Annual activity report
Report of the independent auditor
Financial report
EF ASSET MANAGEMENT AD
31 December 2023

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This document is a translation of the original in Bulgarian, in case of divergence the Bulgarian text shall prevail.

INDEPENDENT AUDITOR'S REPORT

To the
Shareholders of
Ef Asset Management AD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ef Asset Management AD (the Company), which comprise the statement of financial position as at December 31, 2023, the statement of of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, containing material information about the accounting policies and other explanatory information..

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

Basis for Opinion

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

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

Management is responsible for the preparation of the other information. The other information comprises the management report prepared by the Management in

accordance with Chapter Seven of the Accountancy Act, but does not include the financial statements and our auditor's report thereon.

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

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

We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT – continued

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT – continued

Report on Other Legal and Regulatory Requirements

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, described in paragraph Information Other than the Financial Statements and Auditor's Report Thereon in relation to the management report, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines for new and extended audit reports and auditor communication" of the professional organisation of 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 an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act
Based on the procedures performed, our opinion is that:

a) The information included in the management report referring to the financial year for which the financial statements have been prepared is consistent with those financial statements.
b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

BRAIN STORM CONSULT - OD LTD
Audit Firm, reg. № 0148

Kamelia Terziyska – Managing partner and
Registered auditor, responsible for the audit

Republic of Bulgaria, Sofia, March 25, 2024

Annual activity report

I. Development of the activity of EF Asset Management AD

In 2023, the activities carried out by the Company's management are mainly related to the management of the collective investment schemes (CIS) and one alternative investment fund (AIF).

On 16.02.2022, the Financial Supervision Commission, with Decision No. 136-DF/16.02.2022, issued approval to the Management Company "EF Asset Management" JSC for a change in the Rules of the exchange-traded fund "EF Principal ETF" managed by it. (previously known as Mutual Fund "EF Principal"). In connection with the above, the Exchange Traded Fund "EF Principal ETF" was introduced for trading on the "Segment for Exchange Traded Products" on 09.03.2022.

On 20.12.2022, MC "EF Asset Management" AD received a license from the Financial Supervision Commission to carry out alternative investment fund management activities under Art. 198, para. 1 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act. (CISOUCIA).

Activities related to the management of the Company in 2023.

The activity of EF Asset Management AD in 2023 is related to the management of the portfolios of two CSIs: Mutual Fund EF Rapid and Exchange Traded Fund EF Principal ETF and one alternative investment fund - National mutual fund EF Potential.
The management company carries out the accounting, reporting, marketing and advertising services of the managed collective investment schemes and the national mutual fund.

II. Financial status of the Company at the end of 2023.

The main objective of the Management Company is to ensure the preservation of the value of the portfolios of securities and cash of the managed CISs and AIF. Assets are selected and deals are concluded with parameters that meet the investment objective of the various funds to the maximum extent.

In the long term, the mutual fund industry in Bulgaria has huge potential for growth given its low penetration among the population.

ASSETS

The Company's assets include property, plant and equipment, financial assets at fair value through profit or loss, short-term receivables and cash.

Fixed assets

Fixed assets include assets with the right of use, computers and business inventory with a book value as of 31.12.2023 – BGN 271 thousand.

2. Financial instruments

Financial instruments reported in the statement of financial position include: financial assets at fair value through profit or loss, short-term receivables, cash and cash equivalents.

2.1. Short-term receivables

Short-term receivables as of 31.12.2023 amount to BGN 190 thousand.

2.2. Cash and cash equivalents

The company reports the following assets as cash and cash equivalents: available cash and current and deposit accounts. As of 31.12.2023, their amount is BGN 155 thousand.

2.3 Financial assets accounted for at fair value

The company reports as Financial assets, reported at fair value - investments in shares, units and corporate bonds with a book value of BGN 2,202 thousand as of 31.12.2023.

2.4. Objectives and management policy regarding risk management

In 2023, under the management of CIS and AIF, the Management Company enters into transactions seeking, in the current market conditions, to take the most reasonable actions possible to preserve the value of investments.

Leading for the Management Company in the management of CIS and AIF are compliance with investment restrictions, control over liquidity, analysis of the market situation to find the best opportunities for sale and purchase of financial instruments. The accumulated professional experience over the past fifteen years of active development in Bulgaria on the market of collective investment schemes enables the team of EF ASSET MANAGEMENT AD to create an appropriate internal organization of work to ensure the preservation of investors' interests and the avoidance of conflicts of interests, the observance of the ban on insider trading, the effective distribution of functions and responsibilities of the various departments, control and timely provision of information.

The management company, through the joint actions of the Portfolio Management and Risk Management departments, sought to expand the value of the risk investments of CIS and AIF, which it manages in order to realize additional profitability. The portfolio managers selected financial instruments with good economic indicators and professionally established management, including maintaining an adequate level of cash, which allows meeting redemption obligations. Some of the investments in 2023 were also directed towards lower risk investments, such as bonds and bank deposits in local banks, which still offer good returns. Investments in stocks focused on Bulgarian stocks with stable market positions and good corporate management practices, which allows them to better position themselves in the country's economy.

As a result of its main activity, the Company is exposed to financial risks, which can be divided into the following three main categories - market risks, credit risks and operational risks. In addition to these three main risk categories, the Company is also exposed to some combined risk factors, realized in liquidity risk, regulatory risk, reputational risk, business risk and others.

Daily risk management activities in the Company are carried out by the "Risk Management" department, for which the department reports directly to the Board of Directors. Management's

priority is to reduce the Company's risk exposure, incl. by providing the short- and medium-term cash flows necessary to cover emerging liabilities.

The most significant financial risks to which the Company is exposed are discussed in detail below.

Market risk

Market risk is the probability of losses in the management of funds under the influence of unfavorable changes in the prices of financial instruments, market interest rates, prevailing exchange rates, which is determined by two main categories of risk factors:

- Systemic (general market) risk affecting the value of all financial instruments on the market. Systemic risk arises from the characteristics of the macroeconomic environment and the state of the capital market in the country, acts outside the company and, in principle, cannot be diversified. The main methods for limiting the systemic risk and its individual components are the collection and processing of information about the macroeconomic environment, and on this basis, forecasting and matching the investment policy with the expected dynamics of this environment;
- Specific (company) risk that arises from the specific characteristics of a financial instrument or the company that issued it. The company neutralizes the specific market risk of its own investments and individual investments of CIS by means of diversification of financial instruments.

The main varieties of market risk - currency, interest rate and price - are discussed below.

Currency risk

Currency risk is the risk arising from changes in the prevailing market levels of exchange rates, which can be realized through a decrease/increase in the value of assets/liabilities denominated in a foreign currency and/or a decrease/increase in income/expenses related to financial instruments or transactions denominated in a foreign currency.

The management company is exposed to currency risk when making payments in foreign currency. When they are carried out, income and expenses arise from foreign exchange operations, which are reported in the income statement. The main part of the currency exposures is formed by the monetary assets and liabilities of the Management Company, denominated in a currency other than leva and euro.

The management company manages the currency risk by limiting its open position in currencies other than leva and euro. Due to the nature of the cash flows, namely - payments with customers of CIS and AIF, income and expenses from foreign exchange operations and revaluations are not relevant.

Interest rate risk

Interest rate risk is the risk arising from changes in the prevailing market levels of interest rates, which has two main varieties :

- risk of changes in the market price of interest-bearing financial instruments (including derivatives based on interest rates) in connection with changes in market interest rates;
- risk of reduction/increase in interest payments on interest-bearing assets/liabilities in connection with changes in market interest rates;

The activity of the Management Company is subject to the risk of fluctuations in interest rates, only to the extent that during the reporting period the Management Company concludes contracts for deposits with various banks, the interest income from which is exposed to the risk of a decrease in interest rates. During the reporting period, the Company has no interest-bearing liabilities that could lead to exposure to the risk of an increase in interest payments.

The following table shows information on the nominal interest rates of the Company's assets:

December 31, 2023	**Interest %**	**Interest-bearing**	**Interest free**	**Total**
		000 BGN	**000 BGN**	**000 BGN**
Cash in cash and bank	0.00%	155	-	155
Corporate bonds	from 3.25% to 4.50%	261	-	261
Shares	-	-	1 511	1 511
Units of CIS and AIF	-	-	430	430
Receivables	-	-	190	190
Total assets		**416**	**2 131**	**2 547**

Price risk

Price risk is the risk arising from changes in the prevailing market prices of tradable financial instruments (shares, units of exchange-traded funds, corporate bonds, etc.).

During the period, the Management Company has no assets or liabilities leading to the assumption of price risk related to tradable financial instruments.

The main income of the Company is related to the size of the managed assets (the net value of the assets of the managed funds on which the management fee is charged) and the interest of the investors in the managed contract funds.

Both sources of income are mainly related to the state of public companies traded on the Bulgarian Stock Exchange AD (BSE). The increase/decrease in BSE prices of the shares that the funds managed by the Company own would lead to the corresponding increase/decrease in management income. This increase/decrease also affects investors' interest in the funds, as an increase in prices would result in a higher return for investors, and a decrease in prices would result in a lower return or loss for investors.

Credit risk

Credit risk is the probability of losses due to a decrease in the value of a financial instrument in the event of adverse credit events (including settlement risk in case of default by the counterparty) related to the issuer of the financial instrument or the counterparty to the transaction, as well as countries or the jurisdictions where they are based or operate. Credit risk has two main varieties:

- Position risk – the possible loss resulting from a change in the price of a given financial instrument as a result of factors related to the creditworthiness of the issuer or in the case of a derivative instrument linked to the issuer of the underlying instrument;
- Settlement risk – the possible loss resulting from the inability or unwillingness of a counterparty to a transaction with financial instruments to fulfill its obligations accurately and on time;

During the period, the Management Company maintains receivables only against first-class counterparties (deposits with banks), which reduces position risk and settlement risk to a negligible low level.

The Company's exposure to credit risk is limited to the amount of the book value of the financial assets recognized at the date of the financial statements, as indicated below:

	2023 BGN thousand	2022 BGN thousand
Groups of financial assets - balance sheet values:		
Debt instruments at amortized cost		
Other receivables	28	34
Receivables from related parties	162	161
Cash and cash equivalents	155	344
Financial assets at fair value through profit and loss	2 202	1 452
Book value	**2 547**	**1 991**

The main revenues that the Company realizes are from the organization and management of the two collective investment schemes - MF "EF Rapid" and ETF "EF Principal" ETF and one alternative investment fund - NMF "EF Potential". Due to the availability of the right to manage the said Funds, the Company is not exposed to the credit risk of non-payment of obligations by the funds to the Company.

The management of the Company considers that all the above-mentioned financial assets, which have not been impaired during the presented reporting periods, are financial assets with a high credit rating, including those that have reached maturity.

The following tables present an analysis of the maturity structure according to the remaining maturity of the financial assets:

as of 31.12.2023	up to 3 months	from 3 months to 1 year	from 1 to 5 years	from 5 to 10 years	No matriculation	Total
	BGN thousand		BGN thousand		BGN thousand	BGN thousand
Cash and cash equivalents	-	-	-	-	155	155
Receivables	3	4	21	-	-	28
Receivables from related parties	162	-	-	-	-	162
Shares	-	-	-	-	1 511	1 511
Units of CIS and AIF	-	-	-	-	430	430
Bonds	-	-	216	45	-	261
Total assets	**165**	**4**	**237**	**45**	**2 096**	**2 547**

Liquidity risk

Liquidity risk has two main varieties:

- Funding risk, which arises in connection with the provision of financial means to meet financial obligations when they become due. The financing risk has two dimensions: the risk that the Management Company will not be able to meet the obligations to the Clients of CIS and AIF and the risk that the Management Company will not be able to meet obligations related to its own activities;
- Risk related to the market liquidity of financial instruments, which occurs when a transaction cannot be carried out at the prevailing market prices of financial instruments, or its execution is possible only in unfavorable financial conditions, due to the significant size of the position compared to normal trading.

The management company implements procedures for managing the liquidity risk of each CIS and AIF, in order to ensure compliance with the requirements under Art. 21 CISOUCIA .

Unsystematic risks

The funds operate in a highly regulated environment, which is a prerequisite for reducing the risks of operations. The main regulator is the Financial Supervision Commission. Additional control is carried out by the depository bank.

Measures to reduce the impact of the financial crisis

In connection with the highly variable conjuncture of the financial markets worldwide , in addition to the procedures expressly provided for in the Fund Risk Management Rules , EF Asset Management AD undertakes additional measures in connection with the management of liquidity and credit risks, namely:

- Continuous control and timely provision of information to the "Portfolio Management" department and the representatives of the Company on the number and amount of submitted orders for issuing and repurchasing shares for the next working day;
- Continuous monitoring of price movements of financial instruments from fund portfolios during exchange sessions;
- Checking and notifying the representatives - about the availability of liquid assets and their relative share in the total amount of the funds' assets.

As of December 31, 2023, the maturities of the Company's obligations are summarized as follows:

December 31, 2023	**Short term**	**Long term**		**Total**
	Up to 1 year	**From 1 to 5 years**	**Over 5 years**	
	000 BGN	**000 BGN**	**000 BGN**	**000 BGN**
Obligations under leasing contracts	55	219	-	274
Other duties	38	-	-	38
	93	**219**	**-**	**312**

As of December 31, 2022, the maturities of the Company's obligations are summarized as follows:

December 31, 2022	Short term	Long term		Total
	Up to 1 year	From 1 to 5 years	Over 5 years	
	000 BGN	000 BGN	000 BGN	000 BGN
Obligations under leasing contracts	51	252	14	317
Other duties	29	-	-	29
	80	**252**	**14**	**346**

Operational risk

Operational risk is the probability that losses will be realized due to inappropriate or inadequate internal rules and/or procedures, personnel and/or information systems errors, malicious actions, adverse external events and others.
Operational risks are related to four main risk factors:

- Personnel – possible losses related to errors, fraud and the like, lack of relevant qualifications or loss of key employees, etc.;
- Processes - possible losses due to transactions, accounting errors, unfavorable contracts, inaccurate financial statements or valuations, etc.;
- Systems – possible losses from a breakdown of information systems or communication channels, program errors, incorrect data, security breaches, lack of operating capacity, etc.;
- External risks – possible losses due to natural disasters, court orders, non-performance by suppliers, theft, robbery, etc. illegal actions by outsiders, political, regulatory, tax and other factors.

The management company manages operational risk using a system of internal process controls, access levels to systems and staff transaction limits.

Categories of financial assets

The balance sheet values of the Company 's financial assets can be presented in the following categories:

Financial actives	Explanation	2023 BGN thousand	2022 BGN thousand
Debt instruments at amortized cost:			
Receivables from related parties	20.3	162	161
Other receivables	8	28	34
Cash and cash equivalents	9	155	344
		345	**539**
Financial assets at fair value through profit and loss:	6		
Bonds		261	68
Shares		1 511	1 237
Units of CIS and AIF		430	147
		2 202	**1 452**

Financial liabilities	Explanation	2023 BGN thousand	2022 BGN thousand
Financial liabilities reported at amortized cost:			
Obligations under leasing contracts	11.1	274	317
Other duties	12	38	29
		312	**346**

PASSIVES

The current liabilities of the company as of 31.12.2023 represent short-term liabilities that will be repaid no later than 12 months from their occurrence (BGN 93 thousand). They include: obligations under leasing contracts - BGN 55 thousand, tax obligations - BGN 29 thousand, obligations to counterparties - BGN 4 thousand and obligations related to unused leave - BGN 5 thousand). The non-current liabilities of the company as of 31.12.2023 represent obligations under leasing contracts - BGN 219 thousand .

EQUITY

Equity consists of share capital, reserves and financial result.

1. Share capital

The share capital of the Management Company is in the amount of 400,000 (four hundred thousand) BGN, divided into 400,000 (four hundred thousand) ordinary non-issued registered shares with the right to one vote and with a nominal value of 1 (one) BGN each.
The capital of the Management Company at its establishment was in the amount of 100,000 (one hundred thousand) BGN. In July 2005, it was increased to 250,000 (two hundred and fifty thousand) BGN and in 2012 it was increased by another 150,000 (one hundred and fifty thousand) BGN.

2. Reserve

As of 31.12.2023, the Company's reserves amount to BGN 40 thousand.

3. Financial result

The financial result for 2023 is positive and, after conversion for tax purposes, amounts to BGN 1,100,000.

INCOME

1. Revenue from provision of services

The Company's income is formed by the management fees of CIS and AIF. As of 31.12.2023, they amount to BGN 1,958,000. Revenues from each service are recognized for the period for which the service was actually performed, i.e. when the expenses for it have been incurred.

Revenue from provision of services	2023 000 BGN	2022 000 BGN
- Income from management of ETF EF Principal ETF	904	873
- Income from management of MF EF Rapid	598	556
- Income from management of NMF EF Potential	456	327
Total:	**1 958**	**1 756**

2. Income from investment operations

In 2023, the Company realized a net loss from operations with financial assets accounted for at fair value in profit or loss.

	2023	2022
Net gain/(loss) from transactions with financial assets at fair value through profit or loss	**000 BGN**	**000 BGN**
Gain from a change in the fair value of financial assets at fair value through profit or loss	278	129
Loss from change in fair value of financial assets at fair value through profit or loss	(353)	(179)
Total	**(75)**	**(50)**

3. Financial income

The company's financial income includes interest income from publicly traded securities at fair value through profit or loss.

Interest income for 2023 consists of interest on operations with debt financial instruments and interest on current accounts. As of 31.12.2023, their value is BGN 18 thousand.

COSTS

Expenses are recognized in the statement of profit or loss and other comprehensive income in the period in which they are incurred. The expenses incurred in the current period, which are related to the receipt of income or benefits in the next accounting period, are reflected as expenses for future periods.
Costs of ordinary activity include costs accounted for by economic elements and financial costs. Expenditures on economic elements take up a major part of the incurred expenses for 2023.

1. Expenses by economic elements

Costs of economic elements include costs for materials, for external services, for depreciation, for remuneration, for insurance and others. As of 31.12.2023, their total value is BGN 663 thousand.

2. Financial costs

The financial expenses include the expenses for bank fees and commissions and expenses for interest on lease contracts, which as of 31.12.2023 amount to BGN 13 thousand.

III. Analysis of main financial and non-financial indicators

Financial indicators

Analysis of key financial indicators related to business activity.

Performance indicators are the quantitative characteristics of the ratio between the Company's Income and Expenses. The results of the calculation of cost efficiency ratios allow to determine how much income from the activity the fund receives from the use of a unit of expenditure for the same activity. The revenue coefficients are reciprocal to the previous ones. They show how much expenditure is incurred per unit of revenue.

Indicators	31.12.2023	31.12.2022	Amendment
Income	2,256,850	1,915,191	17.8%
Expenses	1,028,927	667 677	54.1%
Odds			
Cost effectiveness	0.46	0.35	30.8%
Revenue efficiency	2.19	2.87	-23.5%

The financial result characterizes the efficiency of the financial and economic activity. It can be a profit or a loss depending on the ratio between income and expenses. The amount of the financial result is indicated in the Income and Expenditure Statement, as well as in the Financial Statement.

Changes in the financial result status

Financial result as of 31.12.2023	Financial result as of 31.12.2022	Amendment
1,099,903	**1,121,787**	**-1.95 %**

Liquidity indicators express the Company's ability to pay its current obligations with available short-term assets. Liquidity indicators are defined as coefficients, in the calculation of which assets and liabilities are compared. The total liquidity ratio is calculated by dividing current assets by current liabilities.

Liquidity indicators	31.12.2023	Total liquidity ratio	31.12.2022	Total liquidity ratio	Amendment
Current assets	2,547,265		1,991,290		
Current liabilities	93 339	**27.29**	80,046	**24.88**	**9.70 %**

Indebtedness ratios show what proportion of the Company's capital is debt and its current financial position. With a high degree of indebtedness of the Company, it will experience difficulty in carrying out its economic activity.

Indebtedness Indicators	31.12.2023	Debt to Equity ratio	31.12.2022	Debt to Equity ratio	Amendment
Total liabilities	312 737		346,276		
Total Equity	2,505,626	**0.12**	1,955,723	**0.18**	**-29.5 1 %**

Changes in the status of assets			
	31.12.2023	31.12.2022	Amendment
Assets	2,818,363	2,301,998	**22.43%**

Profitability (yield) is one of the most important parameters that characterizes the Company's financial situation. It reflects the potential of the enterprise to generate and realize income.

Profitability ratios					
	31.12.2023		**31.12.2022**		**Amendment**
	Return on equity				
Total net profit	1,099,903	0. 44	1,121,787	0.57	
Total Equity	2,505,626		1,955,723		- 23.50%
	Return on assets				
Total net profit	1,099,903	0.39	1,121,787	0.49	
Total assets	2,818,363		2,301,998		-19.91 %

IV. Events after the reporting date

The board of directors of the management company declares that for the period from the date of the financial statements to the date of the financial statements there have been no other significant and/or material no adjusting events that would affect the true and fair presentation of the financial statements..

V. Remuneration of the members of the Company's board of directors in 2023.

The fees accrued in 2023 under the Company's Management and Control Agreements are in the amount of BGN 125,000.

VI. Company shares acquired, owned and transferred by the members of the board of directors during the year

In 2023, no transfers of shares were made by members of the board of directors.

As of 31.12.2023, the shareholder structure has the following form:

- Euro-Finance AD owns 79,840 shares or 19.96% of the Company's share capital.
- Synthetika AD owns 39,800 shares or 9.95% of the Company's share capital.
- Bonds Advisors Ltd. owns 39,800 shares or 9.95% of the Company's share capital.
- Italtech Service-Bulgaria EOOD owns 39,800 shares or 9.95% of the Company's share capital.
- Loudspeakers-CE EOOD owns 39,800 shares or 9.95% of the Company's share capital.
- Euroautoservice EOOD owns 39,920 shares or 9.98% of the Company's share capital.
- ACM Consult EOOD owns 39,800 shares or 9.95% of the Company's share capital.
- Smart IT Solutions EOOD owns 39,800 shares or 9.95% of the Company's share capital.
- Insurance broker Pro Ins EOOD owns 39,920 shares or 9.98% of the Company's share capital.
- Tsvetelina Konstantinova Kostadinova owns 1,520 shares or 0.38% of the Company's share capital.

VI. Rights of the members of the Board of Directors to acquire shares of the Company

Each member of the Board of Directors has the right to acquire shares from the Company.

VII. The participation of the members of the Board of Directors and the Procurator in commercial companies as unlimited partners, the ownership of more than 50 percent of the capital of another company, as well as their participation in the management of other companies or cooperatives as procurators, managers or board members is indicated as information below:

IVAN KONSTANTINOV OVCHAROV is a manager at Tia Energy OOD, Director at Hanson Asset Management , UK, Member of the Board of Directors of Quintar Capital, Hong Kong and member of the board of directors of Swiss Global Asset Management AG, Zurich .

TEODORA GEORGIEVA SHOPOVA does not participate in the management of other companies and does not own capital from them.

EVELINA PETROVA VASILEVA does not participate in the management of other companies and does not own capital from them.

IVELINA IVAYLOVA IVANOVA is the chairman of the board of directors of Innovo Status AD, Skopje, Macedonia.

VIII. Contracts under Art . 240 b of the TK concluded during the year.

The members of the Board of Directors or persons related to them did not enter into any contracts with the Company in 2023 that were outside its ordinary course of business or materially deviated from market conditions.

IX. Actions in the field of research and development.

Actions in the field of research and development have not been carried out.

X. The existence of branches of the enterprise.

The company has no open branches.

XII. Prospects for the development of the Company in 2024.

In 2024, the Company will strive to increase the value of the assets under management and optimize its investment policy in order to achieve the highest possible profit depending on the level of risk tolerance of the clients.
EF Asset Management AD has set itself the goal of increasing the growth rates of funds under management in its CIS and AIF, the main source of which is expected to be institutional clients.

In 2024, the Company will continue its more aggressive policy of attracting wealthy companies and citizens as clients.

IVAN OVCHAROV:_____
CEO

IVELINA IVANOVA: _____
Procurator

Date: 25/03/2024
Sofia

This document is a translation of the original in Bulgarian, in case of divergence the Bulgarian text shall prevail.

Statement of Financial Position

	Note	2023 000 BGN	2022 000 BGN
Assets			
Non-current assets			
Machinery, plant and equipment	5	271	311
Non-current assets		**271**	**311**
Current assets			
Financial assets accounted for at fair value	6	2 202	1 452
Receivables from related parties	20.3	162	161
Other receivables	8	28	34
Cash and cash equivalents	9	155	344
Current assets		**2 547**	**1 991**
Total assets		**2 818**	**2 302**

Prepared by: _____
(Ivelina Ivanova)

Date: 25/03/2024

ЕФ Асет Мениджмънт АД
ef ASSET management II
EF Asset management JSC

CEO: _____
(Ivan Ovcharov)

Procurator: _____
(Ivelina Ivanova)

Financial report on which we have issued an audit report dated 25.03.2024.

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 148 БРЕЙН СТОРМ КОНСУЛТ - ОД ООД

Финансов отчет, върху който сме издали одиторски доклад с дата:
25-03-2024
„Брейн Сторм Консулт – ОД" ООД
Регистриран одитор, отговорен за одита:.....

Statement of Financial Position (continued)

	Note	2023 000 BGN	2022 000 BGN
Equity			
Share capital	10.1	400	400
Reservations		40	40
Retained earnings		2 066	1 516
Total Equity		**2 506**	**1 956**
Passives			
Non-current liabilities			
Obligations under leasing contracts	11.1	219	266
Non-current liabilities		**219**	**266**
Current liabilities			
Obligations under leasing contracts	11.1	55	51
Tax obligations	12	29	27
Other duties	12	9	2
Current liabilities		**93**	**80**
Total liabilities		**312**	**346**
Total equity and liabilities		**2 818**	**2 302**

Prepared by: _____
(Ivelina Ivanova)

Date: 25/03/2024

ЕФ Асет Мениджмънт АД
EF Assetmanagement JSC

CEO: _____
(Ivan Ovcharov)

Procurator: _____
(Ivelina Ivanova)

Financial statement on which we have issued an audit report dated 25.03.2024.

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 148
БРЕЙН СТОРМ КОНСУЛТ ЕООД

Финансов отчет,
върху който сме издали одиторски доклад с дата:
25 -03- 2024

Statement of profit or loss and other comprehensive income for the year ended 31 December

	Note	2023	2022
		000 BGN	000 BGN
Service income	14	1 958	1 756
Material costs	15	(12)	(13)
Costs for external services	16	(169)	(119)
Staff costs	13.1	(280)	(236)
Depreciation costs of non-financial assets	5	(58)	(39)
Other expenses	17	(144)	(70)
Operating profit		**1 295**	**1,279**
Financial income	19	21	30
Net gain/(loss) on financial assets at fair value through profit or loss	18	(75)	(50)
Financial costs	19	(13)	(11)
Profit before tax		**1 228**	**1 248**
Expenditure on taxes, net	20	(128)	(126)
Profit for the year		**1,100**	**1 122**
Total comprehensive income for the year		**1,100**	**1 122**

Prepared by: _____
(Ivelina Ivanova)

ЕФ Асет Мениджмънт АД
EF Asset management JSC

CEO: _____
(Ivan Ovcharov)

Date: 25/03/2024

Procurator: _____
(Ivelina Ivanova)

The financial statement as of December 31, 2023 (including comparative information) was approved and adopted by the board of directors on March 25, 2024.

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 148
БРЕЙН СТОРМ КОНСУЛТ ОД ООД

Финансов отчет,
Върху който сме издали одиторски доклад с дата:
25 -03- 2024
„Брейн Сторм Консулт – ОД" ООД
Регистриран одитор отговорен за одита:.....

This document is a translation of the original in Bulgarian, in case of divergence the Bulgarian text shall prevail.
The explanatory notes from pages 19 to 51 are an integral part of the financial statement.

Statement of changes in equity for the year ended 31 December

	Shareholder capital 000 BGN	Reservations 000 BGN	Accumulated earnings 000 BGN	Total capital 000 BGN
Balance as of January 1, 2023.	**400**	**40**	**1,516**	**1 956**
Distribution of dividends	-	-	(550)	(550)
Deals with owners	**-**	**-**	**(550)**	**(550)**
Profit for the year	-	-	1,100	1,100
Total comprehensive income for the year	**-**	**-**	**1,100**	**1,100**
Balance as of December 31, 2023	**400**	**40**	**2,066**	**2,506**

Prepared by: _____
(Ivelina Ivanova)

Date: 25/03/2024

ЕФ Асет Мениджмънт АД
EF Asset management JSC

CEO: _____
(Ivan Ovcharov)

Procurator: _____
(Ivelina Ivanova)

The financial statement as of December 31, 2023 (including comparative information) was approved and adopted by the board of directors on March 25, 2024.

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 148 БРЕЙН СТОРМ КОНСУЛТ - ОД ООД

Финансов отчет, у който сме издали одиторски доклад с дата: 25 -03- 2024 Брейн Сторм Консулт – ОД" ООД

Statement of changes in equity for the year ended 31 December (continued)

	Shareholder capital 000 BGN	Reservations 000 BGN	Accumulated earnings 000 BGN	Total capital 000 BGN
Balance as of January 1, 2022.	**400**	**40**	**1 639**	**2,079**
Distribution of dividends	-	-	(1,245)	(1,245)
Deals with owners	**-**	**-**	**(1,245)**	**(1,245)**
Profit for the year	-	-	1 122	1 122
Total comprehensive income for the year	**-**	**-**	**1 122**	**1 122**
Balance as of December 31, 2022	**400**	**40**	**1,516**	**1 956**

Prepared by: _____
(Ivelina Ivanova)

ЕФ Асет Мениджмънт АД
EF Asset management JSC

CEO: _____
(Ivan Ovcharov)

Date: 25/03/2024

Procurator: _____
(Ivelina Ivanova)

The financial statement as of December 31, 2023 (including comparative information) was approved and adopted by the board of directors on March 25, 2024.

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 148 БРЕЙН СТОРМ КОНСУЛТ - ОД ООД

Финансов отчет, върху който сме издали одиторски доклад с дата:
25 -03- 2024
„Брейн Сторм Консулт – ОД" ООД
Регистриран одитор, отговорен за одита:.....

Statement of Cash Flows for the year, ending 31 December

	Note	2023 000 BGN	2022 000 BGN
Operations			
Proceeds from funds		1 956	1 734
Payments to trading partners		(221)	(218)
Payments to staff and insurance institutions		(276)	(237)
Tax payments		(128)	(142)
Other cash flows, net		(102)	(19)
Net cash flow from operating activities		**1 229**	**1 118**
Investment activity			
Proceeds from current financial assets		1,050	1 554
Payments for current financial assets		(1 856)	(1,322)
Net cash flow from investing activity		**(806)**	**232**
Financial activity			
Lease payments	11.1	(62)	(44)
Dividend payments		(550)	(1,245)
Net cash flow from financing activities		**(612)**	**(1,289)**
Net change in cash and cash equivalents		(189)	61
Cash and cash equivalents at the beginning of the year		344	283
Cash and cash equivalents at the end of the year	**9**	**155**	**344**

Prepared by: _____
(Ivelina Ivanova)

Date: 25/03/2024

ЕФ Асет Мениджмънт АД
EF Asset Management JSC

CEO: _____
(Ivan Ovcharov)

Procurator: _____
(Ivelina Ivanova)

The financial statement as of December 31, 2023 (including comparative information) was approved and adopted by the board of directors on March 25, 2024.

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 148 БРЕЙН СТОРМ КОНСУЛТ - ОД ООД

Финансов отчет, върху който сме издали одиторски доклад с дата: 25 -03- 2024 Брейн Сторм Консулт – ОД" ООД Регистриран одитор отговорен за одита

This document is a translation of the original in Bulgarian, in case of divergence the Bulgarian text shall prevail.
The explanatory notes from pages 19 to 51 are an integral part of the financial statement.

Notes to the financial statement

1. General information

Management company EF Asset Management AD (the Company) was established in 2005 at the Constituent Assembly of January 28, 2005 with capital in the amount of BGN 100,000, divided into 100,000 ordinary, dematerialized registered shares, each with a nominal value of BGN 1 The company received permission to carry out its activities in accordance with its Articles of Association with a decision of the State Securities Commission (SCC) in 2006, namely: management of the activities of collective investment schemes in the sense of paragraph 1, item 26 of the Securities and Exchange Commission and of closed-end investment companies. The court registration of the Company takes place with a decision of the Sofia City Court from 2006. The Company was established without a fixed term.

On 13.07.2005, by decision of the General Meeting of Shareholders, the company increased its capital from BGN 100,000 to BGN 250,000 by issuing new 150,000 ordinary non-voting shares with a nominal value of BGN 1 each. In 2012, the capital was increased by another BGN 150,000.

The Board of Directors of the Company is composed of: Ivan Konstantinov Ovcharov – Executive Director; Evelina Petrova Vasileva - Chairman of the Board of Directors and Teodora Georgieva Shopova - member of the Board of Directors. The company is jointly represented by Ivan Konstantinov Ovcharov and Ivelina Ivaylova Ivanova - Procurator.

As of 31.12.2023, the number of staff is 9 people.

EF Asset Management AD has its headquarters and management address: Sofia, 43 Christopher Columbus Blvd., 5th floor, phone: (+ 359 2) 9021 944.

As of December 31, 2023, the Company organizes and manages the following open-ended collective investment schemes:

- EF Rapid Mutual Fund
- Exchange Traded Fund EF Principal ETF

As of December 31, 2023, the Company organizes and manages the following open-end alternative investment funds:

- National Mutual Fund EF Potential

As of December 31, 2023, the Company has no open branches.

The ultimate owner is the company Euro-Finance AD registered in the Commercial Register at the Registration Agency and UIC 831136740, whose equity instruments are NOT listed on the Bulgarian Stock Exchange.

2. Basis for preparation of financial statements

The Company's financial report is prepared in accordance with the International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS adopted by the EU). In the sense of paragraph 1, point 8 of the Additional provisions of the Accounting Law applicable in Bulgaria, the term "IFRS

adopted by the EU" represents the International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and the Council.

The financial report is drawn up in Bulgarian leva, which is the functional currency of the Company. All amounts are presented in thousands of BGN ('000 BGN) (including the comparative information for 2022), unless otherwise stated.

The financial report has been prepared using the going concern principle.

The financial statement as of December 31, 2023 was approved and adopted by the Board of Directors on March 25, 2024.

As of the date of preparation of this financial report, the management of the Management Company has made an assessment of the ability of EF Asset Management AD to continue its activity as a going concern based on the available information for the foreseeable future. After the review of the Company's activities, the management expects that the Company has sufficient financial resources to continue its operational activities in the near future and continues to apply the going concern principle in the preparation of the financial statements.

3. Changes in accounting policy

3.1. New standards, clarifications and amendments effective January 1, 2023:

The company has applied the following new standards, amendments and clarifications to IFRS, developed and published by the International Accounting Standards Board, which are mandatory to apply from the annual period starting on January 1, 2023, but do not have a material effect of their application on the financial result and the financial situation of the Company:

- **Changes in IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Judgments of Materiality - Disclosure of Accounting Policies**

✓ It was published by the International Accounting Standards Board (IASB) on 02.02.2021.
✓ It was adopted for application in the EU according to Regulation (EU) No. 2022/357 of March 2, 2022 (Official Journal, No. L 68 of March 3, 2022).

These changes concern the refinement of the definition of "materiality" specified in the two standards. The requirement that enterprises disclose in the explanatory annexes to the GFO their "material accounting policies" is replaced by the disclosure of "material information about the accounting policy".
Other related changes:

- IFRS 7 Financial Instruments: Disclosure
- IAS 26 Accounting and Reporting for Pension Plans
- IAS 34 Interim Financial Reporting
- IFRS 8 Operating segments – Application guidance
- IAS 1 Presentation of Financial Statements - Guidance on Application

The amendments apply to annual reporting periods beginning on or after January 1, 2023.

- **Amendments to IAS 8 Accounting Policy, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**

- ✓ It was published by the International Accounting Standards Board (IASB) on February 12, 2021.
- ✓ It was adopted for application in the EU according to Regulation (EU) No. 2022/357 of March 2, 2022 (Official Journal, No. L 68 of March 3, 2022).

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policy and the correction of errors. They also clarify how businesses should use techniques to measure and evaluate inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period.

- **Amendments to IAS 12 Income Taxes - Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction**

- ✓ It was published by the International Accounting Standards Board (IASB) on 05/07/2021.
- ✓ It was adopted for application in the EU according to Regulation (EU) No. 2022/1392 of August 11, 2022 (Official Journal, No. L 211 of August 12, 2022).

The amendment requires companies to recognize deferred tax assets and liabilities from transactions and operations that, upon initial recognition, give rise to taxable and deductible (reducible) temporary differences of the same value.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset subject to the recovery criteria in IAS 12.

As a result of the amendment to IAS 12 and depending on the applicable tax legislation, equal taxable and deductible temporary differences may arise on the initial recognition of an asset and a liability from an operation or transaction that is not a business combination and does not affect either the accounting or the taxable profit.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

The entity recognizes at the beginning of the earliest comparative period presented:

• a deferred tax asset – to the extent that it is probable that taxable profit will exist against which the deductible temporary difference can be utilised – and

• deferred tax liability - for all deductible and taxable temporary differences related to:

a) assets with the right of use and liabilities under the lease; as well as

b) obligations for decommissioning, restoration and similar obligations and the corresponding amounts recognized as part of the acquisition price of the relevant asset.

The cumulative effect of the initial application of the amendment is recorded as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

- **IFRS 17 Insurance contracts**

✓ It was published by the International Accounting Standards Board (IASB) on 18.05.2017.
✓ It was adopted for application in the EU according to Regulation (EU) No. 2021/2036 of 19 November 2021 (Official Journal, No. L 416 of 23.11.2021).

IFRS 17 Insurance Contracts **applies** to:
– insurance contracts, including reinsurance contracts, that the enterprise issues;
- reinsurance contracts that the enterprise owns; and
- investment contracts with additional non-guaranteed income that the enterprise issues, provided that it also issues insurance contracts.

IFRS 17 applies to all insurance and reinsurance contracts, **regardless** of **whether they are issued by an insurer** or **another type** of company or legal entity.

IFRS 17 requires entities to identify portfolios and groups of insurance contracts. Groups are formed upon initial recognition and are not subsequently revised.
An entity recognizes a group of insurance contracts it issues on *the earliest* of the following dates:
a) the beginning of the period of coverage of the group of contracts;
b) the date on which the first payment becomes due from the policyholder in the group;
(c) for a group of onerous contracts when the group becomes onerous.

The entity issuing insurance contracts estimates the rights and obligations arising from groups of contracts and presents them as a net amount in the statement of financial position *of a discounted base* . On **initial recognition** of a group of insurance contracts, the contracted service margin is estimated at the present value of the risk-adjusted future cash inflows minus the present value of the risk-adjusted future cash outflows.

The requirements of IFRS 17 for ex post valuation of insurance contracts are distinguished into three approaches:
- general model;
- premium allocation approach (right to choose);
- variable fee/fee approach (required).

The balance sheet value of the insurance liability for a given group of insurance contracts at the end of each reporting period is **the sum of** :

(a) residual coverage liability including:
(i) performance cash flows related to future services allocated to the group at the end of the reporting period; and
(ii) the Group's contracted service margin as of that date;
(b) a claim liability comprising performance cash flows related to past services allocated to the group at that date.

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

IFRS 17 comes into force for annual reporting periods beginning on or after 01.01.2023.
The insurer shall apply IFRS 17 retrospectively at the transition date, accounting for its insurance and reinsurance contracts as if IFRS 17 had always been applied.

- **Amendment to IAS 12 Income Taxes – International Tax Reform – Second Pillar Model Rules**

✓ Adopted for application in the EU according to Regulation (EU) No. 2023/2468 of 08 November 2023 (Official Journal, series L of 9.11.2023; in force from 10.11.2023)

The amendment introduces a mandatory temporary exception to the accounting treatment of deferred taxes arising from the application of the Model Rules under the Second Pillar in the relevant jurisdiction. As a result, when calculating the deferred taxes as of 31.12.2023, the existing tax rate (according to Art. 20 of the Tax Code) of 10% should be applied.

The amendment requires disclosure by relevant enterprises of their income tax exposure under the Second Pillar Model Rules, based on available or reasonably estimable qualitative and quantitative information.

3.2. Standards, amendments and clarifications that have not yet entered into force and are not applied from an earlier date by the Company
At the date of approval of this financial statement, new standards, amendments and clarifications to existing standards have been published, but have not entered into force or have not been adopted by the EU for the financial period starting on 1 January 2023 and have not been implemented from an earlier date than the Company. They are not expected to have a material effect on the Company's financial statements. Management expects all standards and amendments to be adopted in the Company's accounting policy during the first period beginning after their effective date.

The changes are related to the following standards:

- **Amendments to IAS 1 Presentation of financial statements: Classification of liabilities as current or non-current, as well as Non-current liabilities with contractual clauses - effective from 1 January 2024.**

The changes affect the presentation of liabilities as current or non-current in the statement of financial position. Liabilities are classified as current or non-current, depending on the rights that exist at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting date (eg receiving a repudiation or breach of contract).

The amendments are applied retrospectively to annual periods beginning on or after January 1, 2024, with the possibility of earlier application.

The company's management is in the process of evaluating the possible effects of the application of the amendments and their impact on the company's financial statements in the future.

- **Amendments to IFRS 16 Leases: Lease liability on sale with leaseback - effective from 1 January 2024.**

The amendments address how a seller-lessee should measure the right-of-use asset arising from a leaseback and, as a result, how it should determine the gain or loss on a sale and leaseback transaction that qualifies as a "sale" under IFRS 15 and lease payments include variable lease payments that do not depend on an index or rate.
The amendments are applied retrospectively to annual periods beginning on or after January 1, 2024.
The entity assesses the impact that the amendments will have on the financial statements.

- **Amendments to IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments - Disclosure: Supplier Financing Arrangements - effective from 1 January 2024.**

The International Accounting Standards Board has issued new disclosure requirements regarding supplier financing arrangements. The arrangements typically provide the entity with extended payment terms or the entity's suppliers with early payment terms compared to the corresponding invoice payment date.

The purpose of the new disclosures is to provide information about supplier financing arrangements that enables investors to assess the effects on an entity's liabilities, cash flows and exposure to liquidity risk.
The International Accounting Standards Board provides transitional relief by not requiring comparative information in the first year and also not requiring disclosure of certain opening balances. In addition, the required disclosures are only applicable for annual periods in the first year of implementation. Therefore, the new disclosures will have to be provided in the annual financial statements for 31 December 2024 at the earliest.
The entity assesses the impact that the amendments will have on the financial statements.

- **Amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures: Sale or contribution of assets between an investor and its associate or joint venture - the effective date of the amendments has not yet been determined by IAS**

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

The Company's management does not expect the implementation of the amendments (in the case of their permissible earlier implementation) to have an impact on the Company's financial statements.

4. Accounting policy

4.1. General

The most significant accounting policies applied in the preparation of these financial statements are set out below.

The financial statements have been prepared in compliance with the valuation principles for each type of assets, liabilities, income and expenses according to IFRS. The valuation bases are disclosed in detail further in the accounting policy to the financial statements. The financial statements have been prepared in accordance with the going concern principle.

It should be noted that accounting estimates and assumptions were used in the preparation of the presented financial statements. Although they are based on information provided to management as of the date of preparation of the financial statements, actual results may differ from the estimates and assumptions made.

4.2. Presentation of the financial statement

The financial statement is presented in accordance with MCC 1 "Presentation of financial statements". The company presents the statement of profit or loss and other comprehensive income in a single statement.

The statement of financial position presents two comparative periods when the Company applies accounting policy retrospectively, retrospectively recalculates positions in the financial statement; or reclassifies items in the financial statement and this has a material effect on the information in the statement of financial position as of the beginning of the previous period.

4.3. Transactions in foreign currency

The individual elements of the Company's financial statements are valued in the currency of the main economic environment in which the company operates ("functional currency"). The Company's financial statements are prepared in Bulgarian leva (BGN). It is the Company's functional and presentation currency .
Transactions in foreign currency are reported upon their initial recognition in the Company's reporting currency at the official exchange rate for the day of the transaction (announced fixing of the Bulgarian National Bank). Foreign exchange gains and losses arising from the settlement of these transactions and the revaluation of foreign currency cash positions at the end of the period are reflected in the Statement of Profit or Loss and other comprehensive income.

The currency board in Bulgaria was introduced on July 1, 1997 in fulfillment of the recommendations of the International Monetary Fund (IMF) and initially the value of the Bulgarian lev was fixed to the value of the German mark in a ratio of 1:1. After the introduction of the euro, the Bulgarian lev was pegged to the euro at a ratio of 1 EUR = 1.95583 BGN.

4.4. Income

The main revenues that the Company generates are related to the provision of services for managing the activities of collective investment schemes and services for managing individual client portfolios.

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

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

Revenue is recognized either at a point in time or over time when or until the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The company recognizes as contractual obligations remuneration received in respect of unsatisfied performance obligations and presents them as other obligations in the statement of financial position. Similarly, if the Company satisfies a performance obligation before receiving the consideration, it recognizes in the statement of financial position either a contract asset or a receivable, depending on whether something other than a specified time is required to receive the consideration.

4.4.1. Revenues that are recognized over time

Provide services

The services provided by the Company include the following services and their respective component performance obligations:

- A service for managing the activity of collective investment schemes, which consists of one performance obligations; and
- A service for managing the activity of alternative investment funds, which consists of one performance obligation

Revenue from services is recognized when control over the benefits of the services provided is transferred to the user of the services. Revenue is recognized over time based on the fulfillment of individual performance obligations.

When recognizing revenue from services rendered, the company applies a production-based method of measuring progress.

4.4.2. Interest income

Interest income is related to interest on granted time deposits and interest on current accounts and interest on debt securities. They are currently reported using the effective interest method, in accordance with the requirements of IFRS 9 "Financial Instruments".

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

4.5. Operating expenses

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

The Company recognizes two types of costs related to the performance of contracts for the supply of services with customers: costs of concluding/accomplishing the contract and costs of performing the contract. When the costs do not meet the conditions for deferral according to the requirements of IFRS 15, they are recognized as current at the time of their occurrence, for example, they are not expected to be reimbursed or their deferral period is up to one year.

The following operating expenses are always reflected as a current expense at the time of their occurrence:

- Material costs;
- Costs for external services;
- Depreciation expenses;
- Remuneration and insurance costs

4.6. Interest expenses

Interest expense is recognized on an ongoing basis using the effective interest method.

4.7. Machinery, plant and equipment

Machinery, plant and equipment are initially valued at cost, which includes the cost of acquisition, as well as all direct costs of bringing the asset into working order.

Subsequent evaluation is done based on the recommended approach, i.e. acquisition cost less accumulated depreciation and impairment losses. Impairments incurred are accounted for as an expense and are recognized in the Statement of Profit or Loss and other comprehensive income for the relevant period.

Subsequent costs related to a specific fixed tangible asset are added to the asset's carrying amount when it is probable that the company will have economic benefits exceeding the originally estimated efficiency of the existing asset.

All other subsequent costs are recognized as an expense in the period in which they are incurred.

The residual value and useful life of plant and equipment are assessed by management at each reporting date.

Property, plant and equipment acquired under finance leases are depreciated based on the expected useful life, determined by comparison with similar assets or based on the value of the lease contract, if its term is shorter.

Depreciation of property, plant and equipment is charged using the straight-line method over the estimated useful lives of individual groups of assets as follows:

- Vehicles 4 years
- Business inventory 6.7 years
- Computers 2 years
- Another 7 years

The selected materiality threshold for the tangible fixed assets of the Company is BGN 700.

4.8. Reporting of leases

At the beginning of the contract, the Company assesses whether the contract constitutes or contains elements of a lease. A contract constitutes or contains elements of a lease if the contract transfers for consideration the right to control the use of an asset for a specified period of time.

At the lessee

At the inception date, the lessee recognizes the right-of-use asset and the lease liability. The lessee values the right-of-use asset at the acquisition price, which includes the initial value of the liability (obligation) under the lease agreement; payments on or before the commencement date of the lease; initial direct costs incurred by the lessee (eg commissions); leasing incentives (they are deductible); estimated cost of dismantling or moving the fixed asset, recorded as a provision .

The lessee measures the lease liability at the present value of the lease payments that are outstanding at that date. Lease payments are discounted at the interest rate embedded in the lease agreement, if that rate can be directly determined. If this rate cannot be readily determined, the lessee shall use the lessee's differential interest rate. After the commencement date, the lessee values the right-of-use asset using a cost model, and the lease liability is increased by accrued interest and decreased by installment payments (interest and principal), as well as recalculated due to: changes in guaranteed residual value ; changes in future lease payments due to a change in an applied index or % used to calculate lease payments; changes in the term of the lease; changes in the valuation of the option to acquire the asset.

With the lessor

The lessor classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset and as an operating lease if it does not transfer substantially all the risks and rewards of ownership of the underlying asset active

Financial leasing
At the inception date, the lessor recognizes the assets held under a finance lease in its statement of financial position and presents them as a receivable, the amount of which is equal to the net investment in the lease.

Leasing
The lessor recognizes lease payments under operating leases as revenue on a straight-line basis or on another systematic basis. A lessor applies a different systematic basis when that basis more accurately reflects the manner in which the utility of the underlying asset is reduced.

4.9. Impairment tests of machines, facilities and equipment

When calculating the impairment, the Company defines the smallest distinguishable group of assets for which separate cash flows can be determined - a cash flow generating unit. As a result, some of the assets are subject to an impairment test on an individual basis and others on a cash-generating unit basis.

All assets and cash-generating units are tested for impairment when events or changes in circumstances indicate that their carrying amount may not be recoverable.

When the recoverable amount of an asset or cash-generating unit is lower than the corresponding book value, the latter should be reduced to the amount of the recoverable amount of the asset. This reduction represents an impairment loss. To determine the recoverable amount, the Company's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor to calculate the present value of those cash flows. The data used in the impairment testing are directly related to the Company's most recently approved estimated budget, adjusted as necessary to exclude the impact of future reorganizations and significant asset improvements. Discount factors are determined separately for each cash-generating unit and reflect the risk profile assessed by the Company's management.

Impairment losses of a cash-generating unit are allocated to reduce the carrying amount of the assets of that unit in proportion to their carrying amount. The Company's management subsequently assesses whether there are indications that the impairment loss recognized in prior

years may no longer exist or may have been reduced. An impairment loss recognized in a previous period is reversed if the recoverable amount of the cash-generating unit exceeds its carrying amount.

4.10. Financial instruments according to IFRS 9

4.10.1. Acknowledgment and de-registration

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual terms of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the financial asset and substantially all risks and rewards are transferred.

Financial liabilities are written off when the obligation specified in the contract is fulfilled, canceled or expired.

4.10.2. Classification and initial valuation of financial assets

Financial assets are initially recognized at fair value adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not contain a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs, which are reported as current costs. The initial valuation of trade receivables that do not contain a material financial component represents the transaction price according to IFRS 15.

Depending on the method of subsequent reporting, financial assets are classified in one of the following categories:

- debt instruments at amortized cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income with or without reclassification in profit or loss depending on whether they are debt or equity instruments.

The classification of financial assets is determined based on the following two conditions:

- the business model of the Company for the management of financial assets;
- the characteristics of the contractual cash flows of the financial asset.

All income and expenses related to financial assets that are recognized in profit and loss are included in financial expenses, financial income or other financial items with the exception of the impairment of trade receivables, which is presented under the line of other expenses in the income statement or the loss and other comprehensive income.

4.10.3. Subsequent valuation of financial assets

Debt instruments at amortized cost

Financial assets are measured at amortized cost if the assets meet the following criteria and are not designated for measurement at fair value through profit and loss:

- the company manages the assets within a business model whose purpose is to hold the financial assets and collect their contractual cash flows;
- according to the contractual terms of the financial asset, cash flows occur on specific dates, which are only payments of principal and interest on the outstanding principal amount.

This category includes non-derivative financial assets such as loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are

measured at amortized cost using the effective interest method. Discounting is not performed when its effect is immaterial. The Company classifies cash and cash equivalents / cash, trade and other receivables in this category.

- **Trade receivables**

Trade receivables are amounts owed by customers for goods sold or services performed in the ordinary course of business. They are usually due for settlement within a short period of time and are therefore classified as current. Trade receivables are initially recognized at the amount of the unconditional consideration, unless they contain significant financing components. The Company holds trade receivables for the purpose of collecting contractual cash flows and therefore measures them at amortized cost using the effective interest method. Discounting is not performed when its effect is immaterial.

Financial assets at fair value through profit or loss

Financial assets for which a "held to collect contractual cash flows" business model or a "held to collect and sell" business model do not apply, as well as financial assets whose contractual cash flows are not solely payments of principal and interest are reported at fair value through profit or loss. All derivative financial instruments are reported in this category except those that are designated and effective as hedging instruments and to which the hedge accounting requirements apply (see below).

Changes in the fair value of assets in this category are reflected in profit and loss. The fair value of financial assets in this category is determined by quoted prices in an active market or by using valuation techniques in the absence of an active market.

Financial assets at fair value through other comprehensive income

The Company reports financial assets at fair value in other comprehensive income if the assets meet the following conditions:

- The Company manages the assets within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and sell them; and
- According to the contractual terms of the financial asset, cash flows occur on specific dates, which are only payments of principal and interest on the outstanding principal amount.

Financial assets at fair value through other comprehensive income include:

- Equity securities not held for trading that the company irrevocably elected on initial recognition to recognize in this category. These are strategic investments and the group considers this classification more relevant.
- Debt securities where the contractual cash flows are principal and interest only, and the purpose of the holding company's business model is achieved both by collecting the contractual cash flows and by selling the financial assets.

On disposal of capital instruments of this category, any value recorded in the revaluation reserve of the instruments is reclassified to retained earnings.

On disposal of debt instruments of this category, any value recorded in the instrument revaluation reserve is reclassified to profit or loss for the period.

4.10.4. Impairment of financial assets

The new impairment requirements under IFRS 9 use more forward-looking information to recognize expected credit losses – the "expected credit loss" model replacing the "incurred loss model" presented in IAS 39.

Instruments covered by the new requirements include debt financial assets measured at amortized cost, trade receivables, contract assets recognized and measured under IFRS 15 that are not reported at fair value through profit or loss.

The recognition of credit losses is no longer dependent on the occurrence of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and estimating expected credit losses, including past events, current conditions, reasonable and supportive forecasts that affect the expected collectability of the instrument's future cash flows.

In applying this forward-looking approach, a distinction is made between:

- financial instruments whose credit quality has not significant ly deteriorated compared to the time of initial recognition or have a low credit risk (Stage 1) and
- financial instruments whose credit quality has deteriorated significant ly compared to the time of initial recognition or whose credit risk is not low (Phase 2)
- "Stage 3" covers financial assets that have objective evidence of impairment at the reporting date. None of the Company's financial assets fall into this category.

12-month expected credit losses are recognized for the first category, while expected losses for the entire life of the financial instruments are recognized for the second category. Expected credit losses are defined as the difference between all contractual cash flows that are due to the Company and the cash flows that it actually expects to receive ("cash shortfall"). This difference is discounted at the original effective interest rate (or the credit-adjusted effective interest rate).

The calculation of expected credit losses is determined on the basis of the probability-weighted estimate of credit losses during the expected term of the financial instruments.

Trade and other receivables, contract assets

The Company uses a simplified approach in accounting for trade and other receivables as well as contract assets and recognizes an impairment loss as expected credit losses over the entire term. They represent the expected shortfall in contractual cash flows, given the possibility of default at any point in the life of the financial instrument. The Company uses its accumulated experience, external indicators and long-term information to calculate expected credit losses by allocating customers by industry and term structure of receivables and using a provisioning matrix.

4.10.5. Classification and valuation of financial liabilities

The Company's financial liabilities include commercial and other financial obligations.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs, unless the Company has designated a financial liability as measured at fair value through profit and loss.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with the exception of derivatives and financial liabilities that are designated for measurement at fair value through profit or loss (except for derivative financial instruments that are designated and effective as a hedge instrument).

All interest costs and, if applicable, changes in the fair value of the instrument that are recognized in profit or loss are included in finance costs or finance income.

4.11. Income taxes

Tax expense recognized in profit or loss includes the amount of deferred and current taxes that are not recognized in other comprehensive income or directly in equity.

Current tax assets and/or liabilities represent those liabilities or receivables from the budget that relate to the current period and that have not been paid at the balance sheet date. They are calculated in accordance with the applicable tax rate and income tax rules for the period to which they relate, based on the taxable financial result for the period. Any changes in tax assets or liabilities are recognized as an element of tax expense in the Statement of Profit or Loss and other comprehensive income.

Deferred taxes are calculated using the passive method for all temporary differences. This includes a comparison between the carrying amounts of assets and liabilities and their respective tax bases. In accordance with the requirements of IAS 12, no deferred taxes are recognized in relation to goodwill, temporary differences related to shares in subsidiaries and jointly controlled entities, if the reversal of these differences can be controlled by the Company and it is probable that the reversal of these differences will not happen in the near future. Existing tax losses are assessed against available recognition criteria in the financial statements before a deferred tax asset is recognised. It is recognized when it is probable that it will be realized through future taxable profits.

Liabilities for deferred temporary differences are recognized in full. Deferred temporary difference assets are recognized only to the extent that it is probable that they will be utilized through future taxable profits.

To determine the amount of deferred tax assets and liabilities, tax rates that are expected to be valid during the period of their realization are applied.

A significant portion of changes in deferred tax assets or liabilities are reflected as a component of tax expense in the Statement of Profit or Loss and other comprehensive income for the period. The change in deferred tax assets or liabilities due to a change in the fair value of assets or liabilities that is reflected directly in equity is reflected directly in equity.

4.12. Cash and cash equivalents

The company reports as cash and cash equivalents available cash, cash on bank accounts, deposits, short-term and highly liquid investments that are easily convertible into a cash equivalent and contain an insignificant risk of change in value.

4.13. Equity and dividend payments

The share capital of the Company reflects the nominal value of the issued shares.

The reserve is formed from the retained earnings of the Company by decision of the General Meeting of Shareholders.

Retained earnings include the current financial result and accumulated profits and uncovered losses from previous years.

Liabilities for payment of dividends to shareholders are included in the line "Liabilities to related parties" in the statement of financial position, when the dividends are approved for distribution by the general meeting of shareholders before the end of the reporting period.

All transactions with the Company's owners are presented separately in the statement of changes in equity.

4.14. Pension and other obligations to the staff

The Company has not developed or implemented any employee severance plans or other long-term benefits and plans for post-employment benefits or compensation in the form of shares or equity interests.

The Company reports short-term liabilities for compensable leave arising on the basis of unused paid annual leave, in cases where the leave is expected to occur within 12 months after the date of the reporting period during which the employees performed the work related to such leave. Short-term personnel liabilities include wages, salaries and social security benefits.

Short-term employee benefits, including accrued vacations, are included in current pension and other liabilities to personnel at an undiscounted value that the Company expects to pay as a result of their non-use .
The Company has adopted and implements a Remuneration Policy that covers all forms of remuneration, such as salaries and other financial and/or material incentives, including benefits related to voluntary pension and/or health insurance.

The management company pays both fixed and variable remunerations, subject to the requirements of the current legislation and the remuneration policy implemented by the management company.

4.15. Provisions, contingent assets and contingent liabilities

Provisions representing current obligations of the Company arising from past events, the settlement of which is expected to give rise to the need for an outflow of cash resources, are recognized as liabilities of the Company. Provisions are recognized when the following conditions are met:

- The Company has present obligations as a result of past events;
- it is likely that repayment of the obligation will require a flow of resources to settle the obligation;
- a reliable estimate of the amount of the liability can be made.

The amount recognized as a provision represents the best estimate of the cash outflows from resources required to settle the current liability at the balance sheet date. In determining this best estimate, the Company takes into account the risks and degree of uncertainty surrounding many of the events and circumstances, as well as the effect of changes in the value of cash over time when they have a significant effect.

Indemnities from third parties in connection with a given obligation of the Company are recognized as a separate asset. This asset, however, cannot exceed the value of the corresponding provision

.

Provisions are reviewed at each balance sheet date and their value is adjusted to reflect the best estimate at the balance sheet date.

In cases where it is considered unlikely that an outflow of resources will occur as a result of a current liability, such liability is not recognized unless it is a business combination.

The Company does not recognize contingent assets because their recognition may result in the recognition of income that may never be realized.

4.16. Significant management judgments in applying accounting policy

Significant judgments made by Management in applying the Company's accounting policies that have the most material impact on the financial statements are described below. The main sources of uncertainty in the use of accounting estimates are described in note 4.17.

4.16.1. Leasing

Management estimates the interest rate at which the interest payments are discounted by applying the rate embedded in the lease if that rate can be readily determined or the lessee's differential interest rate if that rate cannot be readily determined.

4.16.2. Deferred tax assets

The estimate of the likelihood of future taxable income against which a deferred tax asset can be used is based on the most recent approved budget forecast, adjusted for significant non-taxable income and expenses and specific limitations on unused tax loss or credit carryforwards. If a reliable forecast of taxable income suggests the probable use of a deferred tax asset, especially in cases where the asset can be used within the statutory periods, then the deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic restrictions or uncertainties is assessed individually by management based on the specific facts and circumstances.

4.17. Uncertainty of accounting estimates

In preparing the financial statements, management makes a number of assumptions, estimates and assumptions regarding the recognition and valuation of assets, liabilities, income and expenses.

Actual results may differ from management's assumptions, estimates and assumptions and in rare cases will be completely consistent with previously estimated results.

Information about the material assumptions, estimates and assumptions that have the most significant impact on the recognition and measurement of assets, liabilities, income and expenses is presented below.

4.17.1. Impairment of non-financial assets

An impairment loss is recognized as the amount by which the book value of an asset or cash-generating unit exceeds its recoverable amount. To determine the recoverable amount, the Company's management calculates the expected future cash flows for each cash-generating unit

and determines the appropriate discount factor in order to calculate the present value of these cash flows (see Note 4.9). In calculating expected future cash flows, management makes assumptions about future gross earnings. These assumptions relate to future events and circumstances. Actual results may differ and require significant adjustments to the Company's assets in the next accounting year.

In most cases, determining the applicable discount factor involves making appropriate adjustments to market risk and to risk factors that are specific to individual assets.

4.17.2. Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at the end of each reporting period. As of December 31, 2023, the management determines the useful life of the assets, which represents the expected period of use of the assets by the Company. The balance sheet values of the assets are analyzed in notes 5. The actual useful life may differ from the estimate due to technical and moral wear and tear, mainly of computer equipment.

4.17.3. Measurement of expected credit losses

Credit losses represent the difference between all contractual cash flows owed to the Company and all cash flows that the Company expects to receive. Expected credit losses are a probability-weighted estimate of credit losses that require the Company's judgment. Expected credit losses are discounted at the original effective interest rate (or the credit-adjusted effective interest rate for purchased or initially created credit-impaired financial assets).

4.17.4. Fair value of financial instruments

Management uses techniques to estimate the fair value of financial instruments in the absence of quoted prices in an active market. Details of the assumptions used are presented in the notes to financial assets and liabilities. In applying valuation techniques, management uses to the maximum extent market data and assumptions that market participants would adopt in valuing a given financial instrument. When applicable market data is lacking, management uses its best estimate of assumptions that market participants would make. These estimates may differ from the actual prices that would have been determined in a fair market transaction between informed and willing parties at the end of the reporting period.

For financial instruments that, after initial recognition, are reported at fair value in the financial statements, IFRS 7 requires disclosure of the techniques used to determine their fair value. The standard introduces a fair value hierarchy, determined according to the degree of observability of the inputs used to estimate the fair value. Data reflecting market information received from an independent source are defined as observable, while data reflecting the company's market assumptions are defined as unobservable. The two types of data define the following three levels in the hierarchy of fair activities.

5. Machinery, plant and equipment

The balance sheet value of the machinery, plant and equipment presented in the financial statement as of December 31, 2023 is calculated as follows:

	Right-of-use assets 000 BGN	Computers 000 BGN	Furnishings 000 BGN	Total 000 BGN
Reporting value				
Balance as of January 1, 2023.	**411**	**9**	**3**	**423**
Newly acquired assets	10	3	5	18
Balance as of December 31, 2023	**421**	**12**	**8**	**441**
Amortization				
Balance as of January 1, 2023.	**(104)**	**(5)**	**(3)**	**(112)**
Amortization	(55)	(2)	(1)	(58)
Balance as of December 31, 2023	**(159)**	**(7)**	**(4)**	**(170)**
Book value as of December 31, 2023.	**262**	**5**	**4**	**271**

The company has not pledged its available non-current tangible assets as collateral.

The book value of the machinery, plant and equipment presented in the financial statement as of 31 December 2022 is calculated as follows:

	Right-of-use assets 000 BGN	Computers 000 BGN	Furnishings 000 BGN	Total 000 BGN
Reporting value				
Balance as of January 1, 2022.	**325**	**4**	**3**	**332**
Newly acquired assets	127	5	-	132
Written off	(41)	-	-	(41)
Balance as of December 31, 2022	**411**	**9**	**3**	**423**
Amortization				
Balance as of January 1, 2022.	**(106)**	**(4)**	**(3)**	**(113)**
Amortization	(38)	(1)	-	(39)
Depreciation written off	41	-	-	41
Balance as of December 31, 2022	**(104)**	**(5)**	**(3)**	**(112)**
Book value as of December 31, 2022.	**307**	**4**	**-**	**311**

The company has not pledged its available non-current tangible assets as collateral.

All depreciation expenses are included in the statement of profit or loss and other comprehensive income under the line "Depreciation expenses of non-financial assets".

The company has no contractual obligation to purchase assets, which should be repaid in 2023. As of December 31, 2023. or 2023 there were no material contractual obligations in connection with the purchase of property, plant and equipment.

6. Financial assets at fair value through profit and loss

	2023 000 BGN	2022 000 BGN
Financial assets at fair value through profit or loss		
Investments in CIS and AIF units	430	147
Investments in shares	1 511	1 237
Investments in bonds	261	68
	2 202	**1 452**

There are no blocked investments during the reporting periods.

According to the Company's valuation model, financial assets accounted for at fair value in profit or loss are categorized as follows:

In thousands of BGN, as of 31.12.2023	Fair value determined by quotations from active markets	Fair value – determined using other observable market data	discounted cash flow method	Net asset value as an approximation of fair value	Total
Bulgarian shares	1 212	28	-	271	1 511
Shares of CIS and AIF	-	430	-	-	430
Bulgarian corporate bonds	-	110	151	-	261
Total	**1 212**	**568**	**151**	**271**	**2 202**
Division	**55.04%**	**25.79%**	**6.86 %**	**12.31%**	**100%**

For the determination of the fair value as of 31.12.2023 of shares issued by Biovet AD and Central Depository AD, the Net book value of the assets assessment technique was used.

On the determination of the fair value as of 31.12.2023 of bonds issued by Auto Union AD, GPS Control EAD and IB Medica AD used an evaluation technique - the method of discounted cash flows, with a discount rate formed by using the yield on bonds or government securities selected by the investment consultant, taking into account the corresponding risk premium.

7. Fair value measurement of financial instruments

The company holds in its portfolio financial assets reported at fair value in profit or loss, which are reported at fair value through profit or loss, according to the adopted accounting policy.

As of December 31, 2023, the balance sheet value of financial assets, reported at fair value in profit or loss (detailed in note 8 of the financial statement) in the amount of BGN 2,202 thousand (2022: BGN 1,452 thousand) is their fair value.

The following table presents the financial assets and liabilities reported at fair value in the statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the sigAIFicance of the inputs used in determining the fair value of the financial assets and liabilities. The fair value hierarchy includes the following levels:

- Level 1: market prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than market prices included in Level 1 that can be observed in relation to an asset or liability, either directly (ie as prices) or indirectly (ie based on prices); and
- Level 3: inputs about an asset or liability that are not based on observable market data.

A financial asset or liability is classified at the lowest level of significant input used to determine its fair value.

The following table analyzes in the fair value hierarchy the Company's assets and liabilities measured at fair value as of December 31, 2023:

	Level 1 000 BGN	**Level 2 000 BGN**	**Level 3 000 BGN**	**Total 000 BGN**
Groups of financial assets at fair value through profit or loss				
Bulgarian shares	1 212	28	271	1 511
Bulgarian corporate bonds	-	110	151	261
Units of CIS and AIF	-	430	-	430
Total	**1 212**	**568**	**422**	**2 202**

The following table analyzes in the fair value hierarchy the Company's assets and liabilities measured at fair value as of December 31, 2022:

	Level 1 000 BGN	**Level 2 000 BGN**	**Level 3 000 BGN**	**Total 000 BGN**
Groups of financial assets at fair value through profit or loss				
Bulgarian shares	787	39	411	1 237
Bulgarian corporate bonds	-	68	-	68
Units of CIS	-	147	-	147
Total	**787**	**254**	**411**	**1 452**

Determination of fair value

The fair value of financial assets traded in active markets (such as publicly traded securities) is based on market quotations as of the last trading date for the year. A financial asset is considered to be traded in an active market if market quotations are available from exchanges, dealers, brokers, etc., these prices are represented as real and regularly executed market transactions.

Level 3 fair value determination

For the Company's financial assets and liabilities classified at level 3, the fair value of the financial assets is determined using valuation techniques. The company uses different valuation methods and assumptions based on market conditions existing at the end of the year (see note 4.10).

The following table presents the techniques used in estimating level 3 fair values and the significant unobservable inputs used:

Type of financial instrument	Fair value as of 31.12.2023. ('000 BGN)	Evaluation technique	Significant unobservable inputs	Relationship between key unobservables and fair value
Bulgarian shares	271	Net worth of assets	-	-
Bulgarian corporate bonds	151	Discounted cash flows	Risk-adjusted discount rate above the risk - free premium	A significant increase above the risk-free interest rate will result in a lower fair value

8. Other receivables

	2023 000 BGN	2022 000 BGN
Trade and other receivables (gross amount before impairment)	28	32
Receivables for accrued dividends, interest and maturing issues (gross amount before impairment)	6	8
Expected credit losses and impairment losses	(6)	(6)
Total:	**28**	**34**

All receivables are short-term. The net book value of other receivables is assumed to be a reasonable approximation of their fair value.

All other receivables of the Company are reviewed for indications of impairment. Certain trade receivables have been impaired on an individual basis and the corresponding impairment has been recognized in the statement of profit or loss and other comprehensive income under the line "Other expenses". Impaired receivables were due mainly from maturing interest and principal receivables on bonds that were experiencing financial difficulties.

The change in the impairment of trade receivables can be presented as follows:

	2023 BGN thousand	2022 BGN thousand
Balance as of January 1, recalculated	6	6
Reversal of impairment loss	-	-
Balance as of December 31	**6**	**6**

9. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2023 000 BGN	2022 000 BGN
Cash on current accounts	155	344
Total	**155**	**344**

The company has no blocked funds as of December 31, 2023.

The Company has assessed expected credit losses on cash and cash equivalents. The assessed value is less than 0.1% of the gross value of cash deposited in financial institutions, therefore it is defined as insignificant and has not been charged in the Company's financial statements.

10. Equity

10.1. Share capital

The registered capital of the Company consists of 400,000 ordinary shares with a nominal value of BGN 1 per share. All shares have the right to receive a dividend and a liquidation share and represent one vote from the General Meeting of the Company's shareholders.

	2023 Number of shares	2022 Number of shares
Issued and fully paid shares:		
- in the beginning of the year	400,000	400,000
Shares issued and fully paid as of December 31	**400,000**	**400,000**

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

	2023 Number of shares	2023 %	2022 Number of shares	2022 %
Euro-Finance AD	79,840	19.96	79,840	19.96
BONDS ADVISORS	39,800	9.95	39,800	9.95
ITALTECH SERVICE-BULGARIA LTD	39,800	9.95	39,800	9.95
LOUDSPEAKERS-SI EOOD	39,800	9.95	39,800	9.95
EUROAUTOSERVICE LTD	39,920	9.98	39,920	9.98

ACM CONSULT EOOD	39,800	9.95	39,800	9.95
SMART IT SOLUTIONS LTD	39,800	9.95	39,800	9.95
PRO INS LTD	39,920	9.98	39,920	9.98
ZVETELINA KONSTANTINOVA KOSTADINOVA	1,520	0.38	1,520	0.38
SYNTHETIC AD	39,800	9.95	39,800	9.95
Total	**400,000**	**100**	**400,000**	**100**

10.2. Reservations

The Company's reserves are formed from the undistributed profit from previous years by decision of the General Meeting of Shareholders. As of 31.12.2023, the amount of reserves is BGN 40 thousand.

10.3. Dividends

In 2023, the Company distributed dividends in the amount of BGN 550,000, according to the decision of the General Meeting of Shareholders dated 23.06.2023.

11. Leasing

11.1. Leasing contracts as a lessee

The company also reports an office lease contract with a period of 10 years. In accordance with IFRS 16, a right-of-use asset with a net book value of BGN 151 thousand (2022: BGN 184 thousand) has been recognized (see note 5).

The company also reports a contract for renting a car for a period of 5 years. In accordance with IFRS 16, a right-of-use asset with a net book value of BGN 111 thousand (2022: BGN 123 thousand) has been recognized (see note 5).

Future minimum lease payments at the end of each of the reporting periods presented are presented as follows:

December 31, 2023	**Short term**	**Long term**		**Total**
	Up to 1 year	**From 1 to 5 years**	**Over 5 years**	
	000 BGN	**000 BGN**		**000 BGN**
Lease payments	62	219	14	295
Discounting	(7)	(14)	-	(21)
Net present value	**55**	**205**	**14**	**274**

December 31, 2022	**Short term**	**Long term**		**Total**
	Up to 1 year	**From 1 to 5 years**	**Over 5 years**	
	000 BGN	**000 BGN**		**000 BGN**
Lease payments	60	273	14	347
Discounting	(9)	(21)	-	(30)
Net present value	**51**	**252**	**14**	**318**

12. Tax and other obligations

	2023 000 BGN	2022 000 BGN
Tax on expenses under ZKPO	1	1
Income tax	28	26
Total	**29**	**27**

13. Staff remuneration

13.1. Staff costs

Staff remuneration costs include:

	2023 000 BGN	2022 000 BGN
Wage cost	(253)	(211)
Social security costs	(27)	(25)
Total	**(280)**	**(236)**

14. Service income

	2023 000 BGN	2022 000 BGN
Income from the management of CIS and AIF	1 958	1 756
	1 958	**1 756**

15. Material costs

	2023 000 BGN	2022 000 BGN
Stationery	(1)	(1)
Promotional materials	(4)	(4)
Company car expenses	(3)	(6)
Assets below materiality threshold	(4)	(2)
Total	**(12)**	**(13)**

16. Costs for external services

	2023 000 BGN	2022 000 BGN
Independent financial audit	(2)	(2)
Fees to the Central Depository AD	(3)	(3)
Fees to Regulatory Authorities	(13)	(12)
IT systems	(64)	(40)
Rentals, maintenance and telephony	(24)	(23)
Others	(63)	(39)
Total	**(169)**	**(119)**

17. Other expenses

	2023 000 BGN	2022 000 BGN
Social costs	(8)	(3)
Employee insurance	(1)	(1)
Other expenses	(135)	(66)
Total	**(144)**	**(70)**

18. Net gain/(loss) on financial assets at fair value through profit or loss

	2023 000 BGN	2022 000 BGN
Gain from a change in the fair value of financial assets at fair value through profit or loss	278	129
Loss from change in fair value of financial assets at fair value through profit or loss	(353)	(179)
Total	**(75)**	**(50)**

19. Financial income and expenses

Financial expenses for the presented accounting periods can be analyzed as follows:

	2023 000 BGN	2022 000 BGN
Bank charges and commissions	(2)	(2)
Interest expense on leases	(9)	(7)
Other financial costs	(2)	(2)
Financial costs	**(13)**	**(11)**

Financial income for the presented accounting periods can be analyzed as follows:

	2023 000 BGN	2022 000 BGN
Interest income	18	28
Dividend income	3	2
Financial income	**21**	**30**

20. Tax expenses

The estimated tax expense based on the effective tax rate of 10% and the actual tax expense recognized in the Statement of Profit or Loss and other comprehensive income can be reconciled as follows:

	2023 000 BGN	2022 000 BGN
Profit for the period before tax	1 228	1 248
Tax rate	10%	10%
Estimated tax expense	**(123)**	**(125)**
Reductions according to tax return	6	5
Increases according to tax return	(11)	(6)
Current tax expense	**(128)**	**(126)**
Actual tax expense	**(128)**	**(126)**

21. Related party transactions

The main related parties with which EF Asset Management AD carries out its activities are the two mutual funds MF "EF Rapid" and ETF "EF Principal" ETF organized and managed by the Company and one national mutual fund - NMF EF Potential.

Unless expressly stated, related party transactions are not made on special terms and no guarantees are given or received.

21.1. Related party transactions

Revenue from provision of services	2023 000 BGN	2022 000 BGN
- Income from management of ETF EF Principal ETF	904	873
- Income from management of MF EF Rapid	598	556
- Income from management of NMF EF Potential	456	327
Total:	**1 958**	**1 756**

21.2. Transactions with key management personnel

Remuneration of key management personnel includes the following expenses:

	2023 000 BGN	2022 000 BGN
Short term rewards		
- fees under management and control contracts	125	115
	125	**115**

21.3. Balance at the end of the year

	2023 000 BGN	2022 000 BGN
Receivables from:		
Exchange traded fund "EF - Principal" ETF	74	73
Mutual fund "EF - Rapid"	49	50
National mutual fund EF Potential	39	38
Total receivables from related parties	**162**	**161**

22. Management's objectives and policy regarding risk management

In 2023, in the management of the collective investment schemes and the national contract fund, the Management Company enters into transactions seeking, in the current market conditions, to take the most reasonable actions possible to preserve the value of the investments.

Leading for the Management Company in the management of CIS and AIF are compliance with investment restrictions, control over liquidity, analysis of the market situation to find the best opportunities for sale and purchase of financial instruments. The accumulated professional experience during the last years of active development in Bulgaria on the market of collective investment schemes, enables the team of EF ASSET MANAGEMENT AD to create an appropriate internal organization of the work in order to ensure the preservation of the investors' interests and the avoidance of conflicts of interest , the observance of the ban on insider trading, the effective distribution of functions and responsibilities of the various departments, control and timely provision of information.

As a result of its main activity, the Company is exposed to financial risks, which can be divided into the following three main categories - market risks, credit risks and operational risks. In addition to these three main risk categories, the Company is also exposed to some combined risk factors, realized in liquidity risk, regulatory risk, reputational risk, business risk and others.

Daily risk management activities in the Company are carried out by the "Risk Management" department, for which the department reports directly to the Board of Directors. Management's priority is to reduce the Company's risk exposure, incl. by providing the short- and medium-term cash flows necessary to cover emerging liabilities.

The most significant financial risks to which the Company is exposed are discussed in detail below.

Market risk
Market risk is the probability of losses in the management of funds under the influence of unfavorable changes in the prices of financial instruments, market interest rates, prevailing exchange rates, which is determined by two main categories of risk factors:

- Systemic (general market) risk affecting the value of all financial instruments on the market. Systemic risk arises from the characteristics of the macroeconomic environment and the state of the capital market in the country, acts outside the company and, in principle, cannot be diversified. The main methods for limiting the systemic risk and its individual components are the collection and processing of information about the macroeconomic environment, and on this basis, forecasting and matching the investment policy with the expected dynamics of this environment;
- Specific (company) risk that arises from the specific characteristics of a financial instrument or the company that issued it. The company neutralizes the specific market risk of its own investments and individual investments of CIS by means of diversification of financial instruments.

The main varieties of market risk - currency, interest rate and price - are discussed below.

Currency risk
Currency risk is the risk arising from changes in the prevailing market levels of exchange rates, which can be realized through a decrease/increase in the value of assets/liabilities denominated in a foreign currency and/or a decrease/increase in income/expenses related to financial instruments or transactions denominated in a foreign currency.

The management company is exposed to currency risk when making payments in foreign currency. When they are carried out, income and expenses arise from foreign exchange operations, which are reported in the income statement. The main part of the currency exposures is formed by the monetary assets and liabilities of the Management Company, denominated in a currency other than leva and euro.

The management company manages the currency risk by limiting its open position in currencies other than leva and euro. Due to the nature of the cash flows, namely payments to CIS customers, income and expenses from foreign exchange operations and revaluations are not relevant.

Interest rate risk
Interest rate risk is the risk arising from changes in the prevailing market levels of interest rates, which has two main varieties :

- risk of changes in the market price of interest-bearing financial instruments (including derivatives based on interest rates) in connection with changes in market interest rates;
- risk of reduction/increase in interest payments on interest-bearing assets/liabilities in connection with changes in market interest rates;

The activity of the Management Company is subject to the risk of fluctuations in interest rates, only to the extent that during the reporting period the Management Company concludes contracts for deposits with various banks, the interest income from which is exposed to the risk of a decrease in interest rates. During the reporting period, the Company has no interest-bearing liabilities that could lead to exposure to the risk of an increase in interest payments.

The following table shows information on the nominal interest rates of the Company's assets:

December 31, 2023	**Interest %**	**Interest-bearing**	**Interest free**	**Total**
		000 BGN	**000 BGN**	**000 BGN**
Cash in cash and bank	from 0.05% to 0.30%	155	-	155
Corporate bonds	from 3.25 % to 4.5 %	261	-	261
Shares	-	-	1 511	1 511
Shares of CIS and AIF	-		430	430
Receivables	-	-	190	190
Total assets		**416**	**2 131**	**2,547**

Price risk

Price risk is the risk arising from changes in the prevailing market prices of tradable financial instruments (shares, exchange-traded goods, strategic raw materials, energy carriers, etc.).

During the period, the Management Company has no assets or liabilities leading to the assumption of price risk related to tradable financial instruments.

The main income of the Company is related to the size of the managed assets (the net value of the assets of the managed funds on which the management fee is charged) and the interest of the investors in the managed contract funds, given the collected fee for issuing and redeeming units.

Both sources of income are mainly related to the state of public companies traded on the Bulgarian Stock Exchange AD (BSE). The increase/decrease in BSE prices of the shares that the funds managed by the Company own would lead to the corresponding increase/decrease in management income. This increase/decrease also affects investors' interest in the funds, as an increase in prices would result in a higher return for investors, and a decrease in prices would result in a lower return or loss for investors.

Credit risk

Credit risk is the probability of losses due to a decrease in the value of a financial instrument in the event of adverse credit events (including settlement risk in case of default by the counterparty) related to the issuer of the financial instrument or the counterparty to the transaction, as well as countries or the jurisdictions where they are based or operate. Credit risk has two main varieties:

- Position risk – the possible loss resulting from a change in the price of a given financial instrument as a result of factors related to the creditworthiness of the issuer or in the case of a derivative instrument linked to the issuer of the underlying instrument;
- Settlement risk – the possible loss resulting from the inability or unwillingness of a counterparty to a transaction with financial instruments to fulfill its obligations accurately and on time;

During the period, the Management Company maintains receivables only against first-class counterparties (deposits with banks), which reduces position risk and settlement risk to a negligible low level.

The Company's exposure to credit risk is limited to the amount of the book value of the financial assets recognized at the date of the financial statements, as indicated below:

	2023 BGN thousand	2022 BGN thousand
Groups of financial assets - balance sheet values:		
Debt instruments at amortized cost		
Other receivables	28	34
Receivables from related parties	162	161
Cash and cash equivalents	155	344
Financial assets at fair value through profit and loss	2 202	1 452
Book value	**2,547**	**1 991**

The main revenues that the Company realizes are from the organization and management of CIS - MF "EF Rapid" and ETF "EF Principal" ETF and AIF - NMF "EF Potential". Due to the availability of the right to manage the said Funds, the Company is not exposed to the credit risk of non-payment of obligations by the funds to the Company.

The management of the Company considers that all the above-mentioned financial assets, which have not been impaired during the presented reporting periods, are financial assets with a high credit rating, including those that have reached maturity.

The following tables present an analysis of the maturity structure according to the remaining maturity of the financial assets:

as of 31.12.2023	up to 3 months	from 3 months to 1 year	from 1 to 5 years	Over 5 years	No matriculation	Total
	BGN thousand		BGN thousand		BGN thousand	BGN thousand
Cash and cash equivalents	-	-	-	-	155	155
Receivables	-	5	23	-	-	28
Receivables from related parties	162	-	-	-	-	162
Shares	-	-	-	-	1 511	1 511
Units of CIS and AIF	-	-	-	-	430	430
Bonds	-	-	216	45	-	261
Total assets	**162**	**5**	**239**	**45**	**2,096**	**2,547**

Liquidity risk

Liquidity risk has two main varieties:

- Funding risk, which arises in connection with the provision of financial means to meet financial obligations when they become due. The risk of financing has two dimensions: risk that the Management Company will not be able to meet the obligations to the Clients of CIS and AIF and risk that the Management Company will not be able to meet obligations related to its own activities;
- Risk related to the market liquidity of financial instruments, which occurs when a given transaction cannot be carried out at the prevailing market prices of financial instruments, or its execution is possible only under unfavorable financial conditions, due to the significant size of the position compared to usual trading;

The management company applies procedures for managing the liquidity risk of each collective investment scheme, in order to ensure compliance with the requirements under Art. 21 CISOUCIA.

Unsystematic risks

Mutual funds operate in a highly regulated environment, which is a prerequisite for reducing the risks of operations. The main regulator is the Financial Supervision Commission. Additional control is carried out by the depository bank.

Measures to reduce the impact of the financial crisis

In connection with the highly variable conjuncture of financial markets worldwide , in addition to the procedures expressly provided for in the Rules for managing the risk of mutual funds , EF Asset

Management undertakes additional measures in connection with the management of liquidity and credit risks, namely:

- Continuous control and timely provision of information to the "Asset Management" department and the representatives of the Company on the number and amount of submitted orders for issuing and repurchasing shares for the next working day;
- Continuous monitoring of price movements of financial instruments from fund portfolios during exchange sessions;
- Checking and notifying the representatives - about the availability of liquid assets and their relative share in the total amount of the funds' assets.

As of December 31, 2023, the maturities of the Company's obligations are summarized as follows:

December 31, 2023	**Short term**	**Long term**		**Total**
	Up to 1 year	**From 1 to 5 years**	**Over 5 years**	
	000 BGN	**000 BGN**	**000 BGN**	**000 BGN**
Obligations under leasing contracts	55	205	14	274
Other duties	38	-	-	38
	93	**205**	**14**	**312**

As of December 31, 2022, the maturities of the Company's obligations are summarized as follows:

December 31, 2022	**Short term**	**Long term**		**Total**
	Up to 1 year	**From 1 to 5 years**	**Over 5 years**	
	000 BGN	**000 BGN**	**000 BGN**	**000 BGN**
Obligations under leasing contracts	51	252	14	317
Other duties	29	-	-	29
	80	**252**	**14**	**346**

Operational risk

Operational risk is the probability that losses will be realized due to inappropriate or inadequate internal rules and/or procedures, personnel and/or information systems errors, malicious actions, adverse external events and others.
Operational risks are related to four main risk factors:

- Personnel – possible losses related to errors, fraud and the like, lack of relevant qualifications or loss of key employees, etc.;
- Processes - possible losses due to transactions, accounting errors, unfavorable contracts, inaccurate financial statements or valuations, etc.;
- Systems – possible losses from a breakdown of information systems or communication channels, program errors, incorrect data, security breaches, lack of operating capacity, etc.;

- External risks – possible losses due to natural disasters, court orders, non-performance by suppliers, theft, robbery, etc. illegal actions by outsiders, political, regulatory, tax and other factors.

The management company manages operational risk with the help of a system of internal control of processes, levels of access to systems and transaction limits of personnel.

22.1. Categories of financial assets

The balance sheet values of the Company 's financial assets can be presented in the following categories:

Financial actives	**Explanation**	**2023 BGN thousand**	**2022 BGN thousand**
Debt instruments at amortized cost:			
Receivables from related parties	20.3	162	161
Other receivables	8	28	34
Cash and cash equivalents	9	155	344
		345	**539**
Financial assets at fair value through profit and loss:	6		
Bonds		261	68
Shares of CIS and AIF		430	147
Capital instruments		1 511	1 237
		2 202	**1 452**

Financial liabilities	**Explanation**	**2023 BGN thousand**	**2022 BGN thousand**
Financial liabilities reported at amortized cost:			
Obligations under leasing contracts	11.1	274	317
Other duties		38	29
		312	**346**

See Note 4.10 for information on the accounting policy for each category of financial instruments. The methods used to estimate fair values are described in note 7. A description of the Company's risk management policy and objectives regarding financial instruments is presented in note 21.

23. Capital Management Policy and Procedures

The objectives of the Company in relation to capital management are:
- the Company 's ability to continue to exist as a going concern; and
- to ensure adequate profitability for shareholders.

The Company's activity is subject to control by the Financial Supervision Commission, and the management company constantly monitors and complies with the specific requirements regarding its own capital, according to the regulations.

During the reporting period, the company monitors its capital adequacy and liquidity in accordance with requirements laid down in Ordinance No. 50 of 19.06.2015 on the capital adequacy, liquidity of investment intermediaries and the implementation of supervision for their compliance, and from 20.10.2011 according to Ordinance No. 44 on the requirements for the activities of collective investment schemes, management companies, national investment funds, alternative investment funds and persons managing alternative investment funds (Ordinance No. 44).

In accordance with the regulatory requirements, the Company maintains equity greater than the minimum required of 125 thousand euros and greater than a quarter of its fixed total expenses for the previous year.

24. Events after the end of the reporting period

non-adjusting events occurred between the balance sheet date and date.

25. Approval of the financial statement

The financial statement as of December 31, 2023 (including comparative information) was approved and adopted by the Board of Directors on March 25, 2024.