

BULGARIAN STOCK EXCHANGE GROUP

Board of Directors

Board Chairperson: Asen Yagodin

Board members: Hristina Pendicheva

Manyu Moravenov

Vasil Golemanski

Radoslava Maslarska

Accounting and Administrative Services: BD Consults AD

Director of Compliance Kalina Angelova-Nikolova

Country of registration Republic of Bulgaria

Legal form Joint-stock company

Seat, management address and permanent establishment: Republic of Bulgaria
1301 Sofia
6, Tri Ushi Street

Non-financial activity: Management of financial markets

Change in name: None

Parent company: Bulgarian Stock Exchange AD

Ultimate parent: None

Date of preparation: 23 April 2024

Auditors: BDO AFA OOD

Annual Consolidated Management
Report of
Bulgarian Stock Exchange Group
for 2023



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Introduction

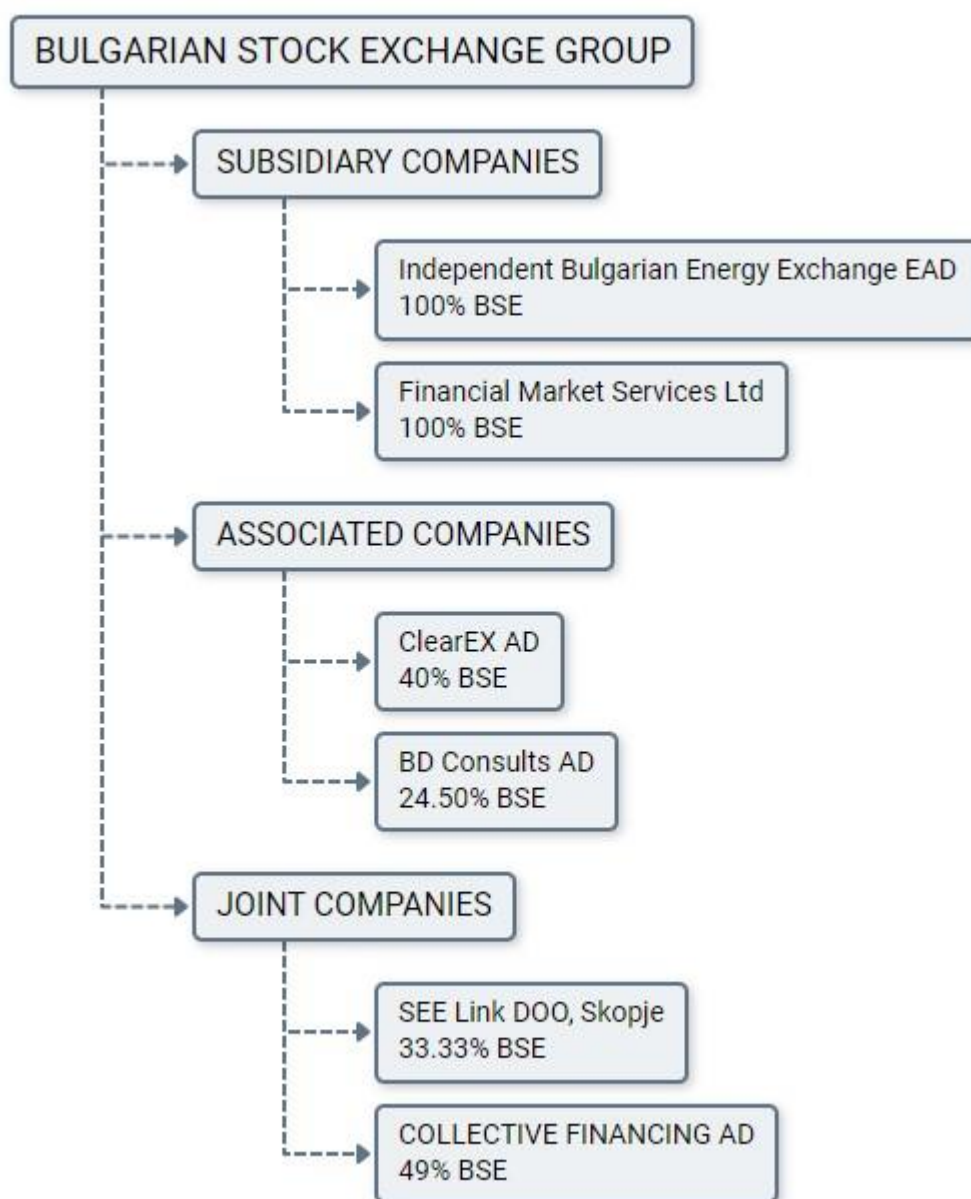
This report has been prepared in accordance with Art. 44 the Accountancy Act, Art. 190 of the Markets in Financial Instruments Act and according to the requirements of Art. 11 of Ordinance No. 2 of the Financial Supervision Commission of 09.11.2021 on initial and subsequent disclosure of information in the event of public offering of securities and admission of securities to trading on a regulated market (Ordinance No. 2), in connection with Art. 100n of the Public Offering of Securities Act (POSA) and contains the required information under Appendix No. 2 of Ordinance No. 2.

The report provides information on the important events that occurred in 2023, taking into account the main performance indicators, accompanied by the relevant analyses and conclusions. It outlines the main trends in capital market developments, provides a reliable overview of the development and performance of the activities and the situation of the companies included in the consolidated report as a whole and describes the main risks and uncertainties they face.



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MAIN HIGHLIGHTS

Gross dividend paid per share: BGN 1.04

P/E: 9.25

Change in price per share: 34.08 %

Free float: 49.95 %

Turnover with the issue of shares issued by the BSE:
TBGN 5 777

Total operating income: TBGN 26 770

Total Assets: TBGN 367 712



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1. CORPORATE GOVERNANCE

1.1. Registration and subject of activity

„Bulgarian Stock Exchange“ AD (BSE, the Exchange, the parent company) is a commercial company established in November 1991. The company's registered office and management address are in the city of Sofia, Tri Ushi Street No. 6. The court registration of the company dates from 1991 with Decision no. 25 156 /08.11.1991 of the Sofia City Court.

As of 31.12.2023, the company's capital is divided into 6 582 860 dematerialized registered shares with a nominal value of one share - one lev.

Subject of activity: Organization of a regulated market of financial instruments as a trading system that meets or assists in meeting the interests of buying and selling financial instruments admitted to trading on the regulated market, of multiple third parties, within the system and on rules-based, resulting in trades in these instruments. The system functions regularly and in accordance with the requirements of the Markets in Financial Instruments Act (MFIA) and its implementing acts.

The subject of the company's activity for 2023 includes the following types of operations and transactions:

- organizing trade in securities and other financial instruments;
- organizing and maintaining an information system for securities trading;
- publication of trading reports in the capacity of the company as an APA by the investment intermediaries.

„Bulgarian Stock Exchange“ AD is a public company within the meaning of Art. 110(1) of the Public Offering of Securities Act and has the status of a public enterprise within the meaning of Article 2(1) of the Public Enterprises Act.

In addition, „Bulgarian Stock Exchange“ AD, in its capacity as a regulated market within the meaning of Art. 152, para. 1 of MFIA and market operator under Art. 152, para. 3 of the MFIA is the organizer of the Multilateral Trading Facility (MTF) under Art. 154, para. 1 and para. 3 of the MFIA.

„Bulgarian Stock Exchange“ AD is licensed by the Financial Supervision Commission with decision No. 1001 of 25.10.2018 as an Approved Publication Arrangement (APA) entity within the meaning of Directive 2014/65 / EC of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92 / EC and Directive 2011/61 / EC and the Markets in Financial Instruments Act, and is the only licensed administrator in Bulgaria of benchmarks in the sense of Regulation (EU) 2016/1011.

The Group Bulgarian Stock Exchange AD (the Group) consists of Bulgarian Stock Exchange AD (parent company/the Exchange), two subsidiaries (Financial Markets Services EOOD and Independent



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Bulgarian Energy Exchange EAD), two joint venture companies (SEE Link DOO Skopje and Collective Financing AD), and two associated companies (ClearEx AD and BD Consults AD).

Detailed information can be found in item 1 „Background corporate information on the Group“ of the „Notes to the Annual Consolidated Financial Statements for 2023“.

The Bulgarian Stock Exchange Group has no registered branches in the country or abroad.

The parent company and the subsidiaries of the Group operate only on the territory of the Republic of Bulgaria, and the joint venture SEE Link DOO operates on the territory of the Republic of North Macedonia.

SUBSIDIARIES



Financial Market Services

„Financial Market Services“ EOOD (former name „Financial Markets Service“ EOOD), UIC 131455253. The company's seat and management address is: Sofia, 6. Tri ushi St., fl. 5.

As of 31.12.2023, the company's capital is BGN 120,000.

The subject of activity: Design, development and maintenance of information systems and products related to the market of securities and financial instruments, development of information technologies, delivery, installation and assembly of information systems, hardware and software support, consulting and training.

The main activity of „Financial Market Services“ EOOD is maintenance of information platform X3.

X3News - a specialized media portal through which issuers of financial instruments fulfill their legal obligations to disclose regulated information to the public according to the Public Offering of Securities Act. The x3News platform ensures that information is made public in a non-discriminatory way that ensures that it reaches the widest possible range of people at the same time. X3News also enables the publication of other, unregulated information, advertising, PR releases and other.

EXTRI is an integrated electronic disclosure system. In 2023, the development of a new Extri system began. The development of the new system is related to the implementation by the Financial Supervision Commission of a new Unified Information System (UIS). The functionalities of the new Extri system will be developed and implemented in phases, with priority given to the development of the forms used by issuers and other functionalities will be added subsequently. The project is expected to be completed in the last quarter of 2024.



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Oxygen is a solution for reporting sustainable business practices. Launched at the beginning of 2023, the Oxygen platform supports Bulgarian public companies in reporting the sustainable aspects of their business. As of the date of preparation of the report, the platform is used by 17 companies whose financial instruments are registered for trading on the Stock Exchange and one company that is not public within the meaning of the LLP. As of the report date, the Oxygen platform is licensed by the Global Reporting Initiative (GRI).

X3analytics is a platform that provides up-to-date, structured and reliable information about public companies. The website was created to provide aggregated financial, statistical and analytical data on the markets and indices organized by the Bulgarian Stock Exchange, as well as access to financial and non-financial information, company analyses, news and corporate events. The platform was launched at the beginning of 2023. During the period, a new functionality was also added - a new section that visualizes BSE trading data.

Independent Bulgarian Energy Exchange

„Independent Bulgarian Energy Exchange” EAD, UIC 202880940. The company’s seat and management address is: Sofia, 138, Vasil Levski Blvd.

As of 31.12.2023, the company's capital is BGN 2,176,640, distributed in 217,664 ordinary, registered, dematerialized shares with the right to vote with a nominal value of BGN 10 each.

Subject of activity: Organization of an exchange market for trading in the field of energy and energy-related products such as electricity, natural gas, coal, emissions and green certificates, as a trading system that meets or facilitates the meeting of buying and selling interests of admitted to trading on the regulated market of multiple third parties, within the framework of the system and based on rules, resulting in the conclusion of transactions in these instruments.

Pursuant to Decision No И1-Л-422 dated 11.05.2023, Energy and Water Regulatory Commission (EWRC) extended the validity of License No Л-422-11 dated 31.03.2014, issued for the organization of an electricity market to IBEX EAD by 10 (ten) years as from 01.04.2024.

In 2023, „Independent Bulgarian Energy Exchange” EAD continued its work on the projects related to the development of the Bulgarian



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electricity market and the diversification of the offered products and the administered segments.

The market integration project of the Republic of North Macedonia, despite the slow progress, is part of the strategic objective of the market operator, namely, the completion of the first of its kind market unification project of an EU member country with one of a Western Balkan country, i.e. overcoming the problem related to the legislative framework. Although in the second quarter of 2023 the North Macedonian market operator MEMO launched the "Day Ahead" market in the Republic of North Macedonia, activities on the integration project at our border have not yet started, with priority given to another project, namely integration between North Macedonia, Kosovo, Albania and Greece (the direct connection between North Macedonia and Albania has not yet been built).

On 15.11.2023, block products of the "Day Ahead" segment were put into real operation, which contributes to diversification and improvement of the energy mix management capabilities of IBEX customers.

Following the introduction in the second quarter of 2023 of the more effective risk management mechanism allowing greater flexibility in collateral management by trading participants, a net reduction in the financial burden of market participation was reported in the third and fourth quarters in terms of collateral required.

IBEX EAD continues preparations for the introduction of an organized market of „Guarantees of origin“, the purpose of which is to stimulate investments in renewable energy, as well as generate a price signal regarding the prices of guarantees of origin in the Bulgarian market area. Estimated completion of the project is planned for Q2 2024.

Regarding the administration of new segments of the electricity market, IBEX EAD is actively working on the introduction of the so-called „Intraday auctions – IDAs“. This is another pan-European project offering an additional opportunity for commercial participants related to more efficient management of their energy portfolio. This new market segment is expected to launch simultaneously in all market areas within the EU countries, at the end of Q2 2024.

Detailed information on the composition of the key management personnel of the subsidiaries can be found in item 1 "Background corporate information on the Group" of the „Notes to the Annual Consolidated Financial Statements for 2023“.



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The total number of Group's personnel is 58 as at 31.12.2023 (31.12.2022: 54 employees).

Joint ventures

SEE Link

The joint venture SEE Link DOO Skopje was established on 15 April 2014, pursuant to a joint venture agreement between Bulgarian Stock Exchange AD, Macedonian Securities Exchange AD Skopje and Zagreb Exchange AD. The terms of the agreement stipulate that each party holds 33.33% of the capital of the company established.

The company's seat and management address is: 75 Ortse Nikolov street, Skopje, Macedonia.

„Collective Financing“ AD, UIC 207596836. The company's seat and management address is: Sofia, 6. Tri ushi St., fl. 5.

As of 31.12.2023, the company's capital is BGN 150,00, distributed in 150,000 ordinary, registered, dematerialized shares with the right to vote with a nominal value of BGN 1.00 each.

Collective Financing

Associates

ClearEx

„ClearEx“ AD, UIC 206077945. The company's seat and management address is: Sofia, 6. Tri ushi St., fl. 5.

As of 31.12.2023, the company's capital is BGN 500,00, distributed in 500,000 ordinary, registered, dematerialized shares with the right to vote with a nominal value of BGN 1.00 each.

BD Consults

„BD Consults“ AD, UIC 207514472. The company's seat and management address is: Sofia, 6. Tri ushi St.

As of 31.12.2023, the company's capital is BGN 100,000, divided into 100,000 registered, dematerialized voting shares with a nominal value of BGN 1.00 each.



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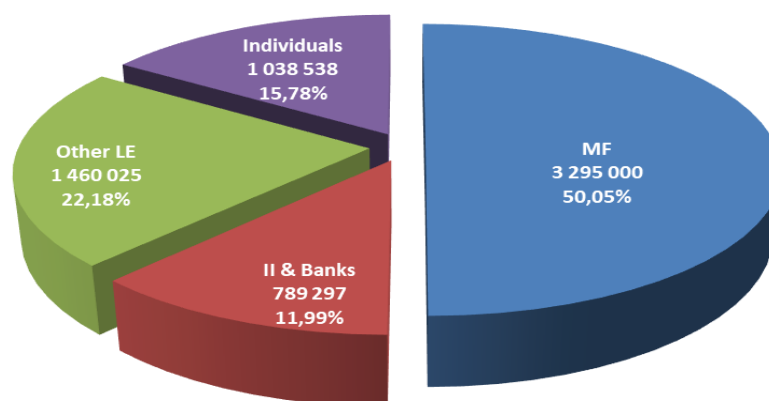
1.2. Shareholder structure as of 31.12.2023

As of December 31, 2023, the parent company with voting rights are concentrated in four main types of persons, as follows:

Shareholder structure as of 31.12.2023

Shareholder Group	Number of shares	%
Ministry of Finance (MF)	3 295 000	50.05%
Investment intermediaries and commercial banks (II & Banks)	789 297	11.99%
Other legal entities (Other LE)	1 460 025	22.18%
Individuals	1 038 538	15.78%
Total	6 582 860	
Of which foreign shareholders	422 405	6.42%

Shareholder structure of „Bulgarian Stock Exchange,, AD as of 31.12.2023.



1.3. Board of Directors

The company has a one-tier management system with a Board of Directors.

As of 31.12.2023, the Board of Directors is composed of:

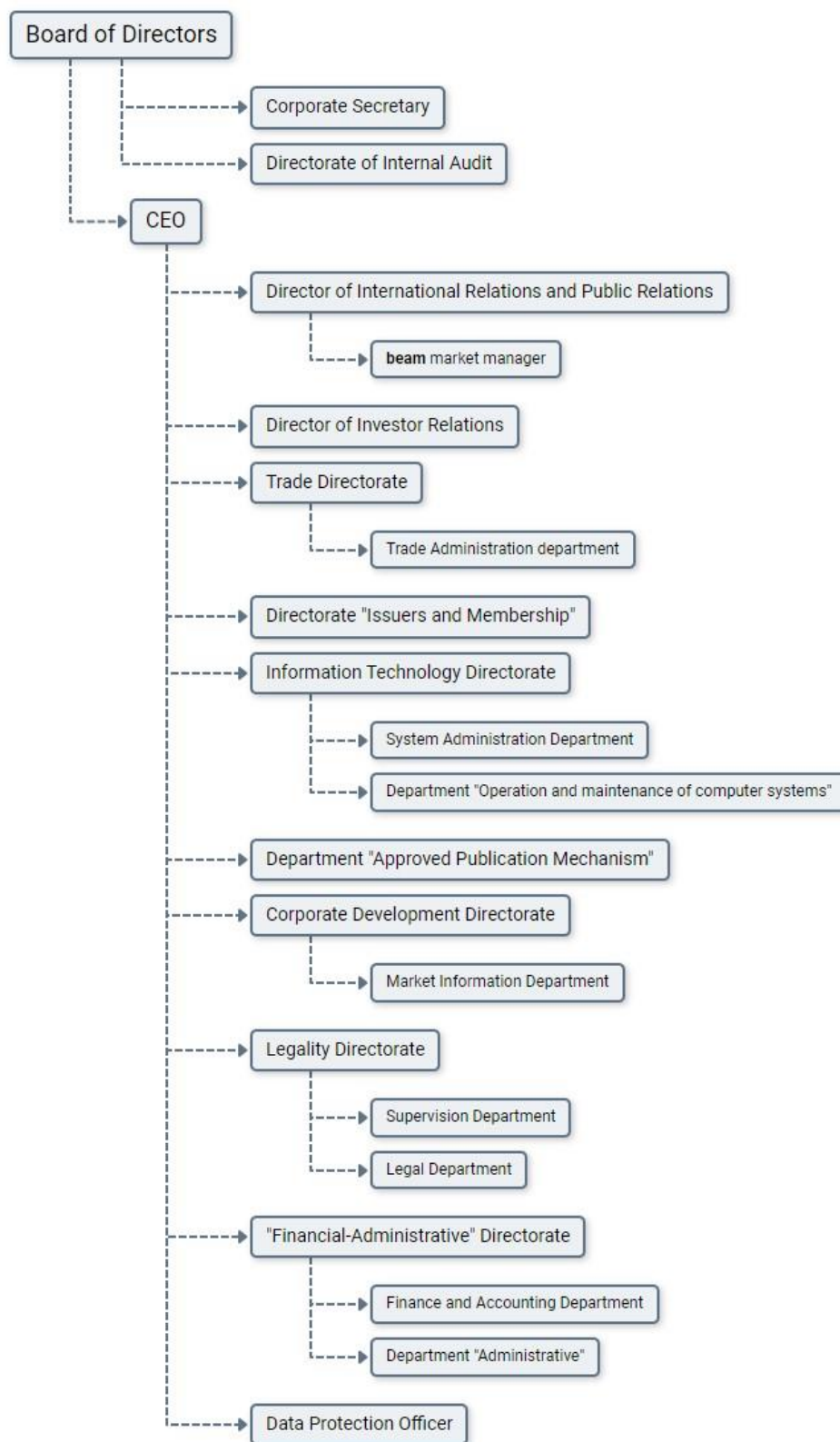
- Asen Yagodin, Chairman
- Vasil Golemanski, Deputy chairman
- Manyu Moravenov, CEO and member of the Board of Directors
- Radoslava Maslarska, member of the Board of Directors
- Hristina Pendicheva, member of the Board of Directors (representative of the Ministry of Finance)

The company is represented by Manyu Moravenov.

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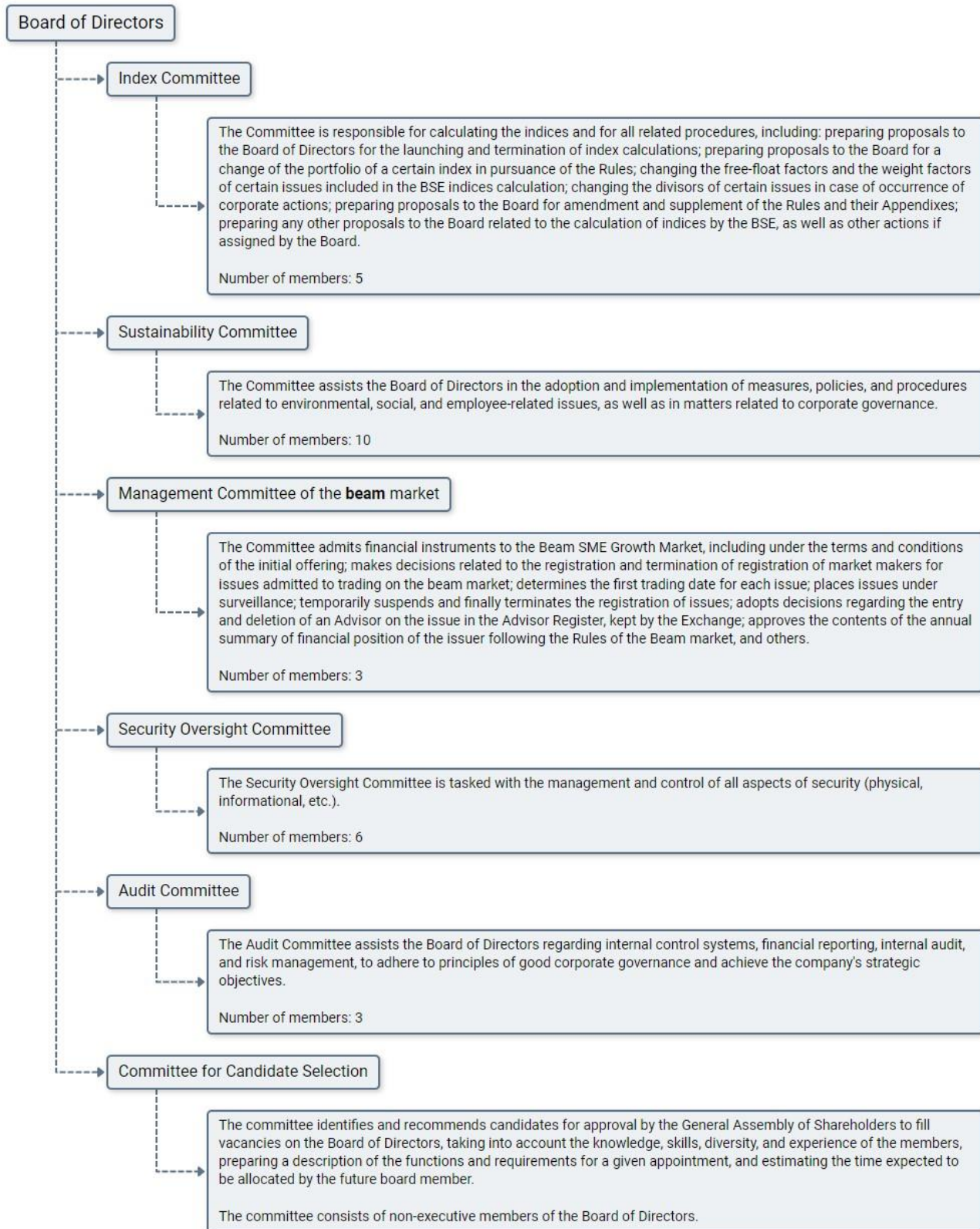
1.4. Organizational structure



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1.5. Committees and commissions



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1.6. Corporate events

As part of the set of documents for the Annual Consolidated Financial Report (of which this report is also a part), the Bulgarian Stock Exchange Group publishes a Declaration on Corporate Governance. Detailed information on corporate governance can be found in this separate document.

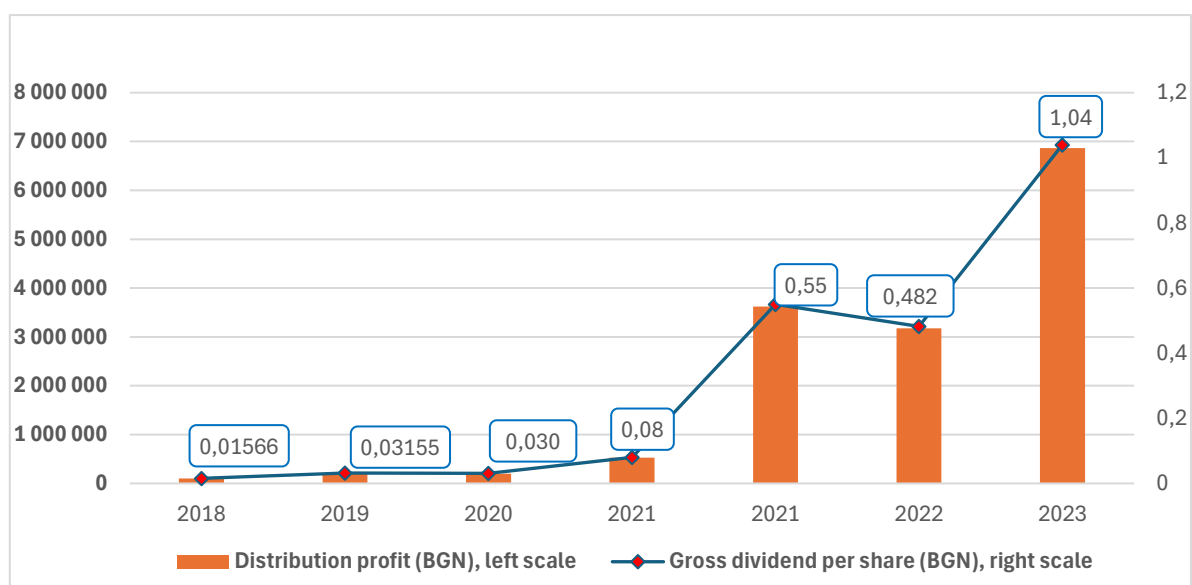
Detailed information regarding the important events that occurred during the reporting period for "Bulgarian Stock Exchange" JSC, including inside information within the meaning of Art. 7 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as well as other information that could be of importance to investors is regularly disclosed by the Parent Company in accordance with the regulatory requirements. The company's financial statements, information on corporate events, internal information, as well as news are published in Bulgarian and English. They are available to investors and all interested parties in the [x3news](#) media, as well as on the BSE website in [the Investor Relations section](#).

At the General Meeting of Shareholders of the Bulgarian Stock Exchange AD (BSE) held on 29.06.2023, a decision was made to distribute a dividend for 2022, as follows:

- Gross dividend per share: BGN 1.04
- Dividend payout: Via the Central Depository AD and Unicredit Bulbank AD
- Dividend payout starting date: 15.08.2023

Information on the dividend distributed by the BSE for the period 2018-2023 (in BGN) can be found in the following figure:

Dividend distributed by BSE for the period 2018 – 2023 (in BGN)



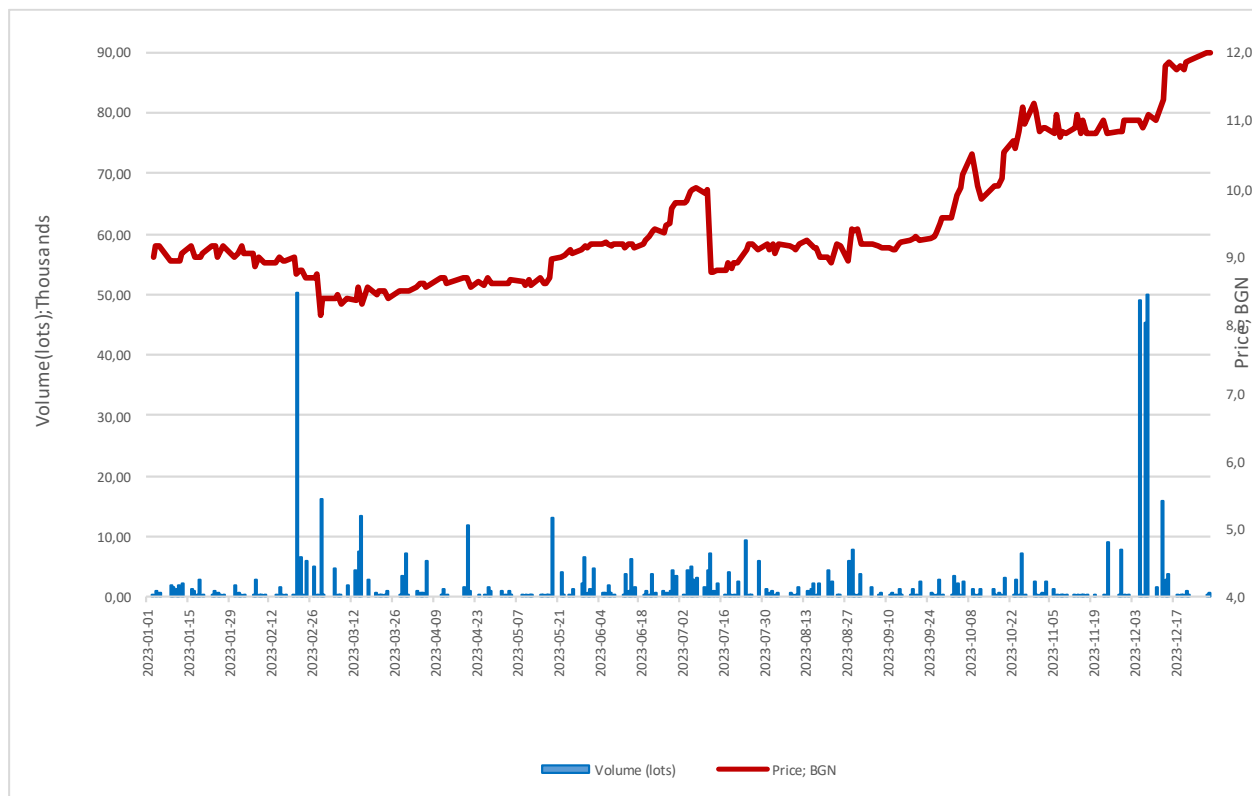
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1.7. Issues of financial instruments issued by the BSE

Information on the movement of the BSE share price in 2023 is presented in the following figure:

Share price movement on the BSE in 2023



„Bulgarian Stock Exchange“ AD has issued one issue of ordinary registered dematerialized shares, each with a nominal value of BGN 1 (one), ISIN code BG1100016978.

The issue of shares issued by the „Bulgarian Stock Exchange“ AD has been admitted to trading as of 06.01.2011.

At the beginning of 2023, the issue of shares issued by the „Bulgarian Stock Exchange“ AD, code of the issue BSE, was moved from the BSE Main Market, Standard Equities Segment to the highest segment of the BSE Main Market - Premium Equities Segment.

As of March 20, 2023, the issue was added to the base of the leading SOFIX index, making BSE a „blue chip“ 12 years after listing as a public company.

The issue of shares, issued by the BSE is also part of the BGBX40 and BGTR30 indices.

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1.8. Information regarding repurchased shares

Information under Art. 187d of the Commercial Law:

The General Meeting of Shareholders of „Bulgarian Stock Exchange“ AD, held on 30.07.2020, decided that the Independent Bulgarian Energy Exchange EAD (solely controlled by the BSE) will buy out 300,000 shares of the capital of the BSE within 3 years.

The date from which the redemption began is 15.12.2020.

Following a procedure for selection of a licensed investment intermediary, through which the buyback is to be executed, Capman AD was selected as an intermediary to which the buyback order is given.

The information about the buyback is disclosed in a timely manner to the FSC, the regulated market and the public, on the basis of Art. 17, §1, in conjunction with Art. 7 of Regulation No. 596/2014 of the EP and the Council, as well as Art. 111, para. 8 and Art. 100 item, para. 3 and 4 of the POSA.

No shares were repurchased in 2022 and 2023.

The repurchased own shares by the subsidiary IBEX EAD as at 31.12.2023 are 142,219 shares (31.12.2022: 142,219 shares) with a nominal value of BGN 1 per share or a total nominal value of 142 thousand. BGN (31.12.2022: BGN 142 thousand) and acquisition price BGN 719 thousand. (31.12.2022: BGN 719 thousand).

Information on shares repurchased can be found in the following table:

Year	Number of shares	Nominal value of the shares in BGN	Average price in BGN	% of the capital
2020 - redeemed	60 000	1,00	4,70	0,91
2021 - redeemed	127 419	1,00	5,08	1,94
2021 - sold	(45 200)	1,00		0,68
Number as of 31.12.2023	142 219			2,85

1.9. Information about the members of the Board of Directors

Information under Art. 247, para. 2 and para. 3 of the Commercial Law (CL)

1.9.1. The salaries and other short-term benefits to key management personnel of the Parent company as of 31 December 2023 amount to BGN 388 thousand (2022: BGN 345 thousand). In 2023, no bonuses were accrued and paid.

For 2023, no other material incentives were paid to the members of the Board of Directors of the Parent company.

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Information on the remuneration of key management personnel of the Group is disclosed in item 37 „Related parties and related party transactions“ of the document „Notes to the Annual Consolidated Financial Statements for 2023“.

1.9.2. No BSE shares were acquired, owned or transferred by the members of the Board of Directors in 2023.

The company has no bonds issued.

1.9.3. The Articles of Association of the BSE do not provide any restrictions on the right of the members of the Board of Directors to acquire shares of the company.

1.9.4. Participation of the members of the Board of Directors with more than 25 percent of the capital of other companies:

Asen Yagodin:	Dyke - Imoti OOD, EIK 131271075 (owns 79%)
Manyu Moravenov:	Sipca EOOD, EIK 205414683 (sole owner)
	Impact Valuers OOD, EIK 130983568 (owns 40%)
	VM Property OOD, EIK 207280375 (owns 50%)
Vasil Golemanski:	no participations
Radoslava Maslarska:	no participations
Hristina Pendicheva:	no participations

Participation of the members of the Board of Directors in the management of other companies or cooperatives as procurators, managers or board members:

Asen Yagodin:	Eurobank Bulgaria AD, EIK 000694749, Executive Director and member of the Management Board
	Bulstrad Life Vienna Insurance Group, EIK 831211284, member of the Supervisory Board
Vasil Golemanski:	Central Depository AD, EIK 121142712, Executive Director
	Collective financing AD, EIK 207596836, Deputy Chairman of the Board of Directors
Manyu Moravenov:	SEE Link DOO Skopje, EIC 4080014543811, member of the Supervisory Board
	EuroCTP B.V., Amsterdam, The Netherlands, EIK 91169410, member of the Supervisory Board



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BD Consults AD, EIK 207514472, member of the Board of Directors;

Collective financing AD, EIK 207596836, Chairman of the Board of Directors
and Executive Director.

Radoslava Maslarska: Elana Trading AD, EIK 831470130, Chairman of the Board of Directors
Elana Financial Holding AD, EIK 175371928, member of the Board of
Directors

Hristina Pendicheva: She does not participate in the management of other companies

There is no participation of the members of the Board of Directors in commercial companies as
unlimited partners.

1.9.5. In 2023, no contracts were concluded under Art. 240b of the Commercial Law.

1.9.6. In 2024, no changes are planned in the economic policy applied by the management of the
Bulgarian Stock Exchange Group. During the year, no actions are expected to be carried out related
to changes in the personnel development policy applied.



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2. SUSTAINABLE DEVELOPMENT (ESG)

Recognizing the importance of the role that entities from the financial sector are called to play in the transition to a greener and more sustainable economy, the parent company „Bulgarian Stock Exchange“ AD has developed initiatives that promote transparency and good governance of environmental, social and corporate governance issues (ESG – Environmental, Social and Governance Issues).

ESG practices are fundamental, both for individual companies and investors, and a focus on ESG can lead to the improvement and harmonization of corporate governance and thereby support the achievement of the economy's decarbonization goals by 2050.

Sustainability Committee

The „Bulgarian Stock Exchange“ AD has established a Sustainability Committee by a resolution of the Board of Directors dated 27.01.2023. The Committee assists the Board in the adoption and implementation of measures, policies and procedures related to environmental, social and employee-related issues, as well as in matters related to corporate governance. The committee develops and proposes a strategy for corporate sustainability of the company in accordance with the applicable regulatory requirements. The Committee assists the Board of Directors in monitoring the implementation of the adopted corporate sustainability strategy of the company and proposes updates to policies and procedures related to the implementation of the strategy.

ESG Reporting Guidelines

The principles of sustainable development, identified as requirements in the European Green Deal, are fundamental for the adoption of effective environmental and social practices in the interaction between shareholders, investors, corporate management and other stakeholders.

The „Bulgarian Stock Exchange“ AD adopted in August 2022 the ESG Reporting Guidelines developed by the Green Finance & Energy Centre (Green Centre). The Guidelines contain methodological recommendations and developments that address environmental, social and corporate reporting standards not only for companies whose securities are traded on the capital market, but also for all companies that would like to follow responsible behavior. The methodological approaches set out in the Guidelines aim to encourage the disclosure of complementary voluntary information on significant environmental and social indicators, by referring to established international standards for reporting on environmental and social parameters approved for the relevant industry or sector.



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Environmental – Social – Governance (ESG)

2.1. Ecology and Resource Management (Environmental)

The Bulgarian Stock Exchange Group is preparing a comprehensive climate and environment strategy, which is expected to be finalized and approved by mid-2024.

The activities of the Group do not imply any significant environmental pollution. The companies of the Bulgarian Stock Exchange Group generate domestic waste in the premises of the administrative buildings where the main activity of the companies is carried out.

The group promotes the use of public transport by employees in the parent company and in the subsidiary company „Financial Market Services“ EAD, providing them with free cards for the entire city network. From the beginning of 2023. The Company has also taken measures to reduce the plastic waste generated by replacing the use of mineral water supplied to employees in plastic bottles with the use for drinking purposes of water from the building's plumbing system filtered using a reverse osmosis system.

In the activities of the subsidiary IBEX EAD, the issuing of electronic invoices and the making of digital payments have been adopted, sharing the understanding that digital payments contribute to the sustainable development of society.

Additional measures to mitigate the impact of the Bulgarian Stock Exchange Group's activities on the environment will be introduced after the adoption of the Group's overall strategy in 2024.

The table below presents the carbon emissions generated by the Bulgarian Stock Exchange Group in Scopes 1 and 2, the amount of water used and the area used by the company for the production and supply of products and services.

Environment	2023
Scope 1 emission value (kg CO ₂ e)	17 900
Scope 2 emission value (kg CO ₂ e)	61 300
Area used by the company for the production and supply of products and services (m ²)	1 878.95
Amount of water used for the production and supply of products and services (cubic metres)	1 033.57

More information on this topic can be found in the Environmental section of the consolidated non-Financial Declaration attached as a separate document to this report.

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2.2. Social and Employee Matters (Social)

BSE has a number of social and employment policies.

- ✓ Diversity Policy
- ✓ Anti-Discrimination Policy
- ✓ Data Security Policy
- ✓ Communications and Disclosure Policy
- ✓ Security Policy

The BSE applies all core conventions of the International Labour Organisation (ILO) relevant to the Company and its activities.

Diversity management practices applicable to the Bulgarian Stock Exchange Group include:

- ✓ Employees are trained on topics related to diversity, equity and inclusion in the workplace;
- ✓ Statement in all our job postings with a commitment to diversity, equality and inclusion.

Distribution of members of the Group's management bodies by gender	31.12.2023
Women	25 %
Men	75 %
Distribution of employees in management positions in the Group by gender	31.12.2023
Women	55 %
Men	45 %
Distribution of Group employees by gender	31.12.2023
Women	61 %
Men	39 %
Employees working on permanent contracts in the Group	31.12.2023
Women	32
Men	26

The Bulgarian Stock Exchange Group does not experience any problems related to staff turnover.

Risks related to social and employment issues from loss of motivation of employees in the Bulgarian Stock Exchange Group, lack of qualified staff, staff turnover, poor health of the team are minimized by implementing appropriate measures.

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Taking into account the specific activity of the parent company Bulgarian Stock Exchange AD as an operator of an organized securities trading market and of the subsidiaries - Independent Bulgarian Energy Exchange EAD as an organized electricity exchange market and Financial Market Services EOOD, which maintains the X3 information platform, efforts are made by the management of the companies to retain employees through ongoing training on topical issues, the introduction of a social program, additional health insurance, comfortable working environment, etc.

More information on this topic can be found in the „Social and Employee Matters” and „Human Rights” sections of the consolidated Non-Financial Declaration attached as a separate document to this report.

2.3. Corporate governance (Governance)

In addition to the information set out in section 1, as part of the implementation of good corporate governance practices/principles, the Bulgarian Stock Exchange has defined the sustainability topics and assessed the topics relevant to the Company as follows:

- ✓ Reliable Markets;
- ✓ Corporate Governance and Business Ethics;
- ✓ Human Capital Development;
- ✓ Risk Management;
- ✓ Sustainable Behaviour;
- ✓ Community Relations;
- ✓ Sustainable Products;
- ✓ Product Responsibility;
- ✓ Privacy.

The parent company discloses information using the following communication channels:

- ✓ General Meetings
- ✓ Information disclosure specialized platforms (www.x3news.com)
- ✓ Corporate website (www.bse-sofia.bg)
- ✓ Social media and video channels

The Bulgarian Stock Exchange and its two subsidiaries maintain an English version of their corporate websites and disclose information in English.

The Bulgarian Stock Exchange AD guarantees equal treatment of all shareholders of the company, including minority and foreign investors, protects their rights and facilitates their exercise within the limits permitted by the applicable legislation and in accordance with the company's Articles of Association.

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Further information on this topic can also be found in the Corporate Governance section of the consolidated non-financial declaration, attached as a separate document to this report.

Regarding the remuneration of the members of the Board of Directors of the parent company:

The Bulgarian Stock Exchange AD has adopted a Policy for determining the remuneration of the members of the Board of Directors.

The members of the Board of Directors of BSE receive a fixed remuneration which is a monthly fixed payment determined by the General Shareholders' Meeting in accordance with the provisions of the Company's Articles of Association and the Remuneration Policy.

The members of the Board of Directors do not receive additional remuneration related to the activities carried out by BSE AD under the Markets in Financial Instruments Act as a market operator, an approved publication arrangement and a benchmark administrator.

More information on the remuneration received by the members of the Board of Directors of the parent company can be found in section 1.9.1 of this report.

Information on the remuneration received by the Group's key management personnel can be found in item 37 "Related parties and related party transactions" of the document "Notes to the Annual Consolidated Financial Statements for 2023".

The Bulgarian Stock Exchange Group reports annually as part of the corporate governance statement to the annual consolidated financial statements and non-financial information. In both 2022 and 2023, the Group voluntarily prepares a non-financial statement on an individual and consolidated basis.



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3. INFORMATION ABOUT THE ACTIVITY

3.1. „Bulgarian Stock Exchange“ AD – parent company

3.1.1. Markets

The regulated market organized by the „Bulgarian Stock Exchange“ AD consists of two markets - the BSE Main Market and the BaSE Alternative Market. These markets are segmented on the basis of qualitative and quantitative criteria regarding issuers and their issuances of financial instruments, including the type of financial instruments, specific requirements regarding the issuers' shareholding structure, financial performance, liquidity and disclosure.

In addition to the regulated market, „Bulgarian Stock Exchange“ AD organizes as a multilateral trading facility:

- SME Growth Market beam (Bulgarian Enterprise Accelerator Market), which provides small and medium-sized businesses with the opportunity to raise capital on more lenient terms than the regulated market, while providing them with similar advantages to those of public companies. The Exchange has been granted an approval by the Financial Supervision Commission to create the new SME Growth Market beam at the end of 2018.

- MTF Market MTF BSE International, which provides local investors with the opportunity to diversify their portfolios with financial instruments issued by some of the world's best-known and most liquid companies. All instruments on the MTF BSE International market have a registered market maker - Tradegate AG, making liquidity with them extremely high. The actual transfer of the instruments takes place at Clearstream Banking S.A., Luxembourg between the Central Depository and Tradegate AG. The Central Depository keeps the records of the holders of financial instruments in transactions concluded on the BSE.

New issuers, written-off issues and capital increases

As can be seen from the following table, the number of issues of financial instruments admitted to trading on the BSE markets as of 31.12.2023 increased to 779 pcs, while as of 31.12.2022 the number was 775. The change is mainly due to the inclusion of new bond issues on the BSE Main Market, Bonds Segment, bringing the number to 95 as of end-2023. There is also an increase in the number of issuances on the SME Growth Market beam. As on 31.12.2023, 16 issues have been registered on the beam Equities Segment and one bond issue.



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Registered emissions by segment:

Market segment \ Registered emissions	31.12.2023	31.12.2022	Amendment
BSE Main Market, Premium Equities Segment	10	7	3
BSE Main Market, Standard Equities Segment	51	58	-7
BSE Main Market, Exchange Traded Products Segment	22	20	2
BSE Main Market, Special Purpose Vehicles Segment	16	16	-
BSE Main Market, Government Securities Segment	15	16	-1
BSE Main Market, Compensatory Instruments Segment	3	3	-
BSE Main Market, Bonds Segment	95	85	10
BEAM Market, beam Equities Segment	16	10	6
BEAM Market, beam Bonds Segment	1	-	1
BASE Alternative Market, Equities Segment	130	131	-1
BASE Alternative Market, Special Purpose Vehicles Segment	33	35	-2
MTF BSE International	387	394	-7
Total:	779	775	4

New issuers (comparison of admitted issues by market and segment):

Segment	Market	2023	2022
Initial Public Offering Segment	BSE	1	0
Standard Equities Segment	BSE	0	3
Special Purpose Vehicles Segment	BSE	0	0
Bonds Segment	BSE	19	11
Exchange Traded Products Segment	BSE	2	5
Government Securities Segment	BSE	0	1
beam Equities	BEAM	6	3
beam IPO	BEAM	2	6
beam Bonds	BEAM	1	0
MTF BSE International	MTFINT	1	209
Total:		32	238

Terminated emissions:

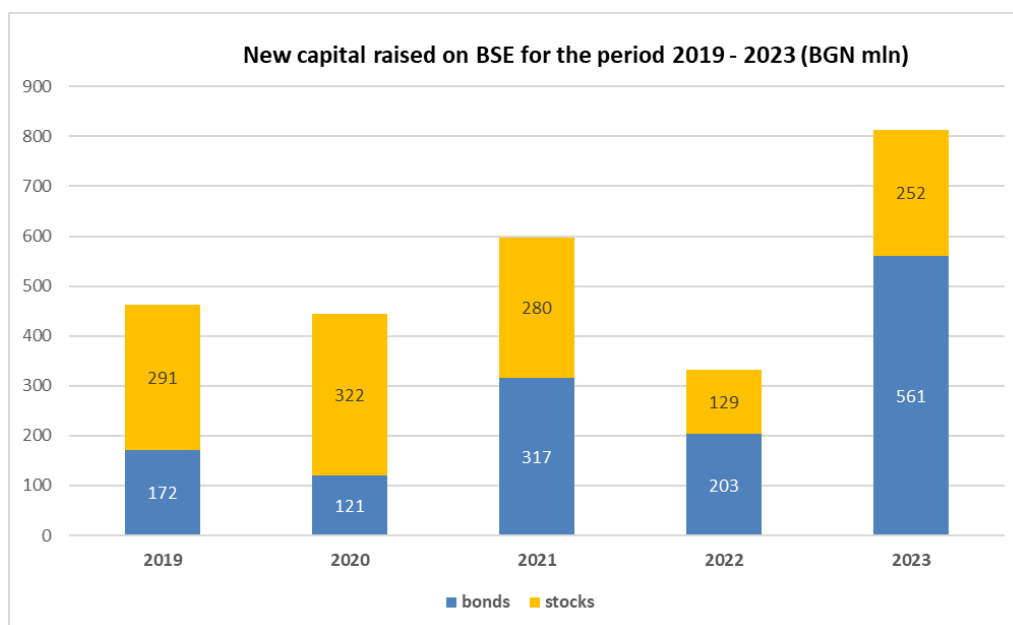
Terminated issues by segment	Market	Emissions
Bonds Segment	BSE	9
Exchange Traded Products Segment	BSE	2
Government Securities Segment	BSE	1
Equities Segment	BaSE	5
MTF BSE International	MTFINT	8
Total:		25



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Information on new capital raised on the markets organized by the BSE for the period 2019 - 2023 is presented in the following figure*:

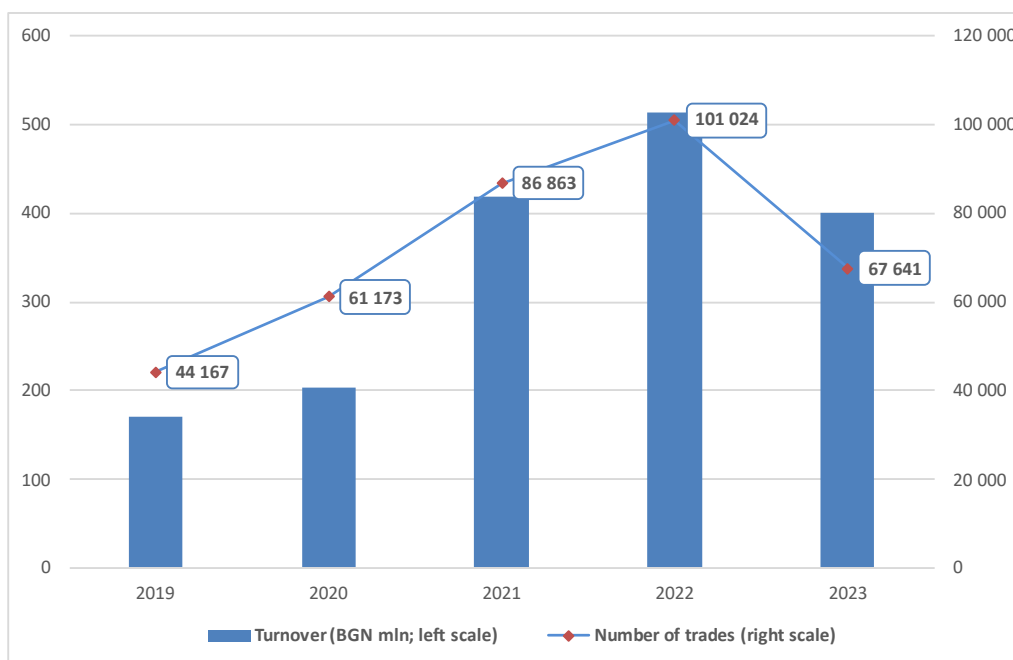


* Market MTF BSE International is not included.

3.1.2. Trade

Information on the annual turnover and the number of transactions concluded on the BSE for the period 2019 - 2023 is presented in the following figure:

Annual turnover and number of transactions concluded on the BSE for the period 2019 - 2023.

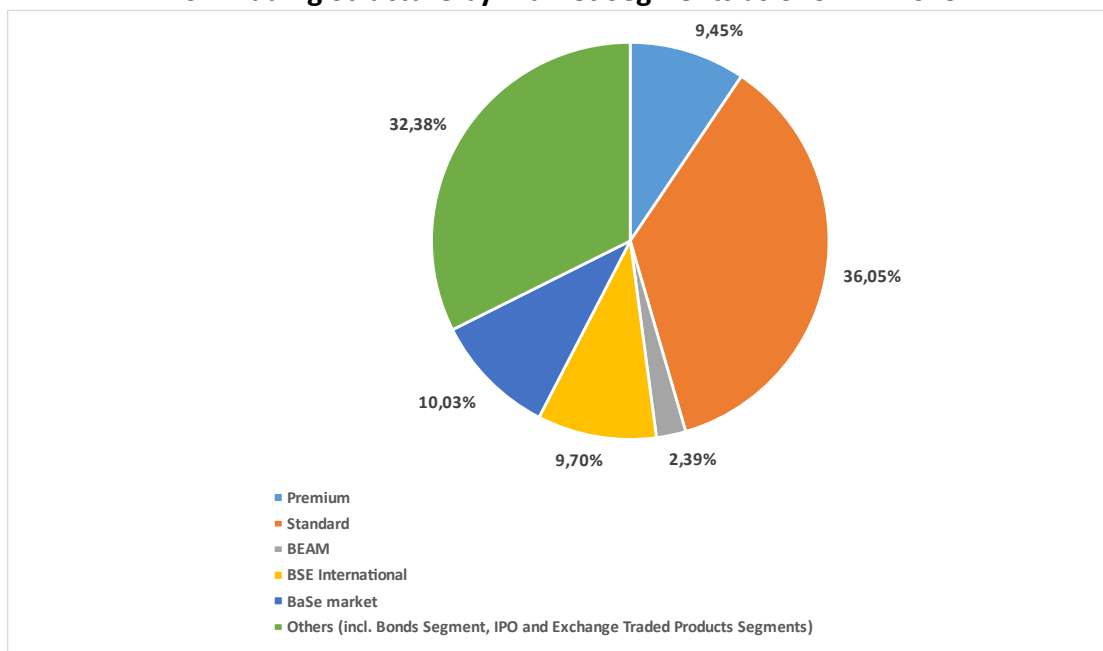


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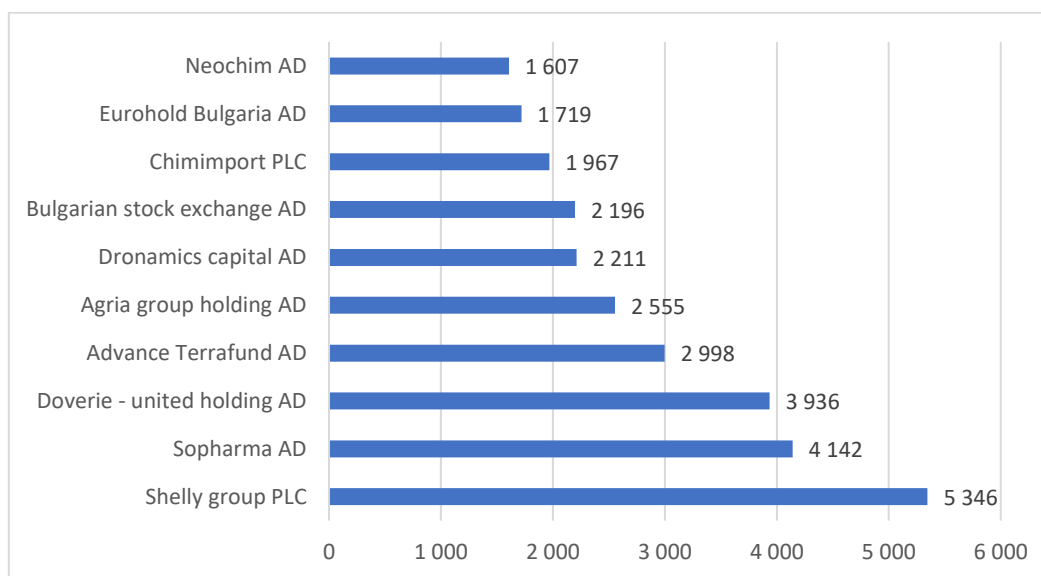
Information on the structure of trading on the BSE by market segments as of 31.12.2023 is presented in the following figure:

BSE Trading Structure by Market Segments as of 31.12.2023



Information on the ten equity issues with the highest number of transactions in the regulated market and SME Growth market beam in 2023 is presented in the following figure:

The ten issues of shares with the highest number of transactions on a regulated market and SME Growth Market beam in 2023



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Sectoral structure of trade

Information on the structure of trade by sector (top 10) for 2023 is presented in the following table:

Sector	Number of transactions	Traded lots	Turnover (BGN)
Financial and insurance activities	33 304	65 166 174	273 151 924
Real estate activities	1 472	13 044 261	61 818 387
Professional, scientific and technical activities	7 434	12 416 931	52 482 298
Manufacturing	13 027	8 435 380	42 886 754
Information and communication	452	1 113 458	8 371 661
Wholesale and retail trade; repair of motor vehicles and motorcycles	2 205	3 192 449	7 041 888
Electricity, gas, steam and air conditioning supply	140	1 394 038	3 913 475
Arts, entertainment and recreation	1 100	125 066	1 858 785
Transportation and storage	438	141 921	1 016 438
Construction	199	232 195	946 9

Market capitalization of the Exchange

As of 31.12.2023, the total market capitalization of the regulated market and the SME Growth Market beam, organized by the „Bulgarian Stock Exchange“ AD is BGN 15 500 981 602 (MTF BSE International market is not included), which represents a decrease of 48.63% compared to the reported at the end of 2022. This is largely due to the decline in the capitalization of the BaSE Alternative Market, Equity Segment by 86%. The capitalization of BaSE Alternative Market has declined significantly due to the FSC Decision No. 972-FB dated 26.10.2023 to apply a compulsory administrative measure to terminate the registration of the share issue issued by Capital Concept Limited Plc (CCL) on Equities Segment.

The capitalization of the Premium Equities Segment, BSE Main Market saw a strong growth of 92.61% compared to that reported as of 31.12.2022. The capitalization of companies in the BSE Main Market, Special Purpose Vehicles Segment grew by 4% and that of the BaSE Alternative Market Special Purpose Vehicles Segment by 23%.

The capitalization of companies in the SME Growth Market beam increased by 32%.

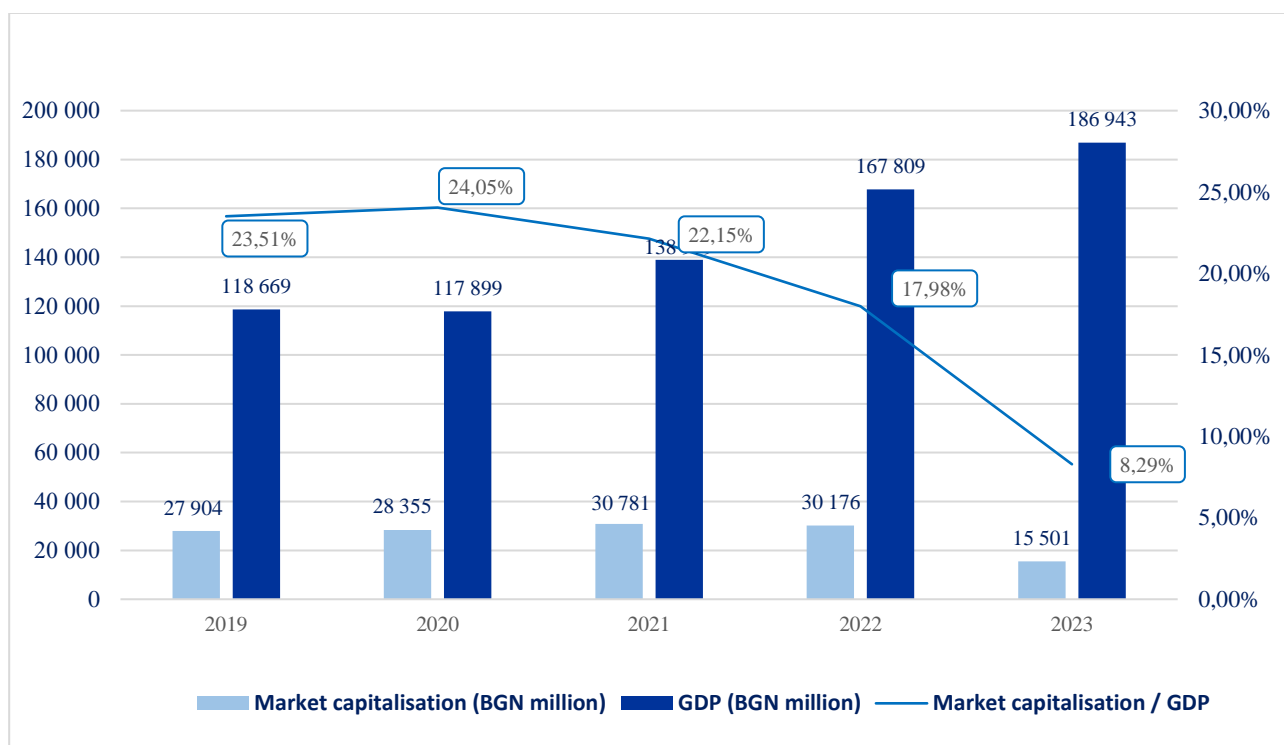


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Information on the market capitalization of the BSE for the period 2019 - 2023 is presented in the following figure*:

Market capitalization for the period 2019 - 2023 (BGN million)



* MTF BSE International market is not included.

Market capitalization by market segments/market

Market segment/Market	31.12.2023 r.		31.12.2022 r.		Change
	BGN	EUR	BGN	EUR	
Premium Equities Segment, BSE Market	3 083 129 277	1 576 378 968	1 600 720 017	818 435 149	92,61%
Standard Equities Segment, BSE Market	7 745 938 385	3 960 435 409	8 138 367 101	4 161 081 025	-4,82%
SPVs Segment, BSE Market	1 191 177 074	609 039 167	1 144 756 312	585 304 608	4,06%
Equities Segment, BaSE Market	2 628 119 832	1 343 736 333	18 622 746 624	9 521 659 155	-85,89%
SPVs Segment, BaSE Market	416 210 592	212 805 097	339 207 254	173 433 915	22,70%
SME Growth market beam	436 406 443	223 131 071	330 454 187	168 958 543	32,06%
Total*:	15 500 981 602	7 925 526 044	30 176 251 496	15 428 872 395	-48,63%

* Market MTF BSE International is not included.



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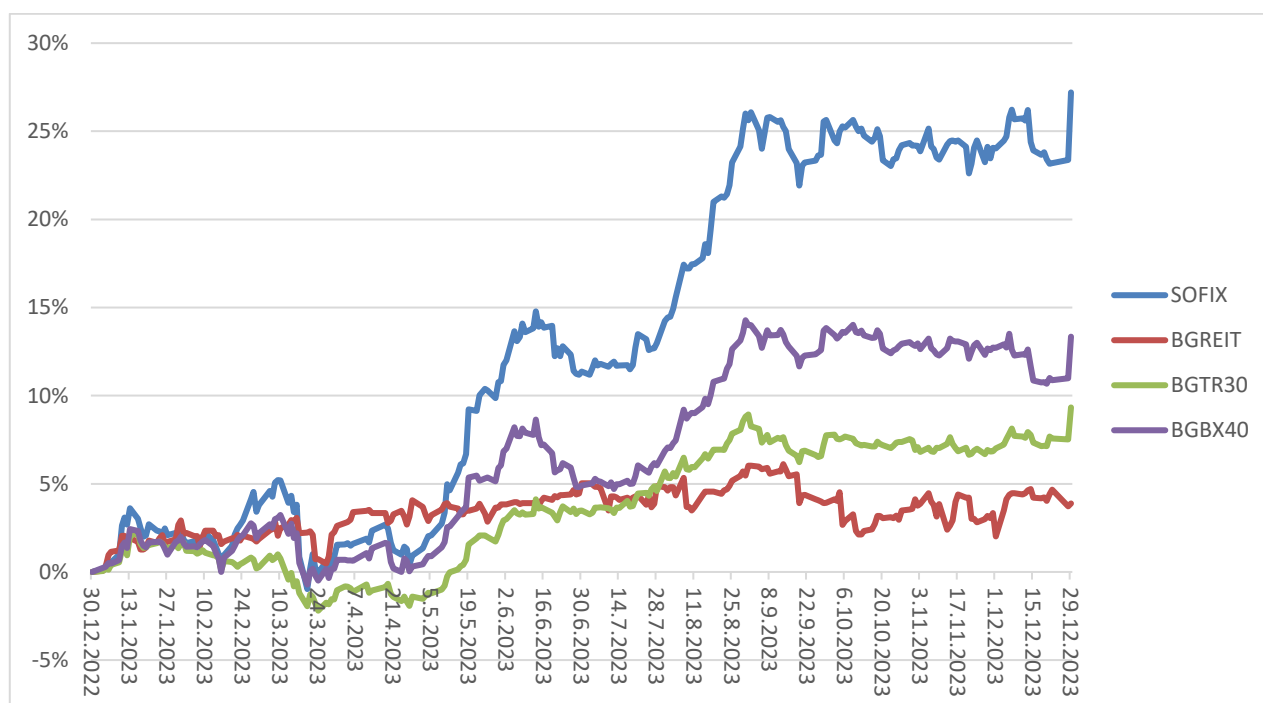
Indices of the Bulgarian Stock Exchange

All indices of the BSE increased at the end of 2023, with the value of the main index SOFIX increasing by 27% to 765.12 points. BGBX40 increased by 13.35% to 157.87 points. The BGTR30 rose 9.33% to 799.44 points. The BGREIT rose 3.89% to 190.30 points.

In 2023 the Bulgarian Stock Exchange has launched the calculation of a new stock market index of companies on the SME Growth Market beam - beamX. It officially started to be calculated on 18 September 2023 with an initial value of 100 points. The number of issues included in the index calculation base is 10. As of 31.12.2023, the value of beamX is 101.85.

Information on the dynamics of the BSE indexes (in %) in 2023 can be found in the following figure:

Dynamics of the BSE indices (in %) in 2023



Members of the BSE and beam Market Advisors

As of 31.12.2023 the number of members of the BSE is 43 (forty-three). In 2023, the membership of two investment intermediaries was terminated. As at 31.12.2022, the number of members of the Exchange is 45 (forty-five).

As at 31.12.2023, the number of beam Market advisors is 22 (twenty-two) with 8 (eight) being investment intermediaries – members of BSE. In 2023, the status of 3 (three) advisors was terminated.

Lists of the members of the Exchange and the beam Market Advisors are presented as Appendices to the Report on the activities.

3.2. „Independent Bulgarian Energy Exchange“ EAD

3.2.1. Markets

IBEX EAD contributes to the development of the electricity market in Bulgaria by integrating different segments of electricity trading with physical delivery and providing additional services, enabling the introduction of new trading instruments and products and satisfying the needs of market participants.

The licensing activity that the Company develops includes the organization of an exchange market with the following segments with physical delivery, divided by the period of traded and delivered electricity:

- Day Ahead market (DAM);
- Intraday market (IDM);
- Bilateral contracts (BC).

The first two of these market segments are already participating in a merger with the intra-EU electricity organized markets DAM and IDM, according to the mechanisms and target model adopted at European level and in implementation of Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing guidelines on the allocation of transmission capacity and congestion management.

The non-licensing activities that the Company continues to develop include the provision of data reporting services in accordance with the requirements of Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on Wholesale Energy Market Integrity and Transparency (REMIT), as well as market data services related to prices achieved and quantities traded on the market segments administered by IBEX EAD.

In addition to the reporting of data as required by Regulation (EU) No 1227/2011, the Company provides insider publication services on an insider disclosure platform. The insider disclosure platform of IBEX EAD has been certified by the Agency for the Cooperation of Energy Regulators (ACER) and included in the list of insider platforms published on the ACER website.

In addition, as of 03.06.2019, following successful negotiations, the Company has launched a listing of Bulgarian energy futures on the European Energy Exchange (EEX AG), which is aimed at both providing an opportunity for hedging risk in the long-term planning of the energy portfolio and generating a price signal for long-term products with financial settlement, which are cleared at a daily base load price on the „Day Ahead“ market segment. For the period 01.01.2023 - 31.12.2023 Bulgarian futures for over 1,8 TWh were traded on EEX, with 8 registered trading participants active in the market area of the Republic of Bulgaria.



3.2.2. Administration of market segments

Day Ahead Market Segment (DAM)

For the administration of the DAM market segment, IBEX EAD chose a model of operation in partnership with a reputable and experienced European exchange operator - the so-called "Serviced Power Exchange". For this purpose and as a result of a supplier selection procedure, on 21.04.2015, BNEB EAD concluded a contract with Nord Pool Group AS for the provision of services for the operation of the DAM exchange market segment.

Nord Pool Group AS operates markets in Norway, Denmark, Sweden, Finland, Estonia, Latvia, Lithuania. The company also operates one of the two exchanges in the UK (N2EX). 394 companies from 20 countries trade on Nord Pool Group AS markets. The market operator of the Republic of Croatia, CROPEX, has a similar partnership agreement with Nord Pool Group AS.

The chosen approach has ensured the smooth integration of the Bulgarian market area into the model adopted at the pan-European level for the unification of exchange markets.

The integration of the market segment through the Bulgarian-Greek border took place on 10.05.2021 and the Bulgarian-Romanian border on 30.10.2021.

Intraday market segment (IDM)

For the administration of the Intraday Market Segment, IBEX EAD has again chosen an operating model in partnership with a reputable and experienced European exchange operator - the Serviced Power Exchange model. For this purpose and as a result of a selection procedure, on 28.02.2017, BNEB EAD concluded a contract with Nord Pool Group AS for the provision of Intraday Power Market Segment (IDM) operation services. Due to successful preparations by IBEX EAD, changes in the Electricity Trading Rules (ETR), and the readiness of the Independent Transmission Operator (ITO EAD), the start of the actual operation of the new market segment took place at the beginning of April 2018, and the integration of the market segment via the Bulgarian-Romanian border took place on 19.11.2019 and the Bulgarian-Greek border on 30.11.2022.

Market segment „Bilateral contracts“ (BC)

For the administration of the centralised market for the purchase and sale of electricity through bilateral contracts, IBEX EAD opted for the approach of using a platform through licensing or so-called "SaaS - Software as a service", an approach that is widely accepted among exchange operators as efficient and cost-effective. For this purpose, in 2016, IBEX EAD concluded a service contract with one of Europe's leading providers of such electronic trading systems - Trayport Ltd. The provider company provides a wide range of services for both exchange operators and trading participants. Trayport Ltd. provides a trading platform through which more than 35 organised markets in Europe (exchange markets and brokerage platforms) operate on which electricity and/or natural gas is traded.



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Comparison by market segment

Parameter	2023	2022	%
Average Baseload Price Day-Ahead Market	BGN 203.10	BGN 495.28.	-59.0%
Baseload Volume Day-Ahead Market	27 662 347.8 MWh	27 924 696.3 MWh	-0.9%
Weighted Average Price Intraday Market	BGN 210.10	BGN 503.34	-58%
Total Traded Volume Intraday Market	2 279 559.4 MWh	1 187 796.3 MWh	92%
Weighted Average Price Bilateral contracts market Segment	288.68 BGN/MWh	491.20 BGN/MWh	-41%
Total Delivered Volume Bilateral contracts market Segment	7 539 788 MWh	8 702 961 MWh	-13%

A list of participants of the Independent Bulgarian Energy Exchange EAD is provided as an Annex to the Activity Report.



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3.3. Programmes, priorities and development

Deutsche Börse Group

The BSE has a more than 15-year partnership with the German operator Deutsche Börse, and since June 2008 trading on the Exchange has been conducted through Deutsche Börse's trading platform - T7®. In addition, since the same date Deutsche Börse has been calculating the four main indices of the BSE (SOFIX, BGBX40, BGTR30 and BGREIT), as well as distributing market data from the BSE to foreign vendors.

From July 2021, the BSE launched the MTF BSE International market, which currently trades the shares of nearly 400 top global companies, ETFs and crypto ETNs.

As of the date of this report, the BSE has established a new segment "EuroBridge Market" on the BSE Main Market, which enables Bulgarian issuers to be admitted to trading on the regulated market for financial instruments organized by Deutsche Boerse AG.

Government Securities Programme

The BSE is working closely with the Ministry of Finance to implement a public offering programme for government securities on the regulated market in Bulgaria for individual investors. This would multiply the number of active investors on the BSE, activate secondary trading of government securities, and increase the attractiveness of the Bulgarian capital market as a whole.

beamUp Lab



BeamUp Lab is a program to stimulate and promote the growth of Bulgarian startups, small and medium-sized companies. The aim of the program is to distinguish promising and innovative Bulgarian companies with sustainable business models, to give them visibility in front of potential investors, as well as to increase their knowledge about funding opportunities. At the end of 2023, the fourth edition of our accelerator programme beamUp Lab started.

Stock Lending Platform

The BSE plans to launch an electronic platform for the conclusion and registration of loan agreements for financial instruments. BSE's aim is to stimulate short selling and thus improve liquidity in the market. The lending platform is among the prerequisites for the introduction of derivative products in the future.



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LSEG DATA & ANALYTICS

The partnership with LSEG Data & Analytics (Refinitiv) will provide data on the sustainable performance of Bulgarian public companies. The data in the form of valuations will be used to select the companies to be included in the future ESG index of the BSE. The new index will be launched in mid-2024.



oxygen

Oxygen is an initiative of the Bulgarian Stock Exchange and its subsidiary Financial Market Services and is the first of its kind in Bulgaria. The platform enables Bulgarian companies to measure and report on their environmental, social and corporate impact by obtaining an assessment of their carbon footprint as well as other ESG-related indicators.

From the beginning of 2024, companies can take advantage of the new features of the BSE's Oxygen platform. Public companies can calculate their carbon footprint for free, thanks to a partnership with global platform Synesgy, a digital environmental, social and corporate sustainability (ESG) assessment solution from international company ICAP CRIF.

At the reporting date, the platform is used by 17 companies whose financial instruments are listed for trading on the Exchange and one company that is not public within the meaning of the Securities Act.

On 18 January 2024, the Oxygen platform also became the only tool in Bulgaria licensed by the Global Reporting Initiative (GRI), allowing businesses to quickly and easily report against all European and international ESG standards.



Green Centre (GC) is a leading think tank in the field of sustainable finance and energy in Bulgaria, established on the initiative of the Bulgarian Stock Exchange and its subsidiary Independent Bulgarian Energy Exchange. The Green Centre supports the BSE and the IBEX in their sustainability efforts. The Green Centre assisted the BSE in the development and adoption of ESG Reporting Guidelines and will play a role in maintaining the first ESG Index in Bulgaria. In 2024, the ESG Index will be launched. In 2024 the Green Center will organize 4 strategic meetings designed to showcase the sustainable practices of public and non-public companies.





BSE Advance is a long-term programme of the Bulgarian Stock Exchange. Through it, the BSE pursues a targeted and proactive policy to increase the financial literacy of young people. The BSE partners for joint educational initiatives with the Faculty of Economics of the Sofia University „St. Kliment Ohridski“, the Higher School of Insurance and Finance, the University of National and World Economy and Paisii Hilendarski University of Plovdiv. Within the framework of the programme, regular meetings are held with students who are interested in the capital market.

On 27.04.2023 the 21st edition of the „Manager for a Day“ initiative was held in cooperation with Junior Achievement Bulgaria.

BSE aims to make the capital market attractive for careers among young professionals, as well as to encourage their development and enrich their qualifications. In this regard, in 2023, for the third year, the BSE awarded diplomas and gave financial incentives to those who excelled in the Financial Supervision Commission's examinations for brokers and investment advisers.

Through the programme, the BSE offers unpaid internship opportunities for graduate and undergraduate students. Students studying in Bulgaria and abroad benefited from this opportunity in 2023.

Public partnerships

Agreement for cooperation in the field of investments between the BSE and the Municipality of Stara Zagora

On January 12, 2023, the Bulgarian Stock Exchange and the Municipality of Stara Zagora signed a Cooperation Agreement to attract potential investors to the region and to support companies interested in listing on the BSE markets. This is the first such agreement between the Exchange and a municipality in Bulgaria. The partnership is an important step towards the implementation of a number of educational and practical initiatives that will help investors from all over Bulgaria to learn more about promising companies from Stara Zagora. It also opens a direct channel of communication for companies seeking funding with representatives of the BSE, where they can freely discuss the various opportunities for raising capital.

Cooperation agreement for exchange of data and market information between BSE Group and National Statistical Institute

On 15 May 2023, the Bulgarian Stock Exchange Group, which includes



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the BSE, the Independent Bulgarian Energy Exchange and Financial Market Services (FMS), and the National Statistical Institute (NSI) signed a Cooperation Agreement. As a result of the agreements, the four organizations will actively partner to respond to dynamic processes in the economy and society, digitalization and globalization, and the increase in the volume and types of data sources. It is expected that the joint cooperation will also lead to an expansion of the potential and enrichment of the information services offered by the organizations.

International activity

An important priority in the activities of the BSE is the expansion of international contacts and relations with other stock exchange institutions and organizations, regionally, Europe-wide, and globally.

The BSE is a full member of the Federation of European Stock Exchanges (FESE).

UN Sustainable Stock Exchanges Initiative

In November 2020, the Bulgarian Stock Exchange joined the United Nations Sustainable Stock Exchanges Initiative (UN SSE). This is a UN partnership programme organized by UNCTAD, the UN Global Compact, UNEP FI and PRI. The vision of UN SSE is to provide a global platform to explore how stock exchanges, in collaboration with investors, companies (issuers), regulators, policy makers and relevant international organizations, can improve their ESG (environmental, social and corporate governance) performance by promoting sustainable investment, including financing under the UN Sustainable Development Goals.

By participating in the UN Sustainable Stock Exchanges Initiative, the BSE shares and follows the mission of promoting responsible sustainable investment and improving ESG performance in Bulgaria.

The Bulgarian Stock Exchange joined the UN Global Compact

On September 13, 2023, the Bulgarian Stock Exchange will join the Bulgarian Stock Exchange. The Bulgarian Stock Exchange, initiator of the Green Finance & Energy Centre (Green Centre) - the first think-tank of its kind in both fields, officially joined the UN Global Compact.

The UN Global Compact is the world's largest corporate sustainability initiative, bringing together more than 15,000 companies and 3,000 non-profit organizations in over 160 countries and more than 70 local networks. The Bulgarian network is an alliance of companies, educational institutions and NGOs that has been working for 10 years since the official announcement by UN Secretary-General Ban Ki-moon. The local network provides a platform and environment for the development of companies that have proven their efforts and contribution towards the sustainable growth of Bulgaria.



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The UN Global Compact is an initiative that calls on companies to embrace ten universal principles in the areas of human rights, labour standards, environment and anti-corruption and implement them in their business strategies and day-to-day operations. Through their commitment to universally accepted values and by minimizing the negative effects of their business activities, companies can contribute to the achievement of the UN Sustainable Development Goals.

14 European exchanges merge to form new company EuroCTP

On 23 August 2023, EuroCTP B.V. was incorporated as a company and a Supervisory Board was elected. The purpose of the new company (joint venture) is to provide consolidated market data (consolidated tape) for stocks in the European Union. EuroCTP has its own Board of Directors and all exchanges are represented on the Supervisory Board of the company.

The Bulgarian Stock Exchange represents the smaller exchanges on the Supervisory Board of the new company.

The shareholders of EuroCTP B.V. are 14 European exchanges, respectively exchange groups, representing the operators of the main regulated markets in 25 EU countries.

The shareholders of EuroCTP B.V. have a clear commitment to the delivery of this significant project for European capital markets and are dedicated to the long-term success and prosperity of retail investors and market participants. As operators of regulated markets, EuroCTP's shareholders are the cornerstone of the European capital market, committed not only to maintaining but also to further strengthening its ecosystem.

The aim is

- to create consolidated data offering a comprehensive and standardized picture of EU trade for the benefit of all market participants;
- to provide well-managed, robust and sustainable data that is economically sound and in compliance with applicable legal provisions.

It has taken over a year for shareholders to work on the original initiative and with the significant investment made, they are committed to fully funding the activity as a consolidated data provider. The shareholders are recognized specialists in providing reliable and high quality market data, combining decades of experience and expertise in managing critical market infrastructure. The Company will act with complete independence and autonomy in the future selection process for a consolidated data provider in the European Union.

The Bulgarian Stock Exchange Group does not conduct research and development activities.



4. MAIN RISKS

As a licensed market operator, the Bulgarian Stock Exchange organises the activities and operations of the regulated market in accordance with the requirements of the law and its implementing acts. The organisation and management of the Bulgarian Stock Exchange shall be carried out on the basis of the Rules of Business, which shall be adopted by the Board of Directors of the Exchange and approved by the Financial Supervision Commission. The Rules of Business of the Bulgarian Stock Exchange shall govern all aspects of the Company's business, including:

1. the identification of possible threats and risks that could cause potential losses and disruption to the trading processes provided, conducted and maintained by the Exchange;
2. the means to control and manage identified threats and risks;
3. the allocation of responsibilities among the Exchange's employees with respect to Risk Management.

The main types of risks relevant to the Company's activities and the policy for their management are regulated in Part VI - Risk Management Rules of the Rules of Procedure of the Bulgarian Stock Exchange.

The risk management policy is applied in an integrated manner and in accordance with all other policies and principles regulated in the internal acts of the Bulgarian Stock Exchange. The Risk Management Rules of the Bulgarian Stock Exchange shall document the measures and procedures for the identification, management and assessment of risks related to the activities of the Exchange pursuant to Article 86, par. 1(3) of the Markets in Financial Instruments Act.

The Risk Management Rules of the Bulgarian Stock Exchange define the following types of risks related to the Company's activities, procedures and systems:

1. **Internal** - related to the organization of the Exchange's work, representing:

a) Process risks

- risks related to the performance of the main functions of the Exchange
- risks related to the services offered and
- project risks

b) Risks related to the systems

- complete or partial unreliability and lack of completeness of the data;
- subsequent manifestation of the problems with the reliability and completeness of the data;
- lack of precision in processing methods;
- errors of software products;
- imperfection of the technologies used;
- collapse of the system of the regulated market, information and communication systems.

c) Personnel related risks

- departure of key employees;
- dishonest behavior on the part of the employees of the Exchange;



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- insufficient qualification and lack of training of the persons working under contract for the Exchange;

- adverse changes in labor legislation;
- unsafe working environment;
- insufficient or inadequate motivation of employees;
- frequent change of employed employees, leading to impossibility of adequate performance of functions.

2. **External** – related to macroeconomic, political and other factors that affect and/or may affect the activity of the Exchange, for example:

- Unfavorable changes in the regulatory framework
- Risks related to the transfer of important activities to a third-party contractor
- Political changes
- Changes in the tax regulations
- Risks of physical intervention.

3. **Other risks related to the activity of the Bulgarian Stock Exchange** – other risks related to the services offered, not identified in the risk management rules of the Bulgarian Stock Exchange

- Market risk
- Price risk
- Currency risk
- Interest rate risk
- Liquidity risk

4. **Common (systematic) risks** – General risks arise from possible changes in the overall economic system and, more specifically, a change in financial market conditions. They cannot be diversified, since all business entities in the country are exposed to them.

- Credit risk
- Economic growth and external indebtedness
- Inflation risk
- Unemployment
- Currency risk and currency board
- Interest rate risk
- Taxation
- Other systemic risks

A detailed description of the risks characteristic of the activity of the Bulgarian Stock Exchange is presented in item 4 „Risk factors“ of the registration document (pages 12 - 24), representing Part I of the prospectus approved by the Financial Supervision Commission with decision No. 816 - PD/15.12.2010 for admitting the shares of the Bulgarian Stock Exchange to trading on a regulated market. The prospectus can be found on the website of the Bulgarian Stock Exchange in the „Prospectus of the Bulgarian Stock Exchange“ section.



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Regarding risk management and given the specifics of the BSE's activity as a regulated market, an operating procedure developed by the Management System (MS) of the BSE (ISO 9001 / 27001) is applied. The procedure mainly deals with the operational risks related to the main trading processes of the BSE.

The management of the parent company is committed to: ensuring and maintaining the compliance of the MS, the integration of the MS into the business processes, promoting leadership, providing and maintaining the necessary resources for maintaining and functioning of the processes, improving the management system based on the analysis, based of risk and process performance information. The management, together with the directors of directorates, manages the risks and opportunities for the processes that it considers necessary to monitor and control in the functioning of the MS. Management of risks and opportunities includes: identification, evaluation, determination of appropriate actions for treatment and control, proportional to the possibility of occurrence, the potential impact, determination of responsible officers for the implementation of measures and for control of performance, determination of appropriate control mechanisms, in necessity, periodic review, at least once a year, and as necessary, reassessment, where applicable. When managing risks and opportunities, the requirements of the Rules of Procedure, part VI Rules for risk management, also apply.

The BSE also applies the Risk Management Policy. The policy is applied in an integrated manner and in accordance with all other policies and principles regulated in the internal acts of the Exchange. In the Risk Management Policy, the types of risk related to the activities, procedures and systems of the BSE are distinguished. For each of the risks, procedures with management measures are indicated, which the BSE undertakes to apply. A Security Oversight Committee was also established by order of the Executive Director.

More information on the Group's financial risk management can be found in Item 36 "Financial Risk Management" of the "Notes to the Annual Consolidated Financial Statements for 2023".

Detailed information regarding the internal control system and risk management system implemented by the issuer in the process of preparing the financial statements can be found in item 5.6.15 of the information submitted to this activity report under Appendix No. 2 to Art. 10, item 1 of Ordinance 2 to the POSA.



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The main risks associated with the activities of the subsidiary Independent Bulgarian Energy Exchange EAD are:

In its role as a licensed market operator on the electricity market for the market area of the Republic of Bulgaria, Independent Bulgarian Energy Exchange EAD organizes its activities by managing the inherent risks, which are divided into:

- Internal - those related to the technical administration of the market segments, those related to personnel and organisation of work, given the continuous cycle of operation of the short-term market segments Day-ahead Market (DAM) and Intraday Market (IDM), as well as those related to the financial situation of the company, given its monopoly position and the related possibility of regulation of the tariff structure by the Energy and Water Regulatory Commission.
- External - those related to unfavourable macroeconomic changes, unfavourable changes in the applicable legislation, as well as risks of transfer of activities inherent to the market operator at the time, which would affect the overall functioning conditions of the electricity market (introduction of a clearing house as a party to electricity transactions, both in the long-term (CMBC) and short-term markets (DAM and IDM);

The long-term risk management strategy is focused on realising the following opportunities:

- The possibility of a common risk guarantee (collateral) for all market segments operated by IBEX, which will contribute significantly to the easing of the conditions of participation;
- Ability to develop proprietary platforms to operate market segments, which will reduce dependence on service providers.

The main risks associated with the activities of the subsidiary Financial Market Services Ltd. are:

- Risks related to the company's resource (technological and expert) availability in connection with its core business of providing information services;
- market risks related to the state and development of competition in the sector;
- external risks - related, on the one hand, to changes in the legal framework regulating the obligation and methods of disclosure of regulated information by public companies and other issuers of securities and, on the other hand, to the general state of corporate governance in Bulgaria.



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5. FINANCIAL STATEMENT

The consolidated financial statements of the Bulgarian Stock Exchange Group have been prepared in accordance with the Group's adopted accounting policies and International Financial Reporting Standards (IFRS) and provide information about its financial position and performance.

5.1. Financial result

By the end of 2023, the net financial result of the Group is a profit of BGN 12 521 thousand, which is mainly due to the consolidation of the subsidiary Independent Bulgarian Energy Exchange EAD.

Information on the key financial indicators can be found in item 26 "Share capital and reserves" of the "Notes to the Annual Consolidated Financial Statements for 2023".

5.2. Assets and liabilities

The assets of the Bulgarian Stock Exchange Group at the end of 2023 amount to BGN 367 712 thousand and are BGN 18 443 thousand (5%) lower than their value at the end of 2022.

Non-current assets grew by BGN 152 thousand (1%) year on year, mainly due to an increase in the item "Equity instruments at fair value through other comprehensive income" and the investment resulting from the acquisition of an interest in the Dutch company Euro CTP B.V., as well as an increase in the item for joint ventures resulting from the acquisition of an interest in the company Collective Financing AD.

Current assets decreased by 5% or BGN 18,595 thousand mainly as a result of a decrease in the "Cash and cash equivalents" item and a decrease in "Receivables from electricity contractors".

With regard to equity capital, at the end of the current period the accumulated retained profits and losses amounted to BGN 19 144 thousand. This compares to BGN 13 369 thousand at the end of 2022. There are insignificant changes in other equity items, with the Group's equity decreasing by BGN 5,823 thousand as at 31 December 2023 compared to the previous period.

Current liabilities decreased by 7% or BGN 24 278 thousand, mainly due to a decrease in liabilities to electricity contractors. Non-current liabilities increased by 2% or by BGN 12 thousand.

5.3. Income and expenses

Revenue from contracts with customers amounted to BGN 17 711 thousand and the Group recorded an increase compared to 2022 of 3% or BGN 453 thousand, which was mainly due to an increase in Company Registration Fees revenue by BGN 323 thousand (36%), Fee for information service by BGN 117 thousand (17%), growth of Monthly commissions for access to trading by BGN 115 thousand (122%) and decrease of Commissions for transactions on the Stock Exchange by BGN 327 thousand (29%). During the reporting period the Group realised revenues from fees for reporting as an Approved publication arrangement in the amount of BGN 93 thousand and the IBEX realised BGN



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517 thousand from data reporting fees.

"Financial income" increases from BGN 657 thousand in 2022 to BGN 8,561 thousand in 2023, as a result of an increase in the item "Interest income on deposits with banks" and "Interest income on agreements with redemption clause". The other revenue items show an insignificant change in absolute terms.

Under the main expense items there is a decrease of 9% compared to 31.12.2022, which is mainly due to a decrease amounting to BGN 2 965 thousand under the item "Expenses for impairment of receivables".

5.4. Basic earnings per share

<i>Basic earnings per share</i>	2019	2020	2021	2022	2023
Average weighted number of shares	6 582 860	6 582 040	6 487 155	6 440 641	6 440 641
Net profit for the year (BGN'000)	2 769	4 336	6 605	4 533	12 521
Basic net earnings per share (BGN)	0.42	0.66	1.02	0.70	1.94

5.5. Significant events occurring after the date of the annual financial report

In February 2024 the subsidiary IBEX EAD concluded an overdraft agreement with a commitment for BGN 25 million with a bank of high credit rating with a term of one year. At the date of signing these consolidated financial statements, no amounts have been withdrawn under the agreement.

No other events occurred after 31 December 2023 that require additional adjustments and/or disclosures to the Group's consolidated financial statements for the period ended 31 December 2023

5.6. Information according to Appendix No. 2 to Art. 10, item 1 of Ordinance 2 to the POSA

5.6.1. The main activities of „Bulgarian Stock Exchange“ AD are related to:

- organization of a regulated market of financial instruments as a trading system;
- organizing and maintaining an information system for securities trading;
- provision of information services and distribution of stock exchange information;
- creation and calculation of indices of the Bulgarian Stock Exchange;
- carrying out supervision by the stock exchange on trading in financial instruments on the markets organized by it.

In connection with its main activity, the Bulgarian Stock Exchange Group realizes the following main types of income:

Bulgarian Stock Exchange AD

- revenues from registration and maintaining the registration of financial instruments;
- income from commissions for transactions with financial instruments;

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- income from annual membership fees;
- income from investing funds;
- income from information services;
- revenues from fees for changes in emission parameters;
- income from fees for accessing the trading system.

Independent Bulgarian Energy Exchange EAD

- Electricity trading fee revenue;
- Revenue from annual fees;
- Revenue from data reporting fees;
- Revenue from training fees.

Financial Market Services Ltd.

- Income from information service fees;
- Income from website maintenance services to related parties;
- Revenues from messaging and information services to related parties;
- Revenue from commissions for intermediary activities;
- Oxygen and X3analytics revenue.

The total amount of income, including financial income and other income for 2023, is BGN 26,770 thousand, respectively BGN 18 315 thousand for 2022.



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Revenues from contracts with customers by operating segments and types of services include:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Operational segment "Electricity trade"	14,154	14,084
Electricity trading fee	10,804	10,777
Annual fee	2,003	1,929
Data reporting fee	517	411
Participation fee	228	216
Training fee	178	161
Other fee	424	509
Penalty fees	-	81
Operational segment "Registration and maintenance of trading financial instruments issues"	1,456	1,061
Company registration fee	1,222	899
Membership fee	160	132
Fee for change of issue parameters	40	22
Fee for non-disclosure of information and fee for temporary suspension of trade	28	8
Fee for exchange code acquisition	3	-
Fee for issue relocation	2	-
Fee for admission of exchange intermediaries	1	-
Operational segment "Information service"	1,034	866
Information service fee	930	786
Data reporting fee APA	93	70
Fee for right to use trademark	11	10
Operational segment "Trade in financial instruments"	1,067	1,247
Commissions for transactions on the Exchange	802	1,129
Monthly commissions for access to trade	209	94
Fee for maintaining remote trading stations	28	23
Monthly connectivity fee	25	-
Financial sanctions on Exchange members	2	1
Fee for testing algorithm compatibility	1	-
Total	17,711	17,258

More information can be found in Item 3 „Revenue from Contracts with Customers“ of the „Notes to the Annual Consolidated Financial Statements for 2023“.

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5.6.2. Revenue structure for 2023 and comparison with 2022 (Appendix No. 2; item 2):

	2023		2022	
	BGN '000	%	BGN '000	%
Revenue from contracts with customers	17 711	66,16%	17 258	94,23%
Other income from the activity	498	1,86%	400	2,18%
Financial income	8 561	31,98%	657	3,59%
Total	26 770		18 315	

As at 31.12.2023, the Group generated revenues from Bulgarian customers in the amount of BGN 14,130 thousand (31.12.2022: BGN 14,737 thousand) and revenues from foreign customers in the amount of BGN 3,581 thousand (31.12.2022: BGN 2,521 thousand).

5.6.3. In the current year, no major transactions and those of essential importance for the activity of the Bulgarian Stock Exchange Group have been concluded. (Appendix No. 2, Item 3)

5.6.4. Information on transactions entered into between the BSE and related parties during the period is set out in paragraph 37 "Related parties and related party transactions" of the document "Notes to the Annual Consolidated Financial Statements for 2023" (Appendix 2, paragraph 4).

5.6.5. In 2023, there are no events and indicators of an unusual nature for the BSE Group, having a significant impact on its activity, and its realized revenues and incurred expenses. (Appendix No. 2; item 5)

5.6.6. The Group's contingent liabilities as at 31.12.2023 are disclosed in item 38 "Commitments, contingent liabilities and collateral received" of the document "Notes to the Annual Consolidated Financial Statements for 2023" (Appendix 2; item 6).

Collateral received

In relation to the Rules for operation on an organized exchange market, the Group, through its subsidiary IBEX EAD, obtained bank securities at the amount of BGN 165,620 thousand (2022: BGN 168,913 thousand).

5.6.7. Information on shareholdings and the main investments in the country and abroad of the BSE is presented in item 16 - item 17 of the document „Notes to the Annual Consolidated Financial Statements for 2023“ (Appendix No. 2; item 7)

5.6.8. Information on the loan agreements entered into by the Group in the capacity of borrowers can be found in item 34 "Bank loans" of the document "Notes to the Annual Consolidated Financial Statements for 2023" (Appendix 2; item 8). As at 31.12.2023, the one-year overdraft agreements with four banking institutions for a total amount of BGN 100,000 thousand, concluded by the Group



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in 2022, ended and were not renewed. In 2023, a total of BGN 9,731 thousand was drawn and repaid (2022: BGN 9,731 thousand) under overdraft agreements.

5.6.9. Information on the agreements entered into by the Group as lenders can be found in item 23 "Receivables under agreements with buyback clauses" and item 24 "Receivables from banks under collaterals" (Appendix 2; item 9).

5.6.10. In 2023, there was no new issue of securities. (Appendix No. 2; item 10)

5.6.11. There are no published forecasts of financial performance in 2023. (Appendix No. 2; item 11)

5.6.12. Risk management is carried out on an on-going basis by the operational management of the parent company in accordance with the policy set by the Board of Directors of the Bulgarian Stock Exchange AD and, respectively, by the management of the subsidiaries. The BSE Board of Directors has adopted basic principles of general financial risk management, on the basis of which specific procedures have been developed for the management of individual specific risks, such as foreign exchange, price, interest rate, credit and liquidity risks, and for the risk of using non-derivative instruments. Financial risk management is disclosed in detail in item 36 "Financial risk management" of the document "Notes to the Annual Consolidated Financial Statements for 2023" (Appendix 2; item 12)

5.6.13. The Bulgarian Stock Exchange Group has not declared any investment intentions for 2024 beyond those announced in previous reports and resolutions of the Board of Directors (Appendix 2; item 13).

5.6.14. In 2023 there were no changes in the basic principles of management of the Bulgarian Stock Exchange JSC and its subsidiaries Independent Bulgarian Energy Exchange AD and Financial Market Services EOOD. (Appendix No. 2; item 14)

Pursuant to Decision No. 993 of the Financial Supervision Commission dated 03.11.2023, „Collective Financing“ AD received a license to manage a crowdfunding platform that will facilitate the financing of innovative business projects. The Bulgarian Stock Exchange, together with the Central Depository and ClearEX, are the main shareholders of „Collective Financing“ AD. The new crowdfunding platform will contribute to the expansion of investment opportunities, which is in line with the Bulgarian Stock Exchange's aspiration to support innovation and offer modern financial instruments that provide added value for all market participants.

5.6.15. The parent company „Bulgarian Stock Exchange“ AD has established an Audit Committee and an „Internal Audit“ Directorate. (Appendix No. 2; item 15)

The main purpose of the Audit Committee is to assist the Board of Directors in supervising the quality, adequacy and effectiveness of the internal control systems, including and the risk



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management system. For this purpose, the Audit Committee actively supports the management of the BSE in the preparation of the annual self-assessment of the state of the internal control systems.

The subsidiary Independent Bulgarian Energy Exchange EAD also has an Audit Committee. The Audit Committee supports the work of the Board of Directors, has a role of persons charged with general management, who monitor and supervise the internal control system, risk management and financial reporting system of the Company.

The „Internal Audit“ Directorate at the BSE carries out the internal audit activity of the BSE Group. Since the BSE is the sole owner of the capital of „Independent Bulgarian Energy Exchange“ AD and „Financial Market Services“ EOOD, the two companies fall under the audit universe of the internal audit unit of the BSE. Internal audit carries out independent assessments of regulatory compliance and effectiveness of control mechanisms, risk management and management of activities in the BSE group.

The „Internal Audit“ Directorate prepares and annually updates an Internal Audit Activity Strategy, the current one being for the period 2023-2025.

Depending on the risk assessment that was made of the audit units and the period that has passed since their last inspection and its results, an analysis is made and an Audit Plan is drawn up every year, which includes the audit objects for the following year.

The results of the audit engagements are described in the audit reports of the engagements and are included in the Annual Report on the activities of the Directorate for Internal Audit of the BSE, which is approved by the Board of Directors of the BSE and is provided by the end of January for information in Ministry of Finance.

The „Internal Audit“ Directorate monitors the progress in the implementation of the recommendations given by the auditors and accepted by the audited units, informs the Board of Directors of the Company about its findings and the proposals made for the implementation of corrective measures, when appropriate.

The Head of the Directorate holds regular meetings with the management of the BSE to discuss the results of the work in the field of internal audit for the current year, and an external evaluation is conducted once every five years.

5.6.16. In 2023, no changes were made to the BSE Board of Directors and the management of the two subsidiaries. (Appendix No. 2; item 16)

5.6.17. „Information on the remuneration of key management personnel of the Bulgarian Stock Exchange Group can be found in paragraph 37 of the document "Notes to the Annual Consolidated Financial Statements for 2023". (Appendix No. 2; item 17)

5.6.18. As of 31.12.2023, the members of the Board of Directors of the Bulgarian Stock Exchange AD, the Manager of Financial Market Services Ltd. and the members of the Board of Directors of the



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Independent Bulgarian Energy Exchange EAD do not hold any shares in the Company's capital. The parent company and the subsidiaries do not have any appointed proxies. (Appendix No. 2; item 18)

There are no members of the senior management of the Group companies other than the members of the Board of Directors of the joint stock companies, respectively the manager of the subsidiary Financial Market Services EOOD.

No options over the shares of the parent company have been granted to the members of the Board of Directors of BSE AD.

The manager of Financial Market Services EOOD has not been granted any options over the subsidiary's capital or over shares in BSE AD.

No options have been granted to the members of the Board of Directors of IBEX EAD over the shares of the parent company or over the shares of the subsidiary IBEX AD itself.

5.6.19. The company is not aware of any arrangements as a result of which changes in the relative share of shares held by current shareholders may occur in the future. (Appendix No. 2; Item 19)

5.6.20. The Group, through its subsidiary IBEX EAD, has a court receivables from a counterparty in bankruptcy proceedings as at 31.12.2023 with a book value of BGN 5 430 thousand (2022: BGN 6,747 thousand) and carrying amount: nil (2022: BGN 1,082 thousand). (Appendix No. 2; Item 20)

Detailed information can be found in Item 22 "Other receivables and prepayments" of the "Notes to the Annual Consolidated Financial Statements for 2023".

5.6.21. As at 31.12.2023, the Investor Relations Director of the „Bulgarian Stock Exchange“ AD is Miglena Dimitrova. (Appendix No. 2; item 21)

As of the date of preparation of this annual report and according to the concluded employment contract dated 15.02.2024, the position of Investor Relations Director of the „Bulgarian Stock Exchange“ AD is held by Nadia Koltchakova-Lazarova.

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5.6.21. The non-financial declaration under Art. 41 of the Accounting Law is attached as a separate document to this report. (Appendix No. 2; Item 22)

April 23, 2024

CEO

Manyu Moravenov



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Appendix № 1: Members of the Bulgarian Stock Exchange as of 31.12.2023

Inv. Intermediary „ABV Investments“ EOOD	Inv. Intermediary „Focal Point Investments“ AD
Inv. Intermediary „AVS Finans“ AD	Inv. Intermediary „UG Market“ EAD
Inv. Intermediary „Adamant Capital Partners“ AD	CB „Allianz Bank Bulgaria“ AD
Inv. Intermediary „Balkan Advisory Company IP“ EAD	CB „DSK Bank“ AD
Inv. Intermediary „BenchMark Finance“ AD	CB „Bulgarian American Credit Bank“ AD
Inv. Intermediary „Bulbrokers“ EAD	CB „Bulgarian Development Bank“ AD
Inv. Intermediary „Varchev Finance“ EOOD	CB „Investbank“ AD
Inv. Intermediary „De Novo“ EAD	CB „International Asset Bank“ AD
Inv. Intermediary „DV Invest“ EAD	CB „KBC Bank Bulgaria“ EAD
Inv. Intermediary „Dilingova Finansova Kompania“ AD	CB „United Bulgarian Bank“ AD
Inv. Intermediary „Euro - Finance“ AD	CB „Municipal Bank“ AD
Inv. Intermediary „Elana Trading“ AD	CB „First Investment Bank“ AD
Inv. Intermediary „Zagora Finacorp“ AD	CB „Texim Bank“ AD
Inv. Intermediary „Intercapital Markets“ AD	CB „TBI Bank“ EAD
Inv. Intermediary „Capman“ AD	CB „Tokuda Bank“ AD
Inv. Intermediary „Karoll“ AD	CB „D Commerce Bank“ AD
Inv. Intermediary „Capital Invest“ EAD	CB „UniCredit Bulbank“ AD
Inv. Intermediary „MK Brokers“ AD	CB „Central Cooperative Bank“ AD
Inv. Intermediary „First Financial Brokerage House“ EOOD	CB „Eurobank Bulgaria“ AD
Inv. Intermediary „Real Finance“ AD	Tradegate AG Wertpapierhandelsbank
Inv. Intermediary „Sofia International Securities“ AD	WOOD & Company Financial Services, a.s.
Inv. Intermediary „IP Favorit“ AD	



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Appendix № 2: beam Market Advisors as of 31.12.2023

Boyanov & Co Law Office	Koleff & Partners EOOD
Gugushev & Partners Law Office	Mane Capital
Dimitrova, Staykova & Partners Law Office	Risk Transfer OOD
Mikinski & Partners Law Office	Inv. Intermediary „ABC Finance“ AD
Tokushev & Partners Law Office	Inv. Intermediary „BenchMark Finance“ AD
Tsvetkova, Bebov & Partners Law Office	Inv. Intermediary „Dilingova Finansova Kompania“ AD
BusinessTax AD	Inv. Intermediary „Elana Trading“ AD
Data Owl	Inv. Intermediary „Karoll“ AD
Investor Relations Services	Inv. Intermediary „MK Brokers“ AD
CasePro OOD	Inv. Intermediary „First Financial Brokerage House“ OOD
Capital Advisor	Inv. Intermediary „UG Market“ EAD



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Appendix № 3: IBEX Participants

Participants	CAT	Day-ahead	Day-ahead Date	Intraday	Intraday Date	Bilateral Contracts	Bilateral Contracts Date
A29 Energia Bulgaria EOOD	Trader	Active	20.11.2018	Active	19.12.2018	Withdrawn	07.08.2023
ACTAEL EOOD	Trader	Active	05.05.2020	Active	10.12.2020	Active	29.04.2020
Active Energy Corporation EOOD	Trader	Active	27.01.2023	Active	27.01.2023	Active	28.02.2023
AES Geo Energy OOD	Generator	Active	20.11.2018	Active	20.11.2018	Registered	20.11.2020
AKSE Energy Solutions EOOD	Trader	Active	01.09.2023	Active	01.09.2023	Active	14.09.2023
Alpiq Energy SE	Trader	Active	16.02.2016			Active	27.04.2017
Armaco Energy EAD	Trader	Active	05.05.2022	Active	05.05.2022	Active	23.05.2022
Aurubis Bulgaria AD	Consumer	Active	27.02.2018	Active	04.02.2018	Active	21.07.2020
AXPO Bulgaria EAD	Trader	Active	18.01.2016	Active	21.11.2019	Active	15.12.2020
AYEN ENERGIJA D.O.O	Trader	Active	21.08.2020	Active	07.12.2020	Active	12.05.2022
Balkan logic OOD	Trader	Active	18.10.2017	Active	29.12.2018	Active	25.09.2020
Biovet AD	Consumer	Active	18.02.2016	Active	02.04.2018	Active	21.12.2020
Casting Forging Machinery Complex EOOD	Consumer	Active	17.02.2024			Active	13.04.2021
Central Hydroelectric de Bulgary EOOD	Generator	Active	03.01.2018	Active	02.04.2019		
CEZ a.s.	Trader	Active	27.08.2019	Active	27.08.2019		
Company for the power worker and development OOD	Generator	Active	13.08.2016	Active	02.08.2018	Active	25.09.2018
Contour Global Maritsa East 3 AD	Generator	Active	18.07.2022	Active	18.07.2022	Active	04.09.2023
D. Trading d.o.o.	Trader	Active	10.05.2023	Active	10.05.2023	Active	12.07.2023
Dak Energy Ltd.	Trader	Active	31.03.2023	Active	31.03.2023		
Danske Commodities A/S	Trader	Active	16.02.2016	Active	09.10.2018	Active	10.04.2017
Duferco Hellas S.A	Trader	Active	02.04.2024	Active	02.04.2024	Registered	01.04.2024
E-NTELLIGENCE ENERGY AND EMISSIONS CONSULTANTS	Trader	Active	21.06.2023				
Ecogas Engineering EOOD	Trader	Active	21.11.2023	Active	21.11.2023	Active	30.11.2023
EDF Trading Europe Limited	Trader	Active	16.12.2020				
EL BONUS EOOD	Trader	Active	13.12.2018	Active	13.12.2018	Active	19.10.2020
EL EX CORPORATION AD	Trader	Active	31.12.2018	Active	25.04.2019	Active	28.09.2021
Electrodistribution Grid West EAD	Transmission and/or Distribution Company	Active	15.06.2018	Active	15.06.2018	Active	25.05.2018
Electrodistribution North AD	Transmission and/or Distribution Company	Active	15.06.2018	Active	15.06.2018	Active	12.02.2021
Electrohold Sales AD	Trader	Active	04.12.2017	Active	02.04.2018	Active	01.12.2017
Electrohold Trade EAD	Trader	Active	18.01.2015	Active	02.04.2018	Active	07.10.2016
Elektricni Financni Tim d.o.o	Trader	Active	18.11.2016	Active	21.02.2022	Active	30.08.2017
Elektroenergien Sistemen Operator EAD	Transmission and/or Distribution Company	Active	14.06.2018	Active	08.06.2018	Active	25.05.2018

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Elektrozapredelenie Yug EAD	Transmission and/or Distribution Company	Active	15.06.2018	Active	21.10.2022	Active	31.05.2018
Ellatzite-Med AD	Consumer					Active	17.11.2021
ELNOVA AD	Trader	Active	22.06.2020	Active	22.06.2020	Active	26.07.2021
ELPEDISON S.A.	Trader	Active	27.07.2020	Active	27.07.2020		
Elpro Bulgaria OOD	Trader					Withdrawn	08.09.2017
Energa Brussels NV	Trader	Active	18.09.2023			Active	21.09.2023
Energama AD	Trader					Active	11.11.2022
Energeo EOOD	Trader	Active	18.01.2015	Active	02.04.2018	Active	19.10.2016
Energi Danmark A/S	Trader	Active	21.12.2020	Active	02.02.2021	Active	18.03.2020
Energiko EOOD	Trader	Active	29.11.2023	Active	29.11.2023	Active	07.03.2023
Energo-Pro Energy Services EAD	Trader	Active	02.04.2018	Active	10.04.2018	Active	20.10.2016
Energo-Pro Sales AD	Last Resort Supplier Generator	Active	04.11.2021	Active	04.11.2021		
Energo-Pro Bulgaria EAD	Generator	Active	11.10.2018	Active	11.10.2018	Active	09.09.2021
Energocom Gas and Power SRL	Trader					Registered	26.03.2024
Energoinvestment AD	Trader	Active	18.01.2016	Active	02.04.2018	Active	03.11.2020
Energovia EOOD	Trader	Active	01.03.2016	Active	02.05.2019	Active	23.12.2021
Energy Distribution Services S.R.L.	Trader	Active	03.05.2023			Active	07.08.2023
Energy Innovation Technology EOOD	Trader					Active	28.07.2021
Energy Invest Europe AD	Trader	Active	08.08.2019	Active	08.08.2019	Withdrawn	06.10.2021
Energy Market AD	Trader	Active	18.01.2016	Active	10.04.2018	Active	26.10.2016
ENERGY MARKET GLOBAL OOD	Trader	Active	16.06.2022	Active	23.02.2022	Active	22.12.2020
Energy MT EAD	Trader	Active	25.01.2016	Active	13.04.2018	Active	28.10.2016
Energy Operations OOD	Trader					Active	27.10.2021
Energy Supply EOOD	Trader	Active	18.01.2016	Active	13.04.2018	Active	25.06.2021
Energy Supply Green EOOD	Trader					Suspended	17.03.2020
ENERGY TRADING SYSTEM OOD	Trader	Active	21.10.2019	Active	21.10.2019	Active	05.06.2020
Enerjisa Europe Kft.	Trader	Active	10.11.2021	Active	25.07.2022	Registered	07.11.2022
Ener Portfolio Optimization Bulgaria EAD	Trader	Active	13.04.2023	Active	13.04.2023		
EON Bulgaria 1 EOOD	Trader	Active	03.05.2022	Active	03.05.2022		
ERP ZLATNI PIASACI	Transmission and/or Distribution Company	Active	26.06.2018				
ESP ZLATNI PIASACI	Trader	Active	25.06.2021				
Etem gestamp aluminium extrusions AD	Consumer	Active	08.02.2022	Active	08.02.2022	Active	06.06.2022
ETMT Energy d.o.o	Trader	Active	27.04.2023	Active	27.04.2023	Active	24.01.2024
EVN BULGARIA ELEKTROSABDIAVANE EAD	Trader					Active	01.09.2020
EVN Bulgaria Renewables EOOD	Generator	Active	11.05.2018	Active	11.05.2018		
EVN Bulgaria Toplofikatsia EAD	Generator	Active	23.02.2018			Active	12.07.2018
EVN Trading South East Europe EAD	Trader	Active	18.01.2016	Active	02.04.2018	Active	20.09.2016
F Invest Ltd.	Trader	Active	07.06.2023	Active	07.06.2023	Active	18.01.2024
Factor Energy Bulgaria OOD	Trader	Active	13.03.2023	Active	13.03.2023		
GEN-I SOFIA - ELECTRICITY TRADING AND SALES EOOD	Trader					Active	21.12.2020

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GEN-I, trgovanje in prodaja električne energije, d.o.o.	Trader	Active	18.01.2016	Active	02.04.2018	Active	12.10.2016
Graystone Bulgaria Ltd	Trader					Active	12.04.2024
Holding Slovenske Elektrarne d.o.o.	Trader	Active	01.03.2016	Active	21.07.2020	Active	13.12.2016
HYDRO POWER UTILITIES EOOD	Trader	Active	29.09.2021	Active	30.09.2021	Active	20.11.2020
In Out Energy OOD	Trader	Active	10.06.2019			Active	15.03.2022
Infinia EOOD	Trader	Active	03.07.2023			Active	09.11.2021
Interenergo, energy engineering Ltd.	Trader	Active	21.07.2017	Active	24.02.2020	Active	12.01.2022
Kaolin EAD	Consumer					Active	07.02.2022
KCM AD, Plovdiv	Consumer	Active	10.12.2019	Active	10.12.2019	Active	27.05.2021
KER Toki Power AD	Trader	Active	31.03.2022	Active	01.04.2022	Active	17.11.2021
Kozloduy NPP	Generator	Active	18.01.2016	Active	31.05.2018	Active	24.10.2016
Kronospan Bulgaria EOOD	Consumer					Active	08.11.2022
KUMMER OOD	Trader	Active	31.05.2021			Registered	13.10.2023
LUKOIL Neftohim Burgas AD	Consumer	Active	03.12.2022	Active	05.12.2022	Active	10.05.2018
MET Austria Energy Trade GmbH	Trader					Registered	07.11.2023
MET Energy Trading Bulgaria EAD	Trader	Active	11.05.2018	Active	19.06.2018	Active	15.04.2018
Metatron Energy EOOD	Trader					Active	23.11.2023
MFT ENERGY A/S	Trader	Active	21.11.2019	Active	21.11.2019	Active	04.02.2022
Mini Maritsa Iztok EAD	Consumer	Active	13.08.2016	Active	02.04.2018	Active	17.09.2020
Mix Gas Group Ltd	Trader	Active	24.10.2022	Active	24.10.2022		
Most Energy AD	Trader	Active	18.01.2015	Active	02.04.2018	Active	03.10.2016
MVM Partner Energiakereskedelmi Zrt.	Trader	Active	21.11.2018	Active	28.09.2020	Active	01.10.2020
NEKA ELECTRIC Ltd	Trader	Active	28.11.2022	Active	28.11.2022	Active	09.10.2023
Nomad Energy Company EOOD	Trader	Active	10.06.2021	Active	10.06.2021	Active	25.09.2020
Natsionalna elektricheska kompania EAD	Generator	Active	18.01.2015	Active	02.04.2018	Active	04.01.2018
OMV Petrom SA	Trader	Active	29.07.2022	Active	29.07.2022	Active	29.08.2022
PETROL, Slovenska energetska družba, d.d., Ljubljana	Trader	Active	27.08.2016	Active	01.12.2021	Active	20.11.2020
Potentia Trade SRL	Trader	Active	04.04.2023	Active	04.04.2023	Active	13.04.2023
Proakt OOD	Trader	Active	28.09.2018	Active	12.07.2019	Active	16.06.2020
Protergia Energy SA	Trader	Active	27.10.2023	Active	27.10.2023	Active	15.01.2024
PUBLIC POWER CORPORATION S.A.	Trader	Active	10.08.2023	Active	10.08.2023	Active	14.11.2023
Respect Energy Spółka Akcyjna	Trader	Active	02.10.2023	Active	02.10.2023	Active	04.01.2024
Ritam-4-TB OOD	Trader	Active	18.01.2015	Active	02.04.2018	Active	17.10.2016
Rodopi Eco Projects EOOD	Consumer					Withdrawn	17.05.2022
Sense Trade SRL	Trader	Active	23.11.2022	Active	23.11.2022	Active	29.11.2022
Sky Energy Supply EOOD	Trader	Active	12.09.2022			Registered	12.09.2022
Sofia Med AD	Consumer	Active	25.06.2020	Active	25.06.2020	Active	07.10.2020
Solar CV OOD	Trader	Active	26.07.2022	Active	22.01.2024		
SONEL 888 EOOD	Trader					Active	23.03.2022
STATE ENTERPRISE NATIONAL RAILWAY INFRASTRUCTURE COMPANY	Transmission and/or Distribution Company	Active	22.06.2018				
Statkraft Markets GmbH	Trader	Active	11.03.2016	Active	07.06.2018		
Stock Energy EOOD	Trader	Active	27.06.2019			Active	23.11.2020



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Stomana-Industry AD	Trader	Active	25.02.2016	Active	18.04.2018	Active	21.12.2017
Svilocell EAD	Consumer					Active	01.12.2021
Synergon Energy OOD	Trader	Active	11.05.2018	Active	11.05.2018	Active	14.05.2018
Terna Energy Trading EOOD	Trader	Active	06.12.2019	Active	06.12.2019	Registered	19.06.2020
Tinmar Energy S.A.	Trader	Active	12.09.2022			Registered	12.09.2022
TM-Technology AD.	Trader	Active	18.01.2016	Active	20.06.2018	Active	17.11.2021
Toplivo Gas EOOD	Trader	Active	19.12.2022			Active	27.07.2023
TOPLOFIKACIA SOFIA EAD	Generator	Active	03.04.2018	Active	02.04.2018	Active	10.07.2018
Toplofikatsia - Petrich EAD	Generator	Active	02.01.2019	Active	29.01.2019	Withdrawn	06.03.2019
Toplofikatsia - Sliven EAD	Generator					Withdrawn	01.07.2019
TPP Maritsa 3 AD	Trader					Active	20.01.2021
TPP Maritsa East 2 EAD	Generator	Active	18.01.2016	Active	02.04.2018	Active	20.10.2016
TPP VARNA EAD	Trader	Active	23.03.2018	Active	03.04.2018	Active	21.08.2020
VEC YAHINOVO OOD	Generator	Active	30.05.2019				
VI.ENER ENERGY COMPANY S.A.	Trader	Active	07.03.2018			Active	07.10.2021
Vitol Gas and Power B.V.	Trader	Active	22.10.2021	Active	22.10.2021	Active	21.10.2022
W&S Energy group Ltd	Trader	Active	11.10.2022	Active	11.10.2022	Active	29.11.2022
WATT AND VOLT BULGARIA EOOD	Trader	Active	29.08.2019	Active	29.08.2019		
Zagora Energy EOOD	Trader	Active	19.05.2016	Active	02.04.2018	Active	08.01.2018
Zlatna Panega Cement AD	Consumer	Active	10.05.2016	Active	02.04.2018	Active	27.09.2016



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Environment



Social issues and
employment



Human rights
protection



Anti-corruption

The Group has a policy in the respective field	✗	✓	✗	✓
The Group has assigned the respective field to an employee	✗	✗	✗	✗
The Group participates/supports initiatives in the relevant field	✓	✗	✗	✗
The Group reports risks in the respective field	✗	✓	✗	✓
The Group applies measures to control the respective field	✗	✓	✗	✓
The managing bodies take part in the policy assessment and implementation	✗	✓	✗	✓

Grounds for preparing a non-financial declaration

Voluntary information disclosure

Main information

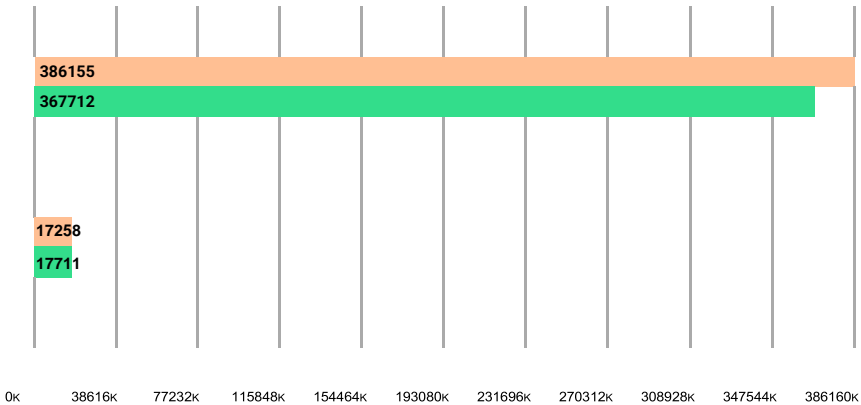


Total value of assets (thsnd BGN)



Net turnover (thsnd BGN)

2022 2023



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Significant sustainability issues for the Group

The Bulgarian Stock Exchange Group has defined the sustainability themes and assessed the themes relevant to the Exchange as follows:

Reliable markets;

Corporate Governance and Business Ethics;

Human Capital Development;

Risk management;

Sustainable Behaviour;

Relationships with communities;

Sustainable products;

Product liability;

Confidentiality of personal data.

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Corporate governance

Investor Relations Officer

Nadia Koltchakova-Lazarova

<https://www.bse-sofia.bg/bg/issuer-profile/BSE/>

Business model description

The Bulgarian Stock Exchange is the only licensed operator of a regulated market of financial instruments in Bulgaria within the meaning of Article 152 of the Markets in Financial Instruments Act (MiFIA).

BSE AD is a public company within the meaning of Art. 110(1) of Public Offering of Securities Act.

BSE AD is an organiser of:

- Multilateral Trading Facility (MTF) BEAM SME Growth Market, which provides financing for the activities of small and medium-sized companies in Bulgaria;
- Multilateral Trading Facility (MTF) BSE International - a marketplace that provides local investors with the opportunity to diversify their portfolios with financial instruments issued by some of the world's most well-known and liquid companies.

In addition, the Bulgarian Stock Exchange AD is a provider of data reporting services - operator of a publication mechanism within the meaning of Article 205(2) of MiFID, as well as the only licensed administrator of benchmarks in the country within the meaning of Regulation (EU) 2016/1011.

The main mission of the Bulgarian Stock Exchange AD is to contribute to the creation of conditions for the existence and establishment of the Bulgarian capital market as a well-developed, liquid, reliable and efficient market, which is stable, enjoys public confidence and at the same time ensures the protection of investors in financial instruments, as well as increases their awareness.

Financial Market Services EOOD (FMS) is engaged in design, development and maintenance of information systems and products related to the market of securities and financial instruments, development of information technologies, delivery, installation and installation of information systems, hardware and software support, consulting and training.

Independent Bulgarian Energy Exchange EAD (IBEX) is the only licensed operator in Bulgaria on an organized electricity exchange market within the meaning of the provision of Art. 43, para. 1, item 2 of the Energy Act, according to which only one license for organizing an electricity exchange market is issued on the territory of the country. The main mission of IBEX EAD is to contribute to the creation of conditions for the existence and establishment of the Bulgarian organized electricity exchange market as a well-developed, liquid, reliable and efficient market that is stable, transparent, promotes free competition and enjoys public trust.

Any changes to the business model occurred

No changes in the Group's business model in the reporting period

Interested parties interaction

The companies of the Bulgarian Stock Exchange Group have identified all major stakeholder groups. For the Bulgarian Stock Exchange AD and Financial Market Services EOOD these are issuers, investors, regulatory authorities.

IBEX EAD has identified all main groups of stakeholders – commercial participants, service providers, regulatory authorities, clients to whom IBEX provides services for insider publishing, market data, reporting data under REGULATION (EU) № 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency. The company encourages open and timely communication with stakeholders. A BSE Board operates at IBEX, whose objectives are improving the communication between IBEX EAD and commercial participants, obtaining information on the priorities of trade participants, promoting free competition.

Meetings are organized with all stakeholders upon publication of the Group's quarterly and annual reports, at which the former can ask

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their questions related to the activities of the Group to the corporate management.

There is intensive interaction between IBEX EAD and the sole owner of the capital - (the parent company) Bulgarian Stock Exchange AD.

The powers of the sole owner of the capital of IBEX EAD are regulated in the Statute of the company.

International standards

Bulgarian Stock Exchange AD is ISO 9001/27001 certified.

Risk policy

On the website of the Bulgarian Stock Exchange AD: https://download.bse-sofia.bg/BSE-Rules/Part_VI-Risk%20Management%20Rules.pdf

IBEX EAD has adopted a Risk Management Policy.

Approval Authority: The risk management policy of the Bulgarian Stock Exchange AD was adopted by the Board of Directors of the Bulgarian Stock Exchange AD.

The risk management policy of IBEX EAD was adopted by the Board of Directors of IBEX EAD and was approved by the sole owner of the capital - Bulgarian Stock Exchange AD.

Sanctions imposed by regulatory, supervisory, or state authorities during the reporting period if any

No sanctions

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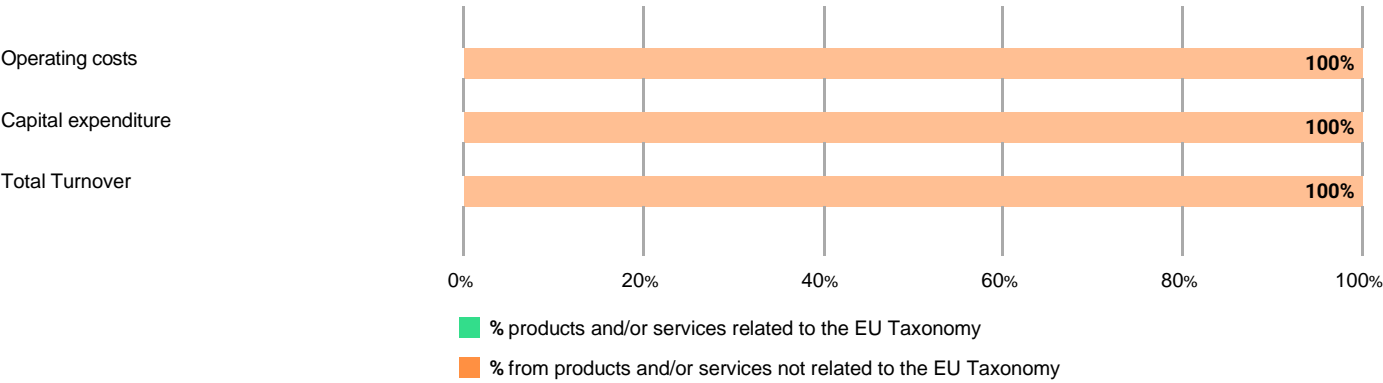
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Environment

Key Result Indicators



How did your company determine what portion of your turnover, capital expenditure and operating expenditure is associated with economic activities eligible under the EU Taxonomy?

All indicators - turnover, capital and operating costs of the Bulgarian Stock Exchange Group are from services that are not related to the EU Taxonomy economic activities.

(Explanation of the) Basis of the key result indicators calculation

All indicators - turnover, capital and operating costs of the Bulgarian Stock Exchange Group are from services that are not related to EU taxonomy compliant economic activities.

Policies connected to the climate and environment, which the Group applies

The Bulgarian Stock Exchange is preparing a comprehensive climate and environment strategy, which is expected to be finalized and approved by mid-2024.

Climate and environmental initiatives in which the company participates or initiates

The Bulgarian Stock Exchange, following the mission to promote responsible investments in sustainable development and to improve environmental, social and good corporate governance performance in Bulgaria, together with the Independent Bulgarian Energy Exchange are the initiators of the establishment of the Green Finance & Energy Centre (the Green Centre) to concentrate the efforts of business, government and other stakeholders towards the transformation of the economy and sustainable development of our country. In August 2022 the Board of Directors of the Bulgarian Stock Exchange also agreed to follow the ESG Reporting Guidelines. Bulgarian Stock Exchange AD believes that ESG practices are fundamental for both individual companies and investors, and that a focus on ESG can lead to improved and harmonised corporate governance and hence help achieve the 2050 decarbonisation goals. In August 2022 the Bulgarian Stock Exchange announced its partnership with one of the world's leading providers of data and infrastructure for financial markets - LSEG Data & Analytics (formerly Refinitiv), part of the London Stock Exchange Group. LSEG Data & Analytics will manage and provide data on the sustainable performance of Bulgarian public companies. This data in the form of ratings will be used to select the companies that will be included in the future ESG index of the Bulgarian Stock Exchange.

Environmentally sustainable activities

The Group does not carry out environmentally sustainable activities contributing to the fulfillment of environmental goals, according to

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Article 9 of Regulation 2020/852

Environmentally sustainable objectives

n/a

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Environment

Environmentally sustainable activities

The Group does not carry out environmentally sustainable activities contributing to the fulfillment of environmental goals, according to Article 9 of Regulation 2020/852

Environmentally friendly products and/or services

The Group does not develop green products and/or services

Waste management plan

The Group has implemented a waste management plan. The companies of the Bulgarian Stock Exchange Group generate household waste in the administrative building where the main activity of the companies is carried out.

Undertaken activities to reduce the environmental impact

The Group has not taken active measures to mitigate its environmental impact

Travel: A green travel policy has been introduced. The Bulgarian Stock Exchange encourages the use of public transport by the employees of the company and FMS EOOD by providing them with free cards for the entire city network.

Other: The Group has also taken measures to reduce the generated plastic waste by replacing the use of the mineral water supplied to employees in plastic bottles with drinking water from the building water supply and sewerage system filtered by a reverse osmosis system. The activities of IBEX EAD accept the issuance of electronic invoices and the making of digital payments, sharing the understanding that digital payments contribute to the sustainable development of society. Additional measures to mitigate the environmental impact of the Bulgarian Stock Exchange companies' activities will be introduced after the adoption of the Group's overall strategy in 2024.

Environmental impact

The use of products or services of the company

The company does not measure the environmental impact of produced and offered products and services.

The pollution control

The company's activity does not imply significant pollution of the environment.

The generated waste

The companies of the Bulgarian Stock Exchange Group generate household waste in the premises of the administrative buildings where the main activity of the companies is carried out.

The water quantity used by the company for production and supply of products and services (in m³)

1033.57

The area used by the company for production and supply of products and services (in m²)

1878.95

The quantity of rare earth elements the company uses (in kg)

The Group does not use "Rare Earth Elements"

Other natural resources relevant to the company's activities

There are no other natural resources that are relevant to the operations of the Bulgarian Stock Exchange Group.

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www.bse-sofia.bg www.ibex.bg**<https://fms.capital/bg/>****Total amount of energy consumed within the organisation (MWh)****155.76****including from renewable sources (MWh)****0****Greenhouse Gas Emissions (GHG) – in Carbon Dioxide Equivalents (kg CO₂e)****Greenhouse Gas Emissions (GHG) - Scope 1 and****Scope 2**GHG emissions from scope 1: Direct emissions (kg CO₂e) - **17900**GHG emissions from scope 2: Indirect emissions (kg CO₂e) - **61300****Greenhouse Gas Emissions (GHG) - Scope 3**

It is stated that the Group does not calculate GHG emissions from Scope 3

Environmental risks

The Group does not consider risks arising from climate change and environmental degradation.

Objectives and tasks

The Group is in the process of developing a comprehensive environmental impact strategy, which includes the definition of goals and objectives..

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Social issues and employment

Policies connected to social issues and employment

Diversity Policy

Anti-discrimination Policy

Data Security Policy

Communications and Disclosure Policy

Security Policy

Physical Security Policy

Number of persons employed by the company - 58

Employment diversity

Members of managing bodies



■ 75% Men ■ 25% ■ 0% Other

Senior management



■ 45% Men ■ 55% ■ 0% Other

Employees



■ 39% Men ■ 61% ■ 0% Other

Company: **Bulgarian Stock Exchange**NACE code: **6611**Company Type: **Publicly-traded company**

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www.bse-sofia.bg www.ibex.bg<https://fms.capital/bg/>**Average employment tenure in the company**

15

Employees left during the reporting period

6

Accidents at work

0

Cases of occupational diseases

0

Average number of hours employees participated in career development training during the reporting period

45

Unregulated access to data of customers or users during the reporting period

No

Cases of leakage, theft or loss of customer or user data in the company during the reporting period

No

Gender pay gap

The Group ensures equal starting pay for both men and women, eliminating any gender pay gap at the entry level

Measures to support work-life balance for employees

Encouragement of taking vacation days

Reimbursement of extra hours

Regular team outings

Offer flexible and remote working

Measures to ensure the health and safety of employees at work

We take measures to prevent accidents on building sites, in plants and in projects.

We eliminate unsafe and dangerous conditions immediately.

We control hazards and take the best possible precautionary measures against accidents and occupational diseases.

We regularly develop minimum requirements further internally and keep our suppliers informed about them.

We follow applicable environmental, health and safety policies, guidelines and laws.

We have a person who is responsible for occupational health and safety matters and who trains and educates our employees.

Other. Please specify

The policy of the Bulgarian Stock Exchange is oriented towards the continuous improvement of the organization for the management of the activity in terms of ensuring healthy and safe working conditions. The following periodic briefings were conducted in 2023:

- Health and safety briefing - February
- Fire safety and fire evacuation briefing - May

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Social issues and employment

Discrimination

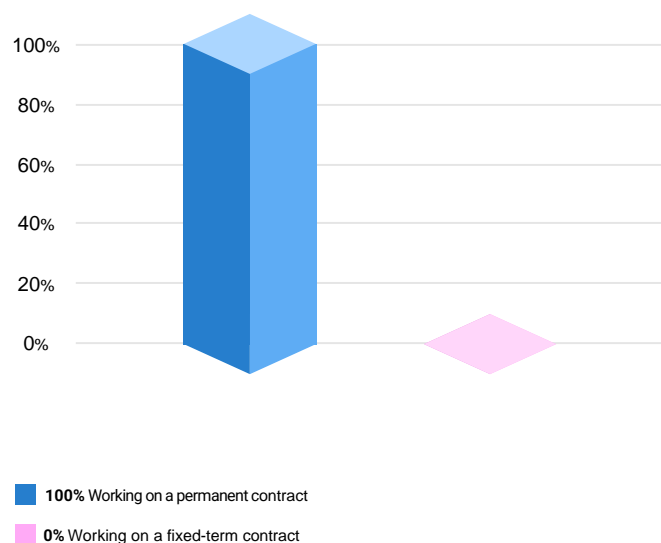
Types of discrimination to be reported

The Bulgarian Stock Exchange Group has not defined a specific procedure for reporting cases of discrimination. All cases can be reported under the general rules..

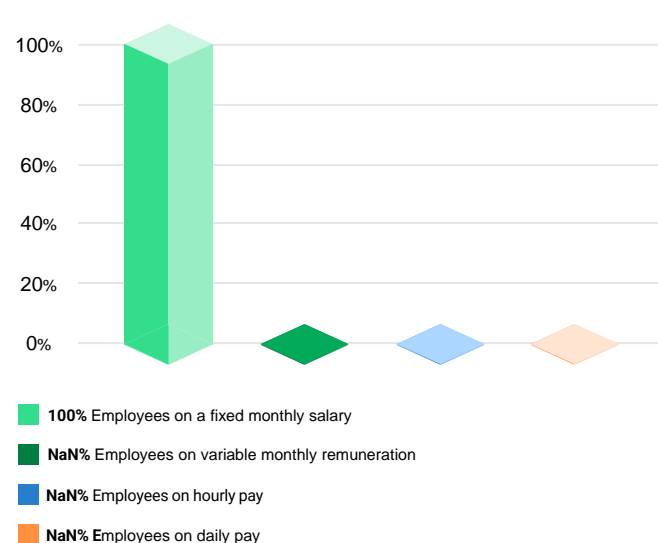
Reported cases of discrimination during the reporting period

0

Types of employment relationship



Types of remuneration



Main risks associated with social issues and employment

Bulgarian Stock Exchange AD: The risks of loss of employee motivation, lack of qualified staff, staff turnover, deteriorating health of the team are minimized by applying appropriate measures.

Considering the specific activity of the Bulgarian Stock Exchange as an organized securities trading market, the company makes efforts to retain its employees through ongoing training on current topics, the introduction of a social program, additional health insurance, a comfortable working environment, etc.

IBEX EAD: The risks of loss of employee motivation, lack of qualified staff, staff turnover, deteriorating health of the team are minimized by applying appropriate measures.

Given the specific activity of IBEX EAD as an organized electricity exchange market, the Company makes efforts to retain its employees through continuing training, remote work, additional health insurance, comfortable working environment, etc.

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Objectives and tasks

The main goal of the Bulgarian Stock Exchange is to ensure equality, opportunity for development, continuing education and qualification improvement, as well as a comfortable and safe working environment for employees. The Company stimulates the career development of employees by giving priority to internal candidates when opening new vacant positions..

The main goal of IBEX EAD is to ensure healthy and safe working conditions, to ensure fair and equitable wages and benefits, working hours, the possibility of remote work, job security; prohibition of any kind of discrimination; prohibition of hiring persons under the statutory minimum working age; protection of personal data.

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Human rights protection

Policies connected to the human rights protection

The Group does not implement a policy to protect human rights.

The Group respects the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work.

In addition, the Bulgarian Stock Exchange supports and promotes the basic human rights of employees as they are implemented in various policies and procedures of the Exchange:

Ensuring healthy and safe working conditions;

Ensuring honest and fair remuneration for labor and benefits, working hours, additional bonuses, possibility of remote work;

Workplace security;

Consideration of submitted complaints;

Prohibition of any kind of discrimination;

Prohibition of employment of persons below the legal minimum working age;

Protection of personal data.

IBEX EAD strives to ensure healthy and safe working conditions, fair and equitable wages and benefits, working hours, the possibility of remote work, job security; prohibition of any kind of discrimination; prohibition of hiring persons under the statutory minimum working age; protection of personal data.

Principles and standards applied

The Convention on the Elimination of All Forms of Discrimination Against Women

The Convention on the Rights of the Child

The United Nations Guiding Principles on Business and Human Rights (UNGPs)

The International Labour Organization Declaration on Fundamental Principles and Rights at Work

The International Convention on the Elimination of All Forms of Racial Discrimination

The Convention on the Rights of Persons with Disabilities

The Charter of Fundamental Rights of the European Union

The United Nations' (UN) Universal Declaration of Human Rights

The Organisation for Economic Co-operation and Development' (OECD) Guidelines for Multinational Enterprises

Activities carried out in countries designated as high-risk areas

No

Principles of ensuring compliance with human rights protection policies throughout the supply chain and commercial relationships

The Group establishes business relations with suppliers of good reputation.

The majority of the persons with whom IBEX EAD establishes commercial relations have successfully passed a licensing procedure of the Energy and Water Regulatory Commission. IBEX EAD establishes relations with suppliers of good reputation.

Cases of human rights violations related to the company's activities

0

New providers of which due diligence has been carried out for potential and actual adverse impacts on human rights (%)

0

Main risks associated with human rights protection

The company does not implement policies and has not identified risks related to the protection of human rights.

Objectives and tasks

The Group aims to maintain zero discrimination in matters related to the protection of human rights.

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Anti-corruption

Applied policies of anti-corruption prevention and counteraction

Whistleblower and Complaint Policy

Measures introduced to prevent and combat corruption

We maintain reporting channels for employees to report suspected violations
We regularly inform business partners of our commitment to abide by anti-bribery laws and seek a reciprocal commitment from them
The Bulgarian Stock Exchange has developed and applies Rules for the submission of internal signals by employees.
The Rules are available at: https://download.bse-sofia.bg/BSE-Rules/Part_X-Whistleblowing_Rules_EN.pdf

IBEX EAD supports the understanding that the effective fight against corruption requires a collective targeted effort not only of the state authorities and administration, the judiciary and civil society, but also of the business. IBEX EAD has developed and adopted Rules for Registration and Signal Management.



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Substantial risks related to anti-corruption prevention and combat

Bulgarian Stock Exchange Group observes to the principle of collective strategic decision-making, as well as strict compliance with applicable anti-corruption legislation, which minimizes the risk of corrupt practices in the company.

IBEX fully supports the creation of a corruption-intolerant environment through honest behavior (integrity) and compliance with the normative acts regulating the counteraction of corruption. In accordance with the OECD guidelines, IBEX EAD has taken action to inform trading participants about IBEX's commitment to fight corruption and integrity and is on a clause in the contract for participation on an organized exchange market on IBEX EAD. More information is available here: <https://ibex.bg/2023/03/27> (publication on the website of IBEX EAD dated 27.03.2023 with the title "IBEX includes a special anti-corruption clause in the contract for participation in an organized electricity exchange market").

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Code of Good Corporate Conduct approved by the Financial Supervision Commission

The parent company partially complies with the National Corporate Governance Code

The Chairman of the Board of Directors of the parent company "Bulgarian Stock Exchange" AD is not an independent member, insofar as he is a member of the management body of a person who is in contractual relations with the exchange (exchange member). Nevertheless, the structure of the Board of Directors of the Bulgarian Stock Exchange AD is in accordance with the requirements of Art. 116a¹, para. 2 of the Public Offering of Securities Act (POSA).

The remuneration of the executive management specified in the management contract has no variable component. Depending on the financial results achieved, the Board of Directors may set additional incentives for executive members.

The structure of the BoD of the parent company is in accordance with art. 116a¹, para. 2 of the Public Offering of Securities Act, but due to the fact that it does not distinguish independent from executive members, the remuneration of the former cannot be determined on the basis of control functions and participation in meetings.

The adopted company policy for determining the remuneration of the members of the management bodies of BSE does not provide for the possibility of allocating additional incentives to the executive members of the BoD of the company.

The Bulgarian Stock Exchange Group (the Group) consists of the Bulgarian Stock Exchange AD (Parent Company) and the subsidiaries Financial Market Services EOOD and Independent Bulgarian Energy Exchange EAD. In addition the Group owns two joint ventures - CEE Link, Macedonia and Collective Financing AD, as well as two associated companies - ClearEx AD and BD Consults AD.

The parent company shall strictly adhere to best practices regarding disclosure of information without being set out in the form of a written policy. Any change in the disclosure process is authorized by the corporate management.

The Board of directors of the parent company has adopted rules for its activities that do not include ethical aspects of it. In 2023, no ethical issues arose between management members, including enforcing compliance with certain written procedures.

The audit committee of the parent company, in accordance with the requirements of the Independent Financial Audit Act, consists of three members: Sirma Ilieva Atanasova, Mariana Stefanova Simova and Radoslav Atanasov Zhelyazov (Decision under item 13 of the agenda of the Annual General Meeting of Shareholders held on 24.06.2021), two of whom – independent.

The corporate management of the parent company follows strict and consistent rules for the organization and holding of each general meeting (regular or extraordinary). The call for a GMS shall be prepared with the maximum degree of detail and in accordance with the regulatory requirements, indicating in detail the proposed draft resolutions and allowing each shareholder to get acquainted in advance with the agenda of the meeting from the moment of its announcement. Written procedures for conducting a GMS have not been prepared because the legal framework has explicitly regulated the basic principles of organization and conduct of the General Assembly of a public company, and the specific draft decisions are set out in detail in the invitation.

Any material periodic and incidental information shall be disclosed without delay. The activity of the parent company is carried out entirely in accordance with the current regulations, including the applicable European legislation with direct application in the local legislation. Notwithstanding the above, BSE has developed rules as part of the Quality and Information Security Management and Personal Data Protection Policy, according to which the materiality of any information related to the company is assessed, respectively the need for its disclosure.

The annual and interim reports are prepared under the control of the Executive Director of the Bulgarian Stock Exchange and the Audit Committee, without this being regulated in the form of internal rules.

So far, the parent company has only published information regarding the work with employees, suppliers and customers, as well as information about the social responsibility of the company. The Exchange will focus on disclosure of non-financial information in other aspects of its activities. The exchange will emphasize to disclose non-financial information also in the other aspects of its activities.

The parent company does not have developed its own rules for taking into account the interests of the stakeholders (stock exchange members, issuers), but when making decisions that directly or indirectly affect these persons, the relevant coordination procedures

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are carried out.

Any changes in the rules of operation of the parent company are discussed in advance with professional organizations and participants in the capital market through the relevant coordination procedures.

Compliance with a Code of Good Corporate Conduct other than that approved by the Financial Supervision Commission

The parent company does not comply with a Code of Good Corporate Conduct, different from that approved by the Financial Supervision Commission.

Internal control system

The internal control system of financial reporting and reporting in the companies of the Bulgarian Stock Exchange Group has been developed as a result of studies of good reporting and control practices in Bulgaria, leading companies in the same field of business, as well as compliance with the legal requirements governing the activities of the companies in the Group. It is in a constant process of monitoring by management and further development and improvement. Most of the parameters that will be provided in this document are from the practice of the Bulgarian Stock Exchange AD and Independent Bulgarian Energy Exchange EAD, as far as they have the most developed system of internal control and are the most important for the Group.

The Bulgarian Stock Exchange Group has established an internal control system that ensures the effective functioning of the reporting and disclosure systems. The internal control system shall be established and operated with a view to identifying the risks accompanying the Group's activities and supporting their effective management.

BSE's Internal Audit Directorate carries out internal audit activities of the Bulgarian Stock Exchange Group. As BSE is the sole owner of the capital of the Independent Bulgarian Energy Exchange EAD and Financial Market Services EOOD, the two companies fall into the audit universe of the BSE's internal audit unit. The internal audit carries out independent assessments of the regulatory compliance and effectiveness of the control mechanisms, risk management and management of the activities in the BSE Group.

The companies in BSE Group have adopted and apply rules and procedures regulating the effective functioning of the reporting and disclosure systems of the Group. The rules describe in detail the different types of information created and disclosed by the companies of the Group, the processes of internal document flow, the different levels of access to the types of information of the responsible persons and the deadlines for processing and management of information flows. The established risk management system ensures the effective implementation of internal control in the creation and management of all company documents, including financial statements and other regulated information that the Group is obliged to disclose in accordance with legal provisions.

The main types of risks relevant to the Group's activities and their management policy are regulated in Part VI - Rules for risk management by the Rules of Procedure of the parent company and in the Rules for Operation of an Organized Stock Exchange Market and their annexes, as well as in the Rules of Conduct at a Stock Exchange Bazaar, developed and adopted by the subsidiary – IBEX.

The risk management policy is applied in an integrated manner and in accordance with all other policies and principles regulated in the internal acts of the companies in the Group. The risk management rules of the parent company document the measures and procedures for identifying, managing and assessing the risks related to the activity of the Exchange under Art. 168, para. 1, item 3 of the Markets in Financial Instruments Act.

A detailed description of the risks inherent in the BSE activity is presented in item 4 "Risk factors" of the registration document (p. 12 – 24), representing Part I of the approved by the Financial Supervision Commission Prospectus by Decision №816 – PD/ 15.12.2010 for admission of BSE shares to trading on a regulated market. The prospectus can be found on the BSE website. (<https://www.bse-sofia.bg/bg/shareholders-rights>)

According to the Energy Act and the Electricity Trading Rules, Independent Bulgarian Energy Exchange EAD is the holder of a license to organize an electricity exchange market and as an exchange market operator performs the administration of all segment transactions "Day ahead" and "Intraday", which are part of the electricity exchange market. To manage the operational risks of this activity, Rules for the operation of an organized electricity exchange market have been developed. These rules, together with the

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Appendices to them, regulate the rights and obligations of all commercial participants and IBEX in connection with their participation, respectively with the operation, in the stock market of electricity, "Day Ahead" and "Intraday" segments.

An integral part of the Exchange Market Rules are the Exchange Settlement Rules, the "Day ahead" and "Intraday" segments (the Rules). They cover the actions giving rise to financial relationships and Financial Obligations of the "day-ahead" market segment (DAM) and "intraday" market segment (IM), part of the organized electricity exchange market, taking into account the following principles:

- IBEX EAD, as an exchange market operator, is a party to all transactions for the purchase and sale of electricity realized on the market segments (DAM) and (IM);
- No unsecured transactions may be concluded in the market segments of the DAM and the IM. In order to ensure the fulfilment of its financial obligations, each market participant is obliged to maintain collateral that meets the requirements set for its value. The collateral is in the form of a bank guarantee, a security deposit and/or a combination;
- Each Trading Participant (TP) has access through the respective platforms to information about the transactions for the purchase and sale of electricity, available and required collateral, as well as to information on the Financial obligations incurred as a result of the concluded transactions.
- The settlement services performed by IBEX EAD in respect of trading carried out in the DAM and IM segments are subject to a fee according to the Tariff of Fees of IBEX EAD.

A detailed description of the risks inherent in the activities of BSE Group as a whole is presented in the consolidated annual activity report.

Governing bodies

Board of Directors - functions and duties:

The Board of Directors of the parent company Bulgarian Stock Exchange manages independently and responsibly the Company in accordance with the established vision, objectives, strategies of the company and the interests of the shareholders.

The members of the Board of Directors shall guarantee their management in an amount determined by the General Meeting of Shareholders at the equivalence of their quarterly gross remuneration.

The Board of Directors of the Bulgarian Stock Exchange AD establishes and controls the strategic directions for the development of the Company.

The Board of Directors of the Bulgarian Stock Exchange has established and follows the Company's risk policy. Under the control of the BoD, the risk management and internal audit system of the Bulgarian Stock Exchange AD was established and operated.

The Board of Directors of the Bulgarian Stock Exchange AD complies with the legal and contractual obligations of the Exchange in accordance with the adopted Statute of the Company and the adopted Rules of Procedure of the Board of Directors.

Under the control of the Board of Directors of the Bulgarian Stock Exchange AD, the financial and information system of the Company was established and operated.

The main obligation of the Board of Directors of the Bulgarian Stock Exchange AD is to provide guidance, approve and control the implementation of: the business plan of the Company, transactions of a substantial nature, as well as other activities established in its founding acts.

The Board of Directors of the Bulgarian Stock Exchange has defined and monitors compliance with the Company's policy regarding disclosure of information and investor relations. Provides the shareholders with the information required by the law and the statutes of the Company.

During their term of office, the members of the Board of Directors shall be guided in their activities by the generally accepted principles of integrity and managerial and professional competence.

The Board of Directors of the Bulgarian Stock Exchange AD prepares an annual report on its activities and reports to the General Meeting of Shareholders.

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Election and dismissal of members of the Board of Directors:

The General Meeting of Shareholders elects and dismisses the members of the Board of Directors of the Bulgarian Stock Exchange AD.

BSE is a regulated market of financial instruments and a market operator within the meaning of art. 152 of the Markets in Financial Instruments Act (MFIA). For the organization and professional performance of activity as a regulated market, a license from the Financial Supervision Commission (FSC) is required. At the same time, BSE is a public company within the meaning of art. 110 of the Public Offering of Securities Act (POSA).

As a regulated market, market operator and public company, BSE is a supervised entity of the FSC and operates in compliance with the requirements of the current national and European legislation, as well as in accordance with good practices and principles of modern corporate governance (National Corporate Governance Code).

With regard to the activity carried out by BSE as a regulated market, special requirements apply to the selection, nomination, election and approval of the members of the management and supervisory bodies of the market operator through a Selection Committee for candidates, which are introduced by Directive 2014/65/EU "– Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

The management assignment contracts concluded with the members of the Board of Directors shall specify their duties and tasks, the criteria for the amount of their remuneration, their obligations of loyalty to the Company and the grounds for dismissal.

Structure and competence of the Board of Directors:

The number of members and the structure of the Board of Directors are defined in the Statute of the Bulgarian Stock Exchange AD.

The composition of the Board of Directors elected by the General Assembly guarantees the independence and impartiality of the assessments and actions of its members with regard to the functioning of the Company. The number and qualities of independent directors guarantee the interests of shareholders.

The Board of Directors shall ensure due division of tasks and duties among its members. The executive management of the Bulgarian Stock Exchange AD is composed of independent directors within the meaning of Art. 116a1, para. 2 of the POSA, which participate effectively in the work of the Company in accordance with the interests and rights of the shareholders.

The Chairman of the Board of Directors is not an independent member insofar as he is a member of the management body of a person who is in contractual relations with the exchange (exchange member). Nevertheless, the structure of the Board of Directors is in accordance with the requirements of art. 116a1, para. 2 of the POSA. The competences, rights and obligations of the members of the Board of Directors follow the requirements of the law, the statutes, the rules of procedure of the Bulgarian Stock Exchange AD and the standards of good professional and management practice.

The members of the Board of Directors of the Bulgarian Stock Exchange AD have the appropriate knowledge and experience that their position requires.

After their election, the new members of the Board of Directors are introduced to the main legal and financial issues related to the Group's activities. The members of the Board of Directors shall have the necessary time to carry out their tasks and duties. The number of companies in the management of which the members of the Board of Directors may participate shall be determined in accordance with art. 158, para. 3 and 4, in connection with art. 14 of the MFIA and art. 20, para. 1, item 12 of the Public Enterprises Act.

The election of the members of the Board of Directors of the parent company shall be carried out through a transparent procedure under the Markets in Financial Instruments Act and in compliance with the Public Offering of Securities Act and the relevant application of the Public Enterprises Act. The procedure shall provide sufficient information on the personal and professional qualities of the candidates for membership. The number of consecutive mandates of the members of the Board of Directors ensures the effective work of the Company and compliance with the legal requirements. According to the Statute of the Bulgarian Stock Exchange AD, the members of the Board of Directors may be re-elected without restriction.

Remuneration of the members of the Board of Directors:

The amount and structure of the remuneration of the members of the Board of Directors of the parent company shall be determined

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in accordance with the adopted by the General Meeting "Policy for determining the remuneration of the members of the Board of Directors of the Bulgarian Stock Exchange AD" and the Statute.

In accordance with the legal requirements and good corporate governance practice, the amount and structure of the remuneration of the members of the Board of Directors of the parent company shall take into account:

The duties and contributions of each Board member to the activities and results of the Group;

The possibility of selecting and retaining qualified and loyal members of the Board of Directors;

The need to align the interests of the members of the Board of Directors and the long-term interests of the Group. The remuneration of the executive management specified in the management contract has no variable component.

In accordance with the adopted Board of Directors' Remuneration Policy, the parent company shall not provide shares, stock options and other appropriate financial instruments as additional remuneration to members of the Board of Directors.

The statutes do not regulate the procedure for providing and using additional incentives by the members of the Board of Directors. Non-executive members of the Council do not benefit from additional incentives.

The remuneration of independent directors shall be permanent and shall reflect participation in meetings, the performance of their tasks to supervise the actions of executive management and to participate effectively in the work of the Group.

The disclosure of information on the remuneration of the members of the Board of Directors of the parent company and the subsidiaries shall be presented in the annual consolidated report of the Group, in accordance with the legal norms and statutes. The shareholders of the parent company shall have easy access to remuneration information. BSE publishes its annual report on the X3News website and on its website in subsection "BSE Reports" of the Investor Relations Section.

Conflict of interest:

Members of the Board of Directors avoid and shall not allow any actual or potential conflict of interest.

The members of the Board of Directors shall immediately disclose conflicts of interest and provide shareholders with access to information about transactions between the Company and members of the Board of Directors or persons related to it.

Any conflict of interest shall be disclosed to the Board of Directors.

The parent company shall take into account and take into account practice that a potential conflict of interest exists when the Group intends to carry out a transaction with a legal entity in which:

- a) a member of the Board of Directors or persons related to it have a financial interest;
- b) a member of the Board is a member of the Management Board, the Supervisory Board or the Board of Directors.

Protection of shareholders' rights:

The corporate management of the parent company encourages the participation of shareholders in the General Meeting of Shareholders, including by providing the possibility of remote presence through technical means (including the Internet) in cases where this is possible and necessary and does not contradict item 23.2.4. of the National Corporate Governance Code and when a regulatory regulation is created and there is a reliable and secure technical capability.

Committees supporting the activities of the Board of Directors - functions and responsibilities:

The activities of the Board of Directors of the parent company are supported by an Audit Committee.

By a decision of the General Meeting of Shareholders of the Bulgarian Stock Exchange AD dated 07.04.2017 under Article 107 of the Independent Financial Audit Act an Audit Committee has been elected.

Chairman of the Audit Committee is Sirma Atanasova.

The subsidiary Independent Bulgarian Energy Exchange EAD also has an Audit committee. The Audit Committee supports the work of the Board of Directors, has the role of persons entrusted with common management, who monitor and supervise the internal

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control system, risk management and financial reporting system of the Company.

The parent company also operates:

- Sustainability Committee, which assists the Board in the adoption and implementation of measures, policies and procedures related to environmental, social and employee issues, as well as corporate governance issues;
- Security Committee, which is responsible for managing and supervising all aspects of security (physical, information, etc.)
- Candidate Selection Committee, which appoints and recommends for approval by the General Meeting of Shareholders candidates for filling vacancies in the Board of Directors, taking into account the knowledge, skills, diversity and experience of the members, prepares a description of the functions and requirements for an appointment and calculates the time that the future board member is expected to dedicate.

Detailed information on all committees and committees set up in the parent company can be found in the consolidated activity report.

Functions and responsibilities of the General Meeting of Shareholders

All shareholders of the parent company have the right to participate in the General Meeting of Shareholders and express their opinion. Shareholders with voting rights have the opportunity to exercise their voting rights at the General Meeting of the Company and through representatives.

The corporate management of the Bulgarian Stock Exchange carries out effective control by creating the necessary organization for the voting of the authorized persons in accordance with the instructions of the shareholders or in the ways permitted by law.

The corporate management of the Bulgarian Stock Exchange AD organizes and conducts the regular and extraordinary General Meetings of the shareholders of the Company in compliance with strict rules. They shall ensure equal treatment of all shareholders and the right of each shareholder to express his views on the items on the agenda of the General Meeting.

The corporate management of the parent company organizes and conducts the General Meeting of Shareholders in a way that does not make voting difficult or unnecessarily more expensive.

The corporate management of the parent company encourages the participation of shareholders in the General Meeting of Shareholders, including by providing the possibility of remote presence through technical means (including the Internet) in cases where this is possible and necessary and does not contradict item 23.2.4. of the National Corporate Governance Code and when a regulatory regulation is created and there is a reliable and secure technical capability.

All members of the corporate management of the parent company attend the general meetings of the shareholders of the parent company.

Materials for the General Meeting of Shareholders:

The written materials prepared by the parent company and related to the agenda of the General Meeting are specific and clear and do not mislead the shareholders. All proposals regarding major corporate events are presented as separate items on the agenda of the General Meeting, including the proposal for profit distribution.

The parent company maintains on its website a special section on the rights of shareholders and their participation in the General Meeting of Shareholders. The corporate management of the Bulgarian Stock Exchange AD complies with the provisions of the Public Offering of Securities Act and assists the shareholders authorized by the court to include additional issues on the agenda of the General Meeting.

The corporate management of the Bulgarian Stock Exchange guarantees the right of shareholders to be informed about the decisions taken at the General Meeting of Shareholders.

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Subsidiaries

Management Bodies Financial Market Services EOOD (subsidiary)

The subsidiary is managed and represented by a single manager appointed by the sole owner. The manager organizes and manages the activity of the company in accordance with the law and the decisions of the sole owner and reports to him.

Governing bodies Independent Bulgarian Energy Exchange EAD (subsidiary)

The subsidiary has a one-tier management system and is managed by a Board of Directors of three members. The Board of Directors carries out the operational management of the subsidiary and controls the activities of the Executive Director of the company. It performs all functions and resolves all matters that are not within the exclusive competence of the sole owner. The Board of Directors reports on its activities to the sole owner.

Information referred to in points (c), (d), (f), (h) and (i) of Article 10(1) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids

Significant direct or indirect shareholdings within the meaning of Article 85 of Directive 2001/34/EC

There are none.

The holders of all securities with special control rights and a description of these rights

The parent company has no shares that give special control rights.

There are no restrictions on voting rights, such as restrictions on the voting rights of the holders of a certain percentage or number of votes, deadlines for exercising voting rights or systems through which, through cooperation with the company, the financial rights granted to the securities are separated from the holding of the securities in relation to the shares issued by the Bulgarian Stock Exchange AD.

Restrictions on voting rights

There are no restrictions on the voting rights of the company's shareholders.

Rules governing the appointment or replacement of board members and amendments to the memorandum of association

The rules for the election of members of the Board of Directors of the parent company are laid down in the Articles of Association of the company. According to Art. 21, item 4 of the Statute of the Stock Exchange, the election and dismissal of the members shall be carried out by the General Meeting of Shareholders. The requirements for the members of the Board of Directors of the Bulgarian Stock Exchange are set out in art. 158 of the Markets in Financial Instruments Act (MFIA). According to the provision of art. 158, para. 3 in relation to Sec. 15, para. 1 of the MFIA, the change in the composition of the persons, who are members of the managing bodies of the market operator or manage the activity of the market operator, shall be carried out after prior approval by the Deputy Chairman of the Commission, heading the "Investment Activity Supervision Department". In 2019, the Public Enterprises Act (PEA) was adopted, under which BSE as a company with over 50% state participation is a public enterprise. The PEA applies insofar as the election and dismissal of the members of the Board of Directors is not regulated by the special laws.

The powers of the company's board members, in particular the right to issue or redeem shares

The powers of the members of the Board of Directors of the Exchange are specified in art. 35 of the company's statute. The right to issue or repurchase shares is within the competence of the General Meeting of Shareholders under art. 21, item 2 of the Statute of the company.

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Diversity Policy

Description of the diversity policy:

The policy for selection of the members of the Board of Directors (BoD) of the Bulgarian Stock Exchange AD and for promoting the diversity that the Exchange conducts is consistent with the regulatory requirements to the management and supervisory bodies arising from the transposition of Directive 2014/65/EU (MiFID II) into the Markets in Financial Instruments Act (MFIA) and its implementing acts, as well as the requirements of the Public Offering of Securities Act (POSA), The European Securities and Markets Authority (ESMA) guidelines on the management body of market operators and service providers for Ordinance No 74 of 9.08.2022 on the requirements for the activity of market operators.

Implementation of diversity policy:

Basic principles that apply to the selection and evaluation of the members of the Board of Directors of the parent company are:

- equality between women and men in the selection of members of the Board of Directors;
- equality between women and men in making decisions.

By applying these principles, BSE strives to maintain a balanced sex ratio.

Objectives of the diversity policy:

The purpose of the Policy is to apply the established standards that should be taken into account when appointing new ones and evaluating existing members of the management body, as well as to ensure diversity in the selection of members of the management bodies, which will ensure a reliable system of governance and control, respectively good corporate governance on the Bulgarian Stock Exchange AD.

Results of diversity policy implementation:

The Board of Directors of the parent company consists of 5 (five) individuals with different professional experience, gender and age.



BULGARIAN
STOCK EXCHANGE

DECLARATION

Under art. 100n, para. 4, item 4 of the POSA

The signatories:

1. Manu Todorov Moravenov – Chief Executive Officer of the Bulgarian Stock Exchange AD,
2. Iskren Ivanov Nikolov – Executive Director of BD Consults AD (Compiler)

DECLARE that, to the best of our knowledge:

1. The annual consolidated financial statements for 2023, prepared in accordance with the applicable accounting standards, shall faithfully and fairly reflect the information about the assets and liabilities, the financial position and profit or loss of the Bulgarian Stock Exchange AD and of the companies included in the consolidation;

2. The Annual Consolidated Activity Report for 2023 contains a reliable overview of the development and results of the activities of the Bulgarian Stock Exchange as well as the status of the issuer and the companies included in the consolidation, together with a description of the main risks and uncertainties it faces.

April 23, 2024
Sofia

Manyu Moravenov,
Chief Executive Officer of
the Bulgarian Stock Exchange AD

Iskren Nikolov
Executive Director
of BD Consults AD (Compiler)

Annual Consolidated Financial
Statement of
Bulgarian Stock Exchange
for 2023



BULGARIAN STOCK EXCHANGE GROUP
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BULGARIAN STOCK EXCHANGE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Notes	2023 BGN'000	2022 BGN'000
Revenue from contracts with customers	3	17 711	17 258
Other operating income	4	498	400
Cost of materials and consumables	5	(74)	(78)
Hired services expense	6	(6 075)	(5 020)
Depreciation and amortisation expense	14, 15	(822)	(788)
Employee benefits expense	7	(4 181)	(3 495)
Impairment of receivables	8	-	(2 965)
Other operating expenses	9	(369)	(279)
Profit from operations		6 688	5 033
Finance income	10	8 561	657
Finance costs	11	(1 328)	(572)
Finance income/(costs), net		7 233	85
Share in the loss on interest in joint ventures by applying the equity method	16.1	(10)	(3)
Share in gain on interest in associates by applying the equity method	16.2	86	13
Profit before income tax		13 997	5 128
Income tax expense for the year	12	(1 476)	(595)
NET PROFIT FOR THE YEAR		12 521	4 533
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined retirement benefit plans	27	(26)	59
Net change in the fair value of equity investments at fair value through other comprehensive income	13, 17.1	54	(43)
Income tax related to items of other comprehensive income that will not be reclassified	13	(5)	4
		23	20
<i>Items that may be reclassified to profit or loss</i>			
Net change in the fair value of debt securities at fair value through other comprehensive income	13, 17.1	(1)	(148)
Income tax related to items of other comprehensive income that may be reclassified	13	-	16
		(1)	(132)
Other comprehensive income for the year, net of taxes	13	22	(112)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12 543	4 421
Net profit for the year attributable to			
Owners of the equity of the parent company		12 521	4 533
Total comprehensive income attributable to			
Owners of the equity of the parent company		12 543	4 421
Base net earnings per share (in BGN)	26	1.94	0.70

The accompanying notes on pages 5 to 108 form an integral part of the consolidated financial statements.

Executive Director:
Manyu Moravenov

Accounting and Administrative Service (Preparer)
BD Consults AD

Consolidated financial statements on which we issued an Auditor's Report dated 24 April 2024.
BDO AFA OOD, Reg. No 015

Valia Iordanova Iordanova
Legal Representative
General Manager and registered auditor in charge of the audit

BULGARIAN STOCK EXCHANGE GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Notes	31.12.2023 BGN'000	31.12.2022 BGN'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	1 786	1 750
Intangible assets	15	3 919	4 210
Investments in joint ventures	16.1	151	36
Investments in associates	16.2	330	244
Debt instruments at fair value through other comprehensive income	17.1	1 026	1 043
Equity instruments at fair value through other comprehensive income	17.2	861	392
Debt instruments at amortised cost	17.3	10 271	10 269
Long-term prepayments	18	295	522
Deferred tax assets	19	717	738
		19 356	19 204
Current assets			
Receivables from customers	20.1	720	567
Receivables from counterparts for electricity	20.2	20 035	58 478
Taxes refundable	21	-	51 782
Other receivables and prepayments	22	843	1 997
Receivables under agreements with buyback clauses	23	196 117	-
Receivables from banks under collaterals	24	-	400
Cash and cash equivalents	25	130 641	253 727
		348 356	366 951
TOTAL ASSETS		367 712	386 155
EQUITY AND LIABILITIES			
EQUITY			
Capital attributable to owners of the equity of the parent company			
Share capital		6 583	6 583
Treasury shares		(719)	(719)
Reserves		7 395	7 347
Retained earnings		19 144	13 369
	26	32 403	26 580
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	19	335	368
Long-term retirement benefit obligations	27	145	94
Long-term lease liabilities	33	128	18
Government grants	31	-	116
		608	596
Current liabilities			
Guarantee deposits received from counterparts for electricity	28.1	270 274	252 593
Payables to counterparts for electricity	28.3	39 420	104 473
Payables to suppliers and other creditors	28.2	1 685	822
Payables to personnel and for social security	29	536	429
Tax payables	30	21 939	250
Government grants	31	43	151
Current lease liabilities	33	131	21
Other payables	32	673	240
		334 701	358 979
TOTAL EQUITY AND LIABILITIES		367 712	386 155

The accompanying notes on pages 5 to 108 form an integral part of the consolidated financial statements.

The consolidated financial statements on pages 1 to 108 was approved for issue by the Board of Directors and was signed on its behalf on 23 April 2024 by:

Executive Director:
Manyu Moravenov

Accounting and Administrative Service (Preparer)
BD Consults AD

Consolidated financial statements on which we issued an Auditor's Report dated 24 April 2024.
BDO AFA OOD, Reg. No 015

Valia Iordanova Iordanova
Legal Representative
General Manager and registered auditor in charge of the audit

BULGARIAN STOCK EXCHANGE GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Notes	2023 BGN'000	2022 BGN'000
Cash flows from operating activities			
Proceeds from counterparts under electricity purchase and sale transactions		5 093 088	13 860 828
Payments to counterparts under electricity purchase and sale transactions		(5 002 430)	(14 888 348)
Received/(recovered) guarantee deposits from counterparts for electricity, net		17 682	284 322
Proceeds from customers		20 396	20 380
Payments to suppliers		(7 746)	(7 081)
Payments to personnel and for social security		(4 147)	(3 182)
Income tax paid		(1 376)	(960)
(Paid)/recovered taxes (excluding income tax), net		(43 975)	687 217
Received/(recovered) amounts for Energy System Security Fund, net		-	(719)
Proceeds from interest on deposits with banks		4 826	351
Bank charges and commissions paid		(5)	(492)
Other (payments)/proceeds, net		(301)	(140)
Net cash flows from/(used in) operating activities		76 012	(47 824)
Cash flows from investing activities			
Proceeds from sale of securities with buyback arrangements		624 463	-
Payments for purchase of securities with buyback arrangements		(820 300)	-
Proceeds from interest on repo agreements		3 188	-
Proceeds from interest and dividends related to debt instruments at fair value through other comprehensive income		57	94
Payments on equity investments at fair value through other comprehensive income		(415)	(33)
Proceeds upon maturity of debt instruments at fair value through other comprehensive income		-	549
Proceeds from interest and dividends related to debt instruments at amortised cost		269	244
Payments for purchase of debt instruments at amortised cost		-	(190)
Purchases of machinery and equipment		(83)	(259)
Proceeds from sales of machinery and equipment		-	25
Purchases of intangible assets		(155)	(77)
Payments on loan granted to an associate		(345)	(400)
Proceeds from repayment of a loan granted to an associate		345	400
Payments on investments in associates		-	(22)
Payments on investments in joint ventures		(125)	-
Payments of financial collaterals		-	(400)
Proceeds from financial collaterals		400	-
Net cash flows used in investing activities		(192 701)	(69)
Cash flows from financing activities			
Dividend payments		(6 248)	(2 913)
Lease payments		(104)	(33)
Grants		-	139
Reimbursed undrawn grants		(70)	-
Payment of fees for overdraft management		-	(260)
Net cash flows used in financing activities		(6 422)	(3 067)
Net decrease in cash and cash equivalents		(123 111)	(50 960)
Cash and cash equivalents at 1 January		253 763	304 723
Cash and cash equivalents at 31 December		130 652	253 763
Provisions for impairment of credit losses	8, 22	(11)	(36)
Cash and cash equivalents at 31 December, net	25	130 641	253 727

The accompanying notes on pages 5 to 108 form an integral part of the consolidated financial statements.

Executive Director:
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BD Consults AD

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General Manager and registered auditor in charge of the audit

BULGARIAN STOCK EXCHANGE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

Attributable to owners of the equity of the parent company									
Notes	Share capital	Treasury shares	Treasury shares reserve	Statutory reserve	Other reserves	Reserve of financial assets at fair value through other comprehensive income	Accumulated profit and loss	Total equity	
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	
Balance at 1 January 2022	6 583	(719)	186	658	3 378	383	14 799	25 268	
Changes in equity for 2022									
Profit distribution for:	-	-	-	-	2 913	-	(6 022)	(3 109)	
* dividends	-	-	-	-	-	-	(3 109)	(3 109)	
* additional reserve	-	-	-	-	2 913	-	(2 913)	-	
Total comprehensive income for the year, including:	-	-	-	-	-	(171)	4 592	4 421	
* net profit for the year	-	-	-	-	-	-	4 533	4 533	
* other comprehensive income, net of taxes	-	-	-	-	-	(171)	59	(112)	
Balance at 31 December 2022	26	6 583	(719)	186	658	6 291	212	13 369	26 580
Changes in equity for 2023									
Profit distribution for:	-	-	-	-	-	-	(6 720)	(6 720)	
* dividends	-	-	-	-	-	-	(6 720)	(6 720)	
* additional reserve	-	-	-	-	-	-	-	-	
Total comprehensive income for the year, including:	-	-	-	-	-	48	12 495	12 543	
* net profit for the year	-	-	-	-	-	-	12 521	12 521	
* other comprehensive income, net of taxes	-	-	-	-	-	48	(26)	22	
Balance at 31 December 2023	26	6 583	(719)	186	658	6 291	260	19 144	32 403

The accompanying notes on pages 5 to 108 form an integral part of the consolidated financial statements.

Executive Director:
Manyu Moravenov

Accounting and Administrative Service (Preparer)
BD Consults AD

Consolidated financial statements on which we issued an Auditor's Report dated 24 April 2024.
BDO AFA OOD, Reg. No 015

Valia Iordanova Iordanova
Legal Representative
General Manager and registered auditor in charge of the audit

1. BACKGROUND CORPORATE INFORMATION ON THE GROUP

The Group Bulgarian Stock Exchange AD (the Group) consists of Bulgarian Stock Exchange AD (parent company/the Exchange), two subsidiaries (Financial Markets Services EOOD and Independent Bulgarian Energy Exchange EAD), two joint venture companies (SEE Link DOO Skopje and Collective Financing AD), and two associated companies (Clear Ex AD and BD Consults AD).

Parent company

Bulgarian Stock Exchange AD (the parent company, the Exchange) is a commercial company, established in November 1991. The Company's seat and management address is: Sofia, 6, Tri Ushi Street. The court registration of the company is from 1991 under Decision No. 25156 of 8 November 1991 of Sofia City Court.

On 9 December 2010, an increase by BGN 715,000, from BGN 5,867,860 to BGN 6,582,860, by issuing 715,000 new common dematerialized and voting shares in return for a cash contribution by the company's shareholder, the Ministry of Finance Republic of Bulgaria, was entered into the Commercial Register.

Bulgarian Stock Exchange AD is a public joint-stock company. As at 31 December 2023 the capital of Bulgarian Stock Exchange AD is distributed in 6,582,860 common dematerialised and voting-right shares with nominal value BGN 1.00 each. (31 December 2022: 6,582,860 common dematerialised and voting-right shares with nominal value BGN 1.00 each).

Subsidiaries

The subsidiary **Financial Markets Services EOOD** is registered by virtue of Decision No. 2 of Sofia City Court of 6 March 2007. The company's seat and management address is: Sofia, 6, Tri Ushi Street.

It was initially registered as a business entity – an entity jointly controlled by Bulgarian Stock Exchange and Central Depository AD with a capital of BGN 80 thousand. By means of a decision of the General Meeting of the Shareholders of the joint venture dated 12 October 2006 (State Gazette, issue 191/ 2006) of 12 October 2006, Central Depository AD discontinued its participation in the venture. A decision was made to decrease the capital of the company from BGN 80 thousand to BGN 40 thousand and the leaving shareholder was repaid the full amount of its share in the joint venture.

By means of a decision dated 26 August 2019, the capital of the subsidiary was increased by BGN 80 thousand, from BGN 40 thousand to BGN 120 thousand. The change was registered in the Commercial Register on 12 September 2019.

On 29 August 2022, a change was registered in the name of Financial Markets Services EOOD, aligning the Bulgarian name to the English one.

The subsidiary **Independent Bulgarian Energy Exchange EAD (IBEX EAD)** was established in 2014. It is registered as a sole-owner joint-stock company in the city of Sofia and entered in the Commercial Register under UIC 202880940.

The seat and management address of IBEX EAD is: Sofia 1000, Oborishte Region, 138, Vassil Levski Boulevard.

Bulgarian Stock Exchange AD acquired control over the company in 2018, pursuant to a contract dated 3 January 2018, concluded between Bulgarian Stock Exchange AD and Bulgarian Energy Holding AD for the purchase and acquisition of 100% of the share capital of IBEX EAD, or 217,664 common registered voting-right shares with nominal value BGN 10 each, constituting 100% of the capital of Independent Bulgarian Energy Exchange AD, at the purchase price of BGN 5,200,000. The change in ownership was registered in the Commercial Register on 15 February 2018.

Joint ventures

The joint venture **SEE Link DOO Skopje** was established on 15 April 2014, pursuant to a joint venture agreement between Bulgarian Stock Exchange AD, Macedonian Securities Exchange AD Skopje and Zagreb Exchange AD. The terms of the agreement stipulate that each party holds 33.33% of the capital of the company established. The company's seat and management address is: 75 Ortse Nikolov street, Skopje, Republic of North Macedonia.

The joint venture **Collective Financing AD** has the following principal activities: provision of services for collective financing through organising, managing, and operating a collective financing platform pursuant to Art. 164, item 9 of SPOSA. On 3 November 2023, pursuant to Decision No 993 - ДУКФ the company obtained a license from the Financial Supervision Commission to perform its operations, and on 13 November 2023 it was entered in the Trade Registry. The company's capital is BGN 150 thousand, distributed into 150,000 shares with nominal value BGN 1 (one) each. The interests in the company's capital are: Bulgarian Stock Exchange AD – 49%, Central Depository AD – 32%, and Clear X AD – 19%.

Associates

The associated company **Clear EX AD** was established on 21 April 2020 by Bulgarian Stock Exchange AD and Central Depository AD with a capital of BGN 100 thousand. The principal activity of Clear EX AD is the provision of services as a clearing house in connection with transactions in electricity, natural gas and commodities concluded on an organized market, as well as other activities permitted by the law. The capital of the company is BGN 100 thousand, distributed in 100,000 dematerialized registered voting-right shares with nominal value of BGN 1 (one) each. The shareholding in the capital of the company by Central Depository AD and Bulgarian Stock Exchange AD is respectively 60% and 40%. The company is managed by an Executive Director – Georgi Ivanov Karadzhov. In December 2020, by means of a decision of the shareholders at the Extraordinary General Meeting of Shareholders of Clear EX AD dated 16 December 2020, the share capital of Clear EX AD was increased by issuing 400,000 common registered dematerialised shares, thereby increasing the company's capital to BGN 500 thousand.

On 14 September Clear EX obtained license No KK-01 to operate as a clearing house pursuant to Decision No 38/ 14.09.2023 on the grounds of Art. 8, Para 1 of the Stock Exchanges and Investment Companies Act.

The associated company **BD Consults OOD** was established on 21 April 2020 by Bulgarian Stock Exchange AD and Central Depository AD. The subject of activity of BD CONSULTS OOD includes administrative, financial

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and record keeping services, as well as other activities permitted by the law. The capital of the company is BGN 5 thousand, distributed into 5,000 shares with a nominal value of BGN 1 (one) each. The shareholding in the capital of the company by Central Depository AD and Bulgarian Stock Exchange AD is respectively 50.02% and 49.98%.

In 2022 the company's capital was increased to BGN 100 thousand, distributed as follows: Central Depository AD – 42.5%, Clear EX AD – 33%, and Bulgarian Stock Exchange AD – 24.5%. On 7 September 2023 BD Consults was transformed into a joint-stock company. The company is managed by an Executive Director – Iskren Ivanov Nikolov.

1.1. Ownership and Management

Parent company

On 21 December 2010, the status of the Exchange as a public company and new Statute of the company were entered in the Commercial Register.

As at 31 December 2023 the registered share capital of Bulgarian Stock Exchange is BGN 6,583 thousand, distributed into 6,582,860 common registered and voting shares with a nominal value of BGN 1.00 each.

The structure of the share capital with voting rights is as follows:

	2023	2022
The state, through the Ministry of Finance	50.05%	50.05%
Other legal entities	22.18%	22.46%
Natural persons	15.78%	15.03%
Investment intermediaries and commercial banks	11.99%	12.46%

Bulgarian Stock Exchange AD is a public company under Art. 110 (1) of the POSA.

The company has a one-tier management system with a Board of Directors, consisting of five members.

The management, represented by the Board of Directors, consists of the following members as at 31 December 2023:

- Asen Vasilev Yagodin (Chairman),
- Vasil Dimitrov Golemanski (Deputy Chairman),
- Manyu Todorov Moravenov,
- Radoslava Georgieva Maslarska,
- Hristina Stefanova Pendicheva.

Pursuant to Article 40, in conjunction with Art. 39, para 1 of the Articles of Association of Bulgarian Stock Exchange AD, the BSE is represented by the Executive Director – Manyu Todorov Moravenov.

The Audit Committee supports the work of the Board of Directors and plays the role of those charged with governance, performing monitoring and supervision over the internal control system, risk management and financial reporting system of the company.

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

Pursuant to a decision under item 13 of the meeting minutes, the General Meeting of Shareholders on 24 June 2021 elected an Audit Committee with the composition proposed by the Chairperson of the Board of Directors.

The members of the Audit Committee are:

- Sirma Atanasova – chairperson,
- Mariana Simova – member,
- Radoslav Zhelyazov – member.

Subsidiaries

The management of the subsidiaries is as follows:

Independent Bulgarian Energy Exchange EAD (IBEX)

The subsidiary has a one-tier management system with a Board of Directors (BoD) of three members.

As at 31 December 2023, the Board of Directors consists of:

- Todor Radoslavov Handjiev – member and chairman of the Board of IBEX EAD;
- Konstantin Valeriev Konstantinov – Executive member of IBEX EAD;
- Lyubomir Nikolaev Boyadzhiev – Board member of IBEX EAD.

Financial Markets Services EOOD

The company is managed by a General Manager – Gergana Vasilis Papadopulu.

The total number of Group's personnel is 58 as at 31 December 2023 (31 December 2022: 54 employees).

1.2. Group structure and principal activities

The structure of the Group includes Bulgarian Stock Exchange AD as parent company and the following subsidiaries:

Subsidiaries	31.12.2023	31.12.2022	Date of
	Participation	Participation	Acquisition of
	%	%	control
Financial Markets Services EOOD	100	100	12.10.2006
Independent Bulgarian Energy Exchange EAD	100	100	15.02.2018

In addition, the Group owns two associates – SEE link Skopje, with 33.33% shareholding and date of acquisition 15 April 2014, and Collective Financing AD, with 49% shareholding and date of acquisition 13

November 2023, as well as two associates – Clear EX AD with 40% interest and date of acquisition 21 April 2020, and BD Consults AD with 24.50% interest and date of acquisition 21 April 2020.

1.3. Principal activities of the Group companies:

Parent company

The Company is licensed by means of a permit issued by the State Securities Commission to operate as a stock exchange.

The Company's principal activities in year 2022 and 2023 include the following types of transactions and deals:

- organising trade in securities and other financial instruments;
- organising and maintaining an information system for trade in securities;
- in its capacity as Approved publication arrangement (APA), Bulgarian Stock Exchange AD performs disclosure of trading reports on behalf of investment intermediaries.

The main mission of the parent company – Bulgarian Stock Exchange AD, is to support the development of an organised stock market to provide exchange members and clients thereof with equal access to market information and equal conditions for participation in trade in securities.

Subsidiaries

The principal activity of **Financial Markets Services EOOD** is maintenance of the X3 information platform. X3 News allows public entities and other security issuers to fulfil their legal obligations for disclosure of information regulated by the POSA.

The X3 News platform ensures the disclosure of information in a non-discriminatory manner, which ensures its simultaneous access to the widest possible range of persons.

X3 News meets the requirements of the POSA. The system ensures the disclosure of information in a way that ensures the security of the connection eliminates the risk of data distortion, prevents unauthorized access and ensures the security of the source of regulated information.

X3 News also allows the publication of other, unregulated information, advertising, PR messages, etc.

On 2023, the company also launched the Oxygen platform, which supports Bulgarian public companies in reporting the sustainable aspects of their business. The platform was certified on 12 January 2024 by the Global Reporting Initiative (GRI).

The principal activities of the subsidiary **Independent Bulgarian Energy Exchange (IBEX)** are: organising a regulated market for trade in energy and energy-related products such as electricity, natural gas, coal, emissions and green certificates as a trading system that meets or assists in matching the interests of third

parties for sale or purchase of instruments, admitted to trading on the regulated market, within the system and based on rules, resulting in the execution of transactions in these instruments.

IBEX EAD holds License No Л-422 dated 31 March 2014, issued by the Energy and Water Regulatory Commission, for the organization of an electricity market for a period of 10 (ten) years. Pursuant to Decision No И1-Л-422 dated 11.05.2023, EWRC extended the validity of License No Л-422-11 dated 31.03.2014, issued for the organization of an electricity market to IBEX EAD by 10 (ten) years as from 1 April 2024.

The processes of liberalization of electricity markets require the creation of an internal EU market which enables consumers to freely choose an electricity supplier in order to increase efficiency, competitive prices, higher service standards, security of supply and sustainable development. The regulated market of electricity plays a significant role in the liberalisation processes of the electricity markets, reflecting the equilibrium price, defined as the intersection between supply and demand.

The licensed operating activity of IBEX AD includes an exchange with the following physical delivery segments divided by the period of traded and supplied electricity:

- Day Ahead Market (DAM);
- Intraday market (IDM);
- "Centralized Market for Bilateral Contracts" (CMBC).

Joint venture

The joint venture **SEE Link DOO**, Skopje has the following principal activity: providing services in connection with computer systems and information technology.

The joint venture **Collective Financing AD** has the following principal activities: provision of services for collective financing through organising, managing, and operating a collective financing platform pursuant to Art. 164, item 9 of SPOSA, for which the company holds License No 993 – ДУКФ from the Financial Supervision Commission. The shareholding in the company's capital is: Bulgarian Stock Exchange AD - 49%, Central Depository AD – 32%, and Clear EX AD - 19%.

Associates

The principal activity of the associate **Clear EX AD** is the provision of services as a clearing house in relation to transactions in electricity, natural gas and commodities concluded on an organized market, as well as other activities permitted by the law. The shareholding in the capital of the company on the part of Central Depository AD and Bulgarian Stock Exchange AD is respectively 60% and 40%.

Clear EX AD holds license No KK-01 to operate as a clearing house pursuant to Decision No 38/ 14.09.2023 on the grounds of Art. 8, Para 1 of the Stock Exchanges and Investment Companies Act.

The principal activity of the associate **BD Consults AD** is: administrative, financial and record keeping services, as well as other activities permitted by the law. The shareholding in the capital is: Central Depository AD – 42.5%, Clear EX AD – 33%, and Bulgarian Stock Exchange AD – 24.5%.

1.4. Main indicators of the economic environment

The main indicators of the economic environment that have affected the Group's activities throughout the period 2019 -2023 are presented in the table below:

Indicator	2019	2020	2021	2022	2023
GDP in BGN million*	120 342	120 492	138 979	167 809	182 950
Real GDP growth**	4.0 %	- 4.0 %	7.7 %	3.9 %	1.9 %
Inflation at the end of the period***	3.1 %	0.0 %	6.6 %	14.3 %	5.0 %
Average exchange rate of USD for the year	1.75	1.72	1.65	1.86	1.81
Exchange rate of the USD at the year-end	1.74	1.59	1.73	1.83	1.77
Basic interest rate at the year-end*	0.00	0.00	0.00	1.30	3.80
Unemployment rate at the year-end *	5.9 %	6.7 %	4.8 %	5.4 %	5.6 %
Credit rating of the Republic of Bulgaria according to Standard&Poors (long-term)	BBB	BBB	BBB	BBB	BBB
Credit rating of the Republic of Bulgaria according to Moody's (long-term)	Baa2	Baa1	Baa1	Baa1	Baa1
Credit rating of the Republic of Bulgaria according to Fitch (long-term)	BBB	BBB	BBB	BBB	BBB
Credit rating of the Republic of Bulgaria according to Scope Ratings (long-term)	BBB	BBB	BBB+	BBB+	BBB+

* Preliminary BNB data for 2023 as at as at 23 February 2024

** Preliminary BNB data for 2023 as at December 2023

*** Preliminary NSI data for 2023 as at 15 February 2024

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE GROUP

2.1. Basis for the preparation of the consolidated financial statements

The consolidated financial statements of Bulgarian Stock Exchange AD have been prepared in accordance with all International Financial Reporting Standards (IFRS), which comprise Financial Reporting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, approved by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the Standing Interpretations Committee (SIC) interpretations, approved by the International Accounting Standards Committee (IASC), effectively in force at 1 January 2023, and have been accepted by the Commission of the European Union. IFRSs as adopted by the EU is the commonly accepted name of the general-purpose framework – the basis of accounting equivalent to the framework definition introduced by § 1, p. 8 of the Additional Provisions of the Accountancy Act "International Accounting Standards" (IASs).

For the current financial year, the Group has adopted all new and/or revised standards and interpretations, issued by the International Accounting Standards Board (IASB) and respectively, by the International Financial Reporting Interpretations Committee (IFRIC), which have been relevant to its activities.

The adoption of these standards and/or interpretations, applicable to entities in Bulgaria for annual reporting periods beginning on 1 January 2023 at the earliest, has not caused changes in Group's accounting policies

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with the exception of some new and the expansion of already introduced disclosures, without leading to other changes in the classification or measurement of individual reporting items and transactions.

The new and/or amended standards and interpretations include:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (in force for annual periods beginning on or after 1 January 2023, endorsed by EC). *These amendments provide guidelines and examples regarding the application of the materiality concept upon judgements and decisions makings related to disclosures of the accounting policy, such as a) they replace the requirement for disclosing material accounting policies information instead of significant accounting policies; b) they provide clarifications on how the entities can identify material accounting policy information and to give examples of when accounting policy information is likely to be material; c) clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial; d) clarify that accounting policy information is material if users of the entity's financial statements would need it to understand certain material information in the financial statements; and d) clarify that the entity needn't disclose immaterial accounting policy information, this shall not result in omitting or obscuring obscure material accounting information;*
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (in force for annual periods beginning on or after 1 January 2023, endorsed by EC). *These amendments are related to clarifications aimed at a more accurate distinction between changes to the accounting policy, error adjustments and changes to accounting estimates, such as: a) "the definition of a change in accounting estimates" is replaced with a "definition of accounting estimates" – under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty"; b) the entity develops and applies accounting estimates if the accounting policies require items in the financial statements to be measured in a way that involves measurement uncertainty; c) a clarification is made that a change in accounting estimate may result from a change in input or valuation technique, as well as from new information or new developments, unless it is the correction of a prior-year error; d) a change in an accounting estimate may affect only the current's period profit or loss, or the profit or loss of both the current period and future periods;*
- IAS 12 Income Taxes (in force for annual periods beginning on or after 1 January 2023, endorsed by EC). Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction. *The amendments restrict the scope of exemption from recognition of deferred tax liabilities, as a result of which it is not applied for transactions in which equal taxable and deductible temporary differences may arise upon initial recognition. Such transactions are the recognition of a right-of-use asset and lease liability by the lessee at the commencement date of a lease, as well as in the accrual of liabilities for dismantling, removing or restoring included as part of the cost of an asset. Upon the amendments coming into force, the entities should recognize each deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability (for all deductible temporary differences) in accordance with the IAS 12 criteria for transactions related to assets and liabilities arising from a single transaction on or after the beginning of the earliest comparative period presented in the financial statements. The entities recognize the cumulative effect of initially*

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applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at that date. These amendments are effective for annual reporting periods beginning on or after January 1, 2023;

- *Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules (effective immediately after the amendments are issued, as well as for annual periods beginning on or after 1 January 2023, endorsed by EC). The amendments specify that IAS 12 applies to income (profit) taxes arising from a law enacted or substantively enacted to implement the Pillar Two model rules issued by Organization for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules, referred to as Pillar Two legislative acts or Pillar Two income taxes. The amendments introduce a temporary exception from the standard's requirements that allows an entity to neither recognise nor disclose information about deferred tax assets and liabilities related to the legislative adoption of the Pillar Two model rules. The entity should disclose the fact that it has applied the exception. It should however disclose separately its current tax expense related to Pillar Two income taxes, as well as any information that would support users in understanding the effects for the Company from Pillar Two legislative acts. The amendments are applied retrospectively;*
- *IFRS 17 "Insurance Contracts" (in force for annual periods beginning on or after 1 January 2023, endorsed by EC). This is an entirely new accounting standard on all types of insurance contracts, including some guarantees and financial instruments, and includes rules and principles on recognition and measurement, presentation and disclosure. The standard will supersede the effective standard up to date related to insurance contracts – IFRS 4. It establishes an entirely new overall model for accounting for insurance contracts and activities, covering all relevant accounting and reporting aspects, as well as the content and structure of financial statements (presentation and disclosure) of insurance entities. It is not applicable to the Group's operations; therefore, the management has not assessed the application thereof;*
- *Improvements to IFRS 17 Insurance Contracts (in force for annual periods beginning on or after 1 January 2023, endorsed by EC). The amendments are related to the Initial Application of IFRS 17 and IFRS 9 – Comparative Information. They provide a transitional provision regarding the comparative information on financial assets upon initial application of IFRS 17 in order to reduce accounting mismatches between financial assets and liabilities under insurance contracts in the comparative information upon initial application of IFRS 17 and IFRS 9. The application of the changes is optional and only applies to the presentation of comparative information upon initial application of IFRS 17. It is not applicable to the Company's operations; therefore, the management has not assessed the application thereof.*

At the date when these consolidated financial statements have been approved for issue, there are several new standards and interpretations as well as amended standards and interpretations, issued but not yet in force for annual periods beginning on or after 1 January 2023, which have not been adopted by the Group for early application.

The management has decided that out of them the following are likely to have a potential impact in the future for changes in the accounting policies, and in the classification and value of reporting items in Group's financial statements for subsequent periods, namely:

- Amendments to IAS 1 “Presentation of Financial Statements” (in force for annual periods beginning on or after 1 January 2024, not endorsed by EC). *These amendments address the criteria for classification of liabilities as current or non-current. According to them, an entity classifies its liabilities as current or non-current depending on the rights thereof that are in existence at the end of the reporting period, and the classification is unaffected by expectations about whether it will exercise its right to defer settlement of the liabilities. The classification shall not be impacted by the entity’s expectations for or events after the reporting period. The amendments made clear that “settlement” refers to the transfer to a counterparty of cash, equity instruments, other assets or services. The classification does not address derivatives of convertible liabilities, which constitute equity instruments. The amendments are applied retrospectively. Earlier application is permitted, but simultaneously with applying the amendments to IAS 1 Presentation of Financial Statements, Non-current Liabilities with Covenants;*
- Amendments to IAS 1 “Presentation of Financial Statements, Non-Current Liabilities with Covenants” (in force for annual periods beginning on or after 1 January 2024, not endorsed by EC). *These amendments specify that only covenants with which an entity is required to comply on or before the reporting date affect the entity’s right to defer the respective liabilities for at least twelve months after the reporting date and respectively, only these are to be considered upon assessing the classification of liabilities as current or non-current. These amendments have an impact on whether the right exists at the reporting date, even if compliance with the conditions is determined thereafter (for instance, a covenant based on the entity’s financial position at the reporting date, but assessed thereafter). Covenants calculated based on the entity’s financial position after the reporting date (for instance, based on the entity’s financial position six months after the reporting date) shall not be considered upon determining the classification of liabilities and the right of deferral thereof. Nevertheless, entities shall disclose information about the covenants comprising an observable period within 12 months from the end of the reporting period, in order to assess the risk of whether the liabilities would become due. The amendments are applied retrospectively. Earlier application is permitted, but simultaneously with the application of amendments to IAS 1 Presentation of Financial Statements regarding the classification of liabilities as current and non-current;*
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective for annual periods beginning on or after 1 January 2024, not endorsed by EC). *The amendments are intended to enhance the transparency of accounting from supplier finance arrangements and to enable users of financial statements to assess the effect of those arrangements on an entity’s liabilities, cash flows, and liquidity risk, by adding additional disclosures relating to such arrangements. The amendments are related to the requirements to add information to assess the effects of such arrangements on liabilities and cash flows, as follows: a) the terms and conditions of each arrangement; b) the carrying amount of financial liabilities recognised in the entity’s statement of financial position that are part of the arrangement and the line item(s) in which those financial liabilities are presented; c) the carrying amount and line item(s) in the statement of financial position of the payments already received from the finance providers (finance institutions); d) the range of payment due dates of financial liabilities under supplier finance arrangements and the comparable range of payment due dates for financial liabilities that are not part of a supplier finance arrangement. e) the type and effect of non-cash changes in the carrying*

amount of financial liabilities that are part of supplier finance arrangements. Requirements have been added to IFRS 7 to disclose assessment of an entity's exposure to liquidity risk and the potential effect of terminating the arrangements on the entity. The amendments are applied retrospectively; there are exemptions for the non-disclosure of information for periods before the initial application of the amendments, as well as some qualitative disclosures referring to the starting date of the initial application period. Earlier application is permitted;

- *Amendments to IFRS 16 "Leases" – Lease Liability in a Sale and Leaseback (in force for annual periods beginning on or after 1 January 2024, endorsed by EC). The amendments aim to elaborate requirements to the seller-lessee in measuring lease liabilities in sale and leaseback transactions. They require a seller-lessee to subsequently (after the date of providing the underlying asset) determine lease payments and revised leased payments in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments do not apply to the recognition of gains or losses in relation to partial or full termination of a lease. The amendments are applied retrospectively and in particular with respect to sale and leaseback transactions where the lease payments include variable payments not dependent on an index or percentage. Earlier application is permitted;*
- *IFRS 10 (amended) "Consolidated Financial Statements" and IAS 28 (amended) "Investments in Associates and Joint Ventures" – regarding the sale or contribution of assets between an investor and its associates or joint ventures (postponed effective date, to be determined by the IASB). These amendments address the accounting treatment of the sale or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the assets sold or contributed constitute in substance a business as defined in IFRS 3. If these assets as an aggregate do not meet the definition of a business, then the investor shall recognise gain or loss only to the extent of other unrelated investor's interests in the associate or joint venture. In cases of sale or contribution of assets, which as an aggregate constitute a business, the investor shall recognise the full gain or loss on the transaction. The amendments will be applied on a prospective basis. IASB postponed the initial date of application of these amendments for an indefinite period.*

The management is in the process of research, analysis and assessment of the effects of the changes that might impact the accounting policy and the classification and presentation of the Company's assets and liabilities.

Additionally, with regard to the stated below new amended standard that has been issued in force for annual periods beginning on 1 January 2023, but the management has judged that it is unlikely to have a potential impact resulting in changes in the accounting policies and the financial statements of the Group:

- *Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (in force for annual periods beginning on or after 1 January 2025, not endorsed by EC). These amendments specify and require entities to apply a consistent approach when determining: a) when a currency is exchangeable or not, by introducing definitions thereof. A currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the*

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specified purpose, the currency is not exchangeable into the other currency; b) estimating the spot exchange rate when a currency is not exchangeable, by identifying two mechanisms: 1) the first one is using an observable exchange rate without adjustment, such as a spot exchange rate for a purpose other than that for which an entity assesses exchangeability or the first exchange rate at which an entity is able to obtain the other currency; 2) the second one is through using another estimation technique; c) the information that the entity should disclose when a currency is not exchangeable, in order to allow users of the financial statements to understand the impact thereof on the entity's financial results, financial position, and cash flows. The amendments are applied retrospectively. Earlier application is permitted.

The Group keeps its accounting records in Bulgarian lev (BGN), which it accepts as its functional and reporting presentation currency. The data in the consolidated financial statements are stated in BGN'000, unless explicitly stated otherwise, and the Bulgarian Lev has been adopted as the Group's presentation currency.

The Exchange and its subsidiaries keep their accounting records in Bulgarian lev (BGN), which they accept as their functional and reporting presentation currency. The Joint Undertaking organizes its accounting and reporting in accordance with the requirements and legislation of the Republic of Macedonia and maintains its accounting records in the respective local currency - Macedonian Denar (MKD).

The separate financial statements of foreign companies are restated from local currencies into BGN for the purposes of the consolidated financial statements as per the Group's policy (*Note 2.6*).

The presentation of the consolidated annual financial statements in accordance with International Financial Reporting Standards requires the management to make best estimates, accruals and reasonable assumptions that affect the reported values of assets and liabilities, the amounts of income and expenses and the disclosure of contingent receivables and payables as at the date of the consolidated financial statements.

These estimates, accruals and assumptions are based on the information, which is available as of the date of the consolidated financial statements, and therefore, the future actual results might be different from them (whereas in the conditions of financial crisis the uncertainties are more significant). The items presuming a higher level of subjective assessment or complexity or where the assumptions and accounting estimates are material for the consolidated financial statements, are disclosed in *Note 2.27*.

2.2. Definitions

Parent company

This is a company that has control over one or more other companies, in which it has invested. Having control means that the investor is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

The parent company is Bulgarian Stock Exchange AD, Bulgaria (*Note 1*).

Subsidiary

A subsidiary is a company, or another entity that is controlled directly or indirectly by the parent company.

The subsidiary companies are consolidated as from the date on which the effective control over them has been acquired by the Group and are de-consolidated as from the date when the control over them ceases and is transferred outside the Group. The full consolidation method is applied for their consolidation.

The subsidiaries are presented in *Note 1.2*.

Non-controlling interest

These are the shares of shareholders – third parties not attributable to shareholders of the parent. They are presented separately in the consolidated statement of financial position, the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

There is no non-controlling interest in the group, as it holds 100% of the capital of its subsidiaries. Therefore, it does not provide summarised financial information about its non-controlling interest in the subsidiaries.

Joint venture

A joint venture is a company or another entity established by virtue of a contractual arrangement between the parent company as an investor and one or more other parties (companies) that start a common business undertaking, and on which the joint venturers (including the parent, which also has such a status) have a joint control. Joint control exists when it is contractually agreed that the strategic financial and operating decisions, relating to the joint venture, shall require mandatory unanimous consent of the joint venturers. The latter have rights to the net assets of the joint venture.

The joint venture is included in the consolidated financial statements of the Group by applying the equity method – as from the date on which the joint control has been acquired by the venturer (the parent company) and its consolidation under this method is ceased when the joint venture is transformed into a subsidiary or when the joint control is transferred from the venturer to third parties.

The joint ventures are SEE Link DOO, Skopje and Collective Financing AD (*Note 1.2*).

Associate

An associate is a company in which the investor (the parent company) exercises significant influence but is neither a subsidiary nor a joint venture with the investor.

Significant influence is the right of participation in decision-taking with regard to financial and operating policies of the investee but is not control or joint control over these policies.

Usually it exists in case of: (a) possession by the investor, directly or indirectly, of 20% to 50% of the shares in the capital of the investee company (including by virtue of an agreement between shareholders), and (b) in addition, the investor is represented in the managing body of the investee and/or participates in the decision-taking process with regard to the policy and strategy of the investee, and/or significant transactions exist between the investor and the investee.

The associate is included in the consolidated financial statements of the Group by applying the equity method – from the date on which the investor (the parent company) acquires significant influence and its consolidation under this method is ceased when associate is transformed into a subsidiary or when it is accepted that the significant influence is transferred from the investor to third parties.

The associates are Clear EX AD and BD Consults AD (*Note 1.2*).

2.3. Consolidation principles

The consolidated financial statements include the financial statements of the parent company and the subsidiaries, the joint ventures and the associates, prepared as at 31 December, which is the reporting date of the Group's financial year. The 'economic entity' assumption has been applied in the consolidation whereas for the measurement of non-controlling interest (if any) in business combinations and other forms of acquisition of subsidiaries for which the 'proportionate share of net assets' method has been chosen.

The financial statements of the subsidiaries, the joint ventures and the associates have been prepared for the same reporting period as the parent company using uniform accounting policies.

Consolidation of subsidiaries

In the consolidated financial statements, the financial statements of the included subsidiaries are consolidated under the 'full consolidation' method, line-by-line, by applying accounting policies that are uniform with regard to the significant reporting items. The investments of the parent company are eliminated against its share in the equity of the subsidiaries at the date of acquisition. Intra-group transactions and balances, including unrealised intra-group gains and losses, are eliminated in full. The effect of deferred taxes has been taken into account in these eliminating consolidation entries.

Subsidiary acquisition

The acquisition (purchase) method of accounting is used on the acquisition of a subsidiary (entity) by the Group in business combinations. The consideration transferred includes the fair value at the date of exchange of the assets transferred, the incurred or assumed liabilities and the equity instruments issued by the acquirer in exchange of the control over the acquiree. It includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related direct costs are recognised as current expenses when incurred except for the issue costs of debt or equity instruments, which are recognised as equity components.

All identifiable assets acquired, liabilities and contingent (crystallised) liabilities assumed in the business combination are measured initially at their fair values at the date of exchange. Any excess of the aggregate consideration transferred (measured at fair value), the amount of non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquiree's previously held equity, over the acquired identifiable assets (including intangible assets recognized upon business combination), liabilities and conditional (crystallised) liabilities is treated and recognized as goodwill. If acquirer's share in the fair value of acquired net identifiable assets exceeds the cost of acquisition of the business combination, this excess is recognised immediately in the consolidated statement of comprehensive income of the Group in the item 'gains/(losses) on acquisition/(disposal) of subsidiaries'. Any non-controlling interest in a business combination is measured based on the method of the 'proportionate share of the net assets' of the acquiree. So far, upon acquisition of subsidiaries, the Group has not recognized non-controlling interest, as far as it has acquired 100% of the shares in all subsidiaries.

When a business combination for the acquisition of a subsidiary is achieved in stages, all previous investments held by the acquirer at the acquisition date are revalued to fair value and the effects of this revaluation are recognised in the current profit or loss of the Group, respectively in 'finance income' and 'finance costs', incl. all previously recorded effects in other comprehensive income are recycled.

Measurement period

If the initial accounting for a business combination is not completed by the end of the reporting period in which the combination has been carried out, the Group states a provisional amount for the items whose accounting has not been completed. Over the measurement period, which may not exceed a year from the date of acquisition, the Group adjusts retrospectively these provisional amounts or recognises additional assets and liabilities to reflect the new information obtained about the facts and circumstances existing at the date of acquisition, and, if known, would have affected the amounts recognised at this date.

Conditional consideration

Each conditional consideration payable by the acquirer is recognised at fair value at the date of acquisition and is included as a portion of the consideration transferred in return for the acquiree. Subsequent changes in the fair value of the conditional consideration classified as an asset or liability are recognised in accordance with the requirements of IFRS 9, within profit or loss for the period of change. Changes in the conditional consideration classifies as equity are not subject to remeasurement, and its subsequent settlement is carried to equity. Changes in the fair value of the conditional consideration resulting from additional information obtained by the acquirer following the date of acquisition regarding facts and circumstances existing at this date are stated as adjustments for the measurement period and are retrospectively carried against goodwill.

Disposal of subsidiaries

On sale or other form of loss (transfer) of control over a subsidiary:

- The carrying amounts of the assets and liabilities (including any attributable goodwill) of the subsidiary are derecognised at the date when control is lost;
- The non-controlling interest in the subsidiary is derecognised at carrying amount in the consolidated statement of financial position at the loss of control date, including all components of other comprehensive income related thereto;
- The fair value of the consideration received from the transaction, event or operation that resulted in the loss of control is recognised;
- All components of equity, representing unrealised gains or losses in accordance with the respective IFRS under the provisions of which these components fall, are reclassified to 'profit or loss for the year' or are transferred directly to retained earnings;
- Any resulting difference as a 'gain or loss from a disposal (sale) of a subsidiary' attributable to the parent is recognised in the consolidated statement of comprehensive income.
- The remaining shares held that form investments in associates, joint ventures or other long-term equity investments are initially measured at fair value at the date of sale and subsequently – following the accounting policy adopted by the Group.

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Consolidation of associates and joint ventures

Associates and joint ventures are included in the consolidated financial statements by applying the equity method whereby the investment of the parent company is initially stated at cost and is subsequently recalculated to reflect the changes in investor's (the parent company) share in the post-acquisition net assets of the associate or joint venture. Group's investment in an associate or joint venture includes also the goodwill identified on their acquisition net of any recognised impairment.

The post-acquisition gains or losses for the Group (through the parent company) from associates and joint ventures for the respective reporting period represent its share in the net (post-tax) financial results of their business activities for the period, which share is recognised and presented on a separate line in the consolidated statement of comprehensive income. Analogously, the Group's share in post-acquisition changes in other components of comprehensive income of associates and joint ventures is also recognised and presented as movement in the other components of comprehensive income in the consolidated statement of comprehensive income, and respectively the consolidated reserves of the Group - in the statement of changes in equity. The Group recognises its share in the losses of associates and joint ventures up to the amount of its investment, including the granted internal loans, unless it has assumed certain obligations or payments on behalf of the associate or joint venture.

The internal accounts and balances between the Group and associates and joint ventures are not eliminated. The unrealised gains or losses from transactions between them are eliminated to the percentage of Group's interest in the associates and joint ventures by also making tests for impairment in case of loss. The effect of deferred taxes on these consolidation procedures has also been taken into account.

2.4. Comparatives

The Group provides comparative information in these annual consolidated statements for one prior year. Where necessary, comparative data is reclassified to ensure comparability with changes in current year performance.

2.5. Measurement basis

The consolidated annual financial statements of the Group have been prepared on a historical cost basis except for the financial assets measured at fair value through other comprehensive income.

2.6. Functional currency and recognition of foreign exchange differences

The functional currency of the Group companies in Bulgaria being also presentation currency for the Group is the Bulgarian Lev. The Bulgarian Lev is fixed to the Euro, under the BNB Act, at the ratio BGN 1.95583:EUR 1.

Upon its initial recognition, a foreign currency transaction is recorded in the functional currency whereas the exchange rate to BGN at the date of the transaction or operation is applied to the foreign currency amount.

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Cash, receivables and payables, as monetary reporting items, denominated in a foreign currency, are recorded in the functional currency by applying the exchange rate as quoted by the Bulgarian National Bank (BNB) for the last working day of the respective month. At 31 December, these amounts are presented in BGN at the closing exchange rate of BNB.

The non-monetary items in the consolidated statement of financial position, which are initially denominated in a foreign currency, are accounted for in the functional currency by applying the historical exchange rate at the date of the transaction and are not subsequently re-valued at the closing exchange rate.

Foreign exchange gains or losses arising on the settlement or recording of foreign currency commercial transactions at rates different from those at which they were converted on initial recognition, are recognised in the consolidated statement of comprehensive income in the period in which they arise and are presented net under 'other operating income/(losses)'.

2.7. Revenue

The revenue of the Group is from the activities disclosed in *Note 1.2*.

Recognition of revenue under contracts with customers

The Group's revenue is recognised when control of the services promised in the *contract with the customer* are transferred to the customer. Control is transferred to the customer upon *satisfaction of the contractual performance obligations* through provision of the promised services.

Measurement of contracts with customers

The Group accounts for a contract with a customer only if upon its enforcement:

- a. it has commercial substance and rationale;
- b. the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform it;
- c. each party's rights can be identified;
- d. the payment terms can be identified; and
- e. it is probable that the Group will collect the consideration to which it is entitled upon performing its performance obligations. In assessing whether collectability of an amount of consideration is probable, the Group considers all relevant facts and circumstances of the transaction, including past experience, customary business practices, published rules and declarations made by the Group.

A contract for which any of the above criteria has not yet been met is subject to new assessment in each reporting period. The consideration received under such contracts shall be recognised as a liability (*contract liability*) in the statement of financial position, until:

- a. all criteria for recognizing a contract with a customer are met;
- b. the Group meets its performance obligations and has received all or substantially all of the consideration (which is non-refundable); and/or

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- c. when the contract is terminated and the consideration received is non-refundable.

For contracts with customers in which there is high uncertainty regarding cash inflows due to serious difficulties of the customer (usually, for customers in bankruptcy and/or insolvency), the recognition of revenue is postponed until all criteria for recognition of a contract with customers are met. The criteria are usually met upon payment by the customer (*Note 2.28*).

Upon the initial assessment of its contracts with customers, the Group makes additional analysis and judgement whether two or more contracts should be combined and accounted for as a single contract, respectively whether the services promised in each separate and/or combined contract should be accounted for as a single and/or multiple performance obligation(s).

Each promise to transfer services which are distinct (in nature and in the context of the contract), and/or a series of distinct services, which have the same nature and model of transfer to the customer, is accounted for as a separate performance obligation.

The Group recognises revenue for each separate performance obligation on an individual contracts basis with customers, by analysing the type, term and conditions of each specific contract. For contracts with similar features, revenue is recognised on a portfolio basis, only if their grouping into a portfolio would not have a materially different impact on the consolidated financial statements.

Measurement of revenue under contracts with customers

Revenue is measured based on the transaction price determined for each contract.

The transaction price is the amount of consideration to which the Group expects to be entitled, excluding amounts collected on behalf of third parties. Upon determining the transaction price, the Group takes into consideration the contractual conditions and its customary business practices, including the impact of variable consideration, the existence of a significant financing component in the contract, non-cash consideration, consideration payable to the customer (if any). In contracts with more than one performance obligations, the transaction price is allocated between each performance obligation based on the standalone selling prices of each good and/or service determined based on one of the methods permitted under IFRS 15, priority being given to the method of “observable selling prices”.

The change in the scope or price (or both) of the contract is accounted for as a separate contract and/or as part of the existing contract, depending on whether the change is related to the addition of goods and/or services which are distinct, and on the price determined for them. Based on that:

- a. the Group accounts for a contract modification as a separate contract if the scope of the contract increases because of the addition of promised goods or services that are distinct, and the price of the contract increases by an amount of consideration that reflects the entity's stand-alone selling prices of the additional services;
- b. the Group accounts for the contract modification as if it were a termination of the existing contract and the creation of a new contract (future application), if the remaining services are distinct from the services transferred before the contract modification, but the change in the contract price does not reflect the standalone selling price of the services added;

- c. the Group accounts for the contract modification as if it were a part of the existing contract (cumulative catch-up adjustment) if the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied.

Performance obligations under contracts with customers

The revenue generated in the Group are mainly from fees for participation (registration) on the stock exchange market (electricity exchange market and financial instruments exchange market), incl. *fees for admission to trading in issues of financial instruments, fee for registration of issues of financial instruments and fees for registration of a participant in the electricity exchange market*, membership fees, fees for trading in financial instruments and electricity, fees for information services, including *fees for data reporting, fees for dissemination of stock exchange information and fees for publishing trade reports on behalf of investment intermediaries, as an approved publication mechanism (APA)*, a fee for the use of trademarks (license fees), and others.

In general, the Group has concluded that it acts as a principal in its arrangements with customers unless explicitly disclosed otherwise for certain transactions, as the Group normally controls the services before transferring them to the customer.

Revenue from fees for maintaining issues of financial instruments for trading and information services:

Upon sale of services related to reporting of income from a fee for registered issues of financial instruments, income from annual fees for membership in the Exchange, fees for absent workstation and fees for information services, the control over the services is transferred over the period of provision thereof, as this reflects the manner of providing and consuming the service. Revenue is recognized *over time*, and the progress (stage of completion) of the contract is measured on the basis of elapsed time (actually invested and/or reported time). This method has been determined as the most appropriate for measuring progress insofar as the services are provided for a certain period (usually a month and/or year) and are part of a series, and therefore, it best describes the scheme of transfer of control and satisfaction of obligations, respectively the stage of completion.

The assessment of revenue, expenses and/or progress toward completion are reviewed if circumstances change and/or new ones occur. Any subsequent increase or decrease in expected revenue and/or expenses is recognized within profit or loss for the period in which the circumstances that led to the review become known to management.

License Fees:

License fees are collected in relation to non-exclusive licenses for the use of Group-owned trademarks (SOFIX). Their amount is defined as a percentage of the contracted amount (usually the arithmetic mean of the assets managed by the client), with a minimum and maximum amount determined.

The management has determined that the granting of a license constitutes a right of access to the intellectual property of the Group as it exists at any time during the entire term of the license. As a result, the Group considers the granting of licenses to constitute a performance obligation that is satisfied *over time*. Control over the services is transferred over the period of provision thereof, as this reflects the manner in which the service is provided and consumed. Sales revenue is recognized by measuring the degree of fulfilment of the

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Group's obligations (stage of completion) using a method based on the basis of elapsed time (actually invested and/or reported time).

Revenue from fees for trading in electricity and financial instruments:

When selling services related to the admission to trading of issues of financial instruments and trading on the Stock Exchange, etc., as well as trading in electricity on the Bulgarian Independent Energy Exchange, control over the services is transferred at a upon in time, upon acceptance thereof by the customer.

Principal versus agent. Sale of electricity

As holder of the license for organization of the electricity exchange market, IBEX EAD is an exchange market operator and performs the administration of all transactions on the electricity exchange market. For this purpose, the subsidiary concludes contracts with its counterparts (customers) (in their capacity as sellers and buyers of electricity) for the purchase and sale of electricity. Depending on the period of trading and supply of electricity, these transactions are organized in two market segments: "Day-ahead" and "Intraday". For them, the management has determined that the subsidiary does not control the goods (electricity) before their transfer to the customers-buyers, and is not able to direct the use or benefit from the goods themselves because:

- it does not bear the main (primary) responsibility for fulfilment of the performance obligations for electricity supply. Its obligation is to establish and mediate the connection and negotiation with another party, which will provide the respective electricity volume;
- it does not bear the risk for the electricity volume before or after it has been transferred to the customer-buyer by the customer-seller, insofar as the supply of electricity is carried out only upon request and by order of the customer - buyer of electricity;
- it does not have freedom of action in negotiating electricity prices. The price of electricity is determined according to public and accepted by the parties rules depending on the market segment, as follows:
 - for the "Day Ahead" segment: the mechanism for the functioning of this market segment is adopted at common European level, and the result of its operation is the formation of uniform equilibrium (clearing) prices, determined on the basis of the EU algorithm for calculating prices and flows Euphemia (PCR) (Price Coupling of Region) algorithm and taking into account the aggregate demand and supply of electricity;
 - for the "Intraday" segment: deals are concluded automatically, by the method of "auto-matching", and at the price of the initiating offer.

Due to the above, the management has determined that in the performance of these contracts, the subsidiary acts as an agent.

Sales revenue under these contracts is recognized at the amount of the commission that the subsidiary collects in the form of trading fees.

According to the Rules for Electricity Trading issued by the Energy and Water Regulatory Commission, receivables and liabilities arising from transactions for the purchase and sale of electricity concluded on the

stock exchange are settled gross and the financial risk is managed by the operator of the stock market and / or a clearing house. Therefore, receivables and liabilities arising from transactions for the purchase and sale of electricity through the IBEX EAD from counterparties in their capacity as customers-sellers and customers-buyers are presented separately, respectively to the item "Receivables from counterparts for electricity" and to the item "Payables to counterparts for electricity" in the statement of financial position of the company and respectively, the Group.

Transaction price and payment terms

The transaction price usually includes a fixed sale price (fee), determined according to the "Tariff of Fees" of Bulgarian Stock Exchange AD and the "Tariff of Fees" of IBEX EAD, and variable consideration. The tariffs of fees have been approved by the management of the respective company, are periodically updated, are made public and are available on the companies' websites.

Variable consideration

The variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The forms of variable consideration applicable for the Group include:

- *Penalties for default of a party's obligations*, including quality performance by the Group: variable consideration in the form of penalties is only included in the reduction of the transaction price if payment thereof is very probable. The experience of the Group shows that historically it has complied with the requirements of its contracts with customers and has not charged any penalties. The receipt of variable consideration in the form of penalties due by the customer depends on the customer's actions. Therefore, they are included as part of the transaction price only when the uncertainty about receiving them is resolved.
- *Price Discount*: According to the approved Tariff of Fees of the parent company, for certain fees the customer is eligible for a discount from the fixed remuneration upon cumulative fulfilment of the conditions specified in the Tariff. The discount is determined in advance and is deducted from the fee due by the client. In case the client does not fulfil the specified conditions, the discount provided should be recovered.
- *Remuneration dependent on the volume of services provided*: Some fees charged by the parent company depend on the volume of services provided to customers over a period of time (usually a calendar year). Initially, the fee is determined on the basis of the service volume requested by the customers, and is prepaid in the beginning of the reporting period. If the requested volume is exceeded, the customer is charged a higher fee, determined according to the Tariff, from the beginning of the contract or the date of renewal thereof (whichever is later).

Any subsequent changes to amount of the variable consideration are recognised as adjustment of revenue (as an increase or a decrease) at the date of change and/or resolving the uncertainty. At the end of each reporting period, the Group updates the transaction prices, including whether the estimated price contains restrictions, so as to accurately present circumstances existing and occurring during the reporting period.

Significant financing component

The Group has analysed and determined that the period between the point at which a customer pays for the services promised and/or received and the point of transfer of control over these services is within twelve months, and the agreed consideration does not contain a significant financing component.

According to the Tariffs, the fees collected by the Group are prepaid for a period of 6 to 12 months. The Group also applies the allowable relief for contracts with customers where the expectation is that the period between payment by the customer and the transfer of control over the promised services is up to 12 months, and does not adjust the transaction price for the impact of the financing component. The collected advances from the customers are stated in the consolidated statement of financial position as contract liabilities.

Obligation to society fee and other compensations

Pursuant to the Energy Act, the Rules for Electricity Trading and the related EWRC decisions, the subsidiary as an operator of an organized exchange is obliged to collect from the end customers connected to the electricity transmission system of Bulgaria an "Obligation to Society" fee. The amount of the fee is determined by the EWRC and is collected in favour of the Energy System Security Fund (EUSF) for the period after 01.07.2018 and in favour of NEC for the period until 30.06.2018. In addition, pursuant to Art. 36h of the Energy Act, the fee is set as public state receivable.

The subsidiary does not receive consideration for the collected fees, as it pays to the EUSF the amounts collected by the clients in full. For these fees, the management has determined that its obligation is to collect the amounts due from customers on behalf of a third party, which obligation is legally regulated. It has therefore determined that the collected "Obligation to Society" fees are not part of the transaction price (Note 3), but constitute amounts collected on behalf of third parties.

Pursuant to the "Programmes for compensating the costs of non-domestic end electricity customers" adopted in 2021-2022, the subsidiary paid to non-domestic end customers and subsequently received the amounts thereof from the Electricity system security fund and the Ministry of Energy. Regarding these amounts, the management has determined that its obligation is to collect the amounts due on behalf of a third party whose obligation is legally set, therefore they are also accounted for not as part of the transaction price, but as amounts paid/collected on behalf of a third party (Note 3).

Contract costs

The Group states as contract costs the following:

- the incremental and directly related expenses it incurs upon concluding a contract with a customer, which it expects to recover over a period longer than twelve months (*costs to obtain a contract with a customer*) and
- the expenses it incurs to fulfil a contract with a customer and which are directly related to the specific contract, enhance the generation of resources to be used in the contract fulfilment and the Group expects to recover them over a period longer than twelve months (*costs of fulfilling contracts with customers*).

The Group in its primary business activity does not incur direct or specific costs to obtain contracts with customers and costs of fulfilling such contracts, which would have not been incurred if the contracts had not been obtained.

Contract balances

Trade receivables and contract assets

Trade receivables constitute the Group's unconditional right to receive consideration under contracts with customers and other counterparts (i.e. it is only dependent on the expiry of a period before payment of the consideration).

The initial measurement, subsequent measurement and impairment of trade receivables are disclosed in *Notes 2.15, Note 2.25 and Note 2.27*.

A contract asset is the Group's right to receive consideration in exchange for goods or services that it has transferred to a customer but is not unconditional (receivable accrual). If by providing the services the Group performs its obligation before the customer to pay the respective consideration and/or before the payment is due, a contract asset is recognised for the consideration earned (which is conditional). Recognised contract assets are reclassified as trade receivables when the right to consideration becomes unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Contract liabilities

The Group presents as a contract liability the consideration received from the customer and/or the unconditional right to receive consideration before it has performed its contractual obligations. Contract liabilities are recognised as revenue when (or as) the performance obligations are satisfied.

Contract assets and contract liabilities are presented in other receivables and payables in the statement of financial position. They are included in current assets when their maturity is within 12 months or within the Group's usual operating cycle, and the others are stated as non-current. Assets and liabilities from a single contract are presented on a net basis in the statement of financial position, even if they result from difference performance obligations in the contract.

Following their initial recognition, trade receivables and contract assets are subject to review for impairment in accordance with the requirements of IFRS 9 Financial Instruments. Impairment losses from contracts with customers are stated separately from other impairment losses, within "other operating expenses".

2.8. Expenses

Expenses are recognised in the Group when they are incurred based on the accrual and matching concepts.

Deferred expenses are put off and recognised as current expenses in the period when the contracts, where to they refer, are performed.

2.9. Finance income and costs

Finance income is included in the consolidated statement of comprehensive income (within profit or loss for the year) when earned and comprises: interest income on debt securities at fair value through other comprehensive income, interest income on debt securities at amortised cost, and dividend income.

Finance costs are included in the consolidated statement of comprehensive income (within profit or loss for the year) when incurred separately from finance costs and comprise: interest costs, incl. bank charges and other direct costs on bank loans and repo transactions, foreign exchange losses and borrowing costs, net, loss on impairment of transactions in financial assets, as well as interest costs on lease liabilities.

Finance income is stated separately from finance costs on the face of the consolidated statement of comprehensive income (within profit or loss for the year).

Effective interest rate method

Under IFRS 9, interest income and costs are recognized by using the effective income approach for all financial instruments at amortised cost and at fair value through other comprehensive income.

The effective interest rate is defined as the rate that accurately discounts future cash inflows and outflows which are expected to be generated over the life term of a given financial instrument or over a shorter period, if appropriate, to its acquisition price. Upon calculating the effective interest rate, all contractual conditions of the respective financial instrument are taken into consideration, including other inherent costs which are directly attributable to the instrument and essentially form part of the effective interest rate, but without expected credit losses. Interest income and costs include amortization of each discount or premium or other differences between the initial amount of interest-bearing instruments and the amount thereof at maturity, calculated based on the effective interest rate.

Recognition of interest income

For financial assets classified within Stages 1 and 2, interest income is recognized based on the effective interest rate on the gross carrying amount of the instrument.

For financial assets classified within Stage 3, interest income is recognized based on the effective interest rate on the instrument's amortised cost. When the financial asset is recovered (improvements occur) and is no longer classified as credit-impaired, and there is observable available cash flow, then the recognition of interest income is again done on gross basis.

2.10. Property, plant and equipment

Property, plant and equipment ((fixed tangible assets) are presented in the consolidated financial statements at revalued amount less the accumulated depreciation and impairment losses in value.

Initial measurement

Upon their initial acquisition, property, plant and equipment are valued at acquisition cost (cost), which comprises the purchase price, including customs duties and any directly attributable costs of bringing the asset to working condition for its intended use. The directly attributable costs include the cost of site

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preparation, initial delivery and handling costs, installation costs, and professional fees for people involved in the project, non-refundable taxes, etc.

The Group has set a value threshold of BGN 500, below which the acquired assets, regardless of having the features of fixed assets, are treated as current expense at the time of their acquisition.

Subsequent measurement

The chosen by the Group approach for subsequent measurement of property, plant and equipment, is the revaluation model under IAS 16, i.e. measurement at revalued amount less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent costs

Repair and maintenance costs are recognised as current expenses as incurred. Subsequent costs incurred in relation to property, plant and equipment having the nature of replacement of certain components, significant parts and aggregates or improvements and restructuring, are capitalised in the carrying amount of the respective asset whereas the residual useful life is reviewed at the capitalisation date. At the same time, the non-depreciated part of the replaced components is derecognised from the carrying amount of the assets and is recognised in the current expenses for the period of restructure.

Depreciation methods

The Group applies the straight-line depreciation method for property, plant and equipment. Depreciation of an asset begins when it is available for use. Land is not depreciated. The useful life of the groups of assets is dependent on their physical wear and tear, the characteristic features of the equipment, the future intentions for use and the expected obsolescence and is as follows:

- Buildings - 50 years;
- Installations - 7 years;
- Machinery and equipment – from 3 to 6 years;
- Motor vehicles - 4 years;
- Computers - 2 years;
- Office furniture - 6.7 years.

The useful life set for non-current assets is reviewed at the end of each year and in case of any material deviation from the future expectations of their period of use, the latter is adjusted prospectively.

Impairment of assets

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount might permanently differ from their recoverable amount. If any indications exist that the estimated recoverable amount of an asset is lower than its carrying amount, the latter is adjusted to the recoverable amount of the asset. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell or the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that

reflects current market conditions and assessments of the time value of money and the risks, specific to the particular asset. Impairment losses are recognised in the consolidated statement of comprehensive income (within profit or loss for the year).

Gains and losses on disposal (sale)

Tangible fixed assets are derecognised from the consolidated statement of financial position when they are permanently disposed of and no future economic benefits are expected therefrom or on sale. The gains or losses arising from the sale of an item of 'property, plant and equipment' group are determined as the difference between the consideration that the Group expects to be entitled to (sales revenue) and the carrying amount of the asset on the date when the recipient obtains control thereon. They are stated net under 'other operating income/(losses), net' on the face of the consolidated statement of comprehensive income (within profit or loss for the year).

2.11. Intangible assets

Intangible assets are stated in the consolidated financial statements at acquisition cost less accumulated amortisation and any impairment losses in value. The intangible assets include individually acquired intangible assets and assets acquired in business combinations upon the purchase of subsidiaries.

Individually acquired intangible assets are initially measured at acquisition cost. These include mainly software licenses and a license for the trading system used at the parent company.

Intangible assets of subsidiaries acquired and assets identified at acquisition (business combination) are measured at fair value at the transaction (business combination) date, which is considered to be the acquisition price for the purpose of consolidation. These assets include the license for organizing an electricity exchange.

The Group applies the straight-line amortisation method for the intangible assets with determined useful life from 2 to 7 years.

The carrying amount of the intangible assets is subject to review for impairment when events or changes in the circumstances indicate that the carrying amount might exceed their recoverable amount. Then impairment is recognised as an amortisation expense in the consolidated statement of comprehensive income (within profit or loss for the year).

Intangible assets are derecognised from the consolidated statement of financial position when they are permanently disposed of and no future economic benefits are expected therefrom or on sale. The gains or losses arising from the sale of an item of intangible assets are determined as the difference between the consideration that the Group expects to be entitled to (sales revenue) and the carrying amount of the asset on the date when the recipient obtains control thereon. They are stated net within "other operating income/(losses) on the face of the statement of comprehensive income (within profit or loss for the year).

2.12. Investments in associates and joint ventures

Long-term investments, representing shares in associates and joint ventures, are presented in the consolidated financial statements under the equity method – value that includes the acquisition cost being the fair value of the consideration paid, including the direct costs on investment acquisition adjusted by investor's share of profits or losses and respectively the other reserves of the joint ventures and associates after the dates of their acquisition.

The share of profits and losses after the date of acquisition of an associate and a joint venture is presented on a separate line in the consolidated statement of comprehensive income (within profit or loss for the year) while the share of other components of comprehensive income – on the respective line of the consolidated statement of comprehensive income (within other comprehensive income) and as a separate movement of the individual components of reserves in the consolidated statement of changes in equity.

The investments in associates and joint ventures held by the Group together with the included goodwill are subject to review for impairment at the date of the financial statements. Where conditions for impairment are identified and its amount is determined, the impairment is included in the consolidated statement of comprehensive income (within profit or loss for the year) in the item 'gain/(loss) from associates and joint ventures'.

In purchases and sales of investments in associates and joint ventures the date of trading (conclusion of the deal) is applied.

Investments in associates and joint ventures are derecognised when the rights related thereto are transferred to third parties as a result of occurrence of legal rights for that and thus the significant influence over or joint control of the economic benefits from the investments is being lost. The income from their sale is presented in 'gain/(loss) from associates and joint ventures' of the consolidated statement of comprehensive income (within profit or loss for the year).

2.13. Financial instruments measured at fair value through other comprehensive income

Investments in financial assets at fair value through other comprehensive income are non-derivative financial assets constituting:

- a) debt securities in which contractual cash flows give rise to solely payments of principal and interest and which the Group holds within a business model for the purpose of both collection of contractual cash flows and sale of assets. The Group usually holds a securities portfolio (long-term Bulgarian sovereign securities – bonds), and
- b) equity instruments – stocks and shares in the capital of other entities (non-controlling interest) held with a long-term perspective.

Initial measurement

Investments (financial assets) measured at fair value through other comprehensive income are initially measured at acquisition cost, which is the fair value of consideration paid, including direct costs to acquire the investment (financial asset).

All purchases and sales of equity instruments are recognised at the transaction's "trade date", i.e. the date on which the Company undertakes to purchase or sell the asset.

Subsequent measurement

The Group's investments (financial assets) measured at fair value through other comprehensive income are subsequently measured at fair value (*Note 2.28*).

Long-term investments, constituting debt securities with fixed or identifiable payments and fixed maturity are subsequently measured in the consolidated statement of financial position at fair value in accordance with the following policy: "determining the fair value directly based on market prices (broker prices) – "last 'bid' price" at the last workday of the respective reporting period (year), i.e. direct (unadjusted) prices (Level 1).

The effects from subsequent remeasurement to fair value are carried within a separate component of the statement of comprehensive income (in other comprehensive income), respectively in the reserve for financial assets at fair value through other comprehensive income.

Debt securities are recognized in the consolidated statement of comprehensive income (within profit or loss for the year) upon disposal (sale) of the respective investment, and are carried to the item "finance income" or "finance costs".

Long-term investments, constituting debt securities at fair value through other comprehensive income are subject to review for impairment of credit losses. Expected credit loss is the part of the adverse change in the fair value due to increased credit risk. These assets continue to be stated at fair value in the consolidated statement of financial position, and the amount of the accumulated credit loss impairment is recognized within other comprehensive income as part of the remeasurement reserve. Impairment expenses are recognized in the consolidated statement of comprehensive income (within profit or loss for the year) and are stated within "finance costs". In the subsequent derecognition of the instrument, the accumulated credit loss allowance is recognized within profit or loss for the period.

The interest income and effects of foreign exchange remeasurement related to long-term investments (financial assets) at fair value through other comprehensive income, constituting debt securities with fixed or identifiable payments and fixed maturity (debt instruments) are recognized and stated in the consolidated statement of comprehensive income (within profit or loss for the year) within the item "finance income", respectively – "finance costs". Interest income is determined based on the effective interest method.

The other changes in the fair value of long-term investments constituting debt instruments are recognized within other comprehensive income. Upon derecognition, the cumulative change in the fair value, recognized within other comprehensive income, is carried to profit or loss.

Long-term investments (financial assets) constituting equity investments (shares in other entities (non-controlling interest) are not traded on an active market and have no market quotes. They are subsequently

remeasured and presented in the consolidated statement of financial position at fair value, determined by using the income approach, respectively – the discounted cash flows approach, as the main measurement technique (Level 3). The fair value of equity instruments is determined with the help of a licensed appraiser.

The effects of subsequent remeasurement of equity instruments to their fair value are stated within a separate component of the consolidated statement of comprehensive income (within other comprehensive income), respectively – within the reserve of financial assets at fair value through other comprehensive income. The reserve of financial assets at fair value through other comprehensive income is not reclassified through profit or loss upon disposal of the respective investment. The cumulative effects of change in the fair value stated through this reserve are transferred to retained earnings upon disposal (sale) of the respective investment.

Long-term investments in equity instruments are not subject to impairment.

Dividend income related to long-term investments (financial assets) constituting equity investments (shares in other entities (non-controlling interest)) is recognized as current expense upon the occurrence of the right to obtain dividend and are stated in the consolidated statement of comprehensive income (within profit or loss for the year) within “finance income”.

2.14. Financial assets measured at amortised cost

Investments in financial assets measured at amortised costs are assets that constitute debt securities with fixed or identifiable payments and fixed maturities. The Group accounts for debt securities at amortised cost when they are held within a business model whose main aim is to contractual cash flows that include solely payments of principal and interest. Moreover, this group includes various forms of receivables from different counterparts, and cash and cash equivalents.

These assets are initially measured at acquisition cost, and subsequently – at amortised cost, using the effective interest method, less the amount of expected credit losses, if any.

Income therefrom is recognized based on the effective interest method and is stated in the consolidated statement of comprehensive income (within profit or loss for the year) within “finance income”.

2.15. Trade receivables, receivables under repo agreements, and other receivables

Trade receivables

Trade receivables constitute the Group’s unconditional entitlement to consideration under contracts with customers and other counterparties (i.e. it is only dependent on the passage of time before payment of the consideration).

Initial measurement

Trade receivables are initially recognised and carried at fair value based on the transaction price, which is usually equal to the invoice amount, unless they contain a significant financial component, which is not

additionally charged. In this case they are recognised at their present amount determined at a discount equal to the interest associated to the client - debtor.

Subsequent measurement

The Group holds trade receivables only for the purpose of collecting contractual cash flows and subsequently measures them at amortised cost (which is usually the invoice amount) less the amount of impairment accumulated for credit losses (Note 2.25).

Impairment

The Group applies the expected credit losses model for the entire term of all trade receivables, using the simplified approach under IFRS 9, and based on the matrix model for loss percentage. Impairment of receivables is recognised and presented within “Expenses for impairment of receivables” on the face of the consolidated statement of comprehensive income (within profit or loss for the year).

Receivables under repo agreements

The receivables under repo agreements are related to a tool used by a Group company – IBEX EAD, to invest available cash in return for a securities collateral. The amounts provided in return for securities temporarily transferred to a third party in the form of a sales and repurchase agreement (repo agreements) constitute a financial instrument that the company uses to manage its cash and achieve return on available cash. These financial instruments are concluded based on a framework contract with a bank of high rating, under conditions approved by the sole owner, the parent. Repo agreements are short-term agreements and are concluded for a period of up to 3 months. The bank sells securities under the condition of repurchase on the repo agreement’s maturity at a price set in advance. The difference in price between the purchase and maturity forms the income for the Group company.

Initial measurement

Receivables under repo agreements are presented and carried initially at fair value based on the transaction price.

Subsequent measurement

The company holds receivables under repo agreements only for the purpose of collecting contractual cash flows and subsequently measures them at amortised cost less the amount of impairment accumulated for credit losses.

Impairment

The company applies the expected credit losses model for the entire term of receivables under repo agreements, since their term is around or less than 3 months.

2.16. Cash and cash equivalents

Cash includes cash on hand and cash at current accounts, and cash equivalents – bank deposits with original maturity up to three months, and funds in deposits with longer maturity which are readily available to the Group under its agreements with the banks over the deposits’ terms (Note 2.25 *Financial instruments*).

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Subsequent measurement

Cash and cash equivalents at banks are subsequently measured at amortised cost, less the impairment accumulated for expected credit losses (*Note 2.29*).

The impairment of cash is recognized and presented within "other operating income" on the face of the consolidated statement of comprehensive income (within profit or loss for the year).

For the purpose of preparation of the consolidated statement of cash flows:

- cash proceeds from customers and cash paid to suppliers are presented at gross amount, including value added tax (20%);
- Cash receipts and payments from counterparts (customers-sellers and customers-buyers) in connection with contracts for purchase and sale of electricity are presented separately respectively within "Receipts from counterparts under transactions for purchase and sale of electricity" and "Payments from counterparts on electricity purchase and purchase transactions", insofar as receivables and liabilities are settled gross and the Group bears the financial risk, even though it acts in its capacity as agent in the intermediation of purchase and sale transactions. The same principle is applied with respect to the amounts for compensations under "Programmes for compensating the expenses of non-domestic end electricity customers", given the fact that the amounts are first paid and then collected from the Electricity System Security Fund and the Ministry of Energy and the subsidiary bears the credit risk and actually manages these cash flows;
- Cash receipts and payments related to the "Obligation to society" fee are presented net insofar as the cash flows reflect rather the activities of third parties (Energy System Security Fund (EUSF) for the period after 01.07.2018 and NEK for the period until 30.06.2018) rather than those of the Group;
- Cash receipts and payments in connection with received and refunded deposits for participation on the stock exchange market are presented net to the item "Paid / (Refunded) deposits, net"
- VAT paid on supply of property, plant and equipment and intangible assets is presented as cash paid to suppliers in operating activities;
- Interest received on current bank accounts and bank charges paid, including charges on excess availability in bank accounts, is stated as operating activities;
- Interest received on term deposits over 3 months with banks and mortgage bonds is stated within investment activities, as far as in their substance these transactions investment of Group's available resources;
- The proceeds from the received grants are presented separately, within financing activities;
- Payments related to leases (interest and principal) related to right-of-use assets and lease liabilities recognized in the consolidated statement of financial position are stated within financing activity and payments related to short-term leases and leases of low value assets are stated as payments for operations;
- The payments and proceeds on bank overdrafts settled in period shorter than three months are presented net in cash flows from financing activities.

2.17. Trade and other payables

Trade and other current amounts payable are carried to the consolidated financial statements at original invoice amount, which is the fair value of the consideration to be paid in the future for goods and services received. In case of payments deferred over a period exceeding the common credit terms, where no additional interest payment has been envisaged or the interest considerably differs from the common market interest rates, the payables are initially valued at their fair value based on their present value at a discount rate applicable for the Group, and subsequently – at amortised cost, following deduction of the interest incorporated in their nominal value, determined using the effective interest method (*Note 2.25*).

2.18. Leases

At the lease inception, which is the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease, the Group performs analysis and assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

There is transfer of control over the use of the asset when the Group in its capacity as client simultaneously receives:

- the right to manage the use of a certain asset – to determine the manner and purpose of using the asset throughout its term of use;
- the right to obtain essentially directly or not all economic benefits of the asset's use over its term of use – through the use, holding or sub-lease of the asset.

2.18.1. The Group as lessee

The Group applies the requirements of IFRS 16 for all leases in which it is a lessor and for all leases in which it is a lessee, with the exception of leases with a lease term of 12 months and leases of low value assets, which are recognized directly as current expenses within comprehensive income (within profit or loss for the year) on a straight-line basis over the lease term.

The Group has not elected to apply the practical expedient of IFRS 16, which allows a lessee, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use assets and lease liabilities in the consolidated statement of financial position at the commencement date of the lease, i.e. the date on which a lessor makes an underlying asset available for use by the lessee.

a) Right-of-use assets

Right-of-use assets are initially stated at acquisition cost, which includes the amount of the initial measurement of the lease liability, any initial direct costs, any initial direct costs incurred by the Group in its capacity as lessee, and any lease payments made at or before the commencement date, less any lease incentives received.

Upon the subsequent measurement of the right-of-use asset, the requirements of IAS 16 are applied, by using the acquisition cost less the depreciation accumulated and the impairment accrued. The Group depreciates right-of-use assets over the shorter of the useful life and lease term. If ownership over the asset is transferred under the lease until the end of the lease term, the Group depreciates it over its useful life.

All adjustments to the lease liability also adjust the right-of-use asset, and it is completely depreciated – they are stated as current expense within current profit or loss.

Right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*, by applying an impairment determination and reporting policy analogous to the one for property, plant, and equipment. The recoverable amount of right-of-use assets is the higher of the fair value less disposal costs, or value in use. To determine assets' value in use, future cash flows are discounted to their present amount, by applying a pre-tax discount rate reflecting the market conditions and time value of money and the risks inherent to the respective asset. Impairment losses are determined as the difference between the recoverable and carrying amount (when the recoverable amount is lower than the carrying amount) and are carried to the consolidated statement of comprehensive income (within profit or loss for the year) as other expenses.

Right-of-use assets are presented within property, plant and equipment in the consolidated statement of financial position, and depreciation thereof – within depreciation and amortization expenses in the consolidated statement of comprehensive income.

b) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at this date. They include:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of the purchase options, if the respective Group company, in its capacity as lessee, is reasonably certain to exercise this option;
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease;
- the amount expected to be payable by the Group to lessor under residual value guarantees.

Variable lease payments that do not depend on an index or a rate, but are dependent on performance or use of the underlying asset, are not included in the measurement of the lease liability and the right-of-use asset. They are recognised as current expenses in the period when the event or circumstance resulting in these payments arises.

Lease payments are discounted using the interest rate implicit in the lease, of that rate can be readily determined, or the Company's incremental borrowing rate, which it would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group applies as incremental borrowing rate the rates in BNB's interest rate statistics, adjusted so as to reflect the term and counterparts of leases.

Lease payments (instalments) contain a certain ratio of the finance cost (interest) and the respective portion of the lease liability (principal). Interest costs for the lease are presented in the statement of comprehensive income (within profit or loss for the year) for the lease period on a periodic basis, so as to achieve constant periodic rate of interest on the remaining balance of the lease liability, and are presented as "finance costs – interest cost".

Lease liabilities are stated on a separate line in the consolidated statement of financial position.

The Group subsequently measures the lease liability by:

- increasing the carrying amount to reflect the interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made;
- remeasuring the carrying amount to reflect any reassessment or lease modifications of the lease;
- residual value guarantees are reviewed and if necessary, adjusted, at the end of each reporting period.

The Group remeasures the lease liabilities (and makes corresponding adjustments to the related right-of-use assets) whenever:

- the lease term has changes or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a residual value guarantee, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged (original) discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

c) Short-term leases and leases of low-value assets

The Group has elected the exemption from recognition of right-of-use assets and lease liabilities under IFRS 16 for short-term leases of buildings and motor vehicles and for low-value assets constituting printers and other equipment which the Group considers to be at a low value when new and are independently used at the Group without dependence or close relation to other assets.

Payments related to short-term leases and leases of low-value assets are recognised directly as current expenses in the statement of comprehensive income (within profit or loss for the year) on a straight-line basis over the lease term.

2.18.2. The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease; all other leases are classified as operating leases.

When the Group is an interim lessor, it accounts for the main lease and the sub-lease as two separate leases. The sub-lease is classified as finance or operating lease depending on the right-of-use asset of the main lease.

Operating lease

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The underlying asset which is subject to the lease shall remain and be stated within the Group's consolidated statement of financial position.

2.19. Government grants

Government grants represent various forms of providing gratuitous resources by a government (local and central authorities and institutions) and/or intergovernmental agreements and organisations.

Government grants (from municipal, government and international institutions, including under the procedure of using the European funds and programmes) are initially recognised as deferred income (financing) when there is reasonable assurance that they will be received by the Group and that the latter has complied and complies with the associated thereto requirements.

A government grant that compensates the Group for expenses incurred is recognised in current profit or loss on a systematic basis in the same period in which the expenses are recognised.

A government grant that compensates investment expenses incurred to acquire an asset is recognised in current profit or loss on a systematic basis over the useful life of the asset usually proportionately to the amount of the recognised depreciation charge.

Government grants related to depreciated non-current tangible assets are presented in the consolidated statement of financial position as long-term funding. The portion that will be recognized as current income over the next 12 months is included within current liabilities.

The portion recognized as income from grants is presented in the consolidated statement of comprehensive income (within profit or loss for the year), within "other operating income".

2.20. Pensions and other payables to personnel under the social security and labour legislation

The employment and social security relations with workers and employees of the Group are based on the Labour Code and the provisions of the effective social security legislation in Bulgaria.

Short-term benefits

Short-term benefits to hired personnel in the form of remuneration, bonuses and social payments and benefits (due for payment within 12 months after the end of the period when the employees have rendered the service or have satisfied the required terms) are recognised as an expense in the statement of comprehensive income (within profit or loss for the year) for the period when the service thereon has been rendered and/or the requirements for their receipt have been met, unless a particular IFRS requires capitalisation thereof to the cost of an asset, and as a current liability (less any amounts already paid and deductions due) at their undiscounted amount.

At each date of consolidated balance sheet, the companies of the Group measure the estimated costs on the accumulating compensated absences, which amount is expected to be paid as a result of the unused entitlement. The measurement includes the estimated amounts of employee's remuneration and the statutory social security and health insurance contributions due by the employer thereon.

Long-term retirement benefits

Defined contribution plans

A major duty of the Group as employer in Bulgaria is to make the mandatory social security contributions for the hired employees to the Pensions Fund, the Supplementary Mandatory Pension Security (SMPS) Fund, to the General Diseases and Maternity (GDM) Fund, the Unemployment Fund, the Labour Accident and Professional Diseases (LAPD) Fund, and for health insurance. The rates of the social security and health insurance contributions are regulated in the Social Security Code (SSC), as well as in the Law on the Budget of State Social Security and the Law on the Budget of National Health Insurance Fund for the respective year. The contributions are split between the employer and employee in line with rules of the SSC.

These pension plans, applied by the Group in its capacity as an employer, are defined contribution plans. Under these plans, the employer pays defined monthly contributions to the government funds as follows: Pensions Fund, GDM Fund, Unemployment Fund, LAPD Fund as well as to universal and professional pension funds – on the basis of rates fixed by law, and has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient means to pay the respective individuals the benefits they have worked-out over the period of their service.

The obligations referring to health insurance are analogous.

There is no established and functioning private voluntary social security scheme at the Group.

The contributions payable by the companies of the Group under defined contribution plans for social security and health insurance, are recognised as a current expense in the statement of comprehensive income (within profit or loss for the year) unless a particular IFRS requires this amount to be capitalised to the cost of an

asset, and as a current liability at their undiscounted amount along with the accrual of the respective employee benefits to which the contributions.

Defined benefit plans

In accordance with the Labour Code, the Group in its capacity as an employer in Bulgaria is obliged to pay an indemnity at the amount of the respective employee's gross remuneration for two months upon termination of employment relations due to retirement. If the employee has acquired within the company of the same Group ten years' service over the last twenty years, the indemnity amounts to the gross remuneration for six months. In their nature these are unfunded defined benefit schemes.

The calculation of the amount of these liabilities necessitates the participation of qualified actuaries in order to determine their present value at the date of the financial statements, at which they are presented in the consolidated statement of financial position, and respectively, the change in their value – in the consolidated statement of comprehensive income as follows: (a) current and past service costs, interest costs and the gains/losses on a curtailment and settlements are recognised immediately when incurred and are presented in current profit or loss under 'employee benefits expense'; and (b) effects from remeasurement of obligations that in substance represent actuarial gains and losses are recognised immediately when occurred and are presented to other comprehensive income in the item 'remeasurement of defined benefit pension plans'. Actuarial gains and losses arise from changes in the actuarial assumptions and experience adjustments.

At the date of issue of the consolidated financial statements, the companies of the Group assign certified actuaries who provide their report with calculations regarding the long-term retirement benefit obligations upon termination of employment relations due to retirement. For this purpose, they apply the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows, which are expected to be paid within the maturity of this obligation, and using the interest rates of long-term government bonds of similar term, quoted in the respective country where the company itself operates.

Termination benefits

In accordance with the local provisions of the employment and social security regulations of the Group companies, the employer is obliged, upon termination of the employment contracts of employees prior to retirement, to pay certain types of indemnities.

The Group recognises employee benefit obligations on employment termination before the normal retirement date when it is demonstrably committed, including based on an announced plan (for instance, for restructuring), to terminating the employment contract with the respective individuals without possibility of withdrawal or in case of formal issuance of documents in the case of voluntary redundancy. Termination benefits due more than 12 months are discounted and presented in the consolidated statement of financial position at their present value.

2.21. Share capital and reserves

Bulgarian Stock Exchange AD (the parent company) is a joint-stock company and is obliged to register with the Commercial Register a specified **share capital**, which should serve as a security for the creditors for execution of their receivables. Shareholders are liable for the obligations of the Group up to the amount of the capital share held by each of them and may claim returning of this share only in liquidation or bankruptcy proceedings. The parent company reports its share capital at the nominal value of the shares registered in the court.

According to the requirements of the Commercial Act and the Statute, the parent company is obliged to set aside a *Reserve Fund (statutory reserve)* by using the following sources:

- at least one tenth of the profit, which should be allocated to the Fund until its amount reaches one tenth of the share capital or any larger amount as may be decided by the General Meeting of Shareholders;
- any premium received in excess of the nominal value of shares upon their issue (share premium reserve);
- other sources as provided for by a decision of the General Meeting.

The amounts in the Fund can only be used to cover annual loss or losses from previous years. When the amount of the Fund reaches the minimum value specified in the Articles of Association, the excess may be used for share capital increase.

The *treasury shares* are deducted from equity and are presented in the consolidated statement of financial position at acquisition cost (cost) and Group's equity is decreased by their gross purchase price. The Group recognises neither gains nor losses on the purchase, sale, issue or cancellation of Group's equity instruments. Such treasury shares may be acquired and held by the company or by other members of the consolidated group. Consideration paid or received is recognised directly within equity. The difference between the purchase and selling prices of shares in subsequent sale of treasury shares is carried to the treasury shares reserve.

The reserve for financial assets at fair value through other comprehensive income is formed by the difference between the carrying amount of financial assets at fair value through other comprehensive income and the fair values thereof at the date of remeasurement. This reserve is transferred to current gains and losses in the consolidated statement of comprehensive income (within profit or loss for the year) – for debt securities at fair value through other comprehensive income, respectively within accumulated profit – for equity securities, when the financial assets are disposed of (sold) by the Group.

2.22. Income Taxes

Current income taxes of the Bulgarian companies of the Group are determined in accordance with the requirements of the Bulgarian tax legislation – the Corporate Income Taxation Act (CITA). The nominal income tax rate in Bulgaria for 2023 is 10% (2021: 10%).

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Deferred income taxes are determined using the liability method on all temporary differences of each consolidated company existing at the consolidated financial statements date, between the carrying amounts of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of those originating from recognition of an asset or liability, which has not affected the accounting and the taxable profit/(loss) at the transaction date.

Deferred tax assets are recognised for all deductible temporary differences and the carry-forward of unused tax losses, to the extent that it is probable they will reverse and a taxable profit will be available or taxable temporary differences might occur, against which these deductible temporary differences can be utilised, with the exception of the differences arising from the recognition of an asset or liability, which has affected neither the accounting nor taxable profit /(loss) at the transaction date.

The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that they will reverse and sufficient taxable profit will be generated or taxable temporary differences will occur in the same period, whereby they could be deducted or compensated.

Deferred taxes related to items directly credited or charged as other components of comprehensive income or as an equity item in the consolidated statement of financial position, are also reported directly in the respective component of the comprehensive income or the equity item in the statement of financial position.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period and type of operations when the asset is realised or the liability – settled (repaid) on the basis of the tax laws that have been enacted or substantively enacted, and at tax rates of the country under the jurisdiction of which the respective deferred asset or liability is expected to be recovered or settled.

Deferred tax assets of a Group company are presented net against the deferred tax liabilities of this company when it is the tax payer in the respective jurisdiction, and this is only in cases where the company is legally entitled to perform or receive net payments of current tax liabilities or income tax receivables.

As at 31 December 2023 deferred income taxes are measured at a tax rate of 10% (31 December 2022: 10%).

2.23. Financial instruments

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

2.23.1. Financial assets

Initial recognition, classification and measurement

At initial recognition, financial assets are classified in three groups, as subsequently measured: at amortised cost; at fair value through other comprehensive income, and at fair value through profit or loss.

The Group initially measures financial assets at fair value, and in the case of financial assets which are not stated at fair value through profit and loss, the direct transaction costs are added. An exception to this rule

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are trade receivables that do not contain a significant financing component – they are measured based on the transaction price determined under IFRS 15 *Revenue from contracts with customers* (Note 2.15).

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

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

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with "recycling" of cumulative gains or losses (equity instruments)
- Financial assets at fair value through other comprehensive income without "recycling" of cumulative gains or losses (equity instruments)

Classification groups

Financial assets at amortised cost

The Group measures a financial asset at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest method. They are subject to impairment. Gains and losses are recognised in the statement of comprehensive income (within profit or loss for the year) upon asset disposal, modification or impairment.

The Group's financial assets at amortised cost usually include: cash and cash equivalents at banks, fixed-term deposits with banks, trade and other receivables from counterparts and third parties and debt securities (Note 2.14, 2.15 and Note 2.16).

Financial instruments at fair value through other comprehensive income (debt instruments)

The Group measures its debt instruments at fair value through other comprehensive income, when both of the conditions below are satisfied:

- the financial asset is held and used within a business model with the purpose of both collecting contractual cash flows and sale; and
- the conditions of the financial asset contract give rise to cash flows on specific dates that constitute only payment of principal and interest on the outstanding portion of the principal.

Regarding debt instruments at fair value through other comprehensive income, the income from interest, foreign exchange remeasurement and impairment losses, incl. the recovery thereof, are recognized in the consolidated statement of comprehensive income (within profit or loss for the year) and are calculated using the approach applied to financial assets at amortised cost. The other changes in fair value are recognized within other comprehensive income, respectively – in the reserve of financial assets at fair value through other comprehensive income. Upon derecognition, the cumulative change in the fair value recognized in other comprehensive income is stated (recycled) through profit or loss.

The Group's debt instruments at fair value through other comprehensive income usually include: sovereign securities carried to item "financial assets at fair value through other comprehensive income" in the consolidated statement of financial position.

Financial instruments at fair value through other comprehensive income (equity instruments)

At initial recognition, the Group companies may make an irrevocable election to classify certain equity instruments as financial instruments at fair value through other comprehensive income, but only if they meet the equity definition under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined at an individual level, on an instrument by instrument basis.

At derecognition of these assets, gains and losses from measurement to fair value, recognised in other comprehensive income, are not transferred to (recycled through) profit or loss. Dividends are recognised as "financial income" in the statement of comprehensive income (within profit or loss for the year) when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated as financial instruments at fair value through other comprehensive income are not subject to impairment test.

The Group has made an irrevocable election to classify into this category minority equity investments which it holds in the long term and in relation to its business interests in these entities. Significant part of these instruments are listed. They are presented in the consolidated statement of financial position within the „Other long-term equity investments" item.

Reclassification of financial assets

The Group does not reclassify its financial assets after their initial recognition, unless in exceptional circumstances related to change in the business model for management thereof. The reclassification of financial assets is applied prospectively, as from the date of the change causing it, and:

- a) upon reclassification of financial assets at amortised cost to financial assets at fair value through other comprehensive income, the fair value is determined at the date of reclassification, and any gain or loss on the difference between the amortised cost and the fair value is recognized within other comprehensive income. The effective interest rate and the estimate of expected credit losses are not adjusted as a result of the reclassification.
- b) upon reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss, the fair value is determined at the date of reclassification, and any gain or loss on the difference between the amortised cost and the fair value is recognized within profit or loss.
- c) upon reclassification of financial assets at fair value through other comprehensive income to financial assets at amortised cost, the fair value of the respective asset at the reclassification date is determined to be its “found” amortised cost. The cumulative gain or loss accumulated in other comprehensive income, is derecognized from equity (reserve of financial assets at fair value through other comprehensive income) and is adjusted against the fair value of the financial asset at the reclassification date. The financial asset is measured on the reclassification date as if it has always been measured at amortised cost, and the adjustment affects other comprehensive income, but does not affect current profit or loss. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.
- d) upon the reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value through profit or loss, the assets continue to be measured at fair value. The gain or loss accumulated in other comprehensive income is recycled from equity (reserve of financial assets at fair value through other comprehensive income) into current profit or loss.

Impairment of financial assets

The Group recognises an allowance (impairment provision) for expected credit losses for all debt instruments which are not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

Trade receivables

In order to calculate expected credit losses for *trade receivables and contract assets*, the Group has elected and applies a simplified approach based on an expected credit losses calculation matrix and does not monitor subsequent changes in their credit risk. In this approach, it recognises an allowance (impairment provision) based on lifetime expected credit losses at each reporting date.

Court and other receivables

In order to calculate expected credit losses for *court and other receivables and loans granted*, the Group applies the general impairment approach defined by IFRS 9. Under this approach, the Group applies a 3-stage

impairment model based on changes at the initial recognition of the credit quality of the financial instrument (asset).

Expected credit losses are recognised at two stages:

- a. A financial asset which is not credit impaired at its initial recognition/acquisition is classified in Stage 1. These are loans granted to debtors with low risk of default, classified as performing and not overdue. Since its initial recognition, its credit risk and characteristics are subject to continuous monitoring and analyses. The expected credit losses for the financial assets classified in Stage 1 are determined based on credit losses resulting from probable events or default that are possible in the next 12 months of the respective asset's lifetime (12-month expected credit losses for the instrument).
- b. When there has been a significant increase in credit risk since the initial recognition of a financial asset, and as a result its characteristics deteriorate, it is classified in Stage 2. Expected credit losses for financial assets classified in Stage 2 are determined for the remaining lifetime of the respective asset, irrespective of the point of default (lifetime expected credit loss (ECL)).

In the cases when the credit risk of a financial instrument increases to a level that indicates default, the financial asset is considered to be impaired, and is classified in Stage 3. At this stage, the losses incurred for the lifetime of the respective asset are identified and calculated.

The Group's management has performed the respective analyses, based on which it has determined a set of criteria for default events. One of them is delay in contract payments by over 90 days, unless circumstances exist for a certain instrument that make such claim refutable. Along with that, there are other events, based on internal and external information, which indicate that the debtor is not able to repay all contracted amounts due, including in consideration of all loan collaterals and credit enhancements held by the Group.

Cash and receivables under repo agreements

Regarding cash in banks and receivables from repo agreements, the Group applies the general approach for calculation of expected credit losses defined by IFRS 9. Under this approach, the Group applies a 3-stage impairment model based on changes versus the initial recognition of the credit quality of the financial instrument (asset).

Expected credit losses are recognised at two stages:

- a. A financial asset which is not credit impaired upon its initial recognition/acquisition is classified in Stage 1. These are loans granted: to debtors with a low risk of default with stable key indicator (financial and non-financial) trends, regularly services and without any outstanding past due amounts. Since its initial recognition, its credit risk and characteristics are subject to continuous monitoring and analyses. The expected credit losses for the financial assets classified in Stage 1 are determined based on credit losses resulting from probable events or default, which could over the next 12 months of the respective asset's lifetime (12-month expected credit losses for the instrument).
- b. B When there has been a significant increase in credit risk since the initial recognition of a financial asset, and as a result its characteristics deteriorate, it is transferred to Stage 2. Expected credit losses for financial assets classified in Stage 2 are determined for the remaining lifetime of the respective asset, irrespective of

the point of default (lifetime expected credit loss (ECL). In the cases when the credit risk of a financial instrument increases to a level that indicates default, the financial asset is considered to be impaired, and is classified in Stage 3. At this stage, the losses incurred for the lifetime of the respective asset are identified and calculated).

The Group determines loss given default by using the credit rating of the financial institutions in which the Group has deposited its cash and with which it concluded the repo agreement. For this purpose, it uses the credit ratings of the banks determined by internationally recognized rating firms such as Moody's, Fitch, S&P, BCRA and Bloomberg. Based on that, on the one hand, public data is used to determine PD (probability of default) referring to the rating of the respective bank, and on the other hand, based on a change in the rating of the respective bank, the Group determined the presence of increased credit risk. Loss given default is measured depending of the presence of guaranteed and/or secured amounts in the bank accounts.

Debt instruments at fair value through other comprehensive income

Regarding debt instruments at fair value through other comprehensive income, the Group applies an impairment model based on low credit risk, based on the general approach for calculation of expected credit losses. At each reporting date, the Group determines whether the debt instrument continues to have low credit risk, by using all the available information about the respective debt instrument. In this consideration, the Group assesses the internal credit rating of the debt instruments. In certain cases, the Group may reclassify and determine a financial asset as non-performing if internal or external information indicate that there is little probability of the Group receiving the outstanding contractual amounts before credit enhancements held thereby are collected.

Derecognition

A financial asset (or, when applicable, a portion of a financial asset or a group of similar financial assets) is derecognised from the consolidated statement of financial position of the Group, when:

- the rights to cash flows from the asset have expired, or
- the rights to cash flows from the asset have been transferred or the Group has assumed an obligation to pay in full the cash flows received, without undue delay, to a third party under a transfer agreement, in which: a) the Group has transferred substantially all risks and rewards from ownership of the asset; or b) the Group has neither transferred nor retained substantially all risks and rewards from ownership of the asset, but has transferred control thereon.

When the Group has transferred its right to obtain cash flows from the asset or has concluded a transfer agreement, it assesses the extent to which it has retained the risks and rewards of ownership. When the Group has neither transferred, nor retained substantially all risks and rewards from ownership of the financial assets, it continues to recognise the asset transferred to the extent of its continuing interest therein. In this case, the Group also recognises the respective liability. The transferred asset and the related liability are measured on a basis reflecting the rights and obligations that the Group has retained.

Continuing involvement in the form of a guarantee on the transferred asset is measured at the lower of the two values: the initial carrying amount of the asset and the maximum amount of consideration that the Group may be required to pay.

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2.23.2. Financial liabilities

Initial recognition, classification and measurement

The Group's financial liabilities include trade and other payables. At initial recognition, they are usually classified as assets at amortised cost.

All financial assets are initially recognised at fair value, and in the case of loans and borrowings and trade and other payables, net of direct transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification. They are usually classified and measured at amortised cost, using the effective interest method.

Derecognition

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income (within profit or loss for the year).

2.23.3. Offsetting (netting) of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

This requirement results from the concept of the economic substance of the Group's relations with a given counterparty stating that in the simultaneous presence of these two requirements the expected actual future cash flow and rewards for the Group is the net flow, i.e. the net amount reflects the Group's actual right and obligation resulting from these financial instruments – in all cases to only receive or pay the net amount. If the two conditions are not simultaneously met, it is assumed that the Group's rights and obligations with respect to these offsetting financial instruments are not exhausted in all situations by only the payment or receipt of the net amount.

The offsetting policy is also related to the measurement, presentation and management of actual credit risk and the liquidity risk pursuant from these offsetting instruments.

The criteria applied to establish the “current and legally enforceable entitlement to offsetting” are:

- lack of dependence on a future event, i.e. it should not only be applicable upon the occurrence of a future event;
- the offsetting should be enforceable and legally defensible during (cumulatively):

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- the usual business operations;
- in case of default/delay, and
- in case of insolvency

The applicability of criteria is measured against the requirements of the Bulgarian legislation and the contractual relations between the parties. The condition of “presence of current and legally enforceable right to offsetting” is always and mandatorily assessed together with the second condition – for “mandatory settling of these instruments on a net basis”.

2.24. Net earnings or losses per share

Basic net earnings or losses per share are calculated by dividing net profit or loss attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding during at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. This factor represents the number of days that the shares are outstanding as a proportion of the total number of days in the period.

In case of a capitalisation, bonus issue or splitting, the number of the outstanding ordinary shares as at the date of such event, is adjusted as to reflect the proportional change in the number of outstanding ordinary shares as if the event has occurred in the beginning of the earliest presented period.

Diluted net earnings or losses per share are not calculated because no dilutive potential ordinary shares have been issued.

2.25. Segment reporting

The Group identifies its reporting segments and discloses segment information in accordance with the organisational and reporting structure used by the management of the parent company. Operating segments are business components which are regularly measured by members of the management who take operating decisions by using financial and operating information prepared specifically on the segment for the purposes of current monitoring and assessment of results and allocating Group's resources.

Group's operating segments are currently monitored and directed separately as each of them represents a separate business area that offers various products and bears various business risks and rewards. The operating segments that the Group's management monitors, measures and controls risks and return therefrom are defined based on the main business operations performed by Group companies, namely: a/trade in financial instruments; b/ information services; c/registration and provision of financial instruments for trading; and d/ trade in electricity.

Information by operating segments

The Group uses one basic measuring unit – gross margin (profit) for measuring the results in the operating segments and allocation of resources between them. It is defined as the difference between segment revenue and segment expenses directly attributable to the respective segment.

Segment assets, liabilities, respective revenue, expenses and results include those that are and can be directly attributable to the respective segment as well as such that can be allocated on a reasonable basis. Usually they include: (a) for revenue – service revenue; (b) for expenses - raw materials and consumables used, hired services expense, depreciation and amortization expenses and employee benefits expense; (c) for assets – intangible assets, trade receivables, payables to suppliers, current liabilities to personnel and for social security. Capital expenditures (investments) by business segments are differentiated expenses incurred in the period of acquisition or construction of segment non-current assets, which are expected to be used for more than one period.

The Group manages its property, plant and equipment, intangible assets, investments in financial instruments, and taxes at company level, and they are not allocated at segment level.

The results of the operations regarded as accidental ones compared to the main types of operations (activities) of the Group as well as revenue, expenses, liabilities and assets that are not subject to allocation are stated separately in the item 'total at Group level'. In general, these amounts include: other operating income unless originating from the operation of a particular segment, administrative expenses, interest income and expenses, realised and unrealised gains and losses from foreign currency transactions and investments, investments in other companies, other receivables and tax accounts.

The applied accounting policy for segment reporting is based on that used by the Group for the preparation of its statutory financial statements for public purposes.

2.26. Fair value measurement

Some of Group's assets and liabilities are measured and presented and/or just disclosed at fair value for financial reporting purposes. These include, on a recurring basis: financial assets at fair value through other comprehensive income, financial assets at amortised cost, certain trade and other receivables and payables.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. Fair value is an exit price and is based on the assumption that the sale transaction will take place either in the principal market for this asset or liability or in the absence of a principal market – in the most advantageous market for the asset or liability. Both the designated as a principal market and the most advantageous market are markets to which the Group companies must have an access.

Fair value is measured from the perspective of using the assumptions and judgments that potential market participants would use when pricing the respective asset or liability assuming that market participants act in their economic best interest.

The Group applies various valuation techniques that would be relevant to the specific features of the respective conditions and for which it has sufficient available inputs while trying to use at a maximum the publicly observable information, and respectively, to minimize the use of unobservable information. It uses mainly the income approach, and the most frequently applied technique is the discounted cash flows method.

All assets and liabilities that are measured and/or disclosed in the consolidated financial statements at fair value, are categorised within the following fair value hierarchy, namely:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques that use inputs other than directly quoted prices but are observable, either directly or indirectly, including where the quoted prices are subject to certain adjustments; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group applies mainly Levels 1 and 3 fair values.

The Group's investments, constituting debt securities with fixed or determinable payments and fixed maturity dates (government securities - bonds) classified as financial assets at fair value through other comprehensive income, are measured and presented in the consolidated statement of financial position at fair value (Level 1). The measurement policy provides a choice between the lesser of the two values for the type of bond issue:

a) for global bond issues:

- last bid price for the respective issue, published by international financial instruments information agencies /Bloomberg or Reuters/ for the last business day of the current period (year) and
- median value of at least three additional quotes of last bid price for the last business day of the current period (year), received from actively trading dealers (Bulgarian and/or foreign banks and investment intermediaries) of the issue.

b) for issues traded on domestic market:

- last bid price for the respective issue, published by international financial instruments information agencies /Bloomberg or Reuters/ for the last business day of the current period (year) and
- the lowest of at least three additional quotes of last bid price for the last business day of the current period (year), received from actively trading dealers (Bulgarian and/or foreign banks and investment intermediaries) of the issue.

The Group's equity investments, constituting stocks or shares in the capital of other companies or entities (non-controlling interest) and not listed on a Bulgarian or foreign regulated market of financial instruments (Shares of the capital of "Central depository" AD and EuroCTP B.V.) are subsequently measured at fair value, defined by developing unobservable output, because there is no observable data for these investments (Level 3).

For the assets and liabilities, measured at fair value in the financial statements on a recurrent basis, the Group assesses at each balance sheet date whether a transfer of hierarchy levels is required in the fair value of an asset or liability, depending on the input available and used to date.

The Group has developed internal rules and procedures for the measurement of the fair value of the different types of assets and liabilities.

The Group uses external expertise to determine the fair value of investments in shares in the capital of other companies and entities (non-controlling interest), classified as financial assets at fair value through other comprehensive income. The application of valuation approaches and techniques and inputs used in case of measuring fair value are required to be discussion and coordination between the Group management and the external experts as well as the adoption of the external valuation reports issued thereby - particularly in relation to the significant assumptions and the final conclusions and proposals for the fair value. The final fair value estimates are subject to approval by the Group's management.

For the purposes of financial management, the Group's management monitors the fair value (Level 1) of financial assets held to maturity held by the Exchange, closely following the market situation on local and international markets, the general interest rates, the current market prices of the holdings, as far as they exist, as well as their respective liquidity.

In accordance with Group accounting policy, at the end of each reporting period the specifically designated individual, engaged with measurements, performs a general analysis of collected in advance information about the movement in the values of assets and liabilities of the Group companies that are subject to valuation or to a disclosure at fair value, the type of available data and the possible factors for the observed changes is made by an person appointed thereto and an approach to measure the fair values of the assets and liabilities as of that date is offered for approval to the CEOs of the Group. The approach and valuation are further consulted with external experts, if necessary. The results from the process of fair value measurement are presented to the Group's independent auditors.

For the purposes of fair value disclosures, the Group has grouped the respective assets and liabilities on the basis of their nature, basic characteristics and risks as well as of the fair value hierarchical level.

2.27. Critical accounting judgments on applying the Group's accounting policies. Key estimates and assumptions of high uncertainty

Upon preparation of the consolidated annual financial statements the management makes different judgements, estimates and assumptions, which impact the stated revenue, expenses, assets and liabilities under contracts and the corresponding disclosures. As a result of the uncertainty of these assumptions and estimates significant adjustments may arise in the carrying amount of the affected assets and liabilities in the future, respectively the expenses and revenue stated.

2.27.1. Recognition of revenue from annual maintenance fees

The parent company collects a maintenance fee for registered issues of financial instruments. At the end of each reporting period, the management performs a special survey and analysis of the likelihood of collection of this type of revenue and of cases where there is initial high uncertainty about cash inflows due to serious difficulties of the paying companies, especially when they are in liquidation and / or bankruptcy proceedings, the recognition of the income is postponed until the date of its eventual actual collection (payment by the respective debtor of the Group).

The amount of fees due under contracts with customers for which the management has determined that there is a probability of default and, accordingly, for which no revenue has been recognized, with accumulation for the last three years amounts to BGN 64 thousand, incl. fees only as at 31 December 2023 – BGN 45 thousand (31 December 2022: BGN 63 thousand, including fees for 2022: BGN 38 thousand).

The remaining key judgments and assumptions that have a significant impact on the amount and timing of the recognition of revenue from client contracts are disclosed in *Note 2.7* and relate to the identification of performance obligations, principal vs. agent considerations, the manner of transfer of control for each performance obligation and determining the transaction price, including variable consideration and the amount thereof.

2.27.2. Expected credit losses

The measurement of expected credit losses for financial assets stated at amortised cost (receivables under contracts with customers, other receivables and cash and cash equivalents and debt securities) and for financial assets at fair value through other comprehensive income (debt instruments) is an area that requires the use of complex models and material assumptions for future economic conditions and the credit behaviour of customers and debtors (for instance, the probability of counterparties not meeting their obligations and the pursuant losses).

In order to apply these requirements, the Group's management makes a number of material judgements, such as: a) determining criteria to identify and measure significant credit risk increases and existence of a credit rating; b) selection of suitable models and assumptions to measure expected credit losses; c) establishing groups of similar financial assets (portfolios) for the purpose of measuring expected credit losses, d) establishing and assessing the correlation between historical default rates and the behaviour of certain macro indicators to reflect the effects of forecasts for these macro indicators in the calculation of expected credit losses.

Impairment approach for cash and cash equivalents and receivables under repo agreements

The Group has adopted the general approach for calculating expected credit losses on cash and cash equivalents and receivables under repo agreements. For this purpose, the Group applies a model, based on the credit rating of financial institutions with which the Group companies have deposited their cash or acquired the securities with a buyback clause. These credit ratings are mainly of the following institutions: Moody's, Standard and Poor's, Fitch, Bulgarian Credit Rating Agency. Based on this, on the one hand, PD (probability of default) indicators are set by using public data about PD referring to the rating of the

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respective bank, and on the other hand, through the change in the rating of the respective bank from one period to the next, the Company assesses the presence of increased credit risk. Loss given default (LGD) is measured using the formula for calculation of credit losses, $ECL = PD \times LGD \times EAD$, where:

- ECL is the expected credit losses indicator;
- EAD is the exposure at default indicator;
- PD is the probability of default indicator;
- LGD is the loss given default indicator.

In determining LGD, guaranteed and/or secured amounts in the respective bank accounts are taken into consideration.

Based on the analyses made and based on the ratings of the servicing banks and the PD referring thereto, as at 31 December 2023 the Group recognised impairment of cash and cash equivalents at the amount of BGN 11 thousand (31 December 2022: BGN 36 thousand) (*Note 25*). Regarding the impairment of receivables under repo agreements, the analysis shows that the impairment is insignificant, as they are secured and collected within a short period after the reporting date, and no impairment was accrued.

Impairment approach for debt instruments at fair value through other comprehensive income and debt instruments at amortised cost

Expected credit loss is a part of the adverse change in the fair value due to increased credit risk. Upon determining expected credit losses on debt instruments at fair value through other comprehensive income, the Group applies a model based on low credit risk and at the end of each reporting period. The Group determined whether the debt instrument can be classified as one with low credit risk, and for the purpose reviews the instrument's internal or external credit rating. Moreover, the Group determines whether there is a significant increase in credit risk when contractual payments are over 90 days past due. The Group classifies a financial instrument as non-performing when contractual payments are more than 180 days past due.

The Group's debt instruments at fair value through other comprehensive income constitute Bulgarian sovereign securities – bonds. Upon determining loss given default, the credit rating applied is the credit rating of the Republic of Bulgaria as determined mainly by the following institutions: Moody's, Standard and Poor's, Fitch.

Based on an analyses made of the credit rating of debt securities held by the Group and the PD corresponding thereto, the management has determined that expected credit losses have a minimum amount, and as at 31 December 2023 and 31 December 2022 the Group has not recognised impairment of debt instruments at fair value through other comprehensive income and debt instruments at amortised cost (*Note 17*).

Impairment approach for current trade receivables, including from related parties

The Group applies a simplified approach and a provisioning matrix to calculate expected credit losses (ECL) on trade receivables, including receivables from related parties. The provision rates are based on days past due.

The provisioning matrix is initially based on detailed historical observation of default rates and final loss in the Group and the movement of receivables by delay groups. The Group makes the matrix precise so as to adjust historically ascertained dependence for credit losses with forecast information by also using forecast macroeconomic data. The historical default rates are updated and the effects of changes in the estimates are analysed.

The assessment of the relation between observable historical default rates, the forecast economic conditions and expected credit losses is a significant accounting judgement. The amount of expected credit losses is sensitive to changes in circumstances and forecast conditions. The historical credit losses of the Group's companies and the forecast economic conditions may deviate from actual collection rates in the future.

The analyses made of the historical behaviour of trade receivables over the next three years show 100% collection over the credit period; therefore, the management has determined that expected credit losses on trade receivables, including from related parties, which are short-term and usually collected within 30 days, are close to zero. Moreover, no specific correlation has been established between the behaviour of certain macro indicators and the collection of trade receivables. Therefore, the Group has not recognised provision for impairment of trade receivables, including from related parties, at either 31 December 2023 or 31 December 2022.

Impairment approach for other individual receivables

The Group has adopted the common approach to calculation of impairment of expected credit losses on some individual receivables, in accordance with IFRS 9. For this purpose, the Group applies a model of individualised probability-weighted scenarios regarding collection and future cash flows, making assumptions for loss given default (LGD).

Upon determining losses, all guaranteed and/or collaterals and/or insurance receivables are taken into consideration. Thus, in the final step, by using all these parameters and following discount, the expected credit loss for the respective period of the respective financial assets is calculated.

Stage 1 includes receivables which are classified as "performing" according to the internal risk classification scheme developed. These are receivables from debtors with low default rates, regular servicing, without considerable aggravation of key indicators (financial and non-financial), and without amounts past due. The expected impairment loss for such receivables is calculated based on default probability for the next 12 months and the Group's expectation for loss amount upon exposure default over the next 12 months.

Stage 2 includes granted receivables and guarantees granted classified as "suspicious". These are receivables and guarantees granted, with respect to which (based on a set of indicators) a significant aggravation of the credit risk related to the debtor has been established as compared to the exposure's initial recognition. The expected impairment loss for these receivables is calculated based on the default probability for the lifetime of the receivable, which is considered to be credit-unimpaired, and the Group's expectations for loss amount upon exposure default over the lifetime.

Stage 3 includes receivables which are classified as "non-performing". These are receivables for which evidence exists that the asset is credit-impaired, i.e. a credit event has occurred (according to the policy on default event eligibility). Therefore, an analysis is performed of a system of indicators used to identify the

occurrence of credit losses. Impairment losses are calculated based on probability-weighted scenarios for the Group's expectations for the loss amount of the non-performing credit-impaired exposure throughout its lifetime.

Impairment of receivables from a bank in bankruptcy

The Group, through the parent, has a ceded receivable under a deposit with a bank initially placed under special supervision in June 2014, and subsequently declared bankrupt in April 2015. The gross amount of the receivable is BGN 1,214 thousand (Note 22). The management of the parent, in prior periods (before 2022), that this receivable is at Stage 3, and recognised 100% impairment.

Under the cession agreement dated 2014, the selling price of the ceded receivable is to be paid under deferred payment conditions. In 2017, a business case was filed with the Sofia City Court on claims of the bank's appointees in bankruptcy against the debtor to declare as void the offsetting and cession performed with the Company. In addition, in the cession agreement dated 2014, the debtor and the Company explicitly agreed that of at any point after the conclusion thereof a dispute arises regarding the effectiveness of the offsetting, the payment terms shall be suspended between the parties until the completion of the respective court procedures to resolve the dispute by means of an effective court resolution.

The judgement regarding the amount of the recognised 100% impairment in prior years was made by the management based on the ruling on the case by Sofia City Court in 2019, declaring as void with respect to the appointees in bankruptcy of the bank in bankruptcy the offsetting with receivables between the debtor and the Company, which was subsequently appealed.

By means of a ruling dated 2021 the Constitutional Court of the Republic of Bulgaria declared as anti-constitutional certain provisions of the Bank Bankruptcy Act. The ruling of the Constitutional Court created favourable conditions to exercise the Company's rights under the Cession Agreement dated 2014. Respectively, by means of a decision of 2021 of the Sofia Appellate Court, the 2019 Sofia City Court was repealed, whereby on the grounds of the Bank Bankruptcy Act (Art. 59, Para 5) it was declared void with respect to the appointees in bankruptcy of the bank in bankruptcy.

The ruling of the Sofia Appellate Court was appealed against before the Supreme Cassation Court, but by means of a final ruling issued in 2022 the cassation appealed was not permitted for consideration in essence and the decision of the Sofia Appellate Court was enforced.

Respectively, the court proceedings on the dispute completed with an enforced ruling of the Appellate Court in 2022 declaring the cession void, and the debtor should, under the agreement, continue payments.

As at 31 December 2022 the management again conducted analyses to determine the collectability of the receivable, taking into consideration the newly arisen circumstances that occurred at the date of preparation of these financial statements and are related to the preliminary negotiations held to conclude a contract for sale of the impaired receivable. As a result of this analysis, the management has determined that there still exists high uncertainty regarding the probability for partial collection of the receivable under the cession agreement; therefore, it did not state partial reversal of the 100% impairment in the consolidated financial statements as at 31 December 2023.

Impairment of court receivables

The Group, through its subsidiary IBEX EAD, has a court receivable (Note 23) from a counterpart undergoing a liquidation procedure, at the gross amount of BGN 5,430 thousand and carrying amount: nil as at 31 December 2023 (2022: gross amount BGN 6,747 thousand and carrying amount BGN 1,082 thousand). The Group's management performed detailed analysis and assessed the collectability of the receivable, therefore making a decision to recognise impairment of credit losses thereon by applying a probability-weighted model of specifically developed scenarios for the receivable's repayment. Therefore, it has used an updated expert legal opinion on the status of the legal case, as well as legal and economic documents regarding the debtor, financial and other information. Based on this analysis, the management has determined that the court receivable is in Stage 3, and it recognised impairment of expected credit losses as at 31 December 2022 at the amount of BGN 2,965 thousand (Note 8). In 2023, the amount of BGN 1,082 thousand was collected, which is the amount of the receivable net of impairment in the statement of financial position as at 31 December 2022, and the additional amount of BGN 235 thousand as a result of additional funds received in the debtor's insolvency amount. As a result, the respective part of the impairment of the uncollected receivable was reintegrated. As at 31 December 2023 the gross amount of the court receivable is BGN 5,430 thousand (2022: BGN 5,665 thousand), and the receivable has been impaired in full (Note 22).

2.27.3. Measurement of the fair value of equity investments

When the fair value of equity investments carried to the consolidated statement of financial position cannot be obtained based on quoted prices on active markets, the fair value thereof is measured by using other valuation models and approaches, including the discounted cash flows approach. The input used in these models is collected from observable markets, where possible, and where not – to determine the fair value certain degree of judgement is applied. This judgement involves the examination, analysis and assessment of inputs, for instance, liquidity risk, credit risk, and volatility. Changes in the assumptions regarding these factors may impact the amount of the fair value of the financial instruments stated.

The main key assumptions and components of the valuation models, as well as information about the fair values determined as at 31 December 2023 and 31 December 2022 are disclosed in *Note 17.2*.

2.27.4. Leases

Upon identification and classification of a lease or a lease component of a contract, the Group's management makes a number of important judgements:

- Whether there is a lease, including whether the contract contains an identifiable asset and whether it transfers control over the use thereof for the lease term;
- Determining the lease term;
- Determining the incremental interest rate of leases.

The Group has three operating lease agreements under the repealed IAS 17. It performed an analysis and determined that: 1/ the first agreement does not meet the conditions for recognition of a right-of-use assets, as far as control over the identified asset is held jointly with a third party; b/ the second agreement also

contains a lease, but based on the management's expectations and intentions to exercise the extension/termination options, the contract is a short-term lease; and c/ the third agreement contains a lease, is not short-term, and the Group holds control over the identified asset used over the respective lease term. The asset identified in this contract is premises for the Group's collocation equipment.

Upon determining the lease term, the management has determined the non-cancellable period of the lease, together with the periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. Regarding these options and the probability for exercise thereof, the management has considered a number of factors, such as: the importance of the underlying asset for the Group's operations, costs related to termination of the lease and identification of another asset for the company's needs, prior experience with these assets and with the lessors, etc.

The lease identified by management as such, under which control is transferred over the identified asset used, is concluded with an indefinite term. Based on the above assumptions and based on the management's intentions, it has determined that the lease term is 5 years.

Upon occurrence of an important event or a significant change in circumstances which are within the Group's control and affect certainty regarding the extension/termination options, it remeasures the lease term.

In the cases when the Group is a lessee and cannot readily determine the interest rate to discount lease liabilities, it uses the incremental borrowing rate it would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. In case of leases where no similar borrowing exists, the Group seeks observable data such as market levels of loans and publicly available bank statistics, and performs Group-specific calculations and adjustments to reflect its own credit rating based on an internal methodology for risk coefficients (based on comparison and analysis of interest on own loans with banking statistical data).

Based on this, the management has determined that the incremental borrowing rate for the lease identified thereby is 3%.

As at the date of the financial statements, the Group's management performs an impairment review of right-of-use assets. If indicators exist that the approximate recoverable amount is lower than their carrying amount, the latter is impaired to the recoverable amount of assets.

2.27.5. Actuarial calculations

Upon determining the present value of retirement benefit obligations, the Group has used calculations made by certified actuaries and based on assumptions for mortality rates, staff turnover rates, future salary levels and discount factors, which have been determined by the management to be reasonable and applicable for the Group (*Note 2.22 and Note 29*).

2.27.6. Recognition of deferred tax assets

Upon recognition of deferred tax assets by the management, the probability of reversal of temporary taxable differences is assessed, as well as the Group companies' abilities to generate in the future sufficient taxable profit to offset these differences and/or the existence of taxable temporary differences for the respective period.

As at 31 December 2023, the accumulated tax losses amount to BGN 4,402 thousand, including tax loss originating in 2023 – BGN 839 thousand, tax loss originating in 2022 – BGN 862 thousand, tax loss originating in 2021 – BGN 650 thousand, in 2020: BGN 1,073 thousand and tax loss originating in 2019 – BGN 978 thousand (31 December 2022: BGN 3,563 thousand, including tax loss originating in 2022: BGN 862 thousand, tax loss originating in 2021: BGN 650 thousand, tax loss originating in 2020: BGN 1,073 thousand, and tax loss originating in 2019: BGN 978 thousand). The management has determined that at the date of issuance of these consolidated financial statements it is uncertain if and to what extent within the legal term for tax loss carry forward (5 years) the Group companies will generate sufficient taxable profit; therefore, a more conservative approach has been applied.

Therefore, as at 31 December 2023, no deferred tax losses have been recognised, at the amount of BGN 440 thousand (31 December 2022 - BGN 356 thousand), related to taxable losses. The Group has recognised deferred tax assets in relation to the remaining deductible temporary differences which are mainly the result of impairment of other receivables and depreciation and amortisation of property, plant and equipment and intangible assets, as far as it has determined that in the future these can be offset against future profit or taxable temporary differences (*Note 2.22 and Note 19*).

2.27.7. Recognition of provisions upon contract default

In 2022 there was a technical incident with the 'day ahead' electronic exchange system of the service supplier, which resulted in the publication for a short period of inaccurate data regarding the BGN-denominated prices on the webpage of the electricity exchange operator. The accident was entirely due to a software error in the 'day ahead' electronic exchange system by the service supplier, and the contract with this supplier contains clauses covering expenses caused by proven direct damage resulting from premeditated action or negligence.

In 2023 there were still no developments in relation to the incident.

The management analysed and assessed the potential effects of possible scenarios for potential payables and the probability of cash outflows for the company. The process of analysis and calculation of potential effects of the technical incident of publishing inaccurate data on prices of traded electricity includes multiple and different assumptions and parameters regarding the potential actions and decisions of the market participants, the market and price scenarios in case this situation occurs or fails to occur. What makes the assessment even more complicated is the fact that transactions are executed based on an independent anonymous mechanism and the prices at which electricity is traded are calculated based on a specific algorithm on a European level (EUPHEMIA), which is used by all energy exchanges in the EU states by the software supplier, and the company itself has no control over the price calculations. Therefore, the

preparation of simulation scenarios for effects of the technical incident is related to a high uncertainty, subjective judgement, and multiple potential outcomes.

Based on the performed analysis and assessment of the circumstances, including for 2023, surrounding the technical accident and the multiple scenarios considered regarding potential outcomes thereof and the potential cash flows and related multiple uncertainties, the management has determined that at present it is not possible to make a sufficiently reliable and justified measurement of the damages if such are proven, and respectively – it has decided to not recognise either a payable provision or a refund obligation (Note 38).

2.27.8. Judgements in the presentation of expenses

In 2023, the Group, through the subsidiary IBEX EAD, actively invested available cash to achieve better return. For this purpose, it concluded an agreement for consultations on investing cash to achieve better conditions with counterpart banks. Therefore, the Group has decided to present its expenses under this contract as part of finance costs. The presentation of these expenses as finance costs corresponds to income under the contract, which is essentially finance income, realised and directly related to the contract (Note 11).

This presentation aims to provide better traceability and separation between the operating results from organising an exchange market for trading in the field of energy, and the investment, management and the generation of gains or losses from transactions with the available cash.

2.28. Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events; it is probable that to repay the obligation, a resource flow containing economic benefits will be necessary; and it is possible to reliably measure the amount of the obligation. When the Group expects that some or all expenses necessary to settle the provision will be recovered, for instance under an insurance contract, the recovery is recognised as a separate asset, but only when it is practically certain that these expenses will be recovered. An obligation for which the Group is liable jointly or separately with other parties is a contingent liability to the extent to which it is expected that the liability will be settled by other parties. Provision costs are presented in the statement of comprehensive income, net of the amount of expenses recovered. When the effect of the differences of the time value of money is material, the provisions are discounted by applying the pre-tax current discount rate that reflects the liability-specific risks. When discounting is applied, the increase in the provision as a result of the time passed is presented as finance cost.

Contingent liabilities are disclosed when the Group has significant potential, but not present liabilities or present liabilities for which it is improbable that a need will arise of a resource outflow or for which it is impossible to make a sufficiently reliable estimate of the liability.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

3.1. Information on types of revenue

Revenue from contracts with customers by operating segments and types of services includes:

	2023 BGN'000	2022 BGN'000
Operational segment "Electricity trade"	14,154	14,084
Electricity trading fee	10,804	10,777
Annual fee	2,003	1,929
Data reporting fee	517	411
Participation fee	228	216
Training fee	178	161
Other fee	424	509
Penalty fees	-	81
Operational segment "Registration and maintenance of trading financial instruments issues"	1,456	1,061
Company registration fee	1,222	899
Membership fee	160	132
Fee for change of issue parameters	40	22
Fee for non-disclosure of information and fee for temporary suspension of trade	28	8
Fee for exchange code acquisition	3	-
Fee for issue relocation	2	-
Fee for admission of exchange intermediaries	1	-
Operational segment "Information service"	1,034	866
Information service fee	930	786
Data reporting fee APA	93	70
Fee for right to use trademark	11	10
Operational segment "Trade in financial instruments"	1,067	1,247
Commissions for transactions on the Exchange	802	1,129
Monthly commissions for access to trade	209	94
Fee for maintaining remote trading stations	28	23
Monthly connectivity fee	25	-
Financial sanctions on Exchange members	2	1
Fee for testing algorithm compatibility	1	-
Total	17,711	17,258

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	2023 BGN '000	2022 BGN '000
<i>Electricity purchase and sale transactions on the exchange (Note 2.7)</i>		
Revenues from sales of electricity	6,577,566	14,877,525
Electricity purchase costs	(6,577,566)	(14,877,525)
<i>Amounts collected on behalf of third parties (Note 2.7)</i>		
Revenues from "Price Obligation to society"	-	4,409
Costs for "Price Obligation to society"	-	(4,409)
<i>Amounts paid and received on behalf of third parties in the period (compensations for end customers) (Note 2.7)</i>		
Compensations paid to end electricity users	(48,525)	(288,983)
Funds received from the ESSF	48,525	263,555
Funds received from the Ministry of Energy	-	25,428
	-	-

3.2. Contract performance obligations

The performance obligations are disclosed in detail in *Note 2.7*.

3.3. Contract balances

The change in receivables under contracts with customers and contract liabilities is as follows:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Trade receivables (<i>Note 20.1</i>)	720	567
Contract liabilities (<i>Note 32</i>)	57	49

4. OTHER OPERATING INCOME

Other operating income includes:

	2023 BGN'000	2022 BGN'000
Revenue from collected impaired court receivables	235	-
Government grants under Horizon 2020 Programme	154	247
Revenue from consulting services	48	25
Rental income	34	30
Funding under BeamUpLab programmes	17	25
Revenue from payables written off	5	3
Revenue from electricity compensations to non-domestic end customers	2	12
Sale of PPE	1	22
Other	2	36
Total	498	400

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5. COST OF MATERIALS AND CONSUMABLES

Materials and consumables used include:

	2023 BGN'000	2022 BGN'000
Fuel and spare parts	29	24
Office supplies and hygienic materials	25	46
Advertising materials	15	4
Stationery	5	4
Total	74	78

6. HIRED SERVICES EXPENSE

Hired services expenses include:

	2023 BGN'000	2022 BGN'000
License fees	2,802	2,287
Subscriptions, audit and other consulting services	1,319	783
Accounting, administrative and correspondence service	735	780
Data reporting	426	353
Office maintenance	186	213
Membership fees	112	77
Advertising	104	80
Communications	74	87
Rentals	51	43
Current repairs	39	120
Insurance	34	31
Taxes and charges	12	12
Other	181	154
Total	6,075	5,020

As at 31 December 2023, expenses have been charged for statutory audit of the separate financial statements of the Group companies and of the consolidated annual financial statements at the amount of BGN 58 thousand (for the entire 2022: BGN 40 thousand)). No tax consultations or other non-audit services were provided in 2023 by the statutory auditors.

7. EMPLOYEE BENEFITS EXPENSE

The employee benefits expense includes:

	2023 BGN'000	2022 BGN'000
Current wages and salaries	3,509	2,931
Social security and health insurance contributions on current wages and salaries	363	318
Accruals for unused leaves	191	153
Social benefits and payments	65	54
Accruals for social security and health insurance on unused leaves	28	23
Accruals for retirement benefit obligations (Note 27)	25	16
Total	4,181	3,495

8. COSTS FOR IMPAIRMENT OF COURT RECEIVABLES

	2023 BGN'000	2022 BGN'000
Provisions accrued for expected credit losses (impairment) of other receivables (Note 22 and Note 2.29.2)	-	2,965
Total	-	2,965

9. OTHER OPERATING EXPENSES

Other operating expenses include:

	2023 BGN'000	2022 BGN'000
Business trips	148	93
Entertainment allowance	75	83
Sponsorship and grants	58	11
Trainings and seminars	46	86
Trademarks and licenses	1	1
(Reversed)/accrued provisions for expected credit losses on cash (Note 25)	(25)	(59)
Other	66	64
Total	369	279

10. FINANCE INCOME

Finance income includes:

	2023 BGN'000	2022 BGN'000
Interest income on deposits with banks	4,799	353
Interest income on agreements with buyback clause	3,469	-
Interest income on debt securities at amortised cost	252	244
Interest income on debt securities at fair value through other comprehensive income	40	51
Dividend income	1	9
Total	8,561	657

11. FINANCE COSTS

Finance costs include:

	2023 BGN'000	2022 BGN'000
Expenses on consulting agreement for cash management	1,105	-
Costs on bank charges, overdraft charges	206	54
Interest costs on leases	11	-
Interest costs on overdraft agreements	3	-
Costs on foreign exchange transactions	3	51
Cash safekeeping fee	-	467
Total	1,328	572

12. INCOME TAX EXPENSE

The main components of the income tax expense in the profit or loss for the reporting period ended 31 December are:

Consolidated statement of comprehensive income (profit or loss for the year)

	2023 BGN'000	2022 BGN'000
Tax profit for the year of the Group companies, net	14,093	8,421
Current tax expense	(1,493)	(924)
Deferred income taxes from:		
Occurrence and reversal of temporary differences	17	329
Total income tax expense carried to the consolidated statement of comprehensive income (within profit or loss for the period)	(1,476)	(595)

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Reconciliation of the income tax expense determined according to the accounting result

	2023	2022
	BGN'000	BGN'000
Consolidated accounting profit for the year	13,997	5,128
Income tax: 10% (2022: 10%)	(1,392)	(513)
From unrecognized amounts on tax returns	-	(1)
Effect of unrecognized deferred tax assets on tax loss (<i>Note 19</i>)	(84)	(81)
Total income tax expense carried to the consolidated statement of comprehensive income (within profit or loss for the year)	(1,476)	(595)

Tax effects related to other comprehensive income are as follows:

	2023		2022		2022	
	BGN'000		BGN'000		BGN'000	
	Value before tax	Tax Saving / (Expense)	Value net of taxes	Value before tax	Tax Saving / (Expense)	Value net of taxes
Items that will not be reclassified to profit or loss						
Remeasurement of defined retirement benefit plans	(26)	-	(26)	59	-	59
Net change in the fair value of financial assets through other comprehensive income	54	(5)	49	(43)	4	(39)
Items that may be reclassified to profit or loss						
Net change in the fair value of debt securities at fair value through other comprehensive income	(1)	-	(1)	(148)	16	(132)
Total other comprehensive income for the year	27	(5)	22	(132)	20	(112)

13. OTHER COMPREHENSIVE INCOME

Other comprehensive income includes:

	2023	2022
	BGN '000	BGN '000
Items that will not be reclassified to profit or loss		
Remeasurement of defined retirement benefit plans	(26)	59
Net change in the fair value of equity financial assets through other comprehensive income	54	(43)
Income tax related to other comprehensive income	(5)	4
	23	20
Items that may be reclassified to profit or loss		
Net change in the fair value of debt securities at fair value through other comprehensive income	(1)	(148)
Income tax related to other comprehensive income	-	16
	(1)	(132)
Total other comprehensive income for the year	22	(112)

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings		Computers and office equipment		Motor vehicles		Other		Advances for the acquisition of PPE		Total	
Book value	2023 BGN'000	2022 BGN'000	2023 BGN'000	2022 BGN'000	2023 BGN'000	2022 BGN'000	2023 BGN'000	2022 BGN'000	2023 BGN'000	2022 BGN'000	2023 BGN'000	2022 BGN'000
Balance at 1 January	1,928	1,920	893	846	307	353	400	368	9	76	3,537	3,563
Additions	325	8	36	36	2	1	9	5	37	163	409	213
Transfer from advances for acquisition of PPE	-	-	23	40	-	-	23	190	(46)	(230)	-	-
Disposals	(277)	-	(44)	(29)	(3)	(47)	-	(163)	-	-	(324)	(239)
Balance at 31 December	1,976	1,928	908	893	306	307	432	400	-	9	3,622	3,537
Accumulated depreciation												
Balance at 1 January	(838)	(720)	(662)	(566)	(140)	(111)	(147)	(247)	-	-	(1,787)	(1,644)
Depreciation charge for the period	(136)	(118)	(104)	(125)	(75)	(76)	(59)	(42)	-	-	(374)	(361)
Depreciation written-off	278	-	44	29	3	47	-	142	-	-	325	218
Balance	(696)	(838)	(722)	(662)	(212)	(140)	(206)	(147)	-	-	(1,836)	(1,787)
Carrying amount at 31 December	1,280	1,090	186	231	94	167	226	253	-	9	1,786	1,750
incl. carrying amount of right-of-use assets at 31 December (Note 33)	242	20	-	-	12	17	-	-	-	-	254	37
Carrying amount at 1 January	1,090	1,200	231	280	167	242	253	121	9	76	1,750	1,919

The book value of fully depreciated machinery and equipment as presented in the consolidated statement of financial position as at 31 December 2023 is BGN 579 thousand (31 December 2022: BGN 700 thousand).

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15. INTANGIBLE ASSETS

	Licenses		Software		E-commerce website		Assets in progress		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Book value										
Balance at 1 January	5,316	5,316	873	868	11	11	181	81	6,381	6,276
Additions	-	-	117	5	-	-	153	100	270	105
Disposals	-	-	(6)	-	-	-	(113)	-	(119)	-
Balance at 31 December	5,316	5,316	984	873	11	11	221	181	6,532	6,381
Accumulated amortisation										
Balance at 1 January	(1,624)	(1,295)	(536)	(438)	(11)	(11)	-	-	(2,171)	(1,744)
Amortisation charge for the period	(330)	(329)	(118)	(98)	-	-	-	-	(448)	(427)
Amortisation written-off	-	-	6	-	-	-	-	-	6	-
Balance at December	(1,954)	(1,624)	(648)	(536)	(11)	(11)	-	-	(2,613)	(2,171)
Carrying amount at 31 December	3,362	3,692	336	337	-	-	221	181	3,919	4,210
Carrying amount at 1 January	3,692	4,021	337	430	-	-	181	81	4,210	4,532

The book value of fully amortised intangible assets used in the Group's operations as at 31 December 2023 is BGN 206 thousand (31 December 2022: BGN 223 thousand). At the end of the year, fully amortised intangible assets were derecognised at the amount of BGN 6 thousand (31 December 2022: null).

The licenses include a business combination license for performing the activity "organization of an electricity exchange market", issued by decision No L-422 of 31.03.2014 of EWRC for a period of 10 years. Pursuant to Decision No И1-Л-422 dated 11.05.2023, EWRC extended the validity of License No Л-422-11 dated 31.03.2014, issued for the organization of an electricity market to IBEX EAD by 10 (ten) years as from 1 April 2024.

The fair values of the identifiable assets and liabilities on the acquisition of the Bulgarian Independent Energy Exchange EAD (business combination) by the Group were determined by a licensed appraiser as of the date of acquisition of the company in 2019. The intangible assets identified in the business combination include a

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license and software. Their carrying amount as at December 2023 is BGN 3,362 thousand (31 December 2022: BGN 3,692 thousand).

The costs for acquisition of intangible assets at the amount of BGN 221 thousand (31 December 2022: BGN 181 thousand) include costs for registration of EU trademarks and trademarks under the Madrid Agreement for the territory of Serbia, Republic of North Macedonia, Turkey, Albania, Bosnia and Herzegovina and Montenegro, some of which are registered for indices such as the name of a trade name / brand / in view of forthcoming trading in energy futures with financial delivery, and costs for software acquisition. These are not year active and will be used in view of the future trade in energy futures with financial delivery.

16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

16.1. INVESTMENTS IN JOINT VENTURES

As at 31 December, the carrying amount of the Group's interest in joint ventures, measured using the equity method, is as follows:

31.12.2023

Joint venture	Country	Carrying amount at 31.12.2023 BGN'000	Share in ownership (%)
SEE Link DOO	Republic of North Macedonia	28	33.33
Collective Financing AD	Bulgaria	123	49.00

31.12.2022

Joint venture	Country	Carrying amount at 31.12.2022 BGN'000	Share in ownership (%)
SEE Link DOO	Republic of North Macedonia	36	33.33

SEE Link DOO, Skopje

On 15.04.2014, pursuant to a joint venture agreement between Bulgarian Stock Exchange AD, Macedonian Securities Exchange AD Skopje and Zagreb Exchange AD, the joint venture SEE Link DOO Skopje was incorporated with registered address at 75 Ortse Nikolov street, Skopje, Republic of North Macedonia, with principal activities provision of computer services and information technologies. According to the terms of the agreement, each of the parties holds 33.33% of the capital of the entity established. The shareholding of Bulgarian Stock Exchange AD in the company, measured at historical acquisition cost, is BGN 53 thousand.

Collective Financing AD

On 19 June 2023 Bulgarian Stock Exchange AD, Central Depository AD and Clear X AD made a collection contribution to establish the company Collective Financing AD, whose principal activity is the provision of services for collective financing through organising, managing, and operating a collective financing platform pursuant to Art. 164, item 9 of SPOSA. On 3 November 2023, pursuant to Decision No 993 - ДУКФ the

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company obtained a license from the Financial Supervision Commission to perform its operations, and on 13 November 2023 it was entered in the Trade Registry. The company's capital is BGN 150 thousand, distributed into 150,000 shares with nominal value BGN 1 (one) each. The interests in the company's capital are: Bulgarian Stock Exchange AD – 49%, Central Depository AD – 32%, and Clear X AD – 19%.

As at 31 December, carrying amount of the Group's interest in joint ventures, measured using the equity method, is as follows:

The movement of investments in joint ventures is presented below:

	2023 BGN'000	2022 BGN'000
Balance at January 1	36	39
Acquisition of stocks and shares	125	-
Share in the loss for the year	(10)	(3)
Balance at 31 December	151	36

The table below presents summarized financial information for Group's joint ventures:

	See Link DOO 31.12.2023 BGN'000	Collective Financing AD 31.12.2023 BGN'000
Summarised information from the statement of financial position		
Current assets, incl.	87	199
<i>Short-term and other receivables</i>	37	-
<i>Cash and cash equivalents</i>	50	199
Non-current assets	25	-
Current liabilities	(29)	(3)
Financing	(4)	-
Net assets	79	196

	2023 BGN'000	2022 BGN'000
Summarised information from the statement of comprehensive income		
Net loss for the year	(23)	(4)
Total comprehensive income for the year	(23)	(4)

In 2023 and 2022, the Group did not receive dividends from participations in joint ventures.

The reconciliation between the summarized financial information about the Group's interest in the joint ventures and their carrying amount at 31 December included in these consolidated financial statements is presented in the table below:

	See Link DOO 31.12.2023 BGN'000	Collective Financing AD 31.12.2023 BGN'000
Net assets	79	196
Group share (%)	33.33%	49.00%
Other capitalised costs	-	27
Carrying amount of the investment	28	123

	See Link DOO 31.12.2022 BGN'000	Collective Financing AD 31.12.2022 BGN'000
Net assets	103	-
Group share (%)	33.33%	-
Carrying amount of the investment	36	-

16.2. INVESTMENTS IN ASSOCIATES

As at 31 December 2023, the amount of investments in associates includes, measured using the equity method, is as follows:

Company	31.12.2023 BGN '000	% Interest	31.12.2021 BGN '000	% Interest
Clear EX AD	210	40.00%	202	40.00%
BD Consults AD	120	24.50%	42	24.50%
Total	330		244	

Clear EX AD

The associated company Clear EX AD was established on 21 April 2020 by Bulgarian Stock Exchange AD and Central Depository AD with a capital of BGN 100 thousand. The principal activity of Clear EX AD is the provision of services as a clearing house in connection with transactions in electricity, natural gas and commodities concluded on an organized market, as well as other activities permitted by the law. The initial share capital is BGN 100 thousand, distributed in 100,000 dematerialized registered voting shares with nominal value of BGN 1 (one) each. The shareholding in the capital of the company by Central Depository AD and Bulgarian Stock Exchange AD is respectively 60% and 40%.

In December 2020, pursuant to a decision of the shareholders at the Extraordinary General Shareholder Meeting of Clear X AD dated 16 December 2020, in accordance with the decision and minutes of the Board of Directors of Bulgarian Stock Exchange AD No 78 dated 15 December 2020 in its capacity as holder of 40,000 shares, Bulgarian Stock Exchange AD participated in the proposed capital increase of Clear X AD by issuance of 400,000 new ordinary registered dematerialized shares under the following conditions: Bulgarian Stock

Exchange AD registered and acquired a portion of the new shares, corresponding to its interest prior to the capital increase – 40%, namely 160,000 new shares, in accordance with the effective legal requirements and restrictions.

For the registered shares the Exchange made contributions at a total amount equal to the nominal value of BGN 160,000.

- Cash contribution at the amount of BGN 140 thousand;
- Non-cash contribution (contribution in kind) of the 40 shares held by Bulgarian Stock Exchange AD in Central Depository AD at the amount of BGN 20 thousand, in accordance with the conclusion of the triple expert valuation dated 8 September 2020.

Additionally, the investment was increased with the direct expenses incurred for legal consultations in relation to the investment, at the amount of BGN 6 thousand. The shareholding by Central Depository AD and Bulgarian Stock Exchange AD remains respectively 60% and 40%.

On 14 September Clear EX AD obtained license No KK-01 to operate as a clearing house pursuant to Decision No 38/ 14.09.2023 on the grounds of Art. 8, Para 1 of the Stock Exchanges and Investment Companies Act.

BD Consults AD

BD Consults OOD was established on 21 April 2020 by Bulgarian Stock Exchange AD and Central Depository AD. The subject of activity of BD CONSULTS OOD includes administrative, financial and record keeping services, as well as other activities permitted by the law. The capital of the company is BGN 5 thousand, distributed into 5,000 shares with a nominal value of BGN 1 (one) each. The shareholding in the capital of the company by Central Depository AD and Bulgarian Stock Exchange AD is respectively 50.02% and 49.98%.

In 2022 the company's capital was increased to BGN 100 thousand, distributed as follows: Central Depository AD – 42.5%, Clear EX AD – 33%, and Bulgarian Stock Exchange AD – 24.5%.

7 September 2023 BD Consults was transformed into a joint-stock company.

The movement in investments in associates is presented below:

	2023	2022
	BGN '000	BGN '000
Balance at 1 January	244	209
Acquisition of stocks and shares	-	22
Share in current profit for the year	86	13
Balance at 31 December	330	244

The Group's share in the assets, liabilities, revenue and results, calculated based on the annual financial statements of the associates are, as follows:

31.12.2023	Share in assets	Share in liabilities	Share in revenue	Share in result	Interest
	BGN'000	BGN'000	BGN'000	BGN'000	%
Clear EX AD	211	8	24	8	40.00 %
BD Consults AD	228	100	535	78	24.50 %

31.12.2022	Share in assets	Share in liabilities	Share in revenue	Share in result	Interest
	BGN'000	BGN'000	BGN'000	BGN'000	%
Clear EX AD	196	1	-	(2)	40.00 %
BD Consults AD	182	142	230	15	24.50 %

The investment in associates as at 31 December 2023 and 31 December 2022 does not contain goodwill on acquisition.

General information about the associates

The table below presents summarised financial information about the Group's associates:

<i>Financial indicators</i>	Clear EX AD	BD Consults AD
	31.12.2023	31.12.2023
	BGN'000	BGN'000
Assets	528	929
Liabilities	20	440
Net assets	508	489

<i>Summarized information from the statement of comprehensive income</i>	31.12.2023	31.12.2023
	BGN'000	BGN'000
Revenue	60	2,183
Net profit for the year	21	318
Other comprehensive income for the year	8	78

The reconciliation between the summarised financial information on significant interest in associates and the carrying amount thereof as at 31 December 2023 and 31 December 2022, included in these consolidated financial statements, is presented in the table below:

	Clear EX AD	BD Consults AD
	31.12.2023	31.12.2023
	BGN'000	BGN'000
Net assets	508	489
Group share (%)	40.00%	24.50%
Group share in net assets	204	120
Other adjustments	6	-
Carrying amount of the investment	210	120

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	<i>Clear EX AD</i> 31.12.2022 <i>BGN'000</i>	<i>BD Consults AD</i> 31.12.2022 <i>BGN'000</i>
Net assets	487	164
Group share (%)	40.00%	24.50%
Group share in net assets	196	42
Other adjustments	6	-
Carrying amount of the investment	202	42

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

17.1. Debt instruments at fair value through other comprehensive income

Debt instruments at fair value through other comprehensive income include two issues of government securities - bonds purchased at a premium, issued by the Ministry of Finance of the Republic of Bulgaria, as follows:

31.12.2023

Issue	Currency	Issue date	Maturity	Coupon %	Par Value '000	Fair value '000	Fair value BGN'000
BG2040210218	EUR	29.10.2010	29.09.2025	5.75%	500 EUR	525 EUR	1,026
							1,026

31.12.2022

Issue	Currency	Issue date	Maturity	Coupon %	Par Value '000	Fair value '000	Fair value BGN'000
BG2040210218	EUR	29.10.2010	29.09.2025	5.75%	500 EUR	533 EUR	1,043
							1,043

The annual effective interest rate on the EUR-denominated bonds is 3.86%. The maturity of coupon payments of the bonds is twice a year, on March 29 and September 29.

17.2. Equity instruments at fair value through other comprehensive income

Investments at equity instruments at fair value through other comprehensive income constitute stocks and shares in other entities (minority interest), as follows:

Name	31.12.2023		31.12.2022	
	BGN '000	%	BGN '000	%
EuroCTP B.V.	442	2.80	-	-
Advance fie acquiring an investment in EuroCTP B.V.	-	-	27	-
Central Depository AD	414	4.51	360	4.51
Bulgarian Investment Forum Association	5		5	
Total	861		392	

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EuroCTP B.V.

The company EuroCTP B.V. was incorporated on 23 August 2023 in Amsterdam, the Netherlands, and Bulgarian Stock Exchange AD is among the 26 participants from EU members in this company (of which 14 are European exchanges). The organization aims to encourage the transparency and access to market data for all investors by providing a fully consolidated overview of the European capital market. Its objectives include creation of consolidated data providing an overall and standardized view on trade with the European Union in the interest of all market participants and the presentation of well-managed, stable, and sustainable data of economic rationale and in accordance with the applicable laws and regulations.

As at 31 December 2023 Bulgarian Stock Exchange AD made contributions at the total amount of BGN 442 thousand (31 December 2022: BGN 27 thousand) in relation to the company's incorporation. Legislative amendments are pending in relation to the newly established company, as well as a capital increase and collecting a final contribution. The company will operate independently in the future process of selection of consolidated data in the European Union. Bulgarian Stock Exchange AD will represent small exchanges in the company's Supervisory Board.

Central Depository AD

Central Depository AD is a business entity established in 1996 to maintain the national registration system and the system for settlement of corporate dematerialized securities. The state, through the Ministry of Finance, holds 43.70% of the shares in the share capital of Central Depository AD. Bulgarian Stock Exchange AD holds 4.51% of the shares of Central Depository AD as at 31 December 2023.

Bulgarian Economic Forum Association

Bulgarian Economic Forum Association is an NGO established in 1998 whose main aims are to popularize the business climate in Bulgarian and South-Eastern Europe among potential foreign investors and to facilitate dialogue between the government and business. Its members are key industrial chambers and associations, major companies, financial institutions, public organisations, etc.

The table below presents the Group's debt and equity instruments through other comprehensive income which are measured on a recurring basis at fair value in the consolidated statement of financial position:

Fair value hierarchy

	Fair value	Level 1	Level 3
	31.12.2023		
	BGN'000	BGN'000	BGN'000
Debt instruments at fair value through other comprehensive income	1,026	1,026	-
Equity instruments at fair value through other comprehensive income	861	-	861
Total	1,887	1,026	861

	Fair value 31.12.2022 BGN'000	Level 1 BGN'000	Level 3 BGN'000
Debt instruments at fair value through other comprehensive income	1,043	1,043	-
Equity instruments at fair value through other comprehensive income	392	-	392
Total	1,435	1,043	392

The table below presents the reconciliation between the opening and closing balances of Level 1 and Level 3 fair values:

	(Level 1) BGN'000	(Level 3) BGN'000	Total BGN'000
Balance at 1 January 2022	1,775	402	2,177
Interest income accrued on effective interest rate basis, included in the current profit for the year	51	-	51
Coupon interest received	(84)	-	(84)
Maturity of debt instruments at fair value through other comprehensive income	(551)	-	(551)
Capital increase	-	6	6
Acquisition of equity instruments at fair value through other comprehensive income	-	27	27
Unrealized (loss) included within other comprehensive income (Note 12)	(148)	(43)	(191)
Balance at 31 December 2022	1,043	392	1,435
Interest income accrued on effective interest rate basis, included in the current profit for the year	40	-	40
Coupon interest received	(56)	-	(56)
Acquisition of equity instruments at fair value through other comprehensive income	-	415	415
Unrealized gain included in other comprehensive income (Note 12)	(1)	54	53
Balance at 31 December 2023	1,026	861	1,887

Valuation techniques and significant unobservable inputs

The table below shows the valuation techniques as at 31 December used for fair value calculation at Level 3, and the significant unobservable inputs used.

Investments in stocks and shares of other entities (minority interest)	Valuations approaches and techniques	Significant unobservable inputs
Level 3	<i>a) income approach</i>	* annual forecast rate of change in free cash flows
	Valuation technique:	* terminal growth
	Discounted cash flows method (FCFE)	* discount rate

Quantitative information about fair value (Level 3)

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

The table below presents quantitative information about fair value calculations where significant unobservable inputs have been used (Level 3):

Valuation technique	Unobservable inputs	Range <i>Weighted average</i>	Correlation between significant unobservable inputs and fair value measurement - sensitivity to key assumptions
Discounted cash flows			The estimated fair value would increase (decrease) if:
	* annual forecast rate of change in free cash flows/revenue	* 31.12.2023: 2.00% - 2.80% (31.12.2023: weighted average: 2.40%) (31.12.2022: 2.00% – 3.00% (31.12.2022: weighted average: (2.50%)	* The estimated annual growth rate of free cash flow is higher (lower);
	* terminal growth	* 31.12.2023: 2.00% - 3.00 (31.12.2023: weighted average: 2.40%) (31.12.2022: 2.0% -3.0% (31.12.2022: weighted average:2.5%)	* The terminal growth is higher (lower);
	* discount rate	* 31.12.2023: 9.01% (31.12.2023: weighted average: 9.01%) (31.12.2022: 10.05% (31.12.2022: weighted average: 10.05%)	* Discount rate is lower (higher).

Sensitivity analysis

The sensitivity analysis of the fair value of investments in stocks and shares of other companies and entities (minority interest) Level 3 in terms of significant unobservable inputs is based on reasonably possible changes (increase or decrease) of each of these indicators: a. estimated annual rate of change in free cash flow; b. terminal growth; c. discount rate; assuming that the rest remain unchanged.

17.3. Financial assets at amortised cost

The Group's investments in debt instruments at amortised costs include two bond issues - an Eurobond issue acquired by the Bulgarian Energy Holding, and BGN-denominated bonds purchased with discount, issued by the Bulgarian Ministry of Finance, and as follows:

31.12.2023

Issue	Currency	Date of issue	Date of maturity	Coupon interest %	Nominal amount '000	Fair value '000	Amortised cost BGN'000
BG2030022219	BGN	13.10.2022	28.03.2028	3.20%	200 BGN	196 BGN	194
XS2367164576	EUR	22.07.2021	22.07.2028	2.45%	5,100 EUR	4,394 EUR	10,077
							10,271

31.12.2022

Issue	Currency	Date of issue	Date of maturity	Coupon interest %	Nominal amount '000	Fair value '000	Amortised cost BGN'000
BG2030022219	BGN	13.10.2022	28.03.2028	3.20%	200 BGN	185 BGN	192
XS2367164576	EUR	22.07.2021	22.07.2028	2.45%	5,100 EUR	3,925 EUR	10,077
							10,269

The investments in the above debt securities are measured at amortised cost.

The annual interest rate on BGN-denominated bonds is 3.20%. The maturity of the coupon payment of BGN-denominated bonds is twice per year, on 28 March and 28 September, until the maturity date – 28 March 2028.

The annual interest rate on EUR-denominated bonds is 2.45%. The maturity of the coupon payment of Eurobonds is once per year, on 22 July, until the maturity date – 22 July 2028, with maturity of seven years.

The fair value of the bonds as at 31 December 2023 does not materially deviate from their amortised cost.

18. LONG-TERM PREPAYMENTS

Long-term prepaid costs include expenses for setting up and providing access to trading and integration platforms to partner systems in relation to the market segments and services provided by the subsidiary IBEX EAD and as at 31 December are as follows:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Non-current	295	522
Current (Note 22)	282	252
Total	577	774

19. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December *deferred taxes* are related to the following items in the consolidated statement of financial position:

Item description:	temporary difference	tax 10%	temporary difference	tax 10%
	31.12.2023 BGN'000	31.12.2023 BGN'000	31.12.2022 BGN'000	31.12.2022 BGN'000
Impairment of expected credit losses on financial assets and cash (<i>Note 22 and Note 25</i>)	6,655	666	6,915	693
Property, plant and equipment	213	21	203	20
Unpaid employee benefits, incl. unused leaves	415	42	353	35
Long-term retirement benefit obligations	170	17	141	14
Total deferred tax assets:	7,453	746	7,612	762
Intangible assets in a business combination	(3,362)	(335)	(3,690)	(368)
Remeasurement of financial assets at fair value through other comprehensive income	(294)	(29)	(237)	(24)
Total deferred tax liabilities:	(3,656)	(364)	(3,927)	(392)
Deferred tax assets/(liabilities), net, including	3,797	382	3,685	370
Deferred tax assets (consolidated)		717		738
Deferred tax liabilities (consolidated)		(335)		(368)

Upon recognizing deferred tax assets, the probability of reversal of the individual differences and the abilities of the Group to generate sufficient taxable profit in the future have been taken into account.

The overall change in the Group's deferred tax assets and liabilities in the respective financial year is as follows:

	31.12.2023 BGN'000	31.12.2022 BGN'000
<i>incl. Deferred tax assets (consolidated)</i>	738	422
<i>incl. Deferred tax liabilities (consolidated)</i>	(368)	(401)
Deferred tax assets/(liabilities) at 1 January	370	21
Recognized in the consolidated statement of comprehensive income (within profit or loss for the year)	17	330
Recognized in other comprehensive income	(5)	19
Deferred tax assets/(liabilities) at 31 December	382	370
<i>incl. Deferred tax assets (consolidated)</i>	717	738
<i>incl. Deferred tax liabilities (consolidated)</i>	(335)	(368)

The change in the balance of deferred tax assets / (liabilities) is as follows:

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Deferred tax assets/(liabilities), net	Balance at 1 January 2023	Recognised within profit or loss for the year	Recognized within other comprehensive income	Balance at 31 December 2023
	BGN'000	BGN'000	BGN'000	BGN'000
Impairment of expected credit losses on financial assets and cash	691	(27)	-	664
Property, plant and equipment	20	1	-	21
Unpaid employee benefits, incl. unused leaves	36	7	-	43
Long-term retirement benefit obligations	15	3	-	18
Intangible assets in a business combination	(368)	33	-	(335)
Remeasurement of financial assets at fair value through other comprehensive income	(24)	-	(5)	(29)
Total, incl.	370	17	(5)	382
Deferred tax assets (consolidated)	738	(16)	(5)	717
Deferred tax liabilities (consolidated)	(368)	33	-	(335)

Deferred tax assets/(liabilities), net	Balance at 1 January 2022	Recognised within profit or loss for the year	Recognized within other comprehensive income	Balance at 31 December 2022
	BGN'000	BGN'000	BGN'000	BGN'000
Impairment of expected credit losses on financial assets and cash	400	291	-	691
Property, plant and equipment	19	1	-	20
Unpaid employee benefits, incl. unused leaves	31	5	-	36
Long-term retirement benefit obligations	15	-	-	15
Intangible assets in a business combination	(401)	33	-	(368)
Remeasurement of financial assets at fair value through other comprehensive income	(43)	-	19	(24)
Total, incl.	21	330	19	370
Deferred tax assets (consolidated)	422	297	19	738
Deferred tax liabilities (consolidated)	(401)	33	-	(368)

There are unrecognised deferred tax assets recognised in the consolidated statement of financial position as at 31 December 2023 at the amount of BGN 440 thousand (31 December 2022: BGN 356 thousand) related to tax losses to carryforward to Group companies. The statutory term for carryforward of deductible tax differences resulting from tax losses is five years from the date of occurrence and expires, as follows:

Total amount of tax loss to carryforward BGN '000	year of occurrence	Term
839	2023	2028
862	2022	2027
650	2021	2026
1,073	2020	2025
978	2019	2024
4,402		

20. TRADE RECEIVABLES

20.1. Receivables from customers

Receivables from customers amounting to BGN 720 thousand (31 December 2022: BGN 567 thousand) include receivables for fees due for services rendered according to the regulations of Bulgarian Stock Exchange and the Fees Tariff of IBEX EAD (transaction commissions, fees for: registration, internet and online trade and information services, etc.), which are usually paid upon receipt of the service and/or within 1-15 days after issuing the invoice (receivables under contracts with customers).

The usual credit period (the usual return of receivables) is up to 30 days. Receivables are interest-free.

Trade receivables are denominated in the following currencies:

	31.12.2023 BGN'000	31.12.2022 BGN'000
In BNG	512	443
In Euro	208	124
Total	720	567

20.2. Receivables from counterparts for electricity

Receivables from counterparts for electricity include:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Trade receivables from electricity purchase and sale transactions (<i>Note 2.7</i>), gross amount	20,035	58,478
Impairment provision for expected credit losses	-	-
Trade receivables from electricity purchase and sale transactions, net	20,035	58,478

Receivables from counterparts for electricity arise from electricity sale transactions on the organized electricity exchange market, in which the subsidiary IBEX EAD as an exchange market operator acts as an intermediary (agent) (*Note 2.7*), but bears responsibility for the collection and credit risk thereof.

The usual return of receivables is 1-2 days. Receivables are interest-free, BGN- and EUR-denominated. The receivables were collected in the beginning of January 2024.

The Group applies the simplified approach under IFRS 9 for measuring expected credit losses on receivables from counterparts for electricity, recognizing expected losses over the life term of the instrument for all receivables from counterparts for electricity (*Note 2.27*).

21. TAXES REFUNDABLE

	31.12.2023 BGN'000	31.12.2022 BGN'000
<i>Taxes refundable include:</i>		
VAT		51,668
Corporate tax	-	114
Total	-	51,782

As at 31 December 2023 the Group has no receivables related to taxes refundable (31 December 2022: BGN 51,782 thousand).

22. OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments include:	31.12.2023 BGN'000	31.12.2022 BGN'000
Advances paid	379	339
Prepayments	320	309
Balances for guarantees and deposits placed	67	16
<i>Court receivables</i>	<i>5,430</i>	<i>6,747</i>
<i>Provision for impairment of expected credit losses on court receivables (Note 2.27)</i>	<i>(5,430)</i>	<i>(5,665)</i>
Court receivables, net	-	1,082
<i>Receivable under a cession of a deposit from bank in bankruptcy (Note 2.27)</i>	<i>1,214</i>	<i>1,214</i>
<i>Provision for impairment of expected credit losses on receivable under a cession of a deposit from bank in bankruptcy</i>	<i>(1,214)</i>	<i>(1,214)</i>
Cession receivable, net	-	-
Prepaid fees for overdraft contracts management	-	206
<i>Other receivables</i>	<i>77</i>	<i>45</i>
Other receivables, net	843	1,997

	31.12.2023 BGN'000	31.12.2022 BGN'000
<i>Prepayments include:</i>		
Current portion of long-term prepayments (Note 18)	282	252
Advance payments for services	21	20
Insurance	8	9
Subscription	6	26
Supplementary health insurance	3	2
Total	320	309

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

Court receivables

Court receivables have an initial gross book value of BGN 6,747 thousand. As at 31 December 2023, these receivables have a respective book value of BGN 5,430 thousand (2022: BGN 6,747 thousand) and carrying amount: nil (2022: BGN 1,082 thousand). The receivables initially arose in the period September-October 2018 pursuant to the Agreement for participation in the electricity exchange market, and have not been settled on time and according to the Rules for operation of an organized exchange market, the Rules for conduct on the exchange market and the Settlement Rules adopted by the electricity exchange market operator. On 14.11.2018 the debtor submitted an application to the Commercial Register for initiating insolvency proceedings. Therefore and based on information available at the end of each respective reporting period about the debtor and its abilities to meet its obligations, in the consolidated financial statements the Group accounted for losses on impairment of expected credit losses.

As at 31 December 2023 and as at 31 December 2022 of the two previous years, the subsidiary IBEX EAD was included in the list of creditors of the bankrupt as a creditor whose receivable has been unconditionally ascertained and approved. For each reporting year, the management formed its assessment regarding the collectability of this receivable, respectively made a decision to recognize impairment, based on an expert legal opinion on the case.

As at 31 December 2022, in relation to the current development and the presence of new information on the debtor's bankruptcy case, incl. information regarding the list of receivables and the list of creditors, the IBEX EAD management performed detailed analysis and assessment of the collectability of the receivable and made a decision to impair credit losses thereon for year 2022. For this purpose, it applied applying a probability-weighted model of specifically developed scenarios for the receivable's repayment. In the analysis, the company used an updated expert legal opinion on the status of the legal case, as well as legal and economic documents regarding the debtor, financial and other information. Based on this analysis, the management has determined that the court receivable is in Stage 3, and it recognised impairment in the statement of comprehensive income at the amount of BGN 2,965 thousand for 2022 (Note 8). The impairment recognised at 31 December 2021 is BGN 675 thousand.

As at 30 June 2023, a partial account for distribution of funds in favour of the debtor's creditors was prepared and published in the debtor's account in the Trade Registry and the Registry of Non-Profit Legal Entities; effectively, BGN 1,317 thousand has been received in favour of IBEX EAD, which is BGN 325 thousand more than initially estimated. As a result, in the consolidated financial statements, the receivable from the debtor, respectively – the impairment accrued, were reduces, and impairment was reintegrated at the amount of BGN 235 thousand (Note 4).

As at 31 December 2023 this receivable is impaired at 100%, considering all is events and developments on the case, incl. those after the reporting date, until the date of approval of these consolidated financial statements.

Cession receivable

As at 31 December 2023, other receivables include receivable under a cession agreement for a deposit with a bank initially placed under special supervision in June 2014 and declared bankrupt in April 2015, at the

gross amount of BGN 1,214 thousand. The receivable is 100% impaired (31 December 2022: the receivable is 100% impaired) (Note 2.27.2).

The initial value of the receivables acquired under the cession agreement amounted to BGN 1,314 thousand, nominal value – BGN 1,752 thousand. The payments received by the Group under the cession agreement amount to BGN 178 thousand, and the interest accrued in the 2014-2016 period is BGN 78 thousand.

The cession receivable was subject to multiple litigations and legal disputes, completed in year 2022.

At the date of these consolidated financial statements, the parent is in the process of initial preliminary negotiations on the potential realisation of the ceded receivable.

Allowance for impairment of expected credit losses

The movement in the allowance for impairment of expected credit losses of other receivables is presented in the table below:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Balance at the beginning of the year	(6,879)	(3,914)
Reintegrated/(accrued) impairment in the year	235	(2,965)
Balance at the end of the year	(6,644)	(6,879)

23. RECEIVABLES UNDER AGREEMENTS WITH BUYBACK CLAUSES

In 2023 the Group, through the subsidiary IBEX EAD, executed transactions with a bank of a high credit rating for the purchase of financial instruments (high-rated corporate securities) pursuant to agreements with a buyback clause. The instruments purchased subject to buyback are not recognised in the statement of financial position, since they are essentially a collateral for these transactions. The amounts paid on these agreements are stated as receivables under agreements with buyback clauses. The difference in the contracted amount between the purchase and reverse sale is treated and recognised currently over the term of the transaction as interest income (Note 10).

As at 31 December 2023, the Group has receivables under agreements with buyback clauses at the amount of BGN 196,117 thousand from a foreign bank with a high credit rating (31 December 2022: nil). The average interest rate on these agreements is 3.7%, and their maturity is up to 3 months.

The receivables under agreements with buyback clauses are secured by foreign corporate bonds with high credit rating.

At the date of preparation of the financial statements these agreements matured and the Group, through its subsidiary IBEX EAD received its receivables therefrom along with the respective interest.

24. RECEIVABLES FROM BANKS UNDER COLLATERALS

As at 31 December 2022 the Group, through the parent, granted financial collateral pursuant to the Financial Collateral Contracts Act by transferring ownership of cash at the amount of BGN 400 thousand under a loan extended by a bank to the associate BD Consults AD. The term of the commitment is until 20 December 2023 or until the full repayment of all payables under the credit exposure of the Bank's associate.

As at 31 December 2023, the receivable under the financial collateral granted was repaid in full.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	31.12.2023 BGN'000	31.12.2022 BGN'000
<i>Cash in current accounts</i>	41,986	252,762
<i>Deposits with original maturity up to 12 months</i>	88,399	993
<i>Special-purpose current account</i>	259	-
<i>Cash in hand</i>	8	8
Total cash, gross amount	130,652	253,763
Provision for impairment of expected credit losses	(11)	(36)
Cash and cash equivalents, net:	130,641	253,727

Cash and cash equivalents are denominated in the following currencies:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Cash and cash equivalents, net of impairment		
In BGN	75,256	110,543
In EUR	55,385	143,184
Total	130,641	253,727

The interest rates on deposits range from 0.014% to 3.30% (2022: from 0% to 2.50%) depending on the amounts therein, the currency, and the market conditions.

The movement of the allowance for impairment of expected credit losses on cash is presented in the table below:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Balance at the beginning of the year	(36)	(95)
Reintegrated impairment	25	59
Balance at the end of the year	(11)	(36)

26. SHARE CAPITAL AND RESERVES

	31.12.2023 BGN'000	31.12.2022 BGN'000
Share capital	6,583	6,583
Treasury shares	(719)	(719)
Treasury shares reserve	186	186
Reserve for financial assets at fair value through other comprehensive income	260	212
Other reserves	6,949	6,949
Retained earning	19,144	13,369
Total	32,403	26,580

Share capital

As at 31 December 2023, the registered share capital of Bulgarian Stock Exchange AD amounts to BGN 6,583 thousand (31 December 2022: BGN 6,583 thousand), distributed in 6,582,860 ordinary, registered voting shares with nominal value of BGN 1 each, registered for trade on Bulgarian Stock Exchange AD.

The shares of parent company are listed for trading on Bulgarian Stock Exchange AD.

As at 31 December 2023 the share capital of the Bulgarian Stock Exchange AD amounts to BGN 6,582,860, of which BGN 3,295,000 is held by the Ministry of Finance.

At an Annual General Meeting of the shareholders of Bulgarian Stock Exchange AD, held on 29 June 2023, a decision was made to distribute 2022 post-tax profit at the amount of BGN 6,868,500.67 in full (100%) for shareholder dividend. The dividend paid pursuant to the decision of the General Meeting of Shareholders dated 29 June 2023 amounts to BGN 6,720 thousand, and the difference amounting to BGN 149 thousand is due to the dividend related to IBEX AD treasure shares. This dividend is stated within retained earnings, since under the law it is not due.

On the Annual General Meeting of the shareholders of the Exchange, held on 30 July 2020, a decision was made for the buyback of shares of Bulgarian Stock Exchange AD by Independent Bulgarian Energy Exchange EAD (a sole-owner entity controlled by Bulgarian Stock Exchange AD), as from 15 December 2020. According to the Commercial Act, this buyback is equal to purchase of treasury shares.

The treasury shares bought by the subsidiary Bulgarian Independent Energy Exchange EAD as at 31 December 2023 are 142,219 (31 December 2022: 142,219) with nominal value BGN 1 per share or total nominal value BGN 142 thousand (31 December 2022: BGN 142 thousand), and acquisition price BGN 719 thousand (31 December 2022: BGN 719 thousand).

Group's reserves include:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Treasury shares reserve	186	186
Statutory reserves	658	658
Additional reserves	6,291	6,291
Reserve for financial assets at fair value through profit or loss other comprehensive income	260	212
Total	7,395	7,347

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

The treasury shares reserve at the amount of BGN 186 thousand (31 December 2022: BGN 186 thousand) includes effects on sale of treasury shares.

Statutory reserves amounting to BGN 658 thousand (31 December 2022: BGN 658 thousand) include the Reserve Fund of the Group, formed by distribution of the parent company's profit.

The additional reserves, amounting to BGN 6,291 thousand (31 December 2022: BGN 6,291 thousand) are formed by profit distributions pursuant to a decision of the shareholders. They can be used for dividend distribution, capital increase and/or for covering loss.

The parent company distributes and pays dividends on the grounds on the ban on dividend distribution in the repealed Art. 21, Para 2 of POSA (State Gazette, issue 86/2006) and an amendment to the Statute of the parent company and a decision of the General Meeting.

The movement in additional reserves is as follows:

Additional reserves	31.12.2023 BGN'000	31.12.2022 BGN'000
Balance at January 1	6,291	3,378
Profit distribution of the parent company	-	2,913
Balance at 31 December	6,291	6,291

The reserve of financial assets at fair value through other comprehensive income as at 31 December 2023 amounts to BGN 260 thousand (31 December 2022: BGN 212 thousand) and has been formed by the effects of subsequent remeasurement of financial assets at fair value through other comprehensive income.

The movement in the reserve of financial assets at fair value through other comprehensive income is as follows:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Balance at January 1	212	383
Net income from remeasurement of financial assets at fair value through other comprehensive income	53	(191)
Income tax on remeasurement of financial assets at fair value through other comprehensive income	(5)	20
Balance at 31 December	260	212

The movements in retained earnings are as follows:

Retained earnings	31.12.2023 BGN'000	31.12.2022 BGN'000
Balance at January 1	13,369	14,799
<i>incl. actuarial losses on remeasurement of defined benefit plans</i>	59	44
Allocation for additional reserves	-	(2,913)
Profit distribution for dividends	(6,720)	(3,109)
Net profit for the year	12,521	4,533
Actuarial gains / (losses) from remeasurement	(26)	59
Balance at 31 December	19,144	13,369
<i>incl. actuarial gains/(losses) on remeasurement of defined benefit plans</i>	(26)	59

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

Retained earnings as at 31 December 2023 include recognized actuarial loss stated upon the remeasurement of defined benefit plans in accordance with IAS 19, at the amount of BGN 26 thousand (31 December 2022: gain at the amount of BGN 59 thousand).

Basic net earnings/loss per share	31.12.2023 BGN'000	31.12.2022 BGN'000
Average weighted number of shares	6,440,641	6,440,641
Net profit for the year	12,521	4,533
Basic net earnings per share	1.94	0.70

The Group does not calculate the indicator “basic diluted net earnings per share”, as there are no issued diluted shares.

27. RETIREMENT BENEFIT OBLIGATIONS

The long-term retirement obligations to personnel include the present value of the obligation of the Group companies to pay indemnities to the hired personnel at the date of the consolidated statement of financial position on coming of age for retirement.

In accordance with the Labour Code in *Bulgaria*, the Group in its capacity as employer is obliged to pay to staff a compensation at the amount of the respective employee’s two-month gross remuneration upon retirement. If the employee worked for at least 10 years out of the last 20 years of the service period for the same entity or group of entities, the compensation amounts to the gross remuneration for six months. This is a defined benefit plan (*Note 2.22*).

To determine these obligations, the Group has performed an actuarial valuation, using the services of certified actuaries.

The change in the present value of retirement benefit obligations is as follows:

	31.12.2023 BGN '000	31.12.2022 BGN '000
Present value of obligations at 1 January	94	137
Interest expense for the period	6	1
Current service costs for the period	19	15
Payments under retirement benefit obligations	-	-
Effects of remeasurement in the year, including:	26	(59)
Actuarial losses from adjustments due to past experience	8	17
Actuarial (gains) from adjustments in demographic assumptions	(1)	(1)
Actuarial (gains)/losses from changes in financial assumptions	19	(75)
Present value of obligations at 31 December	145	94

The amounts carried to the consolidated statement of comprehensive income for long-term retirement benefits are as follows:

	31.12.2023 BGN'000	31.12.2022 BGN '000
Current service cost	17	15
Interest cost	6	1
Net actuarial loss recognised in the year	2	-
Components of defined benefit plans expenses recognised within profit or loss (Note 7)	25	16
Effects of remeasurement of retirement benefit obligations:		
<i>Losses arising from experience adjustments</i>	8	17
<i>Actuarial (gains)/losses from adjustments in demographic assumptions</i>	(1)	(1)
<i>(Gains)/losses arising from changes in financial assumptions</i>	19	(75)
Components of defined benefit plans expenses recognised within other comprehensive income (Note 13)	26	(59)
Total	51	(43)

The following actuarial assumptions were used for calculating the present value of the obligations as at 31 December 2023:

- The discount factor is calculated by using 4.03% annual interest rate for the parent and 4.5% for the subsidiaries as basis (2022: 6%). The assumption is based on yield data for long-term government securities with 10-year maturity;
- The assumption for the future level of the salaries is based on the information provided by the Company's management and amounts to 1% annual growth compared to the prior reporting period for the parent and 10% annual growth for the companies (2022: 1% annual growth for the parent and 10% for the companies);
- Mortality rate – in accordance with the table on the total mortality rate of the population in Bulgaria, issued by the National Statistics Institute for the period 2020 - 2022 (2022: 2019 - 2021);
- Staff turnover rate – from 2 to 12% for the parent company and from 0 to 16% for the subsidiaries for the five age groups formed (2022: between 0 and 12% for the parent company and between 0 and 16% for the subsidiaries for the five age groups formed).

This defined benefit plan exposes the Group companies to the following risks: investment risk, interest risk, longevity risk and salary growth related risk: The management of the Group defines them as follows:

- investment risk – as far as this is unfunded plan, the Group companies should monitor and balance currently the forthcoming payments under it with the ensuring of sufficient cash resources. The historical experience and the liability structure show that the annual resource required is not material compared to the commonly maintained liquid funds;
- interest risk – any increase in the yield of government securities with similar term will increase the plan liability;
- longevity risk – the present value of the retirement benefit liability is calculated by reference to the best estimate and updated information about the mortality of plan participants.

An increase in life expectancy would result in a possible increase in the liability. A relative stability of this indicator has been observed in the recent years; and

- salary growth related risk – the present value of the retirement benefit liability is calculated by reference to the best estimate of the future increase in plan participants' salaries. Such an increase would increase the plan liability.

The sensitivity analysis of the main actuarial assumptions is based on the reasonably possible changes of these assumptions at the end of the reporting period, assuming that all other assumptions are held constant.

Effects of the change (increase or decrease) of:

- salary growth – 1% for the parent and 10% for the subsidiaries;
- discount rate – 0.50%;
- staff turnover rate – 4 nos.

Effects on the amount of the liability stated of the change in the main assumptions:

	31.12.2023		31.12.2022	
	Increase BGN '000	Decrease BGN '000	Increase BGN '000	Decrease BGN '000
Change in salary growth	7	(7)	3	(3)
Change in discount rate	(6)	7	(3)	4
Change in staff turnover rate	(8)	8	(3)	3

The weighted average duration of the defined benefit obligation to personnel is 19.04 years for the parent and 16 years for the subsidiaries (2022: 10.1 years for the parent; 2022: 17.02 years for the subsidiaries).

The expected indemnity payments upon retirement under the defined benefit plan for the following five years are as follows:

Forecast payments	Old age and length of service retirement BGN '000
<i>Payments in 2023</i>	-
<i>Payments in 2024</i>	-
<i>Payments in 2025</i>	30
<i>Payments in 2026</i>	-
<i>Payments in 2027</i>	-
<i>Payments in 2028</i>	-
Total	30

No illness-related retirement payments are expected over the next five years.

28. TRADE AND OTHER PAYABLES

28.1. Guarantee deposits received from counterparts

The guarantee deposits received from counterparts at the amount of BGN 270,274 thousand (31 December 2022: BGN 252,593 thousand) constitute deposits for participation on exchange market to guarantee the obligations of each trading participant in electricity purchase and sale transactions in which the subsidiary IBEX EAD is an intermediary (agent) and for which it bears the financial risk. Deposits are recovered upon deregistration from the exchange market, if the trading participant has no outstanding payables. In case of outstanding payables to IBEX EAD, the guarantee accrued is absorbed to the amount due.

28.2. Payables to suppliers and other creditors

Payables to suppliers at the amount of BGN 1,685 thousand (31 December 2022: BGN 822 thousand) are current and are for services received in 2023.

28.3. Payables to counterparts for electricity

The payables to counterparts for electricity include:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Trade payables for purchase and sale of electricity (Note 2.7)	39,420	104,473
Total	39,420	104,473

Pursuant to Decision No L4-19 dated 01.07.2022 of Energy and Water Regulatory Commission, as from 1 July 2022, the price of the 'obligation to society' component amounts to 0,00 BGN/MWh excluding VAT. In view of this change, as at 31 December 2022 there are no payables to the Energy System Security Fund. Following the latest amendment to the Rules for operation of an organized exchange market effective as from 1 November 2022 there is no longer for exchange participants to make payments on a weekly basis. As a result, there are no advance payments for electricity purchase as at 31 December 2022 or as at 31 December 2023.

29. PAYABLES TO PERSONNEL AND FOR SOCIAL SECURITY

Payables to personnel and for social security include:

	31.12.2023 BGN'000	31.12.2022 BGN '000
Payables for unused compensated leaves	277	217
Current remuneration	162	127
Payables for social security and health insurance on compensated leaves	59	54
Payables for social security and health insurance on current personnel costs	38	31
Total	536	429

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

30. TAX PAYABLES

	31.12.2023 BGN'000	31.12.2022 BGN '000
VAT	21,585	27
Excise	282	167
Individual income tax	43	38
Tax on expenses	17	18
Corporate tax	12	-
Total	21,939	250

The Group companies' tax liabilities are current.

Until the date of issuance of these consolidated financial statements, the following audits and inspections have been carried out at the Group companies:

Parent company:

- VAT audit – tax audit performed until 30.10.2022
- Full tax audit – until 31.12.2002
- Inspection by the National Social Security Institute – until 30.06.1999

Subsidiaries

Bulgarian Independent Energy Exchange EAD

- VAT audit – until 31.03.2023
- Full tax audit – none
- Inspection by the National Social Security Institute – none

Financial Markets Service EOOD

- VAT audit – none
- Full tax audit – none
- Inspection by the National Social Security Institute – none

Tax audit is carried out within five years from the end of the year in which the tax return was submitted for the specific liability. The revision confirms the final tax liability of the respective taxable entity, unless otherwise provided by the law.

31. GOVERNMENT GRANTS

As at 31 December, the government grants received are as follows:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Non-current portion	-	116
Current portion	43	151
Total	43	267

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

The Group, through its subsidiary IBEX EAD is a beneficiary of the Horizon 2020 Program. The program is a financial instrument for research and innovation within the EU initiative European Innovation Council. The program is managed by the European Commission's Directorate-General for Research and Innovation.

The projects in which the subsidiary IBEX EAD is a participant and receives grants at the amount of expenses incurred are the following:

- **INTERFACE** - The project develops and operates an integrated pan-European architecture for network services, which will be an interface that allows seamless and coordinated work of all stakeholders, period November 2018 - November 2022.
- **FARCROSS** – a program facilitating the regional cross-border transmission of electricity through innovation, period October 2019 - October 2023.
- **TRINITY** – transmission system, improving the regional borders through a market of intelligent technologies, period October 2019 - October 2023.

The table below shows the funds received and used for funded projects to cover current expenses:

	31.12.2023	31.12.2022
	BGN'000	BGN'000
1 January	267	375
Grant funds received	-	139
Reimbursed undrawn funds	(70)	-
Recognised grant income for current operations under Horizon 2020 (Note 4)	(154)	(247)
31 December	43	267

The short-term part of the financing will be recognized as current income in the next 12 months from the date of the consolidated statement of financial position.

32. OTHER PAYABLES

The other payables include:

	31.12.2023	31.12.2022
	BGN'000	BGN'000
Dividend payables	581	191
Contract liabilities (Note 3)	57	49
Other payables	35	-
Total	673	240

Contract liabilities include mainly prepayments for information services for 2024.

Dividend payables at the amount of BGN 581 thousand (31 December 2022: BGN 191 thousand) constitute unpaid dividends to shareholders from the distribution of profit of the parent for 2022, 2021, 2020, 2019, and 2018.

33. LEASES

Assets and liabilities recognized in the consolidated statement of financial position

The following items and amounts related to leases are presented in the consolidated statement of financial position:

Right-of-use assets are included in the consolidated statement of financial position within property, plant and equipment (*Note 14*).

<i>Buildings and vehicles</i>	31.12.2023	31.12.2022
	BGN '000	BGN '000
<i>Book value</i>		
Balance at 1 January	306	297
Increases/additions	327	9
Decreases/disposals	(277)	-
Balance at 31 December	356	306
<i>Accumulated depreciation</i>		
Balance at 1 January	(269)	(178)
Depreciation charge	(111)	(91)
Depreciation written-off	278	-
Balance at 31 December	(102)	(269)
Carrying amount at 1 January (<i>Note 14</i>)	37	119
Carrying amount at 31 December (<i>Note 14</i>)	254	37

The lease liabilities as at 31 December are as follows:

	31.12.2023	31.12.2022
	BGN'000	BGN'000
1 January	39	61
Increases	326	9
Disposals	-	-
Interest accrued	11	1
Payments	(117)	(32)
31 December, including:	259	39
non-current portion	128	18
current portion	131	21

Expenses recognised in the consolidated statement of comprehensive income

	<i>Notes</i>	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Expenses on depreciation of right-of-use assets (IFRS 16)	14	217	81
Interest expenses on lease liabilities – IFRS 16 (included within finance costs)	11	11	-
Expenses related to short-term leases (accounted for under IFRS 16)	6	34	20
Income from lease of movable and immovable property	4	34	30
The total cash outflow under leases as at 31 December 2023 related to short-term leases amounts to BGN 117 thousand (2022: BGN 32 thousand).			

34. BANK LOANS

Unsecured overdraft extended by banks

As at 31 December 2023, one-year overdraft agreements with four banking institutions at the total amount of BGN 100,000 thousand, concluded by the Group in 2022, ended and were not renewed. In 2023, a total of BGN 9,731 thousand was drawn and repaid (2022: BGN 9,731 thousand) under overdraft agreements.

The prepaid charges for management until the overdrafts expire are allocated as monthly costs on a linear basis. The table below shows the charges for overdraft management paid and recognised as costs:

	31.12.2023 BGN'000	31.12.2022 BGN'000
Deferred expenses as at 1 January	206	-
Management charges paid	-	260
Recognised management charges cost (Note 11)	(206)	(54)
Deferred expenses as at 31 December (Note 22)	-	206

35. SEGMENT REPORTING

The segmental reporting in the Group is organised based on the core business activities carried out by the Group: a) trading in financial instruments; b) information services; c) the registration and maintenance of issues for trading regulated market and d) electricity trade.

The items of revenue, expenses and results of business segments include:

	Trading in financial instruments		Information services		Registration and maintenance of issues for trading		Electricity trade		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Revenue by segments	1,067	1,247	1,034	866	1,456	1,061	14,154	14,084	17,711	17,258
Cost of materials and consumables	(12)	(15)	(9)	(9)	(15)	(13)	(38)	(35)	(74)	(72)
Hired services expense	(1,007)	(905)	(432)	(172)	(618)	(336)	(3,989)	(3,150)	(6,046)	(4,563)
Amortisation and depreciation expenses	(161)	(169)	(85)	(51)	(90)	(63)	(455)	(471)	(791)	(754)
Employee benefits expense	(533)	(464)	(517)	(491)	(617)	(539)	(2,015)	(1,523)	(3,682)	(3,017)
Other expenses	(39)	(72)	(38)	(49)	(54)	(61)	(189)	(3,033)	(320)	(3,215)
Total operating expenses	(1,752)	(1,625)	(1,081)	(772)	(1,394)	(1,012)	(6,686)	(8,212)	(10,913)	(11,621)
Segment result	(685)	(378)	(47)	94	62	49	7,468	5,872	6,798	5,637
Unallocated operating income from operations									498	400
Unallocated operating expenses from operations									(608)	(1,004)
Profit from operations									6,688	5,033
Finance income									8,561	657
Finance costs									(1,328)	(572)
Profit/(loss) from joint ventures and associates									76	10
Profit / (loss) before taxes									13,997	5,128
Income tax expense									(1,476)	(595)
Net profit for the year									12,521	4,533

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

The assets and liabilities of the business segments include:

	Trading in financial instruments		Information services		Registration and maintenance of issues for trading		Electricity trade		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Assets by business segments										
Trade receivables	25	13	284	124	-	-	20,427	58,478	20,736	58,615
Other receivables	-	-	-	-	-	-	-	1,082	-	1,082
Segment assets	25	13	284	124	-	-	20,427	59,560	20,736	59,697
Unallocated assets									346,976	326,458
Total assets									367,712	386,155
Liabilities by business segments										
Trade and other payables	390	-	57	-	-	-	310,868	357,066	311,315	357,066
Payables to personnel and social security	57	51	57	42	73	50	279	217	466	360
Segment liabilities	447	51	114	42	73	50	311,147	357,283	311,781	357,426
Unallocated liabilities									23,528	2,149
Total liabilities									335,309	359,575

The Group has capital expenses related to the business segment Trading in financial instruments, such as purchase of software from DBAG in relation to transition to the new T7 trading system and the purchased SCILA surveillance software.

As at 31 December 2023, amortisation costs were stated in relation to business segments of the parent at the amount of BGN 336 thousand (2022: BGN 283 thousand).

As at 31 December 2023, amortisation costs were stated in relation to business segments of the subsidiary IBEX EAD, at the amount of BGN 455 thousand (31 December 2022: BGN 471 thousand).

As at 31 December 2023, the Group has not stated non-cash expenses, other than amortisation, in relation to the business segments (31 December 2022: none).

The Group manages property, plant and equipment, investments measured at fair value, investments measured at amortized cost and taxes at the Group level and they are not allocated at segment level.

The parent company and the subsidiaries of the Group operate only on the territory of the Republic of Bulgaria, and the joint venture SEE Link DOO operates on the territory of the Republic of Macedonia.

As at 31 December 2023 the Group realised revenue from Bulgarian customers at the amount of BGN 14,130 thousand (31 December 2022: BGN 14,737 thousand) and the revenue from foreign customers at the amount of BGN 3,581 thousand (31 December 2022: BGN 2,521 thousand).

The total revenue from transactions with the biggest customers of the Group companies and the respective business segment are as follows:

	31.12.2023		business segment
	BGN'000	%	
Customer 1 Bulgarian customer	1,545	9%	electricity trade
Customer 2 Bulgarian customer	754	4%	electricity trade
Customer 3 Foreign customer	736	4%	Information service
Customer 4 Bulgarian customer	615	3%	electricity trade
Customer 5 Bulgarian customer	140	1%	trading in financial instruments
Customer 6 Bulgarian customer	125	1%	trading in financial instruments
Customer 7 Bulgarian customer	102	1%	trading in financial instruments

	31.12.2023		business segment
	BGN'000	%	
Customer 1 Bulgarian customer	1,957	11%	electricity trade
Customer 2 Bulgarian customer	954	6%	electricity trade
Customer 3 Bulgarian customer	823	5%	electricity trade
Customer 4 Foreign customer	652	4%	Information Services
Customer 5 Bulgarian customer	194	1%	trading in financial instruments
Customer 6 Bulgarian customer	136	1%	trading in financial instruments
Customer 7 Bulgarian customer	127	1%	trading in financial instruments

36. FINANCIAL RISK MANAGEMENT

In the ordinary course of business, the Group can be exposed to a variety of financial risks the most important of which are market risk (including currency risk, risk of a change in the fair value and price risk), credit risk, liquidity risk and risk of interest-bearing cash flows. The general risk management is focused on the difficulty to forecast the financial markets and to achieve minimizing the potential negative effects that might affect the financial results and position of the Group. Its policy in this area is related to assessment of the market circumstances in relation to the investments made and the forms for maintenance of free liquid funds. Some of the mechanisms applied are also related to the analysis and search for applicable solutions for determining relevant prices of the services offered by the Group. The main objective of risk management is preventing undue risk concentrations.

Risk management is currently performed by the management of the companies in accordance with the policy defined by the Board of Directors of the parent. The Board of Directors has approved the basic principles of general financial risk management, on the basis of which specific procedures have been established for management of the separate specific types of risk such as currency, price, interest, credit and liquidity risk and the risk of use of non-derivative instruments.

Categories of financial instruments:

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

Financial assets	31.12.2023 BGN '000	31.12.2022 BGN '000
Financial assets at fair value through other comprehensive income	1,887	1,435
Debt instruments measured at fair value through other comprehensive income	1,026	1,043
Equity instruments measured at fair value through other comprehensive income	861	392
Financial assets measured at amortized cost	357,851	324,539
Debt instruments at amortised cost	10,271	10,269
Receivables from counterparts for electricity	20,035	58,478
Trade receivables	720	567
Court receivables	-	1,082
Receivables from banks under collaterals	-	400
Guarantees and deposits placed	67	16
Receivables related to agreements with a buyback clause	196,117	-
Cash and cash equivalents	130,641	253,727
Total	359,738	325,947
Financial liabilities	31.12.2023 BGN '000	31.12.2022 BGN '000
Financial liabilities measured at amortized cost	312,219	358,118
Guarantee deposits received from counterparts for electricity	270,274	252,593
Payables to counterparts for electricity	39,420	104,473
Payables to suppliers	1,685	822
Dividend payables	581	191
Lease liabilities	259	39
Total	312,219	358,118

36.1. Market risk

a. Currency risk

The Group is not exposed to a currency risk because almost all of its operations and transactions are denominated in BGN and/or in EUR, as far as the latter has a fixed rate towards the Bulgarian lev under a law.

b. Price risk

The Group is exposed to a price risk with respect to the securities held thereby, mainly classified as financial assets at fair value through other comprehensive income, resp. at amortised cost, including due to the concentration in the certain type of securities. The management assesses this risk as low, due to the conservative nature of investments – mainly in Bulgarian government securities. The management has established procedures for current monitoring of changes in the prices, profitability and maturity structure of the government securities held thereby, respectively – for taking timely measures and actions in case of indicators of long-term negative trends, especially now, in the global economic crisis, respectively, current

and in-depth analysis of the debt servicing and the future servicing abilities of the Bulgarian state.

The Group's management considers to a limited extent and with high precaution the possibility for investments in corporate debt instruments, due to the unacceptable credit risk and low liquidity.

Based on assessment of optimal meeting the Group's business needs, more effective management, the long maturity term and the potential probability over the next 5 years to have to need the funds invested in long-term government securities, the management has decided to classify them as "financial assets at fair value through other comprehensive income (debt instruments)", which necessitates the periodic remeasurement of these assets, respectively – carrying the effects thereof to a separate remeasurement reserve (through other comprehensive income) within the capital of the Group companies.

At the date of preparation of the consolidation statements, the management considers that the funds invested in long-term government securities at this stage are not immediately necessary for performing the operating activities of the Group companies.

36.2. Credit risk

The Group's financial assets are concentrated in the following groups: cash (current accounts and term deposits), debt instruments measured at amortised cost, debt and equity instruments measured at fair value through other comprehensive income (government securities and minority shareholding in other entities), trade and other receivables.

Credit risk is the risk that any of the Group's counterparts will fail to discharge in full and within the normally envisaged terms the amounts due under trade receivables. Trade receivables are presented in the consolidated statement of financial position net, following deduction of the accrued impairment of expected credit losses. Impairment has been made where and when events occurred that identified loss given default based on prior experience.

The Group does not have a significant concentration of credit risk since the Group companies perform specialised services to their customers, which are mainly investment intermediaries, banks and electricity traders in Bulgaria.

Additionally, customers have a good financial position, long history and business relations with the Group companies and do not permit violations of credit conditions according to its regulations with respect to the payment of the fees due for the services provided by the Group companies.

For long-term government securities issued by the Republic of Bulgaria or where the issuer's owner is the state, a credit risk exists, but it is assumed to be low, due to the high credit rating of the state at this stage.

The Group's policy is to make sales with immediate payment – mainly fees for exchange trade, which are paid within two to five days upon the transaction settlement. The collection of receivables is currently and strictly controlled by the departments responsible for registrations, trade, and the Group companies; financial departments, as per the policy of the respective company. For this purpose, a daily review is performed of outstanding positions by clients, and of the proceeds received, performing reconciliation and

analysis. The fees for initial registration and maintenance of registration by customers are paid prior to their access to active trading.

In order to limit the risk regarding cash and deposits placed, it is the Group's policy to distribute them among current accounts and deposits with various terms in different financial institutions in Bulgaria.

Cash, including payment transactions, are limited to banks with good reputation and liquidity.

The credit quality of financial assets is presented in the table below:

Financial assets	Overdue	Non-matured	No maturity	Total
31.12.2023	BGN '000	BGN '000	BGN '000	BGN '000
Financial assets at fair value through other comprehensive income	-	1,026	861	1,887
Debt instruments at fair value through other comprehensive income	-	1,026	-	1,026
Equity instruments at fair value through other comprehensive income	-	-	861	861
Financial assets measured at amortised cost	-	315,801	42,050	357,851
Debt instruments at amortised cost	-	10,271	-	10,271
Trade and other receivables	-	20,755	67	20,822
Receivables related to buyback agreements	-	196,117	-	196,117
Cash and cash equivalents	-	88,658	41,983	130,641
Total	-	316,827	42,911	359,738

Financial assets	Overdue	Non-matured	No maturity	Total
31.12.2022	BGN '000	BGN '000	BGN '000	BGN '000
Financial assets at fair value through other comprehensive income	-	1,043	392	1,435
Debt instruments at fair value through other comprehensive income	-	1,043	-	1,043
Equity instruments at fair value through other comprehensive income	-	-	392	392
Financial assets measured at amortised cost	1,082	70,707	252,750	324,539
Debt instruments at amortised cost	-	10,269	-	10,269
Trade and other receivables	1,082	59,045	16	60,143
Receivables from banks under collaterals	-	400	-	400
Cash and cash equivalents	-	993	252,734	253,727
Total	1,082	71,750	253,142	325,974

36.3. Liquidity risk

The liquidity risk is the adverse situation when the Group encounters difficulty in meeting unconditionally its obligations within their maturity. It conducts a conservative liquidity management policy thereby constantly maintaining an optimal liquid cash reserve, good ability to finance its business operations, performing continuous monitoring over actual and forecast cash flows by periods going forward and maintaining a balance between the maturity limits of the Group's assets and liabilities. The Group generates and maintains a significant volume of liquid funds and does not need loan capital to perform its operating activities. The maturity and timely payment of payables are currently monitored by the financial departments of the Group companies, and daily information is maintained on the cash available and forthcoming payments. The available cash is invested in term deposits with banks, with usual original maturity of 1-12 months, which are considered to be relatively low-risk instruments with relatively high profitability.

As at 31 December 2023 and 31 December 2022, the non-derivative financial liabilities of the Group companies at the two dates of the consolidated statement of financial position have mostly one month residual maturity compared to the contracted one.

36.4. Risks of interest-bearing cash flows

Overall, the Group has a significant portion of interest-bearing assets. Revenue and operating cash flows are stable, predictable and relatively slightly dependent on changes in market interest rates, as far the main portion of the interest-bearing assets are with fixed rate - investments held to maturity - bonds (denominated in EUR), investments at fair value through other comprehensive income (government securities in BGN and EUR), and term deposits with banks (in BGN and EUR).

31 December 2023	Fixed rate	Floating rate	Non - interest-bearing	Total
	BGN '000	BGN '000	BGN '000	BGN'000
Financial assets				
Financial assets at fair value through other comprehensive income	1,026	-	861	1,887
Debt instruments at fair value through other comprehensive income	1,026	-	-	1,026
Equity instruments at fair value through other comprehensive income	-	-	861	861
Financial assets measured at amortized cost	98,929	41,975	216,947	357,851
Debt instruments at amortised cost	10,271	-	-	10,271
Trade and other receivables	-	-	20,822	20,822
Receivables related to buyback agreements	-	-	196,117	196,117
Cash and cash equivalents	88,658	41,975	8	130,641
	99,955	41,975	217,808	359,738
Financial liabilities				
Financial liabilities measured at amortized cost	259	-	311,960	312,219
	259	-	311,960	312,219

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

31 December 2022	Fixed rate BGN '000	Floating rate BGN '000	Non - interest- bearing BGN '000	Total BGN'000
Financial assets				
Financial assets at fair value through other comprehensive income	1,043	-	392	1,435
Debt instruments at fair value through other comprehensive income	1,043	-	-	1,043
Equity instruments at fair value through other comprehensive income	-	-	365	365
Financial assets measured at amortized cost	11,262	252,726	60,551	324,539
Debt instruments measured at amortised cost	10,269	-	-	10,269
Trade and other receivables	-	-	60,143	60,143
Receivables from banks under collaterals	-	-	400	400
Cash and cash equivalents	993	252,726	8	253,727
	12,305	252,726	60,943	325,974
Financial liabilities				
Financial liabilities measured at amortized cost	39	-	358,079	358,118
	39	-	358,079	358,118

36.5. Capital risk management

The capital management objectives of the Group are to build and maintain capabilities to continue as a going concern and to provide return on the investments of shareholders and economic benefits to other stakeholders and participants in its business as well as to maintain an optimal capital structure.

In 2023, like in 2022, the strategy of the management of the Group was again to work entirely with own funds generated from its business operations, without using borrowings.

The Group currently monitors the security and structure of its capital. It has traditionally financed its operations with its own generated profit and through contributions from its shareholders, without using loan capital.

	31.12.2023 BGN '000	31.12.2022 BGN '000
Total liabilities, including:		
trade and other payables	335,309	359,575
cash and cash equivalents	41,105	105,295
	130,641	253,727
Total equity	32,403	26,580
Total net debt and equity	10.35	13.53
Debt ratio	0.39	0.71

Fair value

The fair value concept presumes realisation of the financial instruments through sales, based on the position, assumptions and judgements of independent market participants on the main or more profitable market for given assets or liabilities. For its financial assets and liabilities, the Group considers the main market to be the financial markets in Bulgaria – Bulgarian Stock Exchange AD, big commercial banks – dealers, and for certain specific instruments – direct transactions between the parties. However, in most cases especially with respect to financial assets held in the long term, receivables under repo agreements, trade receivables, trade payables and deposits, the Group expects to realise these financial assets also through their total refund or respectively, settlement over time. Therefore, they are presented at amortised cost in the consolidated financial statements.

The fair value of financial instruments at fair value through other comprehensive income traded on active stock markets is based on quotes “bid” prices, disclosed by the market operator through official means at the end of the reporting period. The fair value of financial instruments which are not traded on sufficiently active markets, is determined and/or confirmed by valuation methods based on different valuation approaches and management assumptions made based on the market conditions at the end of the reporting period, including stock exchange quotes (intraday and average).

In addition, the larger part of the financial assets and liabilities are short-term in their nature (trade receivables, trade payables and current payables to other counterparts) or are carried to the consolidated statement of financial position at their market value (term-less and fixed-term bank deposits granted) and therefore, it can be accepted that their fair value is almost equal to their carrying amount.

The management of the Group is of the opinion that the estimates of the financial assets and liabilities presented in the statement of financial position are as reliable, adequate and trustworthy as possible for financial reporting purposes under the existing circumstances.

37. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Main owner

The state, through the Ministry of Finance, holds 50.05% of the shares of the Exchange and exercises control over the financial and operational policy of the parent company.

Joint venture

The parent company holds 33.33% of the capital of SEE Link DOO, Skopje, which is a joint venture as from 15 April 2014, and performs joint control over its financial and operational policy together with the Zagreb and Macedonian exchanges and 49.00% of the capital of Collective Financing AD, which has been a joint venture as from 13 November 2023, performing joint control over its financial and operational policy together with Central Depository AD and Clear EX AD.

Associates

This is a translation of the consolidated financial statements of Bulgarian Stock Exchange Group for 2023.

The parent company holds 40.00% of the capital of Clear X AD, which is an associate as from 21 April 2020.

The parent holds 24.50% of the capital of BD Consults AD, which is an associate as from 21 April 2020.

Entity with qualified interest by the state

The state, through the Ministry of Finance, holds directly 43.7% of the shares of Central Depository AD and has significant influence. The latter is a related party to the parent company, respectively – to the Group companies, insofar as the state, through the Ministry of Finance, holds qualified interest in both companies. In 2022, Bulgarian Stock Exchange bought shares from the increase in the capital of Central Depository AD – 10 shares at the amount of BGN 6 thousand. As at 31 December 2023, the shareholding is 4.51% (31 December 2022: 4.51%) (Note 17).

Entities in which a member of the key management personnel of the parent company simultaneously participates in the management as Executive Director/General Money, i.e. holds management power

As at 31 December 2023, companies that have such relation are: Eurobank Bulgaria AD, Bulstrad Life Wien Insurance Group AD, Dike Properties OOD, SIPCA BIO EOOD, Impact Appraisers OOD, VM Property OOD, BD Consults AD, SEE Link DOO, Collective Financing AD, EuroCTP B.V., Amsterdam, the Netherlands, Central Depository AD.

As at 31 December 2022, companies that have such relation are: Eurobank Bulgaria AD, Bulstrad Life Wien Insurance Group AD, Association SK DFS- Lokomotive Sofia, Dike Properties OOD, SFB Capital market AD, SIPCA BIO EOOD, Impact Appraisers OOD, SEE Link DOO, Easy Trade EOOD, Elana Trading AD, Elana Finance Holding AD, Central Depository AD.

Related party transactions

The total value of related party transactions is as follows:

Sales to related parties	Related party	2023 BGN '000	2022 BGN '000
Trading fees, membership, online trading fees	Elana Trading AD	101	88
Office and equipment rental	Central Depository AD	29	25
Trading fees, membership, online trading fees	Eurobank Bulgaria AD	13	15
Sale of services	BD Consults AD	8	6
Online trading fee	Elana Financial Holding AD	4	2
CCP maintenance fee	Ministry of Finance	2	2
Sale of services	Central Depository AD	-	2
Dividend received	Central Depository AD	-	8
Total		157	148

Supplies from related parties	Related party	2023 BGN '000	2022 BGN '000
Cash management services	BD Consults AD	1,105	-
Accounting and administrative services, consulting services and office maintenance	BD Consults AD	921	825
Consulting services	Clear EX AD	60	-
Annual fee for administration of BSE International	Central Depository AD	40	30
Information services	Central Depository AD	6	5
Fees for cash safekeeping and guardian services	Eurobank Bulgaria AD	4	7
Total		2,136	867

Purchase, maturity and outstanding balances with bonds issued by the principal owner (Ministry of Finance)

In 2022 the parent purchased government securities – BGN-denominated bonds, purchased with a discount, at the amount of BGN 190 thousand, issued by the Ministry of Finance of the Republic of Bulgaria (Note 17.3).

In 2022, a government securities issue matured – BGN-denominated bonds at the amount of BGN 550 thousand issued by the Ministry of Finance of the Republic of Bulgaria (Note 17.2).

The interest received on securities issues for 2023 is BGN 56 thousand (31 December 2022: BGN 84 thousand).

Outstanding balances with the regarding debt instruments at fair value through other comprehensive income – government securities issued by the Ministry of Finance as at 31 December 2023 amount to BGN 1,026 thousand (31 December 2022: BGN 1,043 thousand) (Note 17.1).

Outstanding balances with the Ministry of Finance regarding debt instruments at amortised cost – government securities issued by the Ministry of Finance as at 31 December 2023 amount to BGN 194 thousand (31 December 2022: BGN 192 thousand) (Note 17.3).

Related parties balances

The balances with related parties include receivables under sales as at 31 December 2023: BGN 4 thousand (31 December 2022: BGN 7 thousand), and payables for supplies at the amount of BGN 195 thousand (31 December 2022: BGN 70 thousand).

The Group has opened current accounts with Eurobank Bulgaria AD. The funds available as at 31 December 2023 in the bank accounts amount to BGN 20,239 thousand (31 December 2022: BGN 61,882 thousand).

Remuneration of key management personnel

The composition of key management personnel of the Group is disclosed in *Note 1.1*.

The salaries and other short-term benefits to key management personnel as at 31 December 2023 amount to BGN 724 thousand (31 December 2022: BGN 630 thousand), including:

- Current remuneration BGN 705 thousand (31 December 2022: BGN 618 thousand)
- Social security contributions BGN 19 thousand (31 December 2022: BGN 12 thousand)

38. COMMITMENTS, CONTINGENT LIABILITIES AND COLLATERALS RECEIVED

Technical accident

At the beginning of 2022 there was a technical incident with the 'day ahead' electronic exchange system of the service supplier, which resulted in the publication for a short period of inaccurate data regarding the BGN-denominated prices on the webpage of the electricity exchange operator. The accident was entirely due to a software error in the 'day ahead' electronic exchange system by the service supplier, and the contract with this supplier contains clauses covering expenses caused by proven direct damage resulting from premeditated action or negligence, which ensures minimising the incurrence of losses from such accidents.

In 2023 there were still no developments in relation to the incident.

It is the management's position that the conditions necessary to recognise a provision as at 31 December 2023 are still not available (Note 2.27.7).

Collaterals received

In relation to the Rules for operation of an organized exchange market IBEX EAD obtained bank securities at the amount of BGN 165,620 thousand (2022: BGN 168,913 thousand).

39. EVENTS AFTER THE END OF THE REPORTING PERIOD

In February 2024 the subsidiary IBEX EAD concluded an overdraft agreement with a commitment for BGN 25 million with a bank of high credit rating with a term of one year. At the date of signing these consolidated financial statements, no amounts have been withdrawn under the agreement.

No other events occurred after 31 December 2023 that require additional adjustments and/or disclosures to the Group's consolidated financial statements for the period ended 31 December 2023.

INDEPENDENT AUDITOR'S REPORT



БФБ

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BULGARIAN STOCK EXCHANGE AD

Report on the audit of the consolidated financial statements

Qualified Opinion

We have audited the consolidated financial statements of **BULGARIAN STOCK EXCHANGE AD** (the parent company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material information about accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 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 Qualified Opinion

As at 31 December 2023, in the consolidated statement of financial position, the Group reports as part of its receivables the following receivables with total gross amount of BGN 6,644 thousand (31 December 2022: 7,961 thousand), and total carrying amount: nil (31 December 2022: BGN 1,082 thousand), respectively, in the consolidated statement of

comprehensive income - impairment losses related thereto, at the amount of: nil (2022: BGN 2,965 thousand). These receivables are related to the following facts and circumstances, as described hereinbelow:

A. Court receivable of a Group subsidiary with gross amount of BGN 5,430 thousand and carrying amount: nil (31 December 2022: gross amount BGN 6,747 thousand and carrying amount BGN 1,082 thousand) (*Note 22 Other receivables and prepayments*).

The receivable initially originated from a client under electricity sale on an organized exchange market in the period September - October 2018 and was not settled within the contractual term and in accordance with the rules of operation, behaviour and settlement on this market. Additionally, in November 2018 the client-debtor filed a request to the Commerce Register for initiating bankruptcy proceedings. As at 31 December 2022 and 31 December 2021 the Group subsidiary was included within the bankruptcy estate of the client-debtor as creditor whose receivable is unconditional and accepted.

In the consolidated statement of comprehensive income for 2022, the Group has recognized an impairment loss with respect to this receivable at the amount of BGN 2,965 thousand (*Note 8 Costs for impairment of court receivables*). The recognized aggregate impairment loss as at 31 December 2022 is of BGN 5,665 thousand.

In 2023, a partial account was opened to allocate amounts in favour of the debtor's creditors; the Group, through its subsidiary, effectively received the amount of BGN 1,317 thousand, which does not materially differ from the management's estimate as at 31 December 2022 (*Note 4*). s

As at 31 December 2023, the management of the subsidiary, respectively - of the Group, performed detailed analysis and assessment of the collectability of the above mentioned receivable. For this purpose, it used an updated expert legal opinion on the case status, other legal and business documentation and information about the debtor, and has taken into consideration the latest events and payments made in 2023 from the account for payments to creditors, including to the subsidiary itself, respectively - to the Group. Detailed analysis was also performed as at 31 December 2022.

For each reporting year until the end of 31 December 2021, the management of the subsidiary, respectively of the Group, formed its judgements on the collectability of the above mentioned receivable, and based on this have made decisions to recognize impairment of credit losses based on expert legal opinion on the case. However, we have not been provided with sufficient and specific supporting documentation, data and information regarding the methods used to measure the receivable as at 31 December 2021, or regarding the assumptions, judgements, analyses and calculations made of the amounts stated for the impairment of the receivable recognised for year 2022 and for each prior year. Therefore, we were then unable to obtain reasonable assurance, by applying alternative audit procedures, whether any adjustments might have been necessary, and the amount thereof, with respect to the carrying amount of the receivable as at 31 December 2021, and with respect to the opening balance of retained earnings for year 2022 and the profit stated in 2022, including the impairment costs on expected credit losses and income tax included in the statement of comprehensive income. Accordingly, our auditor's opinion dated 27 April 2023 on the consolidated financial statements for the period ended 31 December 2022 was qualified with respect to this matter.

Our opinion on the consolidated financial statements for the current year 2023 is also qualified due to the potential effect of this matter on the comparative information for year 2022 in the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

B. Receivable of the parent company with gross amount of BGN 1,214 thousand and carrying amount - nil (31 December 2022: gross amount of BGN 1,214 thousand and carrying amount - nil) under a Contract concluded thereby for Transfer of Receivables (cession) dated 2014, pursuant to which it is a transferor and it transferred its receivables under a bank deposit with a bank declared bankrupt in 2015, to a third party - cessionary (*Note 22 Other receivables and prepayments*). By means of a Supplementary Agreement to the Contract for Transfer of Receivables, the parties agreed retroactive termination conditions in case of future events beyond the Group's parent company's control, incl. declaring as void the offset performed by the transferee of its payables to the bank against the receivable obtained from the parent company. The retroactive termination condition suggests that upon occurrence

thereof, the parent company shall owe to the third party - transferee, repayment of the payments received from the selling price of the transferred receivable, while the transferee shall owe retransfer of the receivable.

In 2017, the trustees in bankruptcy of the bank filed a claim against the transferor for declaring as void the offsetting performed in accordance with the cession contract. Therefore, the parent company, respectively the Group have recognized impairment losses in relation to this receivable in prior years, and as at 31 December 2022 the carrying amount of the receivable in question in the consolidated statement of financial position is already nil (31 December 2021: nil).

Pursuant to the disclosure of *Note 2.27.2 Expected credit losses* and *Note 22 Other receivables and prepayments*, in a Ruling dated 2021 the Constitutional Court of the Republic of Bulgaria declared as anti-constitutional certain provisions of the Bank Insolvency Act, which are directly related to the above-mentioned court case. In 2022, based on an effective court ruling of the Sofia Court of Appeal, the claims filed by the trustees in bankruptcy were finally rejected as ungrounded.

Despite the favourable developments mentioned that occurred in the past three years (2021-2023) with respect to the possibilities for future exercise of the rights of the parent company, the parent company still does not have specific and detailed information about the debtor's possibilities and intentions, nor analyses or forecasts to confirm the degree of collectability of the receivable as at 31 December 2023. Accordingly, we were not provided with sufficient and specific supporting documentation, data and information with respect to the assumptions, judgements, analyses and calculations made for the potential future collection of this receivable, respectively - for the recognized impairment. Therefore, we were unable to obtain reasonable assurance by applying alternative audit procedures as to whether any adjustments might have been necessary, and the amount thereof, to the carrying amount of the receivable, respectively - to the amount of consolidated retained earnings in the consolidated statement of financial position as at 31 December 2023, as well as to the same items in the comparative information for year 2022. The auditor's report on the Group's consolidated financial statements for the year ended 31 December 2022 is also qualified with respect to this matter.

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 Group in accordance with the *International Code of Ethics for Professional Accountants* (including the International Independence Standards) of the 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 qualified opinion.

Emphasis of Matter

We draw attention to *Note 38 Commitments, contingent liabilities and collaterals received* to the consolidated financial statements, which describes a technical accident that occurred in 2022. Our opinion has not been modified with respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a consolidated opinion on these matters. For each matter included in the table below, the description of how this matter was addressed in our audit has been made in this context.

With the exception of the matter described in the described in the *Basis for Qualified Opinion* section of our report above, we have not identified other key audit matters to be communicated in our report.

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

Management is responsible for the other information. The other information comprises the management report, incl. corporate governance declaration and Group's non-financial declaration, 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 consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

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

As described in the *Basis for Qualified Opinion* section of our report above, we were unable to obtain sufficient and appropriate audit evidence regarding whether adjustments would have been necessary to:

A. the comparative information, presenting the consolidated profit, consolidated costs for impairment of expected credit losses, and consolidated income tax for year 2022, with regards to the assessment of the above-mentioned court receivable of a subsidiary with gross amount and carrying amount as at 31 December 2022 respectively of BGN 6,747 thousand and BGN 1,082 thousand. Accordingly, we were unable to conclude whether the other information contains with respect to this matter material misstatement of financial indicators and the accompanying disclosure on this item for year 2022; and

B. the carrying amount of the above-mentioned fully impaired receivable under a cession agreement of the parent company, with gross carrying amount of BGN 1,214 thousand, and the consolidated retained earnings as at 31 December 2023, as well as the

same items in the comparative information as at 31 December 2022. Accordingly, we were unable to conclude whether the other information contains with respect to this matter material misstatement of financial indicators and the accompanying disclosure on these items.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

Those charged with governance are responsible for overseeing the Group's financial reporting process (the Audit Committee).

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

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

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

and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Additional Matters to be Reported under the Accountancy Act and the Public Offering of Securities Act

In addition to our responsibilities and reporting in accordance with ISAs, described above in the *Information Other than the Consolidated Financial Statements and Auditor's Report Thereon* section, in relation to the consolidated management report, including the corporate governance statement we have also performed the procedures added to those required under ISAs in accordance with the *Guidelines on New and Expanded Auditor's Reports and Auditor's Communication* of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming opinions about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and in the Public Offering

of Securities Act (Art. 100m, paragraph 10 of the POSA in conjunction with Art. 100m, paragraph 8(3) and (4) of the POSA) , 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 consolidated management report referring to the financial year for which the consolidated financial statements have been prepared is consistent with those consolidated financial statements, on which we have issued a qualified opinion in the *Report on the audit of the consolidated financial statements* hereinabove.
- b) The consolidated management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(m), Para 7 of the Public Offering of Securities Act.
- c) The Group's corporate governance statement referring to the financial year for which the consolidated financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act and Art. 100 (m), paragraph 8 of the Public Offering of Securities Act.
- d) The Group's non-financial declaration referring to the financial year for which the consolidated financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act.

Opinion in connection with Art. 100(m), paragraph 10 in conjunction with Art. 100 m, paragraph 8(3) and (4) of the Public Offering of Securities Act

Based on the procedures performed and the knowledge and understanding obtained about the Group's activities and the environment in which it operates, in our opinion, the description of the main characteristics of the Group's internal control and risk management systems relevant to the financial reporting process, which is part of the consolidated management report (as a component of the Group's corporate governance statement) and

the information under Art. 10 paragraph 1(c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on Takeover Bids, do not contain any material misrepresentations.

Reporting on compliance of the electronic format of the consolidated financial statements, included in the included in the annual consolidated financial activity report under Art. 100(m), Para 5 of POSA with the requirements of the ESEF Regulation

We performed an engagement to express reasonable assurance regarding the compliance of the electronic format of the consolidated financial statements of **BULGARIAN STOCK EXCHANGE AD** for the year ended 31 December 2023, attached in the electronic file “747800W0XA9OV4MSRW74-20231231-BG-CON.zip” with the requirements of Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF Regulation). Our opinion is only with respect to the electronic format of the consolidated financial statements and does not cover the other information included in the annual consolidated financial activity report under Art. 100(m), Para 5 of POSA.

Description of the object and the applicable criteria

The management prepared an electronic format of the Group’s consolidated financial statements for the year ended 31 December 2023 pursuant to the ESEF Regulation in order to comply with the requirements of the POSA. The rules on preparation of consolidated financial statements in this electronic format are stated in the ESEF regulation and these, in our opinion, have the nature of appropriate criteria for forming an opinion to express reasonable assurance.

Responsibilities of the management and those charged with governance

The Group’s management is responsible for applying the requirements of the ESEF Regulation upon preparing the electronic format of the consolidated financial statements in XHTML.

These responsibilities include the selection and application of appropriate iXBRL markings, using the taxonomy of the ESEF Regulation, as well as introducing and applying such internal control system as the management considers necessary to prepare the electronic format of the Group's annual consolidated financial statements which do not contain material discrepancies with the requirements of the ESEF Regulation. Those charged with governance are responsible for oversight over the process of preparation of the Group's annual financial statements, including application of the ESEF Regulation.

Auditor's responsibilities

Our responsibility consists in expressing an opinion regarding reasonable assurance about whether the electronic format of the consolidated financial statements comply with the requirements of the ESEF Regulation. For this purpose, we followed the *Instructions on expressing an auditor's opinion in relation to the application of the European Single Electronic Format (ESEF) for the financial statements of entities whose securities are admitted for trading on regulated markets in the European Union (EU)* of the professional organisation of registered auditors in Bulgaria, the Institute of Certified Public Accountants (ICPA) and performed an engagement to express reasonable assurance in accordance with ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (ISAE 3000 (Revised)). This standard requires that we comply with the ethical requirements, plan and carry out appropriate procedures in order to reach reasonable assurance regarding whether the electronic format of the Group's consolidated financial statements has been prepared, in all material aspects, in accordance with the applicable criteria stated herein above. The nature, timing and scope of the selected procedures depend on our professional judgement, including the assessment of the risk of material discrepancies with the requirements of the ESEF Regulation, whether due to fraud or error. Reasonable assurance is a high degree of assurance, but is not a guarantee that an engagement performed in accordance with ISAE 3000 (Revised) would always disclose a material discrepancy with requirements, if such exists.

Requirements regarding quality control

We apply the requirements of International Standard on Quality Management (ISQM) 1, which requires us to develop, implement and maintain a comprehensive quality management system, including documented policies and procedures for compliance with the ethical requirements, professional standards and laws and regulations applicable to registered auditors in Bulgaria. We meet the ethical and independence requirements of the *International Code of Ethics for Professional Accountants* (including the International Independence Standards) of the International Ethics Standards Board for Accountants (*IESBA Code*) adopted by ICPA through IFAA.

Summary of the performed work

The aim of the procedures planned and carried out by us was to obtain reasonable assurance that the electronic format of the consolidated financial statements has been prepared, in all material aspects, in accordance with the requirements of the ESEF Regulation. As part of assessing compliance with the requirements of the ESEF Regulation regarding the electronic (XHTML) format for reporting of the Group's consolidated financial statements, we retained professional scepticism and used professional judgement. We also:

- obtained understanding of the internal control and the processes related to the application of the ESEF Regulation regarding the Group's consolidated financial statements and including the preparation of the Group's consolidated financial statements in an XHTML format and marking thereof in a machine readable format (iXBRL);
- checked whether the XHTML format applied is valid;
- checked whether the human readable part of the electronic format of the consolidated financial statements corresponds to the audited consolidated financial statements;
- assessed the completeness of markings in the Group's consolidated financial statements when using a machine readable format (iXBRL) in accordance with the requirements of the ESEF Regulation;

- assessed the appropriateness of the iXBRL markings used, selected from the main taxonomy, and the creation of an element from the extended taxonomy in accordance with the ESEF Regulation, when a suitable element is missing in the main taxonomy;
- assessed the relevance of co-reference (fixing) of elements from the extended taxonomy in accordance with the ESEF Regulation.

We consider that the evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.

Opinion on compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation

In our opinion, based on the procedures performed by us, the electronic format of the Group's consolidated financial statements for the year ended 31 December 2023, on which we express a qualified auditor's opinion in the Report on the audit of the consolidated financial statements above, contained in the attached electronic file, "747800W0XA9OV4MSRW74-20231231-BG-CON.zip", has been prepared, in all material aspects, in accordance with the requirements of the ESEF Regulation.

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

In accordance with the requirements of the Independent Financial Audit Act in connection with Art. 10 of Regulation (EU) No 537/2014, we hereby additionally report the information stated below.

- BDO AFA OOD was appointed as statutory auditor of the consolidated financial statements for the year ended 31 December 2023 of **BULGARIAN STOCK EXCHANGE AD** (by the general meeting of shareholders held on 29 June 2023 for a period of one year.
- The audit of the consolidated financial statements of the Group for the year ended 31 December 2023 constitutes fifth uninterrupted statutory audit engagement for this Group carried out by us.



- We hereby confirm that the audit opinion expressed by us is consistent with the additional report, provided to parent company's audit committee, in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.
- We hereby confirm that we have not provided the prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit Act.
- We hereby confirm that in conducting the audit we have remained independent of the Group companies.

BDO AFA OOD

Audit Firm, Reg. No 015

Valia Iordanova Iordanova

Legal Representative

General Manager

Registered auditor in charge of the audit

24 April 2024

38, Oborishte St.

Sofia 1504, Bulgaria

This is a translation from Bulgaria of the Independent Auditor's Report on the Consolidated Financial Statements of Bulgarian Stock Exchange AD for the year ended 31 December 2023.