements

The annual financial statements as at 31 December 2025 were approved by the Manager on 22 May 2026.

Compiler: Nadka Dimitrova   Head: Stefan Topuzakov