MFG
THE EASY FINWAY

MANAGEMENT FINANCIAL GROUP AD

Consolidated Activity Report
Independent Auditor's Report
Consolidated Financial Statements

For the year ending December 31, 2023

CONSOLIDATED ACTIVITY REPORT

Management presents its Consolidated Financial Statements for the year ending 31 December 2023, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU"). This Consolidated Statement has been audited by MGI Delta OOD.

CORPORATE INFORMATION

Management Financial Group AD (the 'Company') is a joint stock company established on 15 October 2015 under the name Spesh Cash Prim AD and it operates in Bulgaria. The Company was registered with the Registry Agency on 27 October 2015. Management Financial Group AD is a financial institution within the meaning of the Credit Institutions Act (CIA), it was entered in the Register of Credit Institutions under number BGR00361 pursuant to Order No. BNB-24967/10.03.2016 and has the following objects of activity: Granting loans with funds not raised through public attraction of deposits or other repayable funds; finance leasing; acquisition of loan receivables; acquisition of holdings in a credit institution or other financial institution in accordance with the Credit Institutions Act; providing investment management services, management, consultation services, including enterprise management consultations, consultations on investment issues and carrying out transactions, risk analysis and management, market research, project management, as well as any other activity not prohibited by law.

The registered seat and address of management of the Company are located at 7 Lyulin Residential Area, 28 Jawaharlal Nehru Blvd., 'Silver Center' Administrative Business Center, 2nd Floor, Office 40-46, City of Sofia, Bulgaria

Management Financial Group AD is managed by a Board of Directors comprising the following members:

- Antonia Vasileva Sabeva
- Petar Blagovestov Damyanov
- Angel Vasilev Madzhirov
- Apostol Ustianov Mushmov
- Ivelina Tsankova Kavurska

The total remuneration received in 2023 by the members of the Board of Directors is in the amount of BGN 1,001 thousand.

The company is represented by Antonia Vasileva Sabeva - Executive Director.

The consolidated financial statements of the Company as of and for the year ending 31 December 2023. covers the Company and its subsidiaries (see note 28 to the consolidated financial statements), together referred to as the "Group".

In the financial year 2023, the Group realized a profit after taxation in the amount of 64,648 thousand. BGN (2022: BGN 39,266 thousand) The profit was formed by income from interest on granted loans, fees and penalties in the amount of BGN 372,936 thousand. BGN, other income from the activity in the amount of 27,627 and net profit from changes in the fair value of financial assets in the amount of 467 thousand BGN.

The profit for the year also reflects the operating expenses of the Group. Core operating costs for 2023 amount to 236,760 thousand BGN (2022: 208,397) and are related to personnel costs in the amount of 149,595 thousand. BGN (2022: BGN 129,556 thousand); administrative expenses – 87,165 thousand BGN (2022: BGN 78,841 thousand).

Losses from impairment of loans granted to the Group for 2023. is 79,527 thousand BGN (for 2022: BGN 104,728 thousand).

The expenses for interest and fees are in the amount of 9,679 thousand. BGN (2022: BGN 7,479 thousand) and include BGN 6,021 thousand BGN expenses for interest on received loans, expenses for banking services in the amount of 3,658 thousand BGN

As of 31.12.2023 total assets of the Group are 519,825 thousand BGN (31.12.2022: BGN 433,223 thousand)

The Group's investments in financial assets, reported through profit or loss, amount to 51,705 thousand. BGN (31.12.2022: BGN 47,781 thousand). In total, receivables under granted loans are in the amount of 297,077 thousand. BGN (31.12.2022: BGN 241,955 thousand) Other assets amount to BGN 44,647 thousand. BGN (31.12.2022: BGN 38,033 thousand), investment properties in the amount of BGN 6,529 thousand. BGN (31.12.2022: BGN 6,217 thousand). The funds in cash and on current accounts are in the amount of 19,399 thousand. BGN (31.12.2022: BGN 21,176 thousand) (on current accounts BGN 16,925 thousand).

As of 31.12.2023 the Group's equity capital amounts to 357,923 thousand. BGN (31.12.2022: BGN 292,670 thousand), and the equity for the owners of the Parent Company – BGN 305,761 thousand. BGN (31.12.2022: BGN 251,666 thousand).

As of 31.12.2023 and as of 31.12.2022 the registered capital of the Parent Company is in the amount of 81 567 672 (eighty-one million five hundred sixty-seven thousand six hundred seventy-two) BGN, divided into 81 567 672 (eighty-one million five hundred sixty-seven thousand six hundred seventy-two) shares, each with a nominal value of 1 (one) BGN.

Rights for individual classes of shares:

Class A shares - 79,567,672 (seventy-nine million five hundred sixty-seven thousand six hundred and seventy-two) common, available, registered voting shares with a total par value of 79,567,672 (seventy-nine million five hundred sixty-seven thousand six hundred and seventy-two) BGN. Each Class A share has the following rights: (a) the right to vote (b) the right to a liquidation share (c) all other rights granted by law or the articles of association.

Class B shares – 1,000,000 (one million) registered, available, preferred shares with a total nominal value of BGN 1,000,000 (one million). Each class B share gives the following rights: (a) the right to an additional dividend in the amount according to an express decision of the General Meeting of Shareholders. (b) right to a liquidation share in the amount of 95% (c) right to nominate a member of the Board of Directors (d) right to receive a quarterly management report within 10 days of the end of the quarter, incl. income statements and key performance indicators regarding the Group's operations; (e) any other rights conferred by law or bylaw on Class A Shares Class B Shares are non-voting.

Class B shares - 1,000,000 (one million) registered, available, preferred shares with a total nominal value of BGN 1,000,000 (one million). Each class B share gives the following rights: (a) the right to an additional dividend in the amount, according to an express decision of the General Meeting of Shareholders. (b) right to a liquidation share in the amount of 70% (c) right to give a binding opinion on transactions financially involving the Group with an amount exceeding BGN 100,000.00 (one hundred thousand); (d) any other rights conferred by law or bylaw on Class A Shares Class B Shares are non-voting.

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

	2023 number	**2022** number
Shares issued and fully paid:	81 567 672	81 567 672
Shares issued and fully paid as of 31 December	81 567 672	81 567 672
Total shares authorized as of 31 December	81 567 672	81 567 672

A detailed overview of the financial results, as well as the financial instruments and the risks associated with them, are indicated in the notes to the financial statements of the Group. The main risks faced by the Group, including investment, credit, liquidity, interest rate, foreign exchange and capital management are explained in the notes to the financial statements.

Rights of the members of the Board of Directors to acquire shares of Management Financial Group AD

Each Board of Director's member has the right to acquire shares of Management Financial Group AD.

Participation of members of the Board of Directors in trading companies as partners with unlimited liability, holding more than 25% of the capital of another company, and their participation in the management of other companies or cooperatives as procurators, managers, or board members.

Member of the Board of Directors	**Companies**
Antonia Vasileva Sabeva	- Domenia Finance EOOD – owner and manager - Express Pay EOOD – manager. - Easy Individual Solutions SA Mexico – member of the Board of Directors - Doorstep Consulting Services SA Mexico – member of the Board of Directors - MFG Micro Credit Ghana Limited – member of the Board of Directors
Peter Blagovestov Damyanov	- Financial Bulgaria EOOD – Manager - MFG AB – Lithuania – Manager - MFG Invest AD – member of the Board of Directors - Iuvo OOD - Manager - Easy Asset Services Ltd. – Manager - Smart Asset Services – Manager - Odaya Home OOD – Manager - ZD INSTINCT EAD - Executive Director
Angel Vasilev Madzhirov	- Easy Asset Management AD – Executive Director - Easy Asset Management Belgrade – Executive Director - Sofia Fin Invest Private Limited – India – Executive Director
Apostol Ustianov Mushmov	- 11235 OOD -Manager - 11235 Great Britain - Sole owner of the capital and Manager
Ivelina Tsankova Kavurska	- Holiday complexes Troyan, 203737936 – sole owner and manager; - April Finance AD – Executive Director - Prospect Capital AD – Executive Director; - Chiron Management AD – member of the Board of Directors - Easy Asset Management AD – member of the Board of Directors

	- April Services EOOD - manager - EMFG Micro Credit Ghana Limited – member of the Board of Directors - Agency for control of outstanding debts S.R.L – member of the Board of Directors - Easy Individual Solutions – Mexico – member of the Board of Directors and Director - Dorstep Consulting Services Mexico – member of the Board of Directors and Director - 11235 Ltd. – manager - 11235 Great Britain – sole owner of the capital and manager

Contracts under Article 240b of the Commerce Act concluded during the year.

In 2023, the members of the Board of Directors or related parties have not entered into contracts with the Group that go beyond the Group's ordinary activities or significantly deviate from market conditions.

Plan for development of the Group in 2023

In 2023, the main objectives of the Group's management are:

- Acquisition of interests in other financial institutions.
- Attracting and building relationships with strategic partners – financial, public structures and other organizations.

Responsibility to society

The Group (MFG) creates sustainable business models using group resources (human, technological, financial and time) efficiently and effectively to promote a sustainable business environment inside and outside the group.

The Group (MFG) periodically participates in projects to improve the urban environment, incl. with the funds of the group companies and with personal funds and voluntary work of the employees.

In order for employees to feel useful and satisfied, it is necessary not only to offer them interesting, profitable work and high social status, but also to have the opportunity to return to society at least a little of what they received through charity or voluntary work. It is an integral part of the general policy of the company and the Group (MFG), which further increases their commitment and inspiration.

At the group level, a calendar has been developed with internal activities aimed at the well-being of employees and the development of local communities, environmental protection and support for vulnerable groups.

Calendar 2024

January - Humanity Month: focus on volunteering as an act, relationships with colleagues, customer service, ethical financing.

March - Women's Empowerment Month: focus on career development, harmony between work and private life, support of victims of violence with voluntary work and material assistance.

April - Earth month with a focus on environmental protection.

May – innovation month with a focus on product, service and business process innovation.

June - month of the children in the group with a focus on their personal growth.

July-August - a month of responsibility with a focus on the development of local communities and causes recognized by the group (child health, sports, support of vulnerable groups).

November - Men's Health Month with a focus on physical and mental health in the group, support and mutual aid, career and personal growth.

Responsible management

- ✓ For years, the companies of the Group (MFG) have been building their management structure with a focus on sustainability, strictly following their values and the principles of responsible behavior with their customers, employees, collaborators and partners.
- ✓ A uniform code of ethics is observed, there are working whistle-blowing policies, and a categorical non-discrimination policy is being developed, including in pay, on the basis of gender, sexuality, ethnicity and origin.
- ✓ Statistics show that the overwhelming percentage of employees are women, with which the Group (MFG) fulfills in practice its commitment to gender equality, in addition to its processes of attracting, hiring and retaining talent and for the social integration of vulnerable groups in society . As of 31.12.2023 the total number of employees in the Company is 7, in a ratio of 85.71% women against 14.29% men (as of 31.12.2022 the total number of employees in the Company is 7, in a ratio of 71.43% women against 28.57% men).
- ✓ The Group (MFG) has a code of ethics with a whistleblowing policy and anti-corruption policy.
- ✓ Conditions are created for the companies of the Group (MFG) to be companies where:
- ✓ people are hired and promoted for their merits (results and professional experience);
- ✓ there are opportunities for development and where a balance between working time and personal life has been achieved;
- ✓ team work within individual business units is valued;
- ✓ people have the opportunity to develop their full potential;
- ✓ compliance with competitive standards in terms of remuneration, in accordance with the business strategy, philosophy and values of the Company;
- ✓ feedback is encouraged in every activity and in every workplace. Opinions and opinions are sought and accepted from employees, actively participating in solving problems in the Company;
- ✓ Managers develop their leadership qualities;
- ✓ Employees are encouraged to be proactive and deal with change constructively, anticipating it where possible;
- ✓ People are encouraged to proactively manage risks in their daily tasks.

Human capital management

One of the main priorities of the Group (MFG) is the continuous improvement, training and development of employees.

- Increasing technical skills and
- Successful creation, management and participation in teamwork

The Group's annual budgets (AGBs) include mandatory funding for the development of the technical and soft skills of all employees at every level in the organization. The internal training system is constantly upgraded with content to meet specific and growing needs, both for internal training on various topics such as cybersecurity and personal data processing, and for the acquisition of new knowledge and skills and the upgrading of existing ones.

Additionally, people have access to various online learning resources.

Important events occurred after the end of the reporting period

On 10.01.2024 The parent company acquired additional shares in Sofia Fin-Invest Private Limited, India.
On 11.01.2024 The parent company sold 100% of the capital to Prospect Capital EAD.
On 01.04.2024 The parent company acquired additional shares in Access Finance AD
On 04/08/2024 The parent company subscribed to a 50% equity interest in Bretzel Digitaler Assekurdeur GmbH, Munich.
On 07.08.2024 The parent company sold 100% of the capital of AKPD Doel Skopje to another of its subsidiaries.
On 07.08.2024 The parent company acquired 100% of the capital of Easy Asset Services EOOD from another of its subsidiaries.

Management responsibility

The management of Management Financial Group AD has prepared the consolidated financial report for the year 2023, which gives a true and fair view of the Group's state at the end of the year and its accounting results. The financial report is prepared in accordance with International Financial Reporting Standards (IFRS).

Management confirms that it has consistently applied adequate accounting policies and that in preparing the financial statements as of December 31, 2023. the principle of prudence has been observed in the assessment of assets, liabilities, income and expenses.

The management also confirms that it has adhered to the current accounting standards, and the financial statements have been prepared on the going concern basis.

The management is responsible for the correct keeping of accounting records, for the expedient management of assets and for taking the necessary measures to avoid and detect possible abuses and other irregularities.

Antonia Sabeva
Executive Director
Date: September 30, 2024

mgi delta
AUDIT & TAX

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Management Financial Group AD,
ID Nr: 203753425
Sofia, Bulgaria

Opinion

We have audited the consolidated financial statements of Management Financial Group AD ("the Parent Company") and its subsidiaries, ("the Group") which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) applicable in European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Standards for Independence) (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the consolidated financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of IFAA and 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 Consolidated Financial Statements and Auditor's Report Thereon

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 consolidated activity report, we have also performed the procedures added to those required under ISAs in accordance with the "Guidelines on new and extended audit reports and communication by the auditor" of the professional organisation of certified public accountants and registered auditors in Bulgaria, the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming a position about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Position regarding Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed our position is that:

(a) The information included in the consolidated activity report referring to the financial year for which the consolidated financial statements have been prepared is consistent with those consolidated financial statements.

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS applicable in European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 IFAA and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, consolidatedly or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Одиторско дружество
София
Рег. № 177
Ем Джи Ай Делта ООД

Vladimir Kolmakov
Managing Partner and Registered Auditor in charge for the engagement
MGI Delta LLC

December 23, 2024
Sofia

MANEGEMENT FINANCIAL GROUP AD
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ending December 31, 2023

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

	Note	2023	2022 (restated)
Interest, fees, and penalties revenue		372 936	339 006
Interest and fees expenses		(9 679)	(7 479)
Net income from interest, fees, and penalties	3	**363 257**	**331 527**
Other operating income, net	4	27 627	14 190
Impairment loss of financial assets	5	(79 527)	(104 728)
Net gain / (loss) from changes in the fair value of financial assets measured at fair value through profit or loss	6	467	13 356
Personnel expenses	7	(149 595)	(129 556)
General administrative and other operating expenses	8	(87 165)	(78 841)
Profit before tax		**75 064**	**45 948**
Income tax expense	9	(10 416)	(6 682)
Profit for the year		**64 648**	**39 266**
Other comprehensive income			
Components that will not be reclassified to profit/(loss)			
Subsequent valuations of defined benefit pension plans		(168)	101
Components that can be reclassified to profit/(loss)			
Foreign exchange rate differences from foreign currency translation		(908)	(293)
Other comprehensive income for the year, net of tax		**(1 076)**	**(192)**
Total comprehensive income for the year		**63 572**	**39 074**
Profit for the year attributable to:		*64 648*	*39 266*
Owners of the parent company		52 068	33 212
Non-controlling interest		12 580	6 054
Total comprehensive income attributable to:		*63 572*	*39 074*
Owners of the parent company		51 242	33 095
Non-controlling interest		12 330	5 979

The notes form an integral part of these financial statements.
The present financial statements were approved on September 30, 2024.

Executive Director — Antonia Sabeva

Preparer — Vera Slavova

In accordance with the independent auditor's report:
Audit firm MGI Delta OOD

Vladimir Kolmakov
Manager and registered auditor in charge for the audit

23 -12- 2024

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 177
Ем Джи Ай Делта ООД

MANAGEMENT FINANCIAL GROUP AD
CONSOLIDATE STATEMENT OF FINANCIAL POSITION
As of December 31, 2023

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

	Note	31.12.2023	31.12.2022 (restated)	01.01.2022 (restated)
ASSETS				
Cash and cash equivalents	10	19 399	21 176	12 337
Microloans granted to individuals	11	287 367	235 701	207 897
Individually significant loans granted	12	9 710	6 254	26 999
Financial assets measured at fair value through profit or loss	13	51 705	47 781	31 865
Financial assets measured at amortized cost		1 208	-	-
Property, plant and equipment	14	62 343	50 717	30 713
Intangible assets	15	19 404	17 044	3 585
Right-of-use assets	16	13 469	5 760	6 073
Investment property	17	6 529	6 217	710
Other assets	18	44 647	38 033	40 734
Deferred tax assets	19	4 044	4 540	3 906
TOTAL ASSETS		**519 825**	**433 223**	**364 819**
LIABILITIES AND EQUITY				
LIABILITIES				
Borrowings	20	105 469	93 426	78 000
Lease liabilities	21	16 788	8 405	9 482
Other liabilities	22	38 246	35 850	28 020
Corporate tax payables		1 399	2 872	1 795
TOTAL LIABILITIES		**161 902**	**140 553**	**117 297**
EQUITY				
Share capital	23	81 568	81 568	81 568
Reserves	24	(51)	1 355	1 466
Retained earnings	25	224 244	168 743	133 503
Equity attributable to owners of the parent company		*305 761*	*251 666*	*216 537*
Non-controlling interest	26	52 162	41 004	30 985
TOTAL EQUITY		**357 923**	**292 670**	**247 522**
TOTAL LIABILITIES AND EQUITY		**519 825**	**433 223**	**364 819**

The notes form an integral part of these financial statements.
The present financial statements were approved on September 30, 2024.

Executive Director
Antonia Sabeva

Preparer
Vera Slavova

In accordance with the independent auditor's report:
Audit firm MGI Delta OOD

Vladimir Kolmakov
Manager and registered auditor in charge for the audit

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 177 Ем Джи Ай Делта ООД

23 -12- 2024

MANAGEMENT FINANCIAL GROUP AD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ending December 31, 2023
(All amounts are presented in BGN'000, unless otherwise stated)

	Attributable to owners of the parent					Attributable to owners of the parent	Non-controlling interest	Total equity
	Registered capital	Statutory reserve	Actuarial gains /(losses)	Translation Reserve	Retained earnings			
Balance at January 1, 2022	**81 568**	**2 558**	**-**	**(1 092)**	**133 880**	**216 914**	**30 985**	**247 899**
Changes in opening balances due to corrections of prior period errors	-	-	-	-	(377)	(377)	-	(377)
Recalculated balance at January 1, 2022	**81 568**	**2 558**	**-**	**(1 092)**	**133 503**	**216 537**	**30 985**	**247 522**
Total comprehensive income for the year, incl.	-	-	*101*	*(218)*	*33 212*	***33 095***	*5 979*	***39 074***
Profit for the year	-	-	-	-	33 212	33 212	6 054	39 266
Other comprehensive income for the year	-	-	101	(218)	-	(117)	(75)	(192)
Effects assumed by the non-controlling interest for:	-	*160*	-	*(154)*	*2 028*	***2 034***	*4 040*	***6 074***
Adjustments related to changes in non-controlling interest	-	160	-	(154)	2 028	2 034	4 307	6 341
Dividends distributed by subsidiaries	-	-	-	-	-	-	(267)	(267)
Balance at December 31, 2022	**81 568**	**2 718**	**101**	**(1 464)**	**168 743**	**251 666**	**41 004**	**292 670**
Total comprehensive income for the year, incl.	-	-	*(168)*	*(658)*	*52 068*	***51 242***	*12 330*	***63 572***
Profit for the year	-	-	-	-	52 068	52 068	12 580	**64 648**
Other comprehensive income for the year	-	-	(168)	(658)	-	(826)	(250)	**(1 076)**
Effects assumed by the non-controlling interest for:	-	*(576)*	-	*(4)*	*3 433*	***2 853***	*(1 172)*	***1 681***
Adjustments related to changes in non-controlling interest	-	(576)	-	(4)	3 433	2 853	(723)	2 130
Dividends distributed by subsidiaries	-	-	-	-	-	-	(449)	(449)
Balance at December 31, 2023	**81 568**	**2 142**	**(67)**	**(2 126)**	**224 244**	**305 761**	**52 162**	**357 923**

The notes form an integral part of these financial statements.
The present financial statements were approved on September 30, 2024.

Executive Director

Antonia Sabeva

Preparer

Vera Slavova

In accordance with the independent auditor's report:
Audit firm MGI Delta OOD

Vladimir Kolmakov
Manager and registered auditor in charge for the audit

23 -12- 2024

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Ем Джи Ай Делта ООД

MANAGEMENT FINANCIAL GROUP AD
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ending December 31, 2023
(All amounts are presented in BGN'000, unless otherwise stated)

	Note	2023	2022 (restated)
Operating activities			
Payments for microloans granted to individuals		(882 389)	(771 182)
Proceeds from repayments of microloans granted to individuals		1 049 931	894 768
Payments for individually significant loans granted		(7 505)	(5 443)
Proceeds from repayments of individually significant loans granted		4 192	4 069
Payments related to personnel		(140 474)	(125 020)
Receipts from customers		125 219	141 991
Payments to suppliers		(80 417)	(102 418)
Income tax paid		(13 780)	(8 210)
Other (payments)/receipts for operating activities, net		(25 885)	2 968
Net cash flows from operating activities		**28 892**	**31 523**
Investing activities			
Investments in subsidiaries		(5 504)	(6 788)
Investments in financial assets		(4 715)	(2 360)
Acquisitions of property, plant, equipment and intangible assets		(22 581)	(20 035)
Cash flows related to business combinations		(140)	3 696
Net cash flows from investing activities		**(32 940)**	**(25 487)**
Financing activities			
Proceeds from borrowings		15 786	20 613
Repayments of borrowings, including interest		(14 035)	(15 474)
Payments under lease contracts		(5 189)	(6 103)
Dividends paid		(435)	(261)
Proceeds from non-controlling interests at issue of equity in subsidiaries		5 492	4 039
Other cash flows from financing activities, net		677	321
Net cash flows from financing activities		**2 296**	**3 135**
Net increase/ (decrease) in cash and cash equivalents		**(1 752)**	**9 171**
Effect of foreign exchange rate changes		(25)	(332)
Cash and cash equivalents at the beginning of the year		**21 176**	**12 337**
Cash and cash equivalents at the end of the year	10	**19 399**	**21 176**

The notes form an integral part of these financial statements.
The present financial statements were approved on September 30, 2024.

Executive Director

Antonia Sabeva

Preparer

Vera Slavova

In accordance with the independent auditor's report:
Audit firm MGI Delta OOD

Vladimir Kolmakov
Manager and registered auditor in charge for the audit

23 -12- 2024

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 177
Ем Джи Ай Делта ООД

1. General information

1.1 Legal status

"Management Financial Group" AD, UIC: 203753425 (the "Company") is a joint-stock company established on 15.10.2015. under the name Emergency Cash Prim AD and operates in Bulgaria. The company was registered with the Registration Agency on 27.10.2015. "Management Financial Group" JSC is a financial institution within the meaning of the Law on Credit Institutions (LKI), entered under number BGR00361 in the Register of Credit Institutions based on Order No. BNB-24967/10.03.2016.
The seat and address of the Company's management are: sq. Lyulin 7, blvd. "Jawaharlal Nehru" No. 28, bl. ATC "Silver Center", fl. 2, office 40-46, town Sofia, Bulgaria.

"Management Financial Group" AD is managed by a Board of Directors, which consists of:

- Antonia Vasileva Sabeva
- Petar Blagovestov Damyanov
- Angel Vassilev Madzhirov
- Apostol Ustianov Mushmov
- Ivelina Tsankova Kavurska

The ultimate owners of the Parent Company are disclosed below in note 23 Share Capital.

The consolidated financial statements of the Parent Company as of and for the year ending 31 December 2023. comprises the Parent Company and its subsidiaries (see note 28 Subsidiaries), together referred to as the "Group".

The group includes in its structure leading companies specialized in the field of non-banking financial services in Central and Eastern Europe. MFG manages a rich portfolio of successful business models in the fields of consumer credit, micro and small business financing, credit cards, winemaking, digital business and other alternative financial models. Some of the institutions in the MFG structure are in the initial stage of their business activity, others are in a phase of dynamic development and growth, and others have established themselves in their industry with over 16 years of history in the field of financial services. MFG and the companies are an employer of over 8,300 employees and associates in nearly 450 offices in Bulgaria, Ukraine, Romania, Poland, North Macedonia and Spain.

1.2 Subject of activity

The group is engaged in the following activities: Granting loans with funds not raised through public solicitation of deposits or other recoverable funds; financial leasing; acquisition of credit claims; acquisition of shares in a credit institution or in another financial institution, pursuant to the Law on Credit Institutions; provision of investment management services, management, consultancy, including business management consultancy, investment and transaction consultancy, risk analysis and management, market research, project management, as well as any other activity not prohibited by law.

2. Accounting policy

The main accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied for all reporting periods presented, unless otherwise stated.

The consolidated financial statements include: consolidated statement of comprehensive income for the year, consolidated statement of financial position as of December 31, consolidated statement of changes in equity for the year, consolidated statement of cash flows for the year and explanatory notes thereto. It has been prepared in compliance with the historical cost principle, except for the items in the consolidated statement of financial position requiring presentation at fair value in accordance with applicable accounting standards. The Group classifies its expenses according to their nature.

2.1 Basis for the preparation of the consolidated financial statements

These consolidated financial statements have been prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS as adopted by the EU"). The reporting framework "IFRS adopted by the EU" is regulated in item 8 of the additional provisions to the Accounting Act, such as International Accounting Standards (IAS), adopted in accordance with Regulation (EC) 1606/2002 and including International Accounting Standards, International Financial Reporting Standards and related interpretations, subsequent amendments to these standards and related interpretations, future standards and related interpretations issued or adopted by the International Accounting Standards Board.

2.1.1 Comparative date

The Group has agreed to present comparative information in its financial statements for a prior period.

When, for the purposes of a more reliable presentation of the reporting objects and operations, it is necessary to make changes in their classification and their presentation as separate components of the financial statement, the comparative data for the previous year are reclassified in order to achieve comparability with the current reporting period. In the event of a change in accounting policy, correction of an error from a previous period or a change in the presentation of financial information, the correction is reflected retroactively and the Group presents an additional consolidated statement of financial position at the beginning of the comparative period.

2.1.2 Going concern principle

The present Consolidated Financial Statements have been prepared on the basis of the going concern principle. At the date of preparation of the Consolidated Financial Statements, management has made an assessment of the Group's ability to continue as a going concern, taking into account all available information for the foreseeable future, which is at least, but not limited to, twelve months from the date of the statement of financial position.

2.1.3 Level of liquidity and maturity structure

The group presents the consolidated statement of financial position generally by degree of liquidity. An analysis regarding the settlement of liabilities is presented in Note 30.B.2. An analysis of the recovery of assets or the settlement of liabilities within twelve months after the date of the consolidated statement of financial position (current) and after more than 12 months after the date of the consolidated statement of financial position (non-current) is presented in the notes to the consolidated financial statements.

2.1.4 Basis for consolidation

(a) Business combinations

Business combinations are accounted for using the purchase method at the date of acquisition, which is the date control is transferred to the Group. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values at the acquisition date of the assets transferred by the Group, the liabilities assumed by the Group to the former owners of the acquiree and the equity interest issued by The group in exchange for control of acquisitions. Acquisition-related costs are recognized in profit or loss as incurred.

At the date of acquisition, identifiable assets acquired and liabilities assumed are recognized at their fair value at the date of acquisition, except for:

• Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 and IAS 19, respectively

• Liabilities or equity instruments related to share-based payment arrangements on acquisitions are measured in accordance with IFRS 2 at the acquisition date

• Assets (or exemption groups) that are classified as held for sale in accordance with IFRS 5 are valued in accordance with this standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the sum of the non-controlling interests in the acquiree and the fair value of the acquiree's previously held interest in the acquiree (if any) over the net value of the acquisition. If, after revaluation, the acquisition date net value of the identifiable assets acquired and liabilities assumed exceeds the amount of the consideration transferred, the sum of all non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss.

When a business combination is effected in stages, the Group's previous interests (including joint operations) in the acquiree are revalued at their fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in acquisitions prior to the acquisition date that were previously recognized in other comprehensive income are reclassified to profit or loss where similar treatment would be appropriate if that interest were sold.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to derive an economic benefit from the business combination. Cash-generating units to which goodwill is allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit proportionately based on the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

In the year of acquisition of a subsidiary and first reporting of goodwill – The Group does not perform a goodwill valuation test, as it considers that, in the absence of the contrary, the carrying value of goodwill does not deviate from the value at formation. In each subsequent year, the management makes a test for the impairment of the goodwill formed during the acquisition of subsidiaries. For this purpose, it is assumed that each individual company appears as a cash flow generating entity. The Group's management's assessment of goodwill impairment is made through the lens and intent of the future economic benefits the Group expects to receive from these entities.

(b) Non-controlling interest

The non-controlling interest is valued based on its proportionate share of the value of the acquired identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as such. Non-controlling interest adjustments are based on the proportionate value of the subsidiary's net assets. No goodwill adjustments are recognized and no gains or losses are recognized as a result of such transactions, but are reflected directly in equity.

(c) Subsidiaries

Subsidiaries are those companies controlled by the Group. The group controls an entity when it has rights to the variable returns from its interest in the entity and has the ability to influence those returns through its powers.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is established until the date of its termination.

(d) Loss of control

Upon loss of control, the Group writes off the assets and liabilities of the subsidiary, non-controlling interest and other equity components related to the entity. The gain or loss arising from the loss of control is recognized in profit and loss. If the Group retains an interest in a former subsidiary, that interest is measured at fair value at the date of loss of control. Subsequently, this investment is accounted for using the equity method or as an available-for-sale financial asset depending on the level of influence retained.

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

(e) Transactions that are eliminated on consolidation

Intragroup revenues, expenses, estimates and transactions and all unrealized revenues and expenses arising from intragroup transactions are eliminated in the preparation of the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only if there is no evidence of impairment.

2.1.5 Changes in accounting policy and errors

The Group accounts for changes in accounting policy retroactively, adjusting the opening balance of each affected item of capital for the previous presented period, as well as other comparative amounts disclosed in the previous presented period, as if the newly adopted accounting policy had always been applied.

The Group retroactively corrects material errors from prior periods by restating the comparative amounts for the prior period presented in which the error occurred.

(a) Prior period error

In 2023, a prior period error concerning FY2020, FY2021, and FY2022, was identified - a subsidiary - Easy Asset Management AD had been sending to the subsidiary Financial Bulgaria EOOD (in its role as a guarantee company under contracts for microloans granted by the parent company) unfounded requests for payment of sums of money owed by microloan borrowers. After payment of the sums of money, Easy Asset Management AD ceded the loans to Financial Bulgaria EOOD.

The Group restated the error by applying the approach provided in IAS 8 Accounting Policy, Changes in Accounting Estimates and Errors, i.e. retroactively, having recalculated the comparative information from the previous reporting periods. The correction has had an impact on the financial results for FY2020, FY2021, and FY2022.

Effect of the restatement in the Consolidated Statement of Comprehensive Income

For FY2022	Reported before	Restatement	Restated
Other operating income, net	16 364	(2 202)	14 162
Impairment loss of financial assets	(106 640)	1 912	(104 782)
Profit before tax	**46 238**	**(290)**	**45 498**
Income tax expense	(6 711)	29	(6 682)
Profit for the year	**39 527**	**(261)**	**39 266**
Total comprehensive income for the year	**39 335**	**(261)**	**39 074**

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

Effect of the restatement on the Consolidated Statement of Financial Position

As of December 31, 2022	**Reported before**	**Restatement**	**Restated**
Cash and cash equivalents	21 125	51	21 176
Other assets	38 216	(183)	38 033
Total assets	**433 355**	**(132)**	**433 223**
Borrowings	93 365	61	93 426
Other liabilities	35 570	280	35 850
Corporate tax payables	2 696	176	2 872
Total liabilities	**140 036**	**517**	**140 553**
Retained earnings	169 392	(649)	168 743
Equity attributable to owners of the parent company	*252 315*	*(649)*	*251 666*
Total equity	**293 319**	**(649)**	**292 670**
Total equity and liabilities	433 355	(132)	433 223

As of January 1, 2022	**Reported before**	**Restatement**	**Restated**
Other assets	41 153	(419)	40 734
Total assets	**365 238**	**(419)**	**364 819**
Corporate tax payables	1 837	(42)	1 795
Total liabilities	**117 339**	**(42)**	**117 297**
Retained earnings	133 880	(377)	133 503
Equity attributable to owners of the parent company	*216 914*	*(377)*	*216 537*
Total equity	**247 899**	**(377)**	**247 522**
Total equity and liabilities	**365 238**	**(419)**	**364 819**

2.1.6. New standards and clarifications

Initial application of new amendments to existing standards that came into force during the current reporting period

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

- **Amendments to IAS 17 Insurance contracts** effective from 1 January 2023, adopted by the EU;
- **Amendments to IAS 8 Accounting Policy** , Changes in Accounting Estimates and Errors: Definition of Accounting Estimates Effective January 1, 2023 Adopted by the EU;
- **Amendments to IAS 1 Presentation of Financial Statements** , IFRS Statements of Appendix 2: Disclosure of Accounting Policies Effective January 1, 2023 Adopted by the EU;
- **Amendments to IAS 12 Income Taxes** : Deferred taxes related to assets and liabilities arising from single transactions effective from 1 January 2023 adopted by the EU;

- **Amendments to IFRS 17 Insurance contracts** : Initial application of IFRS 17 and IFRS 9 - Comparative information effective from 1 January 2023, adopted by the EU.

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

Standards and amendments to existing standards issued by the ISMS and adopted by the EU, which have not yet entered into force

As of the date of approval of this financial statement, the following new standards issued by the ISMS and adopted by the EU have not yet entered into force:

- **Amendments to IAS 1 Presentation of Financial Statements** (effective from 1 January 2024):
  • Classification of current and non-current liabilities (issued on January 23, 2020);
  • Classification of current and non-current liabilities - postponement of the effective date issued on July 15, 2020); and
  • Non-current liabilities with covenants (issued on 31 October 2022)
- **Amendments to IFRS 16 Leases:** Lease Liability on Sale and Leaseback (issued 22 September 2022 – effective 1 January 2024).

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

Currently, the IFRS adopted by the EU do not differ significantly from those adopted by the IASB, except for the following new standards, amendments to existing standards and new clarifications that have not yet been approved by the EU at the date of approval of these financial statements (the effective dates below are for the full IFRSs):

- **Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:** Disclosures: Financing Arrangements with Suppliers (issued 25 May 2023).
- **Amendments to IAS 21 Amendments from Changes in Exchange Rates:** Lack of Substitutability (issued on 15 August 2023).

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

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

In the Group's judgment, the application of hedge accounting for portfolios of financial assets and liabilities in accordance with **IAS 39 Financial Instruments - Recognition and Measurement** , would not have a material effect on the financial statements if applied at the reporting date.

2.2 Functional currency and recognition of exchange rate differences

The consolidated financial statement is presented in thousands. Bulgarian leva, which is the functional and presentation currency.

The functional currency of the Group's companies in Bulgaria and the reporting currency of the Group's presentation is the Bulgarian lev. According to the BNB Law, the lev is fixed to the euro at a ratio of BGN 1.95583:EUR 1.

The effects of foreign exchange rate differences relating to the settlement of foreign currency transactions, or the reporting of foreign currency commercial transactions at rates different from those at which they were originally recognized, are included in the consolidated statement of comprehensive income at the time of their occurrence, being treated as "other income/(losses) from the activity" and presented net.

For the purposes of each consolidated financial statement, a recalculation of the currency of the financial statements of subsidiaries abroad is carried out: from the functional currency of the relevant foreign subsidiary to the presentation currency (BGN) adopted in the consolidated financial statement, as:
a) all assets and liabilities are recalculated in the group currency at the closing rate of the local currency relative to it on December 31 or on the date of release of the company;
b) all income and expense items are recalculated in the group currency at the average rate of the local currency relative to it for the reporting period;
c) all resulting exchange rate differences as a result of recalculations are recognized and presented as a separate component of equity in the consolidated statement of financial position - "reserve from translation", and
d) exchange rate differences obtained as a result of the currency translation of the net investment in the overseas (foreign) companies, together with the loans and other currency instruments adopted to hedge these investments, are presented directly in equity.

Upon disposal (sale) of a foreign operation (and/or company), the cumulative amount of exchange rate differences, which were accounted for directly as a separate component in capital, are recognized as part of the profit or loss in the consolidated statement of comprehensive income in the line "profits / (losses) from acquisition of and disposal of subsidiaries, net", received on disposal (sale). Goodwill and fair value adjustments arising from the acquisition of an overseas (foreign) company are treated analogously to the assets and liabilities of that company and are recalculated in the presentation currency at the closing rate.

The functional currency of the companies in Romania, Poland, Ukraine and Macedonia are respectively:

Currency	2023		2022	
	Average exchange rate	Closing exchange rate	Average exchange rate	Closing exchange rate
RON	0.39538	0.39308	0.39733	0.39532
PLN	0.43061	0.45070	0.41763	0.41784
UAH	0.04944	0.04634	0.05000	0.04961
MKD	0.03181	0.03180	0.03172	0.03223
USD	1.80876	1.76998	1.86150	1.83371

The individual elements of the Group's financial statements are valued in the currency of the main economic environment in which the enterprise operates ("functional currency").

The consolidated financial statement is presented in thousands. Bulgarian leva, which is the functional and presentation currency.
The Bulgarian Lev is pegged to the Euro (EUR) through the mechanism of the Currency Board introduced in the Republic of Bulgaria on January 1, 1999.

2.3 Recognition of revenue and expenses

Interest revenue and expenses

For all financial instruments reported at amortized cost, interest-bearing financial assets classified as available-for-sale and financial instruments reported at fair value, interest revenue and expenses are reported as "interest revenue" and "interest expense" in the financial statement, using the effective interest rate method. It is a method of calculating the amortized cost of a financial asset or financial liability and allocating the interest revenue or interest expense for the relevant period. The effective interest rate is the interest rate that accurately discounts the estimated future cash flows for the life cycle of the financial instrument, or when necessary – a shorter period, relative to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows that take into account all contractual terms of the financial instrument (e.g. prepayment options), but does not take into account future credit losses. The calculation includes all fees and commissions paid or received between the parties to the contract that form an integral part of the effective interest rate, transaction expenses and all other premiums and discounts given or received.

Fee and commission revenue and expenses
Revenues from fees and commissions are accrued at the time the service is provided. Fees received for providing services for a specified period of time are accrued within that period of time. Revenues from fees for granted guarantees are recognized according to the validity period of the issued guarantee to the crediting company. Fees for loan liabilities that are most likely to be withdrawn, and other credit-related charges are deferred (together with any additional expenses) and recognized by changing the effective interest rate on the loan.

Revenue from penalties
Revenue from penalties and in the event of non-fulfillment of the contractual liabilities of the borrowers under granted loans are recognized in proportion to the term of the loan. In cases of early repayment, the residual amount of the claim is recognized as revenue on the date of early repayment.

Revenue from ceded receivables
Revenues from ceded receivables represent amounts collected in excess of the carrying amount of the ceded receivable.

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

Dividend revenue
Dividend revenue is recognized when the right to receive payment arises.

Revenue from valuation of investments in enterprises / capital instruments /
The Group accounts for its interests in other entities at fair value through profit and loss. To the extent that these valuations are material to the financial statements and to the Group as a whole, management has decided to report net gain/loss from the valuations of these financial instruments separately in a separate line item in the income statement on the face of the Statement of Comprehensive Income.

Revenue from contracts with customers
The Group recognizes revenue from contracts with customers, in accordance with the settlement of the performance obligation embedded in the contract, according to the rules of IFRS 15 Revenue from contracts with customers, namely:

- if the performance obligation is satisfied at a specific point in time ("point in time"), the related revenue is recognized in profit or loss when the service is provided,
- if the performance obligation is satisfied over time, the related revenue is recognized in profit or loss to reflect the progress of the performance of such obligation.

To determine whether and how to recognize revenue, the Group uses the following 5 steps:

1. Identification of the contract with a customer
2. Identification of performance obligations
3. Determining the transaction price
4. Allocation of the transaction price to the performance obligations
5. Revenue recognition when performance obligations are satisfied.

Operating expenses are recognized in profit or loss when the services are used or on the date they are incurred.

Insurance revenue
The Group's insurance income represents the provision of services arising from a group of insurance contracts at a value that reflects the consideration to which the Group expects to be entitled in exchange for those services. Insurance income from a group of insurance contracts is therefore the relevant part for the period of the total contract remuneration (ie the sum of premiums paid to the Group, adjusted for the financial effect (time value of money) and excluding any investment components). The total remuneration for a group of contracts covers amounts related to the provision of services and consists of:

- Cost of insurance services, excluding any amounts related to risk adjustment for non-financial risk and any amounts allocated to the loss component of the remaining coverage obligation;
- Income tax related amounts specifically charged to the policyholder;
- Risk adjustment for non-financial risk, excluding any amounts allocated to the loss liability component of the remaining coverage;
- The publication of the MOD;
- Acquisition costs.

Insurance financial income or expenses include the change in the carrying amount of the group of insurance contracts resulting from:

- The effect of the value of money over time and changes in the value of money over time;
- Impact of financial risk and changes in financial risk.

The financial assets of the Group securing the issued insurance portfolios are valued at amortized value.
The Group systematically allocates the expected total income or expenses from insurance financing over the life of the group of contracts in profit or loss, using discount rates determined at the initial recognition of the group of contracts.

2.4 Financial instruments

Classification
According to IFRS 9 Financial Instruments, the Group classifies financial assets based on the financial asset management business model and the contractual cash flow characteristics of the financial asset as (1) measured at amortized cost, (2) measured at fair value through other comprehensive income and (3) measured at fair value in profit or loss.

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

- The financial asset is held within a business model that aims to collect the agreed cash flows, and
- The contractual terms of the financial asset give rise, on certain dates, to cash flows that are only payments of principal and interest on the remainder of the principal.

Financial assets in the category Assessed at amortized cost constitute debt instruments (loans granted) whose business model is held to collect cash flows. The business model may be such that the assets are held to collect the contractual cash flows even if the Group sells the financial assets when there is an increase in the credit risk of the asset. In order to determine whether there is an increase in the credit risk of the assets, the Group takes into account all reasonable and substantiated information, including forecast information. Regardless of their frequency and value, sales driven by an increase in the credit risk of the assets are not incompatible with a business model whose objective is to hold financial assets to collect contractual cash flows, as the credit quality of the financial assets is relevant on the Group's ability to collect contractual cash flows. The business model used by the Group in relation to loans granted is "held for collection". The Group sells a financial asset when the asset's credit risk is increased, which is not inconsistent with this model.

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

- The financial asset is held within a business model, the purpose of which is the collection of the contractual cash flows and sale, and
- The contractual terms of the financial asset give rise to payments on specified dates of cash flows that are only payments of principal and interest on the principal balance.

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

Initial recognition
The Group recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to a contract of a financial instrument. When the Group initially recognizes a financial asset or liability, it classifies and measures it in accordance with the requirements of IFRS 9 mentioned above.

The trade date is the date on which the Group undertakes to buy or sell a financial asset or financial liability. In terms of reporting, the trade date refers to (a) the recognition of the asset to be received or the liability to be paid on the trade date, and (b) the write-off of the asset that has been sold, the recognition of gains and losses on sale and recognition of a receivable from the buyer upon payment on the trade date.

Transaction expenses include intrinsic expenses directly related to the acquisition, issuance or sale of a financial asset or liability. An intrinsic expense is that expense that would not have been incurred if the Group had not acquired, issued or sold a financial instrument. These expenses include fees and commissions paid to brokers, consultants and dealers, fees to regulatory agencies and stock exchanges, and transfer taxes and fees. Transaction expenses do not include debt securities premiums or discounts, financing expenses or internal administrative expenses, or holding expenses.

Financial liabilities are initially recognized at fair value, which represents the issuance proceeds (the fair value of the consideration received) net of transaction expenses, when material. Subsequently, they are carried at amortized cost and any difference between the net proceeds and the redemption value is recognized in profit or loss over the period of the loan using the effective interest method.

Subsequent evaluation
After initial recognition, the Group measures the financial instrument by:
- amortized value; or
- fair value through other comprehensive income; or
- fair value through profit or loss.

Depreciated value is equal to:
- the value at which the financial asset was measured upon initial recognition
- less payments per head
- plus/minus cumulative depreciation using the effective interest method for the differences between the original value and the maturity value adjusted for impairment losses.

When applying the effective interest rate method, the Group identifies the fees that are an integral part of the effective interest rate of the financial instrument. Fees that are an integral part of the effective interest rate of the financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value recognized in profit or loss. In these cases, the fees are recognized as revenue or expense upon initial recognition of the instrument.

Fair value evaluation
Fair value is the price received for the sale of an asset or paid for the transfer of a liability in an ordinary transaction between market participants at the measurement date (in the principal or most advantageous market) under market conditions (i.e., exit price) whether or not the price can be directly observed or determined by other methods of estimation.

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

Impairment
At each reporting date, the Group assesses the impairment loss for a financial instrument at an amount equal to the expected credit losses over the life of the instrument if the credit risk of the financial instrument has increased significantly since initial recognition. If the credit risk of the financial instrument has not significantly increased since initial recognition, the Group assesses the impairment loss for the given financial instrument at a value equal to the expected credit losses for 12 months. If the Group has assessed the impairment loss for a financial instrument at a value that is equal to the expected credit losses for the life of the instrument in previous reporting periods, but in the current reporting period determines that the requirements for expected credit losses for the life of the instrument no longer are not met, the Group measures the impairment loss at a value equal to the expected credit losses for 12 months as of the current reporting period. The Group recognizes in the statement of profit and loss as an impairment gain or loss the amount of expected credit losses (or recoveries) by which the impairment loss is required to be adjusted at the reporting date.

The impairment loss is equal to the expected credit losses for 12 months (stage 1) if at the reporting date there is no significant increase in credit risk since initial recognition. The impairment loss is equal to the expected credit losses over the life of the instrument if, at the reporting date, there is a significant increase in credit risk from initial recognition (stage 2) or there is a default on the asset after initial recognition (stage 3). The deal is always in stage 1 on the original date. Financial instruments with a maturity of less than 12 months are allocated to stage 1 or stage 2, but the corresponding expected credit losses will always be calculated taking into account the entire life of the instrument which is less than 12 months - stage 1.

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

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

Impairment of receivables from granted individually significant loans

The Group applies the general approach of IFRS 9 to measure expected credit losses on receivables from individually significant loans granted.

Expected credit losses are calculated on the date of each reporting period.

Valuation of receivables under granted individually significant loans for the purposes of risk management is a process that requires the use of models that reflect the impact on the exposure of changes in market conditions and the debtor's activity, expected cash flows and time to maturity. The assessment of the credit risk of individually significant loans granted leads to further judgments about the probability of default, the loss ratios associated with these judgments and the correlations between counterparties. The Group measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD).

To determine the credit risk of individually significant loans granted, the Group's management has developed a methodology that includes two main components: determining the debtor's credit rating, and statistical models for calculating marginal PDs by year for each rating. Regarding the rating, management uses internal assessments of the credit rating of individual debtors based on global methodologies of leading global rating agencies. The rating reflects financial ratios of leverage, liquidity, profitability, etc., quantitative (e.g. sales levels) and qualitative (e.g. financial policy, diversification, etc.) criteria according to the relevant methodology and industry.

Through statistical models based on historical global data on probabilities of default (PD) and transitions between different ratings, as well as on forecasts of key macroeconomic indicators (GDP growth, inflation, etc.), the required marginal PDs by year are determined for each rating.

Based on the established specific rating and the analysis of the characteristics of the debtor, including the changes that have occurred in them compared to the previous period, the stage of the instrument is determined (Stage 1, Stage 2 or Stage 3). The Group considers that a given financial instrument has experienced a significant increase in credit risk when:

(a) *Quantitative criteria*

- An increase in the lifetime probability of default (PD) of the financial asset at the reporting date compared to the lifetime probability of default at the date the asset was first recognized in the amount of 30%;
- The debtor is in arrears for more than 180 days, but less than 365 days, except for cases where the loan period could reach up to and over 2 years due to the financial specifics of the debtor;
- Actual or expected significant adverse changes in the debtor's operating results, above the permissible range of change, as measured by the debtor's key financial and operational indicators.

(b) *Qualitative criteria:*

- Significant adverse changes in business, financial and/or economic conditions in which the debtor operates;
- Actual or expected significant adverse changes in the debtor's operating results;
- Early signs of cash flow / liquidity problems such as delays in servicing trade creditors / bank loans.

The criteria used to determine a significant increase in credit risk are monitored and reviewed periodically for appropriateness by the Group's management.

The Group designates a financial instrument in default and with an incurred credit loss when it meets one or more of the following criteria:

(a) *Quantitative criteria*

- The debtor is more than 365 days in arrears on his contractual payments, except for cases where the loan period could reach up to or over 2 years due to the financial specifics of the debtor;
- Occurred or imminent significant adverse changes and events in the debtor's business, financial conditions and business environment, measured through a serious decline in the debtor's main financial and operational indicators;
- The debtor reports a series of losses and negative net assets;

(b) *Qualitative criteria*

The debtor is unable to pay due to significant financial difficulties. These are cases when:

- The debtor is in breach of the financial contract, e.g. interest payments, collateral and/or other essential contract, incl. and for financing;
- Adverse changes in the debtor's business, market, environment and regulations;
- Discounts and reliefs made in connection with the debtor's financial difficulties;
- It is likely that the debtor will be declared bankrupt.

The definition of default is applied consistently to model probability of default (PD), exposure given default (EAD) and loss given default (LGD) throughout the Group's expected loss calculations.

Expected credit losses are calculated by discounting the resulting value from the product of: probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

• PD represents the probability that the obligor will not fulfill its financial obligation either in the next 12 months or during the lifetime of the financial asset (lifetime PD), determined on the basis of public data on PD of generally accepted sources and statistical models for the effects of forecast macroeconomic factors. Also, the company's management has performed a historical analysis and identified the main economic variables affecting the credit risk and expected credit losses for each individually significant loan receivable.

• EAD is the amount owed to the company by the debtor at the time of default, during the next 12 months or during the residual period of the claim, determined according to the specific characteristics of the instrument (amount owed, repayment plans, interest, term, etc.).

• LGD represents the company's expectation of the amount of loss given an exposure in default. LGD varies according to the type of debtor, the type and seniority of the claim and the availability of collateral or other credit support. LGD is measured as a percentage loss for the amount of the claim at the time of default.

The discount rate used in calculating the expected credit loss (ECL) is the original effective interest rate on the instrument.

The categorization used by the Group to assess the credit risk associated with receivables from individually significant loans granted is as follows:

Category	Description	Basis of recognition of expected credit losses
Performing (Stage 1)	The debtor has a low risk of default and no overdue payments.	12-month expected credit losses
Doubtful (Stage 2)	Amounts due more than 180 days past due or there is a material increase in credit risk compared to initial recognition	Expected credit losses for the life of the asset
In default (Stage 3)	Amounts due more than 2 years past due or have evidence that the asset is impaired	Expected credit losses for the life of the assets

Financial liabilities
This category includes loans from banks, related parties and P2P investors. After their initial recognition, interest-bearing loans and borrowed funds are valued at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are written off and through the depreciation process using the effective interest method.

Loans from P2P investors
The group has signed cooperation agreements with an operator of a peer-to-peer (P2P) investment internet platform regulated according to the legal framework of the Republic of Estonia. The goal is to attract funding through the P2P platform.

The P2P platform enables individual and corporate investors to receive proportional interest cash flows and principal cash flows from debt instruments (receivables on granted microloans to individuals) issued by Group companies in exchange for an upfront payment. These rights are established through transfer agreements between the investors and the P2P platform, which acts as an agent on behalf of the relevant company. The investor can choose what part of the loan to invest in, with the maximum threshold being up to 70% of the principal. The relevant company must pay the investor the pro rata share of the funding raised for each debt instrument according to the terms of the individual agreement with the customer of the relevant company.

Transfer agreements are agreements (assignments) with the right of recourse, which require the relevant company to guarantee the full payment of the remaining part of the investor's principal in the event of a default of more than 60 days by the customer of the relevant company (repurchase guarantee). Transfers with rights of recourse provide direct recourse to the relevant entity, thus not qualifying as pass-through arrangements under IFRS 9. In particular, neither the investors nor the P2P platform bear any credit risks of the client of the respective company. In practice, the relevant company retains the risks and rewards of ownership of the financial asset. Therefore, these debt instruments of the relevant company do not meet the conditions for consideration for a partial write-off, therefore the relevant company does not write off the loans transferred through the P2P platform from the statement of financial position. On the other hand, liabilities to investors are recognized in the statement of financial position as liabilities for Borrowings.

Liabilities arising from assignments with right of recourse are initially recognized at cost, which represents the fair value of the consideration received from the investors. After initial recognition, financing raised through a P2P platform is subsequently measured at amortized cost using the effective interest method. The amortized cost is calculated taking into account all issue expenses and any settlement discount or premium. Gains and losses are recognized in profit and loss as interest revenue/expense when liabilities are written off. Interest expense paid to investors is shown in a gross amount calculated using the effective interest method in the line Interest expense of the consolidated statement of comprehensive income.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when the Group has a legal right to offset the recognized amounts and intends to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously.

2.5 Cash and cash equivalents

Паричните средства и паричните еквививаленти. посочени в отчета за паричните потоци включват парични средства в брой, разплащателни сметки и банкови депозити с първоначален падеж по-малък от три месеца.

2.6 Property, plant and equipment

Initial measurement

At their initial acquisition, property, machinery, equipment and equipment (fixed tangible assets) are valued at the acquisition price (cost), which includes the purchase price, incl. customs fees and all direct expenses necessary to bring the asset into working order. Direct expenses are: site preparation expenses, initial delivery and handling expenses, installation expenses, project-related fees expenses , non-refundable taxes, etc. The company has determined a value threshold of BGN 700, below which the acquired assets, regardless of the fact that they have the characteristics of a long-term asset, are treated as a current expense at the time of their acquisition.

Subsequent measurement

The approach chosen by the Group for the subsequent evaluation of tangible fixed assets is the cost model according to IAS 16 Property, plant and equipment - the acquisition price (cost), reduced by accrued depreciation and accumulated impairment losses.

Depreciation methods

The company uses the straight-line method of depreciation of fixed tangible assets. Land does not depreciate. The useful lives of asset groups are determined in accordance with physical wear and tear, the specifics of the equipment, future intentions of use and assumed moral obsolescence.

The useful life by asset group is as follows:

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

The useful life of fixed tangible assets is reviewed at the end of each year, and if significant deviations are found compared to the future expectations for the period of use of the assets, the same is adjusted prospectively.

Subsequent expenses
Repairs and maintenance expenses are recognized as current in the period in which they are incurred. Subsequent expenses incurred related to fixed tangible assets, which have the nature of replacement of certain nodal parts or of remodeling and reconstruction, are capitalized to the carrying amount of the relevant asset and its remaining useful life is reviewed as of the date of capitalization. At the same time, the unamortized part of the replaced components is written off from the carrying amount of the assets and recognized in the current expenses for the period of the reconstruction.

Impairment of assets
The carrying amounts of property, plant and equipment are subject to review for impairment when events or changes in circumstances occur that indicate they could be permanently different from their recoverable amount. If such indicators are present, an impairment test is made and if the recoverable amount is lower than their carrying amount, the latter is reduced to the recoverable amount of the assets. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell or value in use. To determine the value in use of assets, future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions and assessments of the time value of money and risks specific to the asset in question. Impairment losses are reported in the statement of comprehensive income.

Gains and losses on sale
Fixed tangible assets are written off from the statement of financial position when they are permanently removed from use and no future economic benefits are expected from them or they are sold. Gains or losses on sales of individual assets are determined by comparing the proceeds from the sale and the carrying amount of the asset at the date of sale. They are stated net, in "Other operating income" to the consolidated statement of comprehensive income.

2.7 Intangible assets

Intangible assets are presented in the financial statements at acquisition cost (cost), less accumulated depreciation and impairment losses.

The Group applies the straight-line method of depreciation of intangible assets with a specified useful life of 2 years.

The carrying amount of intangible assets is subject to review for impairment when events or changes in circumstances occur that indicate that the carrying amount of the assets could exceed their recoverable amount. The impairment is then included as an expense in the statement of comprehensive income (in profit or loss for the year).

Expenses related to the maintenance of intangible assets are capitalized only when the future economic benefit of the asset increases. All other expenses are recognized in the statement of comprehensive income (in profit or loss for the year).

Intangible assets are written off from the statement of financial position when they are permanently removed from use and no future economic benefits are expected from them or they are sold. Gains or losses on sales of individual assets from the group of "intangible assets" are determined by comparing the proceeds from the sale and the carrying amount of the asset at the date of sale. Reported net to 'other operating income/(loss)' in the consolidated statement of comprehensive income (in profit or loss for the year).

2.8 Investments in joint ventures

A joint venture is an enterprise in which two or more parties have joint control. Joint control is a contractual sharing of control over an entity and exists only when decisions regarding the activities involved require the unanimous consent of the parties sharing control.

The Group recognizes its equity interest in the jointly controlled entity as an investment and accounts for this investment using the equity method. Under the equity method, an investment in a joint venture is recognized initially in the statement of financial position at cost and is subsequently adjusted to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of the losses of a joint venture exceeds the Group's share of that joint venture, the Group derecognizes its share of further losses. Additional losses are recognized only to the extent that the Group has assumed legal or constructive obligations or made payments on behalf of the joint venture.

If there is objective evidence that the Group's net investment in a joint venture is impaired, the requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognize an impairment loss in respect of the Group's investment. Any reintegration of this impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment has subsequently increased.

2.9 Leasing

On the start date of the lease, which is the earlier of the two dates - the date of the lease agreement or the date of the parties' commitment to the basic terms of the lease, the Group analyzes and assesses whether a given contract constitutes or contains elements of a lease. A contract is or contains a lease if it transfers for consideration the right to control the use of an asset for a specified period of time.

Lessee

The Group applies a single model of recognition and measurement of all leases, except for short-term leases (a lease with a term of 12 months or less from the lease commencement date and which does not contain a purchase option) and leases of low value assets (such as tablets, personal computers, phones, office equipment and others).

The Group has not benefited from the practical expedient of IFRS 16, which allows the lessee for each class of identified asset not to separate the non-lease from the lease components, but instead to account for each lease component and related non-lease components as a separate lease component. For contracts that contain leases of one or more lease and non-lease components, the Group applies a policy of allocating the remuneration under contracts that contain lease and non-lease components based on the relative unit prices of the lease components and the aggregate unit price of the non-lease components.

a) "right-of-use" assets

The Group recognizes in the consolidated statement of financial position a "right-of-use" asset on the date of commencement of the leasing contracts, i.e. the date on which the underlying asset is available for use by the Group.

Right-of-use assets are presented in the consolidated statement of financial position at acquisition cost, less accumulated depreciation, impairment losses and adjustments due to revaluations and adjustments to the lease liability.

The acquisition price includes:
- the amount of the initial assessment of lease liabilities;
- lease payments made on or before the start date, reduced by incentives received under lease contracts;
- the initial direct expenses incurred by the Group as a lessee;

- restoration expenses that the Group will incur to dismantle and move the fixed asset, restore the site on which the asset is located, or restore the fixed asset to the condition required under the contract.

The Group depreciates the right-of-use asset over the shorter of the useful life and the lease term. If ownership of the asset is transferred under the lease until the end of the lease term, it is depreciated over its useful life. Depreciation begins to accrue from the date of commencement of the lease.

The Group has chosen to apply the acquisition cost model to all of its right-of-use assets.

Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets, applying a policy for determining and accounting for impairment similar to that for property, plant and equipment. The recoverable amount of right-of-use assets is the higher of fair value less costs to sell or value in use. To determine the value in use of assets, future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions and assessments of the time value of money and risks specific to the asset in question. Impairment losses are defined as the difference between the recoverable amount and the carrying amount.

Right-of-use assets are presented in the consolidated statement of financial position, and their depreciation under General administrative and other operating expenses in the consolidated statement of comprehensive income.

b) lease liabilities

The Group recognizes lease liabilities at the lease inception date, measured at the present value of the lease payments outstanding at that date. These include:

- fixed payments (including substantially fixed lease payments) less lease incentives receivable;
- variable lease payments dependent on indices or rates initially assessed using the indices or rates on the lease inception date;
- the price for exercising the purchase option, if it is sufficiently certain that the lessee Group will exercise this option;
- payments of penalties for termination of lease contracts, if the term of the lease contract reflects the exercise of an option to terminate the contract by the lessee Group;
- the amounts the Group expects to pay to lessors as residual value guarantees.

Variable lease payments that do not depend on indices or revaluations, but are related to performance or the use of the underlying asset, are not included in the measurement of the lease liability and the right-of-use asset. They are recognized as a current expense in the period in which the event or circumstance giving rise to these payments occurs.

Lease payments are discounted at the interest rate embedded in the contract, if it can be directly determined, or at the differential interest rate the Group would pay if it borrowed funds necessary to obtain an asset of similar value to the asset " right of use', for a similar period of time, with similar collateral and in a similar economic environment.

Lease payments (installments) contain, in a certain ratio, the financial expense (interest) and the accrued part of the lease obligation (principal). Lease interest expense is presented in the statement of comprehensive income (in profit or loss for the year) of the Group over the lease term on a periodic basis so as to achieve a constant interest rate on the remaining outstanding principal of the lease liability by presenting as "financial expenses".

Lease liabilities are presented on a separate line in the consolidated statement of financial position: "Lease liabilities".

The Group subsequently assesses the lease liability as:
- increases the carrying amount to reflect the interest on lease liabilities;
- reduces the balance sheet value to reflect the lease payments made;
- re-evaluates the carrying amount of lease liabilities to reflect revaluations or lease amendments;

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

- residual value guarantees are reviewed and adjusted if necessary at the end of each reporting period.

The Group reassesses its lease liabilities (in which case it also makes corresponding entries to the relevant "right-of-use" assets) when:
- there is a change in the term of the lease or an event or circumstance has occurred that has led to a change in the valuation of the purchase option, whereby the adjusted lease liabilities are recalculated with an adjusted discount rate;
- there is a change in lease payments resulting from a change in an index or rate or there is a change in the amounts expected to be payable under residual value guarantees whereby the adjusted lease liabilities are recalculated at the unchanged (original) discount rate (except when the change in lease payments results from a change in floating interest rates, in this case an adjusted discount rate is used that reflects interest rate changes);
- the lease is amended and this amendment is not reflected as a separate lease, in which case the lease liability is recalculated based on the term of the amended lease, discounting the amended lease payments at the adjusted discount rate as of the effective date of the amendment.

c) Short-term leases and leases where the underlying asset is of low value
The Group applies the exemption under IFRS 16 from the requirement to recognize a right-of-use asset and lease liability to its short-term leases of buildings and vehicles and to its leases of low-value assets representing printers and other devices, which the Group considers to be of low value as new and used independently in the Group without being dependent and closely related to other assets.

Payments in respect of short-term leases and leases where the underlying asset is of low value are recognized directly as a current expense in the statement of comprehensive income (in profit or loss for the year) on a straight-line basis over the term of the lease.

2.10 Income tax

Current income taxes
Current taxes on the Group's profit are determined in accordance with the requirements of the Bulgarian tax legislation - the Law on Corporate Income Taxation. The nominal tax rate for 2023 is 10% (2022: 10%).

Subsidiaries and joint ventures abroad are taxed in accordance with the requirements of the relevant tax laws by country at the following tax rates:

	Tax rate	
Country	**2023**	**2022**
Romania	16%	16%
Poland	19%	19%
Ukraine	18%	18%
North Macedonia	10%	10%
Italy	24%	24%

Deferred income taxes
Indicated taxes are determined by applying the balance sheet method, for all temporary differences at the date of the financial statement that exist between the balance sheet values and the tax bases of individual assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all reduceable temporary differences and unused tax losses to the extent that it is probable that they will reverse and that sufficient taxable profit will be generated in the future or that taxable temporary differences will arise from which the deduct these deductible differences, except for differences arising from the recognition of an asset or liability that did not affect accounting or tax profit (loss) on the date of surgery.

The carrying amount of all deferred tax assets is reviewed at each financial statement date and reduced to the extent that it is probable that they will reverse and generate sufficient taxable profit or that taxable temporary differences will arise during the same period of which they can be deducted.

Deferred taxes related to items that are reported directly in equity or another balance sheet item or to another component of comprehensive income are also reported directly to the corresponding equity component or balance sheet item or other component of comprehensive income.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply for the period during which the assets will be realized and the liabilities will be settled (settled), based on the tax laws that are in force or substantially of security are expected to be in effect.

As of December 31, 2023 the Group's deferred tax assets and liabilities are assessed at a rate of 10% (December 31, 2022: 10%) for companies in Bulgaria and at a rate between 10% and 24% for companies abroad.

2.11 Employee benefits

Short term income

Short-term staff benefits (relative to severance benefits) include wages, bonuses, compensation for unused vacation and social and health insurance contributions.

The Group recognizes the estimated undiscounted amount of short-term personnel benefits as an expense in the period in which the personnel have provided the services related to those benefits (regardless of the date of payment), corresponding to other liabilities in the statement.

The amount of short-term staff earnings resulting from unused leave is calculated as the sum of each employee's unused days of paid leave multiplied by the daily rate of their gross salary.

Long term income

The Group's long-term employee benefit liabilities, other than pension plans, represent future benefits payable to employees in return for services rendered to the Group in the current or previous periods that are not due in full within 12 months. from completion of service.

The group has an established plan for supplementary pension insurance. According to the Labor Code, upon termination of the employment relationship, after the worker or employee has acquired the right to a pension for length of service and age, the Group is obliged to pay him compensation in the amount of twice the gross monthly remuneration on the date of termination of the employment relationship. In the event that the worker or employee has worked in the Group for the last 10 years, the amount of compensation amounts to six months' amount of his gross remuneration.

2.12 Provisions

Provisions are recognized when:

- The Group has a present obligation (legal or constructive) as a result of past events;
- it is likely that an outflow of resources containing economic benefits will be required to repay it, and
- a reliable estimate of the amount of the obligation can be made.

The amounts recognized as provisions represent the best estimate of the costs required to settle the present obligation. The risks and uncertainties inherent in the relevant events and circumstances are taken into account in order to make the best judgment about the provision.
In cases where there are multiple obligations of a similar nature, the likelihood of settlement is determined by considering those similar obligations as a whole. A provision is recognized even if the probability of payment of an individual obligation from the group of similar obligations is low. Provisions are discounted when the effect is material, in which case the amount of the provision represents the present value of the payments expected to be made to settle the liability. The discount rate is the pre-tax rate that reflects the current market assessment of

timing differences in the value of money and liability-specific risks. The discount rate does not reflect risks for which future cash flows have already been recalculated. The increase in the provision due to the passage of time is recognized as interest expense.

During the next accounting period, the actual expenses incurred for the repayment of the present obligation are not reported as a current expense, but as a reduction of the previously accrued provision. After the liability is settled in full, the unutilized portion of the provision, if any, is written off.

2.13 Biological assets

The Group's reported biological assets include vineyards and orchards.

Because the vineyards include different varieties of vines for which there are no published market prices and for which alternative methods of measuring fair value are unreliable, the Group, in accordance with IAS 41 Agriculture, values biological assets at their cost less any accumulated depreciation or any accumulated impairment losses.

The Group applies the straight-line method of amortization of biological assets, adopting a useful life of 25 years.

2.14 Inventory

Purchased materials that are not transferred to storage in the warehouse, but are used directly in production or in the provision of services, are reported as current costs. Except for input into production or the performance of services, materials can be sold. In these cases, the difference between the net sale proceeds and their carrying amount is reported as a gain or loss.

Consumption expenditure is determined by the "weighted average value" method, calculated on a periodic basis - monthly.

At the end of the reporting period, the Group values inventories at the lower of the deliverable and net realizable value. The Group determines the net realizable value of inventories based on their prices from their last sales prior to the financial statement date.

2.15 Share-based payments

The Group's personnel receive share-based remuneration, with employees providing services in return for remuneration received in the form of equity instruments. Share-related transaction expense is recognized together with a corresponding increase in capital over the period during which the performance and/or service conditions are met, as of the date the relevant employees become fully entitled to receive them ("vesting date of rights"). The cumulative expense recognized for share-related transactions for each reporting date up to the vesting date reflects the extent to which the vesting period has expired and the Group's best judgment as to the number of equity instruments that will ultimately rights are acquired. The cost is stated as "Personnel Cost". In cases where the terms of share-based payments are amended, the minimum costs recognized in Personnel Expenses are the costs as they would have been if the terms had not been changed. An additional expense is recognized for any modifications that increase the total value of the share-based payment arrangement or otherwise benefit the employee. In cases where share-based payments are cancelled, the cancellation is treated as a vested right from the date of cancellation and any expense not yet recognized by the date of cancellation is recognized immediately.

If a new program is introduced in place of an old stock pay program, the canceled and new programs are treated as if they were a modification of the original program as described above.

Share-based payment expense is initially measured at fair value using a pricing model, taking into account the terms under which the instruments are granted. This fair value is expensed over the vesting period. The program liability is remeasured to fair value in each statement of financial position up to and including the settlement date, with changes in fair value reported in the statement of comprehensive income.

2.16 Own shares repurchased and contracts for own share

Own capital instruments of the parent company that are acquired by it or its subsidiaries (the Group's own shares) are deducted from the capital, being accounted for at a weighted average cost of acquisition. The consideration paid or received for the purchase, sale, issue or cancellation of the Group's own equity instruments is recognized directly in equity. Gains or losses are not recognized in the statement of comprehensive income.

Treasury share contracts that relate to the issuance of treasury shares for consideration are classified as equity and are added to or deducted from equity. Contracts for treasury shares that require net cash settlement or provide an option to settle while maintaining the value of the contractual obligation leading to a change in the number of shares when their fair value changes are classified as financial liabilities.

2.17 Insurance contracts

The Group applies IFRS 17 Insurance Contracts for annual reporting periods beginning on or after 1 January 2023.

Classification of insurance contracts

The Group issues insurance contracts in the ordinary course of business under which it assumes significant insurance risk from its policyholders. As a general guideline, the Group determines whether there is a significant insurance risk by comparing the benefits payable after an insured event with the benefits payable if the insured event had not occurred. Insurance contracts can also transfer financial risk.

Insurance contracts are those where one party (the issuer) accepts a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder in the event of a specified uncertain future event (the insured event) that adversely affects the policyholder the policy.

The Group considers an insurance risk to be significant only if the insured event could result in the issuer paying additional amounts that are significant on a case-by-case basis, excluding scenarios that have no commercial substance (i.e. have no apparent effect on the economic content of the transaction). If, in any scenario that has a commercial nature, the insured event means that significant additional sums would be payable, the condition in the preceding sentence may be satisfied even if the insured event is extremely unlikely or even if the expected (ie weighted against the probability) present value of the conditional cash flows is a small part of the expected present value of the remaining cash flows from the insurance contract.

Insurance contracts - initial recognition

- IFRS 17 requires assets and liabilities under insurance contracts to be valued, and various valuation models can be used for this purpose.
- The general model values a group of insurance contracts as the total amount of:
- Cash flows from performance;
- Contract servicing margin (CSM), representing the unearned profit that the Company will recognize as it provides services under insurance contracts within the insurance contracts within the group.

The group applies the general model for the assessment of insurance contracts.

Performance cash flows consist of objective and probability-weighted estimates of future cash flows discounted to present value to reflect the time value of money and financial risks, plus an adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value or the probability-weighted average value of the full range of possible outcomes, taking into account all reasonable and supportive information available at the reporting date, without undue cost or effort. The Group estimates future cash flows by considering a range of scenarios that have commercial substance and give a good idea of possible outcomes. Cash flows from each scenario are probability weighted and discounted using current assumptions.

When estimating future cash flows, the Group includes all cash flows that are within the scope of the contract, including:

- Premiums and related cash flows;

- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims;
- Claims processing costs;
- Costs of administering and maintaining policies, including periodic commissions expected to be paid to intermediaries;
- Allocation of fixed and variable overhead costs directly related to the execution of insurance contracts;
- Transaction fees

Insurance contracts – subsequent valuation
MOR at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognized in profit or loss as it relates to a future service that will be provided.
For a group of insurance contracts, the carrying amount of the group's MOD at the end of the reporting period is equal to the carrying amount at the beginning of the reporting period, adjusted as follows:

- The effect of any new contracts added to the group;
- Interest accrued on the carrying amount of the MOD during the reporting period, assessed at the discount rates at initial recognition;
- Changes in performance cash flows related to future services, except to the extent that:
  - Such increases in cash flows from performance exceed the carrying amount of the MOD, resulting in a loss; or
  - Such reductions in performance cash flows are allocated to the loss component of the remaining coverage obligation;
- The effect of possible differences in exchange rates on MOD;
- The amount recognized as insurance income due to the transfer of services under an insurance contract during the period, determined by apportioning the remaining at the end of the reporting period MOD (before any apportionment) over the current and remaining coverage periods.

Changes in performance cash flows related to future services that adjust the MOD consist of:
- Experience adjustments that arise from the difference between premium receipts (and any related cash flows, such as cash flows from insurance acquisitions and taxes on insurance premiums) and the estimate at the beginning of the period of expected amounts. Differences relating to premiums received (or payable) relating to current or past services are recognized immediately in profit or loss, while differences relating to premiums received (or payable) for future services are adjusted against MOD;
- Changes in estimates of the present value of future cash flows in the remaining coverage obligation, excluding those related to the time value of money and changes in financial risk (recognized in the statement of profit or loss and other comprehensive income, not corrective MODs);
- Changes in the risk adjustment for non-financial risk that relate to future services.

The Group estimates the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the remaining coverage obligation, including the performance cash flows associated with future services allocated to the group at that date, and the group's MOD at that date date; and (ii) the accrued claims liability for the Group, including the performance cash flows related to past services allocated to the group at that date.

Insurance contracts - modification and cancellation
The Group writes off insurance contracts when:
- The rights and obligations associated with the contract have been extinguished (ie released, canceled or expired); or
- The contract is modified such that the modification results in a change in the valuation model or in the applicable valuation standard for a component of the contract. In such cases, the Group writes off the original contract and recognizes the modified contract as a new contract.

Liabilities under insurance contracts

(a) Residual Coverage Liability

The Group estimates the liability for residual coverage under the premium allocation approach, i.e. recognizes all acquisition cash flows when it incurs these costs. On initial recognition, the carrying amount of this liability is the premiums received on initial recognition, if any. In subsequent valuation, the carrying amount of the liability is the carrying amount at the beginning of the reporting period, plus the premiums that have been received during the period, less the amount recognized as insurance revenue for the services rendered during that period.

(b) Liability for Incurred Claims

Liability for incurred claims is formed on the basis of expected cash outflows related to claims, reflecting the time value of money and financial risks associated with future cash flows and added to them a risk adjustment, in relation to non-financial risk.

(c) Claims Settlement Expense Reserve

It includes all costs that can be foreseen and which are related to the payment of the insurance benefits and/or amounts. Costs attributable to each claim are included in the reserve at their estimated value for each claim.

(d) Reserve for participation in the positive financial result on insurances

The amount of future cash flows is calculated on a contract-by-contract basis, taking into account the specific conditions of each contract.

(e) Financial risk restatement

The Group adjusts the estimate of the present value of future cash flows to reflect the compensation that the Group requires to bear the uncertainty arising from non-financial risks regarding the amount and timing of cash flows.

2.18 Key judgments, estimates and assumptions in applying the accounting policy

In preparing these financial statements in accordance with IFRS, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses.
These estimates are based on information available at the date of preparation of the financial statements, and actual results could differ from these estimates. Adjustments to estimates are recognized in the period in which the estimates are adjusted and in any future periods that are affected.

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

- Expected credit losses on receivables – note 2.4
- Valuation of "right-of-use" assets and liabilities under lease agreements - note 2.8
- Recognition of deferred tax assets – note 2.9
- Liabilities under insurance contracts – note 2.17
- Determination of fair value – note 2.4

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

3 Net income from interest, fees, and penalties

	2023	**2022**
Interest income	226 610	194 472
Fees income	93 083	90 467
Penalties income	53 243	54 067
Interest, fees, and penalties income	**372 936**	**339 006**
Interest expenses on bank loans	(1 513)	(1 317)
Interest expenses on loans from related parties	(21)	(63)
Interest expenses on trade loans	(817)	(622)
Interest expenses on leases	(751)	(348)
Interest expenses on loans from P2P platforms	(4 432)	(3 635)
Expenses for fees and commissions	(2 145)	(1 494)
Interest and fees expenses	**(9 679)**	**(7 479)**
Net income from interest, fees and penalties	**363 257**	**331 527**

4 Other operating income, net

	2023	**2022 (restated)**
Revenue from services provided	34 611	9 209
Insurance revenue	*4 353*	-
Insurance expenses	*(165)*	-
Net income from insurance services	4 188	-
Revenue from sale of goods	*3 052*	*3 221*
Cost of goods sold	*(1 236)*	*(1 392)*
Profit margin from sale of goods	1 816	1 829
Revenue / (expenses) from ceded receivables	(15 564)	3 821
Changes in inventories of finished goods and work in progress	465	854
Dividend revenue	6	458
Revenue from sale of fixed assets	*117*	*71*
Carrying amount of fixed assets sold	*(1 328)*	*(91)*
Gain/(loss) on sale of fixed assets	(1 211)	(20)
Exchange rate gain/(loss), net	2 550	(2 306)
Profit / (loss) from associates and joint ventures, net	(74)	28
Other income	840	317
Other operating income, net	**27 627**	**14 190**

5 Impairment loss of financial assets, net

	2023	**2022 (restated)**
Impairment loss of microloans granted	(67 692)	(86 341)
Loss generated in connection with guaranteeing the receivables in the microloan portfolio	(11 316)	(18 454)
(Loss from impairment) / Gain from reintegrated impairment of individually significant loans granted, net	(519)	67
	(79 527)	**(104 728)**

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

6 Net gain/(loss) from changes in fair value of financial assets mesured at fair value through profit or loss

	2023	2022
Positive differences from changes in the fair value of financial assets	3 889	14 075
Negative differences from changes in the fair value of financial assets	(3 422)	(719)
	467	**13 356**

7 Personnel expenses

	2023	2022
Salaries and benefits	(132 940)	(114 591)
Social security	(16 617)	(14 860)
Expenses for retirement benefit obligations	(38)	(105)
	(149 595)	**(129 556)**

8 General administrative and other operating expenses

	2023	2022
Advertising and marketing	(16 969)	(19 887)
Depreciation	(13 647)	(10 074)
Transport, courier and business trips	(8 615)	(8 447)
Consulting, legal services	(8 087)	(7 508)
Leasing of assets	(4 987)	(4 661)
Telecommunication and postal expenses	(3 660)	(3 445)
Consumables, including electrical energy	(2 628)	(3 364)
Expenses for materials	(2 650)	(2 014)
Representative and unrelated to the activity	(2 262)	(1 498)
Social expenses	(1 457)	(1 108)
Insurances	(764)	(758)
Repair and technical support	(2 460)	(1 231)
Production costs	(446)	(346)
Office security	(415)	(343)
Audit services	(493)	(284)
Other operating expenses	(17 625)	(13 873)
	(87 165)	**(78 841)**

The amounts charged for the year 2023 for the services provided by the registered auditors for an independent financial audit of the individual and consolidated financial statements of the parent company are in the amount of 26 thousand. BGN (For 2022: BGN 20 thousand). The registered auditors have not provided any other services to the parent company, beyond an independent financial audit.

On the line Other operating expenses, in the amount of 17,625 thousand. BGN, the Group presents the following main expenses:

- 3,257 thousand BGN - monthly card service fee
- 2,471 thousand BGN - costs related to credit registers
- 2,258 thousand BGN - commissions on mediation contracts related to card and credit business

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

9 Income tax

	2023	2022 (restated)
Profit before tax	75 064	45 948
Current income tax expense for the year – 10-24% (2022: 10-24%)	(10 725)	(6 960)
Deferred income taxes related to the recognition and reversal of temporary differences	309	278
Total income tax expense reported in the Consolidated Statement of Comprehensive Income	**(10 416)**	**(6 682)**

10 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include:

	31 December 2023	31 December 2022 (restated)
Cash in bank accounts	16 925	19 130
Cash in cash	2 474	2 046
	19 399	**21 176**

Cash and cash equivalents are amounts denominated in Bulgarian leva.
Cash is non-interest-bearing, while cash in bank accounts is interest-bearing at a floating rate.

11 Microloans granted

	31 December 2023	31 December 2022
Receivables from customers for microloans granted, incl. accrued interest, gross	418 814	367 963
Lawsuit receivables	17 877	18 658
Expected credit loss	(149 324)	(150 920)
Microloans granted, net	**287 367**	**235 701**
Current	*287 367*	*235 701*

12 Individually significant loans granted

	Note	31 December 2023	31 December 2022
Individually significant loans granted, incl. interest	31.3	12 815	8 840
Expected credit loss		(3 105)	(2 586)
Individually significant loans granted, net		**9 710**	**6 254**
Current		*225*	*6*
Non-current		*9 485*	*6 248*

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

As of December 31, 2023 The group discloses 5,259 thousand BGN (2022: BGN 4,116 thousand) net amount of the granted individually significant loans to related parties, for which additional information is disclosed in note 31.3. Settlements with related parties.

The change in the impairment losses of the receivables on granted individually significant loans is as follows:

	2023	2022
Balance as of 01 January	**(2 586)**	**(6 801)**
Consolidation restatement	-	4 148
Balance as of 01 January	**(2 586)**	**(2 653)**
Impairment loss for the year	(527)	(245)
Reintegrated impairments for the year	8	312
Balance as of 31 December	**(3 105)**	**(2 586)**

13 Financial assets measured at fair value through profit or loss

	Share in the equity 31.12.2023	Fair value 31.12.2023	Share in the equity 31.12.2022	Fair value 31.12.2022
Payhawk Ltd	1.84%	29 150	1.84%	29 150
Convenience AD	11.95%	8 984	12.02%	6 137
Eleven Investments KDA	8.40%	4 730	8.43%	5 927
Boleron AD	17.61%	2 077	22.63%	2 669
Settle Norway AD	1.34%	-	1.91%	934
Eleven Fund 3	1.66%	996	1.66%	698
Qcommerce Ltd, Greece	0.00%	-	0.00%	489
Vedamo AD	3.46%	393	3.46%	393
Koa Technology Inc.	1.83%	386	1.83%	386
Eleven Capital AD	0.62%	271	0.62%	302
Ondo Solutions Ltd	3.20%	399	3.75%	294
Green Innovation Ltd	0.90%	215	0.90%	215
Tiger Technologies AD	8.32%	2 441	5.00%	172
Eleven Log Ltd	20.00%	-	20.00%	12
Experience Italy	-	3	-	3
FindMeCure Ltd	2.09%	441	-	-
Native Consulting JSc	3.76%	441	-	-
Canopy USD		93	-	-
Star Forge	8.33%	196	-	-
Tapline GmbH	1.59%	293	-	-
ICANPRENEUR		196	-	-
-Settle Bulgaria AD- in liquidation	60%	-	60%	-
	-	**51 705**	-	**47 781**

The revaluation of financial assets to fair value is periodic, due to the application of the fair value model under IFRS 9, and is as of the date of each financial statement. The fair value assessment was carried out by the Management.

Hierarchy of fair values as of 31.12.2023

Level 1: Eleven Capital AD - quoted market data of BSE;
Level 2: none

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

Level 3: Some of the companies in Level 3 conduct procedures for raising capital, based on internal evaluations, in which unrelated persons participate. On this basis, the Management uses the completed transactions and their parameters in the fair value assessment of the owned shares in the companies. For the remaining companies in level 3, which did not raise capital, unobservable data were used, applying the discounted cash flow model.

During the current period, no changes were made in the composition of hypotheses from Level 3 to another level.

Fair value FY2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Opening balance at January 1st	**302**	-	**47 479**	**47 781**
Investments acquired during the year	-	-	3 516	3 516
Investments written off during the year	-	-	(59)	(59)
Gains /(losses) for the year recognized in current profit or loss	(31)	-	498	467
Closing balance at 31 December	**271**	-	**51 434**	**51 705**

Fair value FY 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Opening balance at January 1st	333	-	31 532	31 865
Investments acquired during the year	-	-	2 560	2 560
Investments written off during the year	-	-	-	-
Gains /(losses) for the year recognized in current profit or loss	(31)	-	13 387	13 356
Closing balance at 31 December	**302**	-	**47 479**	**47 781**

Valuation methods and significant unobservable data
Below are presented the valuation methods used in determining the fair value of the financial assets, as well as the significant unobservable data used

For FY2023

Groups of assets Level 3	**Valuation approaches and methods**	**Significant unobservables data**
Settle Norway AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 0,00, a buyer is being sought for the company, there is no positive outlook available.
Settle Bulgaria AD - in liquidation	Net asset value method	Company valuation of EUR 0.00, the company is liquidated
Boleron AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 6,700,000
Eleven Log Ltd	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 0,00, the company will enter into liquidation proceedings.
Convenience AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 42,726,903

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

Groups of assets Level 3	Valuation approaches and methods	Significant unobservables data
Payhawk Ltd	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 900,000,000
Tiger Technologies AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 15,000,000
Eleven Fund 3	Net asset value method	Company valuation of EUR 30,680,799
Which Technologies Inc.	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 12,074,000
Ondo Solutions Ltd	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 6,379,800
Green Innovation AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 12,210,560
Vedamo AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 5,809,360
Forge Interactive Ltd	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 10,800,000
Native Consulting Ltd	Market approach, through the method of market comparisons	Company valuation of EUR 6,000,000
Tapline GmbH	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 9,430,000
Eleven Investments KDA	Net asset value method	Company valuation of BGN 56,316 thousand
Experience Italy	Net asset value method	Company valuation of BGN 30 thousand

For FY2022

Groups of assets Level 3	Valuation approaches and methods	Significant unobservables data
Settle Norway AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 25,000,000
Settle Bulgaria AD - in liquidation	Net asset value method	Company valuation of EUR 0.00 thousand, the project has been transformed, the company is in the process of liquidation

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

Groups of assets Level 3	Valuation approaches and methods	Significant unobservables data
Boleron AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 6,700,000
Eleven Log Ltd	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 362,892
Convenience AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 29,000,000
Payhawk Ltd	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 900,000,000
Tiger Technologies AD	Net asset value method	Company valuation of EUR 1,755,000
Eleven Fund 3	Net asset value method	Company valuation of EUR 21,500,000
Koa Technology Inc.	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 12,074,000
Ondo Solutions Ltd	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 4,010,667
Green Innovation AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 13,240,361
Vedamo AD	Market approach, through the method of market comparisons - market price of assets	Company valuation of EUR 5,809,360
Eleven Investments KDA	Net asset value method	Company valuation of BGN 70,557 thousand
Experience Italy	Net asset value method	Company valuation of BGN 30 thousand

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

14 Property, plant and equipment

	Land and buildings	Computer equipment	Plant and equipment	Office equipment	Other	Assets under construction	Total
Acquisition cost							
As of 01.01.2022	**10 848**	**3 714**	**6 551**	**1 467**	**662**	**15 350**	**38 592**
Reclassification	1	944	(226)	(16)	-	1	**704**
Acquisition of subsidiaries	-	52	4 689	62	-	437	**5 240**
Additions	3 824	1 048	1 515	127	100	13 066	**19 680**
Disposals	-	(625)	(419)	(7)	-	(1 590)	**(2 641)**
Exchange rate differences	-	(80)	(137)	(29)	(1)	-	**(247)**
As of 31.12.2022	**14 673**	**5 053**	**11 973**	**1 604**	**761**	**27 264**	**61 328**
Reclassification	(7 255)	672	4 920	553	(94)	(714)	**(1 918)**
Acquisition of subsidiaries	-	-	-	13	-	-	**13**
Additions	6 322	1 042	3 261	885	131	15 010	**26 651**
Disposals	-	(141)	(532)	(23)	(3)	(3 625)	**(4 324)**
Exchange rate differences	1	(18)	51	(5)	(3)	-	**26**
As of 31.12.2023	**13 741**	**6 608**	**19 673**	**3 027**	**792**	**37 935**	**81 776**
Accumulated depreciation							
As of 01.01.2022	**(827)**	**(2 915)**	**(2 877)**	**(915)**	**(345)**	**-**	**(7 879)**
Reclassification	(6)	23	(733)	(4)	-	-	**(720)**
Depreciation charge	(101)	(884)	(1 471)	(201)	(101)	-	**(2 758)**
Eliminated on disposal	-	480	104	7	-	-	**591**
Exchange rate differences	-	57	70	28	-	-	**155**
As of 31.12.2022	**(934)**	**(3 239)**	**(4 907)**	**(1 085)**	**(446)**	**-**	**(10 611)**
Reclassification	-	(656)	(4 909)	(542)	74	-	**(6 033)**
Depreciation charge		(16)					**(16)**
Eliminated on disposal	(322)	(953)	(1 749)	(221)	(85)	-	**(3 330)**
Exchange rate differences	-	128	427	14	3	-	**572**
Reclassification	-	15	(36)	5	1	-	**(15)**
As of 31.12.2023	**(1 256)**	**(4 721)**	**(11 174)**	**(1 829)**	**(453)**	**-**	**(19 433)**
Carrying amount							
As of 31.12.2023	**12 485**	**1 887**	**8 499**	**1 198**	**339**	**37 935**	**62 343**
As of 31.12.2022	**13 739**	**1 814**	**7 066**	**519**	**315**	**27 264**	**50 717**

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

15 Intangible assets and goodwill

	Software	Goodwill	Other intangible assets	Intangible assets under construction	Total
Acquisition cost					
As of 01.01.2022	**3 184**	**-**	**3 280**	**1 540**	**8 004**
Reclassification	(4)	-	-	16	**12**
Acquisition of subsidiaries	4 293	5 441	75	873	**10 682**
Additions	5 226	-	868	1 870	**7 964**
Disposals	(711)	-	(1 027)	(1 939)	**(3 677)**
Exchange rate differences	(11)	-	(433)	-	**(444)**
As of 31.12.2022	**11 977**	**5 441**	**2 763**	**2 360**	**22 541**
Reclassification	1 422	-	(1 254)	(38)	**130**
Acquisition of subsidiaries	-	24	10	-	**34**
Additions	5 429	-	564	2 656	**8 649**
Disposals	(7)	-	-	(2 195)	**(2 202)**
Exchange rate differences	(5)	(1)	(6)	(13)	**(25)**
Към 31.12.2023	**18 816**	**5 464**	**2 077**	**2 770**	**29 127**
Accumulated depreciation					
As of 01.01.2022	**(2 465)**		**(1 954)**	**-**	**(4 419)**
Reclassification	(300)	-	-	-	(300)
Depreciation charge	(1 319)	-	(556)	-	(1 875)
Eliminated on disposals	165	-	725	-	890
Exchange rate differences	7	-	200	-	207
As of 31.12.2022	**(3 912)**	**-**	**(1 585)**	**-**	**(5 497)**
Reclassification	(1 419)	-	651	-	(768)
Depreciation charge	(3 363)	-	(102)	-	(3 465)
Eliminated on disposals	1	-	-	-	1
Exchange rate differences	3	-	3	-	6
As of 31.12.2023	**(8 690)**	**-**	**(1 033)**	**-**	**(9 723)**
Carrying amount					
As of 31.12.2023	**10 126**	**5 464**	**1 044**	**2 770**	**19 404**
As of 31.12.2022	**8 065**	**5 441**	**1 178**	**2 360**	**17 044**

No goodwill impairment was charged in 2023.

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

16 Rights-of-use assets

	Buildings	Vehicles	Other	Total
Acquisition cost				
As of 01.01.2022	**11 260**	**(187)**	**1 355**	**12 428**
Reclassification	192	(205)	(70)	**(83)**
Acquisition of subsidiaries	5 773	-	-	**5 773**
Additions	(1 934)	-	-	**(1 934)**
Disposals	(11)	-	1	**(10)**
As of 31.12.2022	**15 280**	**(392)**	**1 286**	**16 174**
Reclassification	4 834	-	-	**4 834**
Acquisition of subsidiaries	14 356	-	-	**14 356**
Additions	(9 913)	-	-	**(9 913)**
Disposals	(75)	2	(7)	**(80)**
As of 31.12.2023	**24 482**	**(390)**	**1 279**	**25 371**
Accumulated depreciation				
As of 01.01.2022	**(5 461)**	**392**	**(1 286)**	**(6 355)**
Depreciation charge	(5 208)	-	-	(5 208)
Eliminated on disposals	1 142	-	-	1 142
Exchange rate differences	7	-	-	7
As of 31.12.2022	**(9 520)**	**392**	**(1 286)**	**(10 414)**
Reclassification	(2 395)	-	-	(2 395)
Depreciation charge	(6 675)	-	-	(6 675)
Eliminated on disposals	7 536	-	-	7 536
Exchange rate differences	41	(2)	7	46
As of 31.12.2023	**(11 013)**	**390**	**(1 279)**	**(11 902)**
Carrying amounts				
As of 31.12.2023	**13 469**	-	-	**13 469**
As of 31.12.2022	**5 760**	-	-	**5 760**

Amounts, recognized in profit or loss	2023	2022
Depreciation of right-of-use assets	(6 675)	(5 208)
Interest expenses related to lease payables	(751)	(348)
Expenses related to short-term rentals and leases of low-value assets	(4 987)	(4 661)

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

19 Deferred tax assets and liabilities

19.1 Deferred tax assets

	Unused leaves	Employee benefits	Receivables impairment	Other	Total
As of 01 January 2022	**293**	**157**	**-**	**5 515**	**5 965**
Acquisition of Subsidiaries	-	-	258	564	822
(Expense) / income on the income statement	(68)	22	277	732	963
As of 31 December 2022	**225**	**179**	**535**	**6 811**	**7 750**
Restatement			348	(971)	(623)
As of 01 January 2023	**225**	**179**	**883**	**5 840**	**7 127**
Exchange rate differences	4	2	(2)	21	25
(Expense) / income on the income statement	11	(11)	(383)	805	422
As of 31 December 2023	**240**	**170**	**498**	**6 666**	**7 574**

19.2 Deferred tax liabilities

	Temporary difference	Deferred tax	Change in deferred tax	Temporary difference a	Deferred tax
	31.12.2023	**31.12.2023**	**2023**	**31.12.2022**	**31.12.2022**
Changes in the fair value of financial assets	35 301	3 530	113	32 104	3 417
Deferred tax liabilities	**35 301**	**3 530**	**113**	**32 104**	**3 417**

20 Borrowings

	Average interest rate	Term	31 December 2023	31 December 2022 (restated)
Bank borrowings	5%	2024-2031	25 674	29 291
Related party borrowings (note 32.3)	5%	2024-2025	2 171	1 919
Commercial loans	8%	2024-2025	14 530	10 662
Loans from P2P investors	8%	2024	63 094	51 554
Total, including:			**105 469**	**93 426**
Current			*75 926*	*73 632*
Noncurrent			*29 543*	*19 794*

21 Lease liabilities

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

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

Maturity structure of the lease liabilities	**31 December 2023**	**31 December 2022**
Short-term	4 327	235
Long-term	12 461	8 170
	16 788	**8 405**

22 Other liabilities

	Note	31 December 2023	31 December 2022 (restated)
Trade payables		11 614	7 390
Personnel and social security liabilities	22.1	17 573	14 938
Tax liabilities other than income tax		1 984	1 540
Liabilities under insurance contracts		70	-
Liabilities under cession contracts of overdue loans		-	280
Other payables	32.3	7 005	11 702
Total, incl.:		**38 246**	**35 850**
Current		*37 247*	*35 092*
Non-current		*999*	*758*

22.1 Personnel and social security liabilities

	31 December 2023	31 December 2022
Personnel liabilities, incl.:		
Current payables for salaries and wages	9 313	8 231
Current payables for unused paid leave	3 289	2 875
Retirement benefit obligations	999	758
	13 601	**11 864**
Social insurance payables, including:		
Current payables	3 972	3 074
	3 972	**3 074**
Total	**17 573**	**14 938**

23 Share capital

The Group's registered capital is in the amount of BGN 81 567 672 (eighty-one million five hundred and sixty-seven thousand six hundred and seventy-two), distributed in 81 567 672 (eighty-one million five hundred and sixty-seven thousand six hundred and seventy-two) shares, each with a nominal value of BGN 1 (one).

Rights attached to individual classes of shares: Class A shares – 79,567,672 (seventy-nine million five hundred sixty-seven thousand six hundred seventy-two) ordinary materialized registered voting shares with a total nominal value of BGN 79,567,672 (seventy-nine million five hundred sixty-seven thousand six hundred seventy-two). The following rights are attached to each A-share: (a) voting right; (b) right to a liquidation share (c) any other rights provided for by law or the Articles of Association; Class B shares – 1,000,000 (one million) registered materialized preference shares with a total nominal value of BGN 1,000,000 (one million). The following rights are attached to each B-share: (a) right to an additional dividend the amount of which is established by an express resolution of the General Meeting of Shareholders. (b) right to a liquidation share of 95 %; (c) right to nominate a member of the Board of Directors; (d) right to obtain a quarterly management report within 10 days from the end of the quarter, including income statements and key performance indicators relative to the Company's business activity; (e) any other rights provided for by law or the Articles of Association for Class A shares. Class B shares are non-voting. Class B shares - 1,000,000 (one million) registered materialized preference shares with a total nominal value of BGN 1,000,000 (one million). The following rights are attached to each B-share: (a) right to an additional dividend the amount of which is established by an express resolution of the General Meeting of Shareholders; (b) right to a liquidation share of 70 %; (c) right to give a binding opinion on transactions financially committing the Company with an amount exceeding BGN 100,000 (one thousand); (d) any other rights provided for by law or the Articles of Association for Class A shares; Class C shares are non-voting.

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

Structure of the share capital:

- Class A shares: Type: ordinary materialized and registered shares, Number of shares: 79,567,672, Nominal value: each Class A share has a nominal value of BGN 1.00 (one)
- Class B shares: Type: preference materialized and registered shares, Number of shares: 1,000,000, Nominal value: each Class B share has a nominal value of BGN 1.00 (one)
- Class C shares: Type: preference materialized and registered shares, Number of shares: 1,000,000, Nominal value: each Class C share has a nominal value of BGN 1.00 (one)

The list of the main shareholders of the Group is presented as follows:

	2023 Shares count	2023 %
Nedelcho Yordanov Spasov	40 783 836	50
Stanimir Svetoslavov Vassilev	40 783 836	50
	81 567 672	**100**

24 Reserves

24.1 Statutory reserve

	2023	2022
Balance as of 1 January	**2 718**	**2 558**
Allocation of profit to reserves	-	160
Restatement arising from a change in a non-controlling interest	(576)	-
Balance as of 31 December	**2 142**	**2 718**

24.2 Currency conversion reserve

	2023	2022
Balance as of 1 January	**(1 464)**	**(1 092)**
Increase/Decrease of holdings in subsidiaries	(4)	(154)
Exchange rate differences from currency conversions	(658)	(218)
Balance as of 31 December	**(2 126)**	**(1 464)**

24.3 Actuariel gains / (losses)

	2023	2022
Balance as of 1 January	**101**	**-**
Other comprehensive income for the year	(168)	101
Balance as of 31 December	**(67)**	**101**

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

25 Retained earnings

	2023	2022 (restated)
Balance as of 1 January	**168 743**	**133 880**
Changes in opening balance due to corrections of prior period errors	-	(377)
Recalculated balance as of 1 January	**168 743**	**133 503**
Current profit	52 068	33 212
Restatement resulting from a change in non-controlling interest	3 433	2 028
Balance as of 31 December	**224 244**	**168 743**

26 Non-controlling interest

	2023	2022
Balance as of 1 January	**41 004**	**30 985**
Profit for the year	12 580	6 054
Other comprehensive income for the year	(250)	(75)
Dividends distributed by subsidiaries	(449)	(267)
Restatement resulting from a change in a non-controlling interest	(723)	4 307
Balance as of 31 December	**52 162**	**41 004**

27 Changes in liabilities resulting from financing activities

	01.01.2023	Cash flows from financing activities	Changes of a non-monetary nature	31.12.2023
Borrowings	93 426	1 741	10 302	105 469
Lease liabilities	8 405	(5 189)	13 572	16 788
	101 831	**(3 448)**	**23 874**	**122 257**

	01.01.2022	Cash flows from financing activities	Changes of a non-monetary nature	31.12.2022
Borrowings	78 000	5 149	10 277	93 426
Lease liabilities	9 482	(6 103)	5 026	8 405
	87 482	**(954)**	**15 303**	**101 831**

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

28 Consolidated subsidiaries

Company	**Type of control**	**Ownership share in 2023**	**Ownership share in 2022**
Easy Asset Management AD	Direct	88.42%	88.42%
Fintrade Finance AD	Direct	64.30%	64.30%
Viva Credit AD	Direct	99.21%	99.21%
Financial Bulgaria Ltd	Non-direct	88.42%	88.42%
Overdue Debt Control Agency AD	Direct	70.00%	70.00%
Access Finance AD	Direct	75.49%	75.49%
Easy Asset Services Ltd	Non-direct	88.42%	88.42%
Easy Payment Services Ltd	Non-direct	88.07%	88.07%
MFG Invest AD	Direct	88.93%	88.93%
ZD Instinct EAD	Direct	100.00%	-
Liquid Dreams Ltd	Direct	97.50%	97.50%
Seawines AD	Direct	99.70%	99.70%
Seawines Logistics Ltd	Non-direct	99.70%	99.70%
Seawines Spirit AD	Non-direct	75.58%	75.58%
Access Finance SL - Spain	Non-direct	75.49%	75.49%
I Credit Sp.Z.O.O.- Poland	Non-direct	88.42%	88.42%
Easy Asset Management IFN S.A. - Romania	Non-direct	88.42%	88.42%
Axi Finance IFN S.A. - Romania	Non-direct	75.49%	75.49%
M Cash DOOEL - Macedonia	Non-direct	88.42%	88.42%
Easy Credit LLK - Ukraine	Non-direct	88.42%	88.42%
Colline Albelle Società Agricola A RL-Italy	Non-direct	100.00%	100.00%
Express Pay Ltd	Direct	100.00%	100.00%
Prospect Capital AD	Direct	100.00%	100.00%
MFG Partners EOOD	Non-direct	100.00%	100.00%
April Finance EAD	Non-direct	91.00%	91.00%
April Services Ltd	Direct	91.00%	91.00%
Flexible Financial Solution Llc - Ukraine	Direct	100.00%	100.00%
Agency for Control of Outstanding Debts Srl - Romania	Non-direct	70.00%	70.00%
Iuvo Group OU - Estonia	Direct	96.59%	96.59%
Iuvo Credit OÜ - Estonia	Non-direct	96.59%	96.59%
Iuvo Services Ltd	Non-direct	96.59%	96.59%
Miafora Limited-Cyprus	Direct	100.00%	100.00%
Easy Individual Solutions, SA De CV - Mexico	Non-direct	86.65%	86.65%
Smart Asset Services Ltd	Direct	100.00%	100.00%
M Broker - Macedonia	Direct	100.00%	100.00%
Smart Innovative Technologies Ltd	Direct	100.00%	100.00%
Sofia Fin Invest Private Limited-United Kingdom	Direct	100.00%	-
Access Finance Inc. – USA	Non-direct	75.49%	75.49%
Access Finance Sp.Z.O.O. – Poland	Non-direct	75.49%	-
Easy Asset Management LTD (SHPK) – Albania	Non-direct	88.42%	88.42%
Easy Asset Management Iberia SL - Spain	Non-direct	88.42%	88.42%

29 Contingent liabilities

The Group is a party (defendant and plaintiff) to legal disputes related to commercial matters. The management of the Group, together with the legal advisor, has performed an analysis of the state of litigation and has assessed that there are no significant risks that would require the recognition of provisions in the financial statement as of December 31, 2023.

On 26.05.2021 the subsidiary Seawines AD concludes a contract for a bank loan with BBR EAD for BGN 3,385 thousand, pursuant to which in June 2021 in the Commercial Register on the lot of Seawines AD, a pledge of the commercial enterprise "Seawines" AD is entered, as a set of rights, obligations and factual relationships, which also include its separate assets (with scope in relation to real estate, movable property, machinery and facilities, receivables, etc. The pledge is valid until all obligations under the bank credit agreement and its annexes are paid in full credit are the parent company Management Financial Group AD and Seawines Logistics EOOD.

30 Financial risk management

The nature of the Group's activities requires the assumption and professional management of known financial risks, which includes their identification, measurement and management. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and/or market practices.

The Group's objective is to achieve an appropriate balance between the risks assumed and the returns received, as well as to minimize the potential adverse effects on the financial results. In this context, risk is defined as the probability of experiencing losses or lost benefits due to factors internal or external to the organization. Risk management is carried out within the framework of rules and procedures approved by the Management. The group identifies, assesses and manages financial risks in close cooperation with operational units. The management sets the principles for overall control and risk management, as well as written policies regarding areas specific to the Group. The risks that arise in relation to financial instruments to which the Group is exposed include credit risk, liquidity risk, market risk and operational risk, disclosed below.

A. Credit risk

Credit risk is related to incurring financial losses due to non-fulfillment of the obligations of the Group's customers, suppliers and creditors. Credit risk is primarily related to the guarantee services provided to the Group's clients.

The Group's credit policy and its implementation are analyzed on an ongoing basis and changed if necessary at the suggestion of the management. It is responsible for the operational approach to risk management and sets work priorities, according to the risk management strategy and principles, adopts controls for credit risk and reviews the procedures and system for its management.

A.1. Measurement of credi risk

The assessment of credit risk for the portfolio of micro-loans is done on a portfolio basis and requires the performance of additional calculations of the probability of non-payment at maturity, as well as the related loss rates, correlation dependencies in the portfolio of assets, etc.

For its internal needs, the Group uses its own credit risk measurement and analysis models. These models are subject to periodic review and comparison of their behavior against real quantities, and adjustments are made to the underlying variables to optimize model performance. These credit risk measurement procedures are part of the Group's routine operational activity.

The key inputs used to measure expected credit loss (ECL) are:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

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

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

Probability of default (PD) is a forecast of the probability of default over a specified time range. Estimated at a given time. The calculation is based on statistical rating models and is evaluated using rating tools tailored to the different categories of counterparties and exposures. These statistical models are based on internal data including quantitative and qualitative factors. Estimated values are calculated taking into account the agreed terms of exposures and estimated prepayment rates. The rating is based on current conditions adjusted to account for future conditions that will affect the probability of default.

Probability of default is a combination of application assessment and behavioral assessment. A client is considered to be in default when he has not fulfilled his obligations for more than 90 days or at least one of his exposures has been restructured. During the regular credit risk assessment process, when a persistently late paying customer is identified, it may trigger an event of default, even if the previous two criteria are met (probability of default or an event leading to a probability of default).

Impairment is based on probability of default for 12 months when the customer is not in default and there is no significant increase in credit risk. The significant increase is assessed based on quantitative and qualitative criteria. When one of the criteria for a significant increase in credit risk is present, the corresponding exposure is impaired with a probability of default for the entire term. Full term probability of default is related to the remaining maturity of the loan and default events over the expected term of the financial instrument.

Loss Given Default (LGD) is an estimate of the loss given default and is stated as a percentage of the exposure. It is based on the difference between the contractual cash flows due and those that the Group expects to receive. LGD calculation models for unsecured assets take into account recovery time (customer payments or assignment payments). The loss at default varies widely, depending on the characteristics of the counterparty, the type and structural features of the loan, the availability of collateral or credit support of the debtor.

Exposure at default (EAD) is a forecast of exposure at a future date of default, taking into account expected changes in exposure after the reporting date, including payments. Exposure at default and loss given default are measured on a portfolio basis for the underlying pool of micro-loans.

A.2. Credit risk management policy

The Group manages credit risk by setting limits related to single customer, office and other categories of portfolio diversification. Credit risk exposure is managed through regular age analysis of fee receivables under guarantees granted, changing the criteria, requirements and approval procedures for pricing limits and the guarantee itself in a manner appropriate to the situation.

A.3. Maximum exposure to credit risk

For the financial assets held by the Group, the maximum exposure to credit risk is best represented by their carrying amount as follows:

	Maximum exposure	
	31 December 2023	**31 December 2022 (restated)**
Cash and cash equivalents	19 399	21 176
Microloans granted	287 367	235 701
Individually significant loans granted	9 710	6 254
Financial assets measured at fair value through profit or loss	51 705	47 781
Other assets	44 647	38 033
	412 828	**348 945**

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

A.4. Analysis of the credit risk of receivables from customers under microloans granted

The tables below analyze the credit risk of receivables from customers under microloans granted:

Receivables, gross **As of 31 December 2023**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	105 450	-	1 859	107 309
Up to 30 days past due	59 778	5 166	139	65 083
31 - 90 past due	-	18 634	4 189	22 823
Over 90 days past due	-	3 745	237 731	241 476
Total	**165 228**	**27 545**	**243 918**	**436 691**

As of 31 December 2023	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Receivables, gross	165 228	27 545	243 918	436 691
Impairment	(11 061)	(12 282)	(125 981)	(149 324)
Receivables, net	**154 167**	**15 263**	**117 937**	**287 367**

Receivables, gross **2023 year**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as of 01 January 2023	126 035	23 943	236 643	386 621
Transfer to stage 1	(2 760)	(2 779)	(1 214)	(6 753)
Transfer to stage 2	(14 939)	11 026	(520)	(4 433)
Transfer to stage 3	(6 730)	(12 347)	26 540	7 463
Acquired financial assets	150 861	22 370	40 701	213 932
Collected receivables	(87 239)	(14 668)	(58 232)	(160 139)
Balances as of 31 December 2023	**165 228**	**27 545**	**243 918**	**436 691**

Impairment of receivables **2023 year**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as of 1 January 2023	(7 709)	(11 019)	(132 192)	(150 920)
Transfer to stage 1	(1 851)	1 279	789	217
Transfer to stage 2	3 173	(1 668)	341	1 846
Transfer to stage 3	707	6 953	(16 231)	(8 571)
Acquired financial assets	(13 249)	(15 105)	(44 289)	(72 643)
Collected receivables	7 868	7 278	65 601	80 747
Balances as of 31 December 2023	**(11 061)**	**(12 282)**	**(125 981)**	**(149 324)**

Receivables, gross **As of 31 December 2022**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Performing	81 983	3 315	1 466	86 764
Up to 30 days past due	44 052	3 425	99	47 576
31 - 90 past due	-	17 076	4 843	21 919
Over 90 days past due	-	127	230 235	230 362
Total	**126 035**	**23 943**	**236 643**	**386 621**

As of 31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Receivables, gross	126 035	23 943	236 643	386 621
Impairment	(7 709)	(11 019)	(132 192)	(150 920)
Receivables, net	**118 326**	**12 924**	**104 451**	**235 701**

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

Receivables, gross 2022 year	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as of 1 January 2022	63 978	17 963	158 796	240 737
Transfer to stage 1	(5 345)	(2 768)	(719)	(8 832)
Transfer to stage 2	(18 634)	14 224	(777)	(5 187)
Transfer to stage 3	(1 656)	(18 258)	33 394	13 480
Acquired financial assets	124 821	23 950	84 967	233 738
Collected receivables	(37 129)	(11 168)	(39 018)	(87 315)
Balances as of 31 December 2022	**126 035**	**23 943**	**236 643**	**386 621**

Impairment of receivables 2022 year	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as of 1 January 2022	(1 066)	(1 840)	(12 369)	(15 275)
Transfer to stage 1	260	7 117	62 136	69 513
Transfer to stage 2	3 104	(3 930)	413	(413)
Transfer to stage 3	(22)	7 661	(10 045)	(2 406)
Acquired financial assets	(17 031)	(26 628)	(236 188)	(279 847)
Collected receivables	7 046	6 601	63 861	77 508
Balances as of 31 December 2022	**(7 709)**	**(11 019)**	**(132 192)**	**(150 920)**

A.5. Analysis of the credit risk of receivables from customers under individually significant loans

The tables below analyze the credit risk of receivables from customers under individually significant loans granted to companies and individuals:

Receivables, gross	**31 December 2023**	**31 December 2022**
Performing	9 921	6 159
Doubtful	-	-
Credit impaired	2 894	2 681
Total	**12 815**	**8 840**

	31 December 2023	**31 December 2022**
Receivables gross	12 815	8 840
Impairment	(3 105)	(2 586)
Receivables, net	**9 710**	**6 254**

B. Liquidity risk

Liquidity risk is related to the inability to meet the Group's liabilities when they become due. Net cash outflows would reduce available cash resources. Under certain circumstances, a lack of liquidity may result in asset sales or the potential inability to meet credit commitments. The risk that the Group will not be able to meet its cash obligations is inherent in the business and can be caused by a wide range of institutional-specific and market events such as mergers and acquisitions activities, systemic shocks and natural disasters, etc.

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

B.1. Liquidity risk management policy

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

The Group holds a diversified portfolio of cash and high quality, highly liquid assets to meet its current liabilities.

B.2. Maturity analysis of financial liabilities

The tables below present the Group's undiscounted cash flows due from financial liabilities by remaining period to maturity. The amounts presented in the table are the agreed undiscounted cash flows, which also include interest, if any agreed.

As of 31 December 2023	Carrying amount	Contracted cash flows					
		Up to 1 month	1 - 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities							
Borrowings	105 469	7 336	14 671	66 020	24 012	1 088	113 127
Lease liabilities	16 788	118	969	15 092	1 040	-	17 219
Trade payables	11 614	11 614	-	-	-	-	11 614
	133 871	**19 068**	**15 640**	**81 112**	**25 052**	**1 088**	**141 960**

As of 31 December 2022 (restated)	Carrying amount	Contracted cash flows					
		Up to 1 month	1 - 3 months	3 – 12 months	1 – 5 years	Over 5 years	Total
Financial liabilities							
Borrowings	93 426	184	365	68 271	26 725	1 700	97 245
Lease liabilities	8 405	861	1 638	1 158	5 195	-	8 852
Trade payables	7 390	7 390	-	-	-	-	7 390
	109 221	**8 435**	**2 003**	**69 429**	**31 920**	**1 700**	**113 487**

C. Market risk

The Group is exposed to market risk, which is the probability that the fair value or cash flows associated with financial instruments will vary due to changes in market prices. Market risks arise primarily from positions in interest rate, currency and equity products that are exposed to general and specific market movements and changes in the level of market rate or price dynamics. Due to the specificity of the Group's financial instruments, it is primarily exposed to interest rate risk.

C.1 Interest risk

Interest rate risk related to cash flows can occur when changes in market interest rates affect future cash flows from financial instruments. A possible interest rate risk related to the fair value is that when the value of a financial instrument changes due to a change in market interest rates.

The Group is exposed to both fair value and cash flow risks. Interest margins may increase as a result of these changes, which in turn would limit potential losses to the Group arising from changes in market interest rates. Trade and other receivables / liabilities are not interest-bearing.

C.2 Currency risk

Fluctuations in exchange rates have an impact on the Group's financial position and cash flows. As a result of the currency board, the Bulgarian lev is pegged to the euro at a leva-to-euro ratio of 1.95583/EUR, which means that positions in this currency do not lead to significant currency risk unless the ratio is changed in the future. The group does not have significant exposures in other currencies that would lead to an increase in currency risk.

D. Operational risk

Operational risk is the risk of losses due to systems failure, human error, fraud or external events. When the established control systems and activities do not prevent such events, operational risks may damage the reputation, have legal or regulatory consequences or lead to financial losses for the Group. The Group does not expect to eliminate all operational risks but strives to manage these risks by building a good control environment, as well as by monitoring and managing potential risks. Control measures include effective segregation of duties, definition of access rights, authorization of transactions, and reconciliation of information from different sources, training and evaluation of personnel, and other types of controls.

E. Fair value of the financial assets and liabilities

For financial instruments that are traded in active markets, the determination of fair value is based on market prices or dealer price quotes. A financial instrument is considered to be traded in an active market if the quoted prices are regularly available from an exchange, dealer, broker, company of the relevant industry or regulatory agency and these prices represent current and regularly executed transactions in the market. If the above criteria are not met, the market is considered inactive.

For all other financial instruments, fair value is determined using valuation models. Fair values of loans and receivables, as well as liabilities to third parties, are determined using a present value model based on agreed cash flows, taking into account credit quality, liquidity and costs; their fair value does not differ materially from their net carrying amount. The fair values of contingent liabilities and non-cancellable loan liabilities correspond to their carrying amounts.

For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amount is close to their fair value. This assumption also applies to demand deposits and time savings deposits.
IFRS 7 "Financial Instruments: Disclosure" requires the explanatory notes to the financial statement to contain information on the determination of fair value in accordance with IFRS 13 "Fair Value Measurement" of financial assets and liabilities that are not presented at fair value in the statement of financial condition. IFRS 13 defines a hierarchy of valuation techniques, depending on the extent to which the inputs to the models are observable or unobservable. Inputs that can be monitored include market information obtained from external information sources; unobservable inputs include the Group's assumptions and judgments.

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

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

The above hierarchy of valuation methods requires the use of market information whenever possible. When making the assessments, the Group takes into account relevant observable market prices in cases where this is possible.

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

Fair value of financial instruments:

	As of 31 December 2023		*As of 31 December 2022 (restated)*	
Financial assets	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Cash and cash equivalents	19 399	19 399	21 176	21 176
Microloans granted	287 367	287 367	235 701	235 701
Individually significant loans granted	9 710	9 710	6 254	6 254
Financial assets measured at fair value through profit or loss	51 705	51 705	47 781	47 781
Total financial assets	**368 181**	**368 181**	**310 912**	**310 912**

	As of 31 December 2023		*As of 31 December 2022 (restated)*	
Financial liabilities	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Borrowings	105 469	105 469	93 426	93 426
Lease liabilities	16 788	16 788	8 405	8 405
Trade payables	11 614	11 614	7 390	7 390
Total financial liabilities	**133 871**	**133 871**	**109 221**	**109 221**

The following table provides information on the financial instruments for which fair value disclosure is required in accordance with IFRS 7, distributed according to the valuation methods used as at **31 December 2023**:

	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
Cash and cash equivalents	19 399	-	-	19 399
Microloans granted	-	-	287 367	287 367
Individually significant loans granted	-	-	9 710	9 710
Financial assets measured at fair value through profit or loss	271	-	51 434	51 705
Financial liabilities				
Borrowings	-	-	105 469	105 469
Lease liabilities	-	-	16 788	16 788
Trade payables	-	-	11 614	11 614

The following table provides information on the financial instruments for which fair value disclosure is required in accordance with IFRS 7, distributed according to the valuation methods used as at 31 December 2022 (restated):

	Level 1	*Level 2*	*Level 3*	*Total*
Financial assets				
Cash and cash equivalents	21 176	-	-	21 176
Microloans granted	-	-	235 701	235 701
Individually significant loans granted	-	-	6 254	6 254
Financial assets measured at fair value through profit or loss	302	-	47 479	47 781
Financial liabilities				
Borrowings	-	-	93 426	93 426
Lease liabilities	-	-	8 405	8 405
Trade payables	-	-	7 390	7 390

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

F. Capital managemet

The Group's capital management objectives are to maintain a strong capital base to ensure the Group's ability to continue as a going concern and to provide conditions for development. There were no changes in the capital management approach during the period. The leverage ratio (the ratio of total debt to equity) as of December 31, 2023 and December 31, 2022 is as follows:

	31 December 2023	31 December 2022 (restated)
Total debt capital	161 902	140 553
Less: Cash and cash equivalents	(19 399)	(21 176)
Net debt capital	142 503	119 377
Equity	357 923	292 670
Total capital	**500 426**	**412 047**
Debt ratio	**0.28**	**0.29**

31 Related party transactions

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

a. Composition of related parties outside the Group

Name	**Relationship type**
Chiron Management AD, UIC 205202828	Other type of relationship
Settle Services AD, UIC 206395410	Other type of relationship
Breezy AD, UIC 206398463	Other type of relationship
New Pay AD, UIC 206470432	Other type of relationship
Settle Bulgaria AD - in liquidation	Non-consolidated subsidiary
Iuvo Credit OÜ - Estonia	Non-consolidated subsidiary
Easy Asset Management d.o.o. - Croatia	Joint company
Nedelcho Yordanov Spasov	Ultimate owner
Stanimir Svetoslavov Vassilev	Ultimate owner
Antonia Vasileva Sabeva	Executive Director

Unless otherwise indicated, transactions with related parties are not carried out under special conditions.

b. Trade transactions with related parties (Amounts are without VAT)

Related party	*Type of transaction*	2023	2022
Purchases			
Owners	Interest	16	14
Other type of relationship	Interest	21	29
Other type of relationship	Pre-billed services	308	385
		345	**428**
Sales			
Other type of relationship	Interest	457	218
		457	**218**

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

c. Related parties balances

Receivables

		31 December 2023			31 December 2022 (restated)		
Related party	*Balance type*	*Receivables, gross*	*Impair-ment*	*Receivables, net*	*Receivables, gross*	*Impair-ment*	*Receivables, net*
Joint ventures	Loan	2 278	(59)	2 219	793	-	793
Other type of relationship	Loan	6 025	(2 985)	3 040	5 347	(2 024)	3 323
Total loan receivables (note 12)		*8 303*	*(3 044)*	*5 259*	*6 140*	*(2 024)*	*4 116*
Total receivables		**8 303**	**(3 044)**	**5 259**	**6 140**	**(2 024)**	**4 116**

Liabilities

Related party	*Balance type*	31 December 2023	31 December 2022
Owners	Loan	616	1 086
Other type of relationship	Loan	1 555	833
Total borrowings (note 20)		*2 171*	*1 919*
Joint ventures	Pre-build services	53	29
Other type of relationship	Pre-build services	44	-
Other type of relationship	Services	11	92
Total trade payables		*108*	*121*
Total liabilities		**2 279**	**2 040**

The 2023 Compensation of Key Executives of the Group amount to 5,647 thousand BGN (2022 – BGN 5,413 thousand).

There are no loans granted to management in 2023 and 2022. No guarantees have been given or received for receivables or payments to related parties.

Management has analyzed the impact of the military conflict between Russia and Ukraine, which began after the date of the financial statements, on receivables from related parties and has determined that the net value of the loan receivables is a reasonable approximation of their fair values as follows:

- Easy Asset Management AD of Easy Credit LLC, Ukraine (unconsolidated subsidiary), for which an impairment loss of 77% of their nominal value was charged in 2021;
- Management Financial Group AD of Flexible Financial Solutions, Ukraine (unconsolidated subsidiary), for which an impairment loss of 100% of their nominal value was charged in 2021;
- Management Financial Group AD of Easy Asset Management Russia (unconsolidated subsidiary), for which an impairment loss of 100% of their nominal value was charged in 2021;

32 Subsequent events

- On 10.01.2024 The parent company acquired additional shares in Sofia Fin-Invest Private Limited, India.
- On 11.01.2024 The parent company sold 100% of the capital to Prospect Capital EAD.
- On 01.04.2024 The parent company acquired additional shares in Access Finance AD
- On 04/08/2024 The parent company subscribed to a 50% equity interest in Bretzel Digitaler Assekurdeur GmbH, Munich.

- On 07.08.2024 The parent company sold 100% of the capital of AKPD Doel Skopje to another of its subsidiaries.
- On 07.08.2024 The parent company acquired 100% of the capital of Easy Asset Services EOOD from another of its subsidiaries.

33 Financial statements approval

The consolidated financial statements as of December 31, 2023. (including comparative information) has been approved by the Board of Directors on September 30, 2024.