

ANNUAL FINANCIAL STATEMENT
FOR THE YEAR 2023
OF
SARANTIS BULGARIA LTD.

ANNUAL FINANCIAL STATEMENT

31.12.2023

CONTENTS	Page
Annual Report	3-5
Statement of financial position	7
Statement of profit or loss and other comprehensive income	8
Statement of changes in equity	9
Cash flow report	10
Report of an independent Auditor	11-13
Explanatory note to the financial statements	14-35

ANNUAL REPORT OF BULGARIA Ltd Sarantis.

For the Year ended 31.12.2023

This report of Sarantis Bulgaria Ltd refers to the financial period from 01.01.2023 to 31.12.2023 and is in accordance with Art. 39 of the Act of Accounting and Art. 247 of the Commercial Code.

1. Company Info:

"Sarantis Bulgaria" Ltd. is a sole-owner limited liability company registered in the Registrar of Trading companies of the City Court in a judgment of 05.07.1994 years in act 13376 / in Volume 223, p.92, lot 17912.

The owner of the company is a legal entity GR.SARANTIS S.A. – Greece.

Headquarters and registered office of the company is Sofia, Botevgradsko shose 247, 4th floor. *As of 31st of January 2023 the address of the company has changed to 1 BUSINESS PARK SOFIA STR., BUILD. 12, ENT.1, FL.2, SOFIA.*

The main activity of the company includes: sales and distribution activities of perfume and cosmetics products, with household goods and such for face care, body and personal hygiene products.

2. Financial position.

2.1. Summarized financial information of the annual financial statements as of 31/12/2023

	2023	2022
	thousand BGN	thousand BGN
Sales revenue	39 999	33 535
Gross profit before taxation	6 018	4 665
Net profit for the period	5 411	4 187
Sum of Assets	19 383	13 802
Share capital	4 756	4 756

The total as of 31.12.2023 of the non-current assets of the company is 3 649 thousand BGN, including equipment, vehicles and other tangible assets of 308 thousand BGN, intangible assets of 323 thousand BGN, ROU of 2 942 thousand BGN and deferred tax assets in the amount of 76 thousand BGN. The Company does not own any real property and buildings and primarily uses buildings and warehouse spaces on rent.

2.2. Basic financial ratios of the company

Ratios	2023	2022
Net Profit Margin (%)	13.53	12.41
Return of Equity (%)	53.22	46.79
Return on Assets (%)	35.72	31.26
Current Ratio	1.66	2.86
Quick Ratio	1.98	2.26
Cash Ratio	0.31	0.20
Debt to Equity	0.81	0.50
Inventory turnover (days)	40,15	43.24
Days Sales Outstanding (days)	80	88

2.3 Human resources and social policy. Security and work safety.

As of 31.12.2023 the company employs 84 people under an employment relationship. The company policy regarding wages of staff reflects the ability and skills of each individual employee. The levels of remuneration are set according to individual contracts of employment on the grounds of responsibilities, obligations and requirements, qualifications and work experience. In 2023, in order to improve work efficiency and encourage employees, the company applied a system of evaluation and control of personnel according to which bonuses are allocated to active employees. In order to optimize and facilitate the payment of remuneration, the same is done by bank transfer, while respecting the confidentiality of the information for each employee. In respect of personnel policy, the company regularly performs recruitment and appointment

of young and skilled workers from the Sofia region and the rest of the country. There is a contract with a health service that performs yearly health tests on staff. Furthermore, trainings are organized, and the employees pass testes to ensure safe working conditions, preventive control in compliance with the rules of safety at work, risk assessment of all jobs in the company and search for ways to mitigate the risk. Employees are instructed regularly on the rules for safety and health at work. Maintenance of qualification and further training of personnel are carried out periodically in the company as well as in trainings organized by external organizations for the company.

2.4. Financial instruments and financial risk exposures:

Sarantis Bulgaria Ltd mainly distributes its goods in the internal market and generates revenue in BGN. Suppliers of the company are mainly from countries of the European Union, generating liabilities in euro. Another Part is from China and it generates obligations in United States dollars. Concerning the obligations in euro, the currency risk is minimal because the BGN is attached to the EUR, and the risk from obligations in United States dollars - the exchange rate differences are negligible.

Cash flows generated in 2023 were enough in volume not only to finance current operations, but also for the payment of dividends.

The credit risk of the company in 2023 comes mainly from receivables from customers, where the exposure to this risk is due to the individual characteristics of each customer. This exposure depends mostly on the condition of intercompany indebtedness on the domestic market, which the company operates.

The Company has no pending lawsuits, brought claims for opening and insolvency proceedings and judgments, therefore requests for winding up and Liquidation announcement. There are no pending administrative or arbitration proceedings and decisions in the event of a merger, acquisition or restructuring.

3. Managing the equity:

3.1. Amount of Registered capital and changes:

In 2023 there are no changes in the ownership of the company. The real owner of the capital is the legal entity GR.SARANTIS S.A. – Greece.

3.2. Structure of the company (branch offices, subsidiaries), related parties:

The Company has no direct or indirect interest in another company. There are no branches of the company in the country and / or abroad.

During 2023 the company operates through a Head office and warehouse in Sofia and offices in Varna, Plovdiv and Pleven.

3.3. Policy of the company:

Maintaining a strong capital base is the main policy of the company in order to be able to provide conditions for the development of the company in the future.

For the reporting 2023 the company is not subject to specific capital requirements imposed by contract or regulatory framework.

4. Important events after the date of the financial statements:

The Company doesn't have important events after the date of the financial statements.

5. Forecast for the future development of the company:

Sarantis Bulgaria Ltd is planning development of its existing activities, despite the negative economic situation in the country. The company expects stability in the sector of fast-moving consumer goods in which it will continue to operate within the next year.

6. Actions on Research & Development activities:

During the year the company has not carried out research and development activities.

7. Management responsibilities:

Under the Bulgarian law the management has to prepare a report on the activities and financial statements for each financial year which has to give a true and fair view of the financial position of the company at the end of the year, its financial performance and cash flows in accordance with applicable accounting framework. The company is applying for the Purpose of reporting the International Financial Reporting Standards (IFRS), adopted by the European Union.

Management confirms that it has acted in accordance with their responsibility and the financial statements for 2023 have been prepared in accordance with International Financial Reporting Standards adopted by the European Union.

The management also confirms that in the preparation of this report it has presented in a true and fair manner the development and results of the company for the past period as well as its state and the main facing risks.

Sofia
09/02/2024



General Manager:

/ Stefan Andreev /



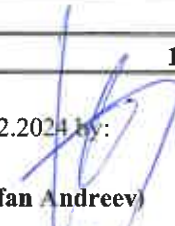
ANNUAL FINANCIAL STATEMENTS
OF
"SARANTIS BULGARIA" Ltd.
for the period from 1 January to 31 December 2023 year

STATEMENT OF FINANCIAL POSITION OF SARANTIS BULGARIA LTD. AS OF DECEMBER 31, 2023


	Note	31/12/2023 ('000 BGN)	31/12/2022 ('000 BGN)
ASSETS			
NON-CURRENT ASSETS			
Equipment, transportation means and other assets	(4.10.1)	308	196
Intangible assets	(4.10.2)	323	367
ROU	(4.11)	2 942	408
Deferred tax asstes	(4.12)	76	59
TOTAL NON-CURRENT ASSETS		3 649	1 030
CURRENT ASSETS			
Inventories	(4.13)	2 649	2 612
Trade and other receivables	(4.14)	11 096	9 284
Cash	(4.15)	1 989	876
TOTAL CURRENT ASSETS		15 734	12 772
TOTAL ASSETS		19 383	13 802
EQUITY			
Authorised capital	(4.16)	4 756	4 756
Reserves	(4.16)	15	1
Profit carried forward	(4.16)	5 411	4 188
TOTAL EQUITY		10 182	8 945
LIABILITIES			
LONG-TERM LIABILITIES			
Long- term lease liabilities	(4.17)	2 188	163
Long-term employee benefits	(4.18)	100	-
TOTAL LONG-TERM LIABILITIES		2 288	163
SHORT-TERM LIABILITIES			
Trade and other liabilities	(4.19)	5 713	3 799
Short- term lease liabilities	(4.18)	793	253
Net current tax liabilities	(4.20)	254	507
Provisions	(4.21)	153	135
TOTAL SHORT-TERM LIABILITIES		6 913	4 694
TOTAL LIABILITIES		9 201	4 857
TOTAL EQUITY AND LIABILITIES		19 383	13 802

The financial statement has been approved for issue by the management and was signed on 09.02.2024 by:

Prepared by: 
(Nikola Andreev)

General Manager: 
(Stefan Andreev)

Baker Tilly Klitou and Partners EOOD


Stoyanka Apostolova,
Registered Auditor, responsible for the audit


Nedyalko Apostolov
Manager



The Statement of financial position should be read in conjunction with the notes to and forming part of the Annual financial statements.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
OF SARANTIS BULGARIA LTD. FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023**

	Note	2023 (,000 BGN)	2022 (,000 BGN)
Revenue	(4.1)	39 999	33 535
Cost of sales	(4.3)	(23 331)	(20 344)
Expenses for materials	(4.4)	(1 054)	(1 031)
Expenses for external services	(4.5)	(4 360)	(3 372)
Expenses for personnel	(4.6)	(4 101)	(3 306)
Depreciation expenses		(984)	(742)
Other operating income	(4.2)	214	194
Other operating expenses	(4.7)	(235)	(244)
Operating profit		6 147	4 690
Net financial income/expenses	(4.8)	(129)	(25)
Profit before taxes		6 018	4 665
Income tax expense	(4.9)	(608)	(478)
Profit for the year after tax		5 411	4 187
Other comprehensive income			
Total comprehensive income for the year		5 411	4 187

The financial statement has been approved for issue by the management and was signed on 09.02.2024 by:

Prepared by:

(Nikola Andreev)

General Manager:

(Stefan Andreev)

Baker Tilly Klitou and Partners EOOD

Stoyanka Apostolova

Registered Auditor, responsible for the audit.



Nedyalko Apostolov

Manager

The Statement of changes of equity should be read in conjunction with the notes to and forming part of the Annual financial statements.

**STATEMENT OF CHANGES IN EQUITY OF SARANTIS BULGARIA LTD.
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023**

All amounts are in thousand BGN

	Authorised capital	Other reserves	Retained profit	Total equity
Balance at 01.01.2022	4 756	1	3 101	7 858
Changes in equity for 2022:				
Net profit for the period	-	-	4 187	4 187
Dividends	-	-	(3 100)	(3 100)
Balance at 31.12.2022	4 756	1	4 188	8 945
Balance at 01.01.2023	4 756	1	4 188	8 945
Changes in equity for 2023:				
Performance Stock Awards	-	14	-	14
Net profit for the period	-	-	5 411	5 411
Dividends	-	-	(4 188)	(4 188)
Balance 31.12.2023	4 756	15	5 411	10 182

The financial statement has been approved for issue by the management and was signed on 09.02.2024 by:

Prepared by:

(Nikola Andreev)

Stoyanka Apostolova

Registered Auditor, responsible for the audit

Baker Tilly Klitou and Partners EOOD



General Manager:

(Stefan Andreev)

Nedyalko Apostolov

Manager

The Statement of changes of equity should be read in conjunction with the notes to and forming part of the Annual financial statements.

CASH FLOWS REPORT OF SARANTIS BULGARIA LTD.
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

	2023 ('000 BGN)	2022 ('000 BGN)
Cash flows from operating activities		
Cash receipts from customers	39 138	37 545
Cash paid to suppliers	(22 700)	(25 116)
Cash paid to employees and social security institutions	(3 710)	(3 078)
Paid taxes (except income taxes)	(5 955)	(4 640)
Income taxes paid	(788)	(351)
Interest paid	(53)	(37)
Net cash from operating activities	5 879	4 323
Cash flows from investment activities		
Purchase of non-current asset	(263)	(133)
Net cash from investing activities	(263)	(133)
Cash flows from financing activities		
Dividends paid	(3 395)	(4 537)
Dividends receipts	3	3
Lease obligations paid	(1 110)	(790)
Loans received	-	4 401
Loans granted	-	(4 418)
Interest receipts	(1)	(46)
Net cash from financing activities	(4 503)	(5 387)
Net change in cash	1 113	(1 197)
Cash at beginning of period	876	2 074
Cash at end of period	1 989	876

The financial statement has been approved for issue by the management and was signed on 09.02.2024 by:

Prepared by:

(Nikola Andreev)

General Manager:

(Stefan Andreev)

Stoyanka Apostolova

Baker Tilly Klitou and Partners EOOD

Nedyalko Apostolov

Registered Auditor, responsible for the audit

Manager



The cash flow statement should be read in conjunction with the notes to and forming part of the Annual financial statements.

*This document is a translation of the original text in Bulgarian,
in case of divergence the Bulgarian original is prevailing.*

INDEPENDENT AUDITOR'S REPORT

TO THE SOLE OWNER OF SARANTIS BULGARIA LTD.

Opinion

We have audited the financial statements of Sarantis Bulgaria Ltd. („the Company“), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and the notes to the financial statements, including significant information on the accounting policy.

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

Basis for opinion

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

Other information, different from financial statements and auditors report

Management is responsible for the other information. Other information, which we have received before the date of our auditor's report consist of Annual activity report, prepared by management in accordance with Chapter Seven from Accountancy Act, but does not include the financial statements and our auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon, unless if it is explicitly stated in our report, and to the extent it is stated.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ADVISORY · ASSURANCE · TAX

Baker Tilly Klitou and Partners EOOD trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Additional matters for reporting required by Accountancy Act

In addition to our reporting requirements in accordance with ISA, related to the Annual activity report, we have performed the procedures added to those required by the ISAs, in accordance with guidelines of the professional organization of Certified Public Accountants and Registered Auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). These procedures comprise checks on the existence, as well as checks of the form and content of this other information with the purpose to support us in forming of opinion, whether the other information includes the disclosures and reporting requirements, provided in Chapter Seven of the Accountancy Act, applicable in Bulgaria.

Opinion in accordance with Art. 37, para. 6 of Accountancy Act

On the basis of the procedures performed, our opinion is that:

- a) The information, included in the Annual management report for the financial year is consistent with the financial statements for the same reporting period.
- b) The Annual management report has been prepared in accordance with the requirements of Chapter Seven from the Accountancy Act.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, as adopted by 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.

During the preparation of the financial statements management has the responsibility to make an assessment regarding Company's ability to continue as going concern, and to disclose when it is applicable, questions related to the going concern assumption and to using the accounting framework based on going concern assumption, unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

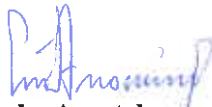
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

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

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management, 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.



Stoyanka Apostolova
Registered auditor responsible for the audit

21 March 2024
Sofia



Nedyalko Apostolov
Baker Tilly Klitou and Partners EOOD

5, Stara Planina str., Floor 5
Sofia, 1000, Bulgaria



1. Explanatory note to the financial statements:

1.1. Legal Status

Sarantis Bulgaria Ltd. is a sole-owner limited liability company registered in the Registrar of Trading companies of the City Court in a judgment of 05.07.1994 years in act 13376 / in Volume 223, p.92, lot 17912. The company is listed in the Trade Register with Identity Number 831542220. Headquarters and Registered Office of the company is, *1 Business Park Sofia Str, Build 12, ent.1, fl.2, Sofia.*

The owner of the company is a legal entity GR.SARANTIS S.A. – Greece.

The parent company and final owner of the group of enterprises, part of which is Sarantis Bulgaria Ltd, is GR.SARANTIS S.A. – Greece.

1.2. Scope of activity

The main activity of the company includes: sales and distribution activities of perfume and cosmetics products, household goods and such to face care, body and personal care products.

There was no change to the core activity of the company over the previous fiscal year.

2. Basis of preparation of the financial statements:

2.1. Compliance with IFRS

The present individual financial statement with general purpose is prepared in accordance with The Accountancy Act and International Financial Reporting Standards (IFRS), adopted by the European Union (EU).

2.1.1. As of 31 December 2023, IASs include International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), Interpretations of the Standing Interpretations Committee and Interpretations of the Committee for Interpretations of the IFRS. The IAS Committee reissues annually the standards and interpretations to them which, after approval by the European Union, are valid for the year for which they were issued. However, many of them are not applicable to the company's activities due to the specific issues which they deal with.

Changes in accounting policies and disclosures

New and amended standards and interpretations

Initial application of new standards and amendments to existing standards effective for the current reporting period

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

- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules – adopted by the EU on 8 November 2023 (effective immediately and for annual periods beginning on or after January 1, 2023);
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative information – adopted by the EU on 8 September 2022 (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 12 Income Taxes: Deferred tax relating to assets and liabilities arising from a single transaction – adopted by the EU on 11 August 2022 (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies – adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after January 1, 2023);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates – adopted by the EU on 2 March 2022 (effective for annual periods beginning on or after January 1, 2023);
- IFRS 17 Insurance Contracts, including Amendments to IFRS 17 – adopted by the EU on 19 November 2021 (effective for annual periods beginning on or after January 1, 2023).

The adoption of these standards and amendments to existing standards has not led to any material changes in the Company's financial statements.

Standards, interpretations and amendments issued but not yet effective and not early adopted

Standards and amendments to existing standards issued by IASB/IFRIC and adopted by the EU but not yet effective and not early adopted

At the date of authorization of these financial statements, the following amendments to existing standards are issued by IASB and adopted by the EU, but not yet effective:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current - Deferral of Effective Date, and Non-current Liabilities with Covenants – adopted by the EU on 19 December 2023 (effective for annual periods beginning on or after January 1, 2024);
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback – adopted by the EU on 20 November 2023 (effective for annual periods beginning on or after January 1, 2024).

New standards and amendments, issued by IASB, but not yet endorsed by the EU

At present, the IFRS endorsed by EU are not materially different from those approved by the IASB, with the exception of the following amendments to existing standards, which have not yet been endorsed by EU (the effective dates stated below refer to full IFRS):

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025);
- 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).

The Company is in the process of assessing the potential effect of the adoption of these standards and amendments to existing standards on the Company's financial statements in the year of their first-time application.

2.2. Basis of preparation

The financial statement has been prepared based on a going concern basis, assuming that the company will continue to operate for the foreseeable future.

The historical cost is used as bases for evaluation during the preparation of the financial statement.

2.2.1. Consistency of presentation

The presentation and classification of the items in the financial statement of the current period is retained from the previous reporting periods.

2.2.2. Form, structure and content of the financial statement.

The company has retained the form, structure and content of the financial statement from the previous reporting periods.

- **Statement of the financial position as at the end of the period**

Each material group of similar positions is presented separately in the statement of financial position. The assets and liabilities are presented as current and non-current, compensation between assets and liabilities is not allowed.

Current assets are assets that the company expects to realize, or intends to sell or consume in the normal operational cycle, which doesn't exceed 12 months after the end of the reporting period. Current assets are also receivables and cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

The company classifies a given liability as current when it expects to settle the liability in its normal operating cycle, which doesn't exceed 12 months after the end of the reporting period. Current are also liabilities for which the company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

The company classifies as part of its equity the following elements:

- Registered capital, comprising of one share with a nominal value of 4 756 210 BGN
- Reserves
- Retained Earnings, comprising of net profit of the current and prior reporting periods

• **Statement of profit or loss and other comprehensive income for the period**

The company does not present separately the statement of profit or loss from the statement presenting the other comprehensive income.

The classification of expense line items recognized in profit or loss and other comprehensive income is based on their nature and not on their function within the entity.

The company presents additional line items, headings and subtotal, when such presentation is relevant to an understanding of its financial performance. The company does not present any items of income or expense as extraordinary items, in the statement presenting profit or loss and other comprehensive income or in the notes.

The company recognizes all items of income and expense in a period in profit or loss unless IFRS requires or permits otherwise.

The company presents separately each material class of similar items.

The company offsets its financial income and expenses (on a net basis) because of that they are immaterial. Despite of that, in point 4.8 of the notes to the annual financial statement, accurate and correct information is presented regarding their size and nature.

• **Statement of changes in equity for the period**

The company presents separately each material class of similar items in the statement of changes in equity providing reconciliation between the carrying amounts at the beginning of the period and at the end of the period. Separately are disclosed changes resulting from:

- Profit or loss
- Other comprehensive income
- Transactions with owners in their capacity as owners, showing separately contributions from owners and returning these contributions back to the owners; distribution to the owners (dividends paid).

• **Statement of cash flows for the period**

The company reports cash flows from operating activities using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed. The statement of cash flows reports cash flows during the period classified by operating, investing and financing activities.

Operating activity is the main activity of the company that generates income as well as any other activity, which is not classified as investment or financial. Cash flows, arising from taxes on income are disclosed separately and categorized as cash flows from operating activity.

Investing activity are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the company. Cash flows from interest and dividends received and paid are disclosed separately.

The components of cash and cash equivalents are: cash and bank accounts as well as advances to employees. The total of cash in the cash flows report is equal to the sum of cash, presented in the Statement of Financial Position and part of the trade and other receivables, correlating to the amount (if and when there is such) of advances to employees.

Investing and financing transactions that do not require the use of cash or cash equivalents are excluded from the statement of cash flows.

2.3. Approval

Financial statements prepared for the year ended 31 December 2023, was approved by Management of the company on 09.02.2024.

2.4. Period

The present financial statement covers the period from 1 January 2023 to 31 December 2023.

2.5. Functional currency and presentation currency

The Bulgarian lev is the functional currency, in which the financial statements of the company are presented.

2.6. Estimates and Assumptions by the Management

The preparation of the Financial Statements in accordance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. Although the accounting estimates and assumptions are based on information available to management as of the date of preparation of the financial statements, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed regularly. Changes to accounting estimates are recognized in the period of change, or in the period of change and future periods, when they are affected by them.

The management of the company has complied with all standards and clarifications that are applicable to its operations and are officially adopted for use by the European Union on the date of preparation of these financial statements. In the absence of an IFRS that specifically applies to a transaction, other event or condition, management uses its judgment in developing and applying an accounting policy that results in information that is relevant to the economic decision-making needs of users.

2.7. Others

The annual financial statements of the company are subject to an independent financial audit by Baker Tilly Klitou and Partners EOOD. The registered auditor responsible for the engagement is Ms. Stoyanka Apostolova. The service provided to the company is a service only in connection with the audit of the annual financial statements.

3. Significant information about the company's accounting policy

Significant accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Transactions in foreign currencies

The operations of foreign currencies are translated into the functional currency at the official exchange rate applicable at the date of the transaction. Gains and losses from exchange rate differences resulting from the settlement of transactions and such from the translation of monetary items in foreign currencies at the end of the period are recognized in the Statement of profit or loss and other comprehensive income.

3.2 Property, plant and equipment

Property, plant and equipment are valued at its initial acquisition cost. The cost includes the purchase price, including import duties and non-refundable taxes and purchase, as well as any directly attributable costs of the asset to bringing working condition about its intended for use.

When plant and equipment comprises of major components having different useful lives, they are depreciated with different depreciation rate.

Subsequent expenditure relating to specific fixed asset is capitalized in the asset only when they respond to the criteria for acknowledgement, as pointed at IAS 16. All other subsequent expenditure is as an expense recognized in the period in which are they incurred.

Depreciation of non-current tangible assets is calculated in the Statement of profit or loss and other comprehensive income in line "Depreciation/amortisation expenses", using the straight-line method over the expected useful lives of assets as follows:

- machinery and equipment up to 5 years;
- Computers 3-5 years;
- Furniture 3-6,7 years;
- Other Buildings and equipment up to 25 years.

The company implements a policy of capitalization of assets in the event that their cost is equal to or exceeds the materiality level of 700 BGN.

The company accepts that the remaining value of an asset as of properties, plants and equipments are insignificant if the remaining value is up to 10% from the initial value of acquiring.

At the end of each reporting period the company tests the assets for impairment comparing whether their balance sheet value differs substantially from their fair value, taking into consideration their moral and physical wear.

3.3 Intangible Assets

For intangible assets acquired by the company only expenses are capitalized, which respond to the criteria intangible asset and for acknowledgement, as pointed at IAS 38. From the Licenses for Windows operation system are expected not to increase substantially the future economic benefits of investments and therefore not capitalized. On the applicable accounting criteria these expenses are recognized as incurred.

The company defines as separate comprehensive asset the intangible asset which is ERP system SAP and connected peripheral systems, which are acknowledged in the Statement of finance position.

Subsequent expenditure relating to specific intangible asset is capitalized in the asset only when they respond to the criteria for acknowledgement, as pointed at IAS 38. All other subsequent expenditure is as an expense recognized in the period in which are they incurred.

Depreciation of intangible assets is calculated in the Statement of profit or loss and other comprehensive income in line "Depreciation/amortisation expenses", using the straight-line method over the expected useful lives of assets.

The company implements a policy of capitalization of assets in the event that their cost is equal to or exceeds the materiality level of 700 BGN.

The company accepts that the remaining value of an intangible asset is insignificant if the remaining value is up to 10% from the initial value of acquiring.

At the end of each reporting period the company tests the assets for impairment comparing whether their balance sheet value differs substantially from their fair value, taking into consideration their moral and physical wear.

3.4 Leasing

Leasing contracts under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon the initial recognition leased asset are reported on the lower among the fair value and the present value of the minimum lease payments. After initial recognition, the asset is depreciated according to the applicable accounting policy for that asset.

All other leases are classified as operating leases (according IFRS 16).

For each contract concluded on or after January 1, 2019, the Company decides whether the contract is or includes leasing. Leasing is defined as a contract or part of a contract that delegates the right to control the use of an identified asset (underlying asset) for a given period in exchange for consideration. To this reason, three basic aspects are analyzed:

- whether the contract relates to an identified asset that is either clearly specified in the contract or implicitly when the asset is made available to the Group,
- whether the Company has the right to obtain substantially all economic benefits from the use of the asset over the entire useful life to the extent specified in the contract,
- whether the Company has the right to direct the use of the identified asset over the entire useful life.

At the commencement date, the Company recognizes an asset under the right of use and a liability under the lease. The right of use is initially measured at the purchase price consisting of the initial value of the lease liability, initial direct costs, an estimate of the costs expected in connection with the dismantling of the underlying asset and the lease payments paid on or before the start date, less leasing incentives.

The Company depreciates use rights on a straight-line basis from the start date until the end of the useful life period or the end of the lease term, depending on which of these dates is earlier. If there are indications, the rights to use are tested for impairment in accordance with IAS 36.

As at the commencement date, the Company measures the lease liability at the present value of the remaining lease payments using the interest rate of the lease, if it can be easily determined. Otherwise, the lessee's marginal interest rate applies.

Lease payments included in the value of the lease liability consist of fixed lease payments, variable lease payments dependent on the index or rate, amounts expected to be paid as a guaranteed residual value and payments for call options if they are reasonably certain.

In subsequent periods, the lease liability is reduced by repayments made and increased by accrued interest. The valuation of the lease liability is updated to reflect changes in the contract and the reassessment of the lease term, exercise of the call option, guaranteed residual value or lease payments dependent on the index or rate. In principle, the revaluation of the liability is recognized as an adjustment to the asset due to the right of use. The company uses practical standards approved for short-term leasing and leasing in which the underlying asset is of low value. For such contracts, lease payments are recognized in profit or loss on a straight-line basis over the lease term.

Subsequent costs associated with maintenance and insurance of the leased assets, are reflected in the comprehensive income statement when they originate.

3.5 Inventories

Tangible commodity inventories are stated at the lower among cost and net realizable value and include expenditure incurred in acquiring, processing and other direct costs, associated with delivery to their present location and condition.

At the end of each reporting period, inventories are valued at lower of the cost and net realizable value. The amount of the devaluation of the inventories to their net realizable value as an expense is recognized in the period of devaluation.

Net realizable value represents the estimated selling price for inventories less estimated costs for selling. If inventories have already been written down to net realizable value in a subsequent period and if it appears that conditions leading to its devaluation are no longer present, it is a new net realizable value that is adopted. Amount of the refund may be only to the extent of the balance amount before inventories depreciation.

Inventories at their consumption are written out using the average - weighted value.

On sale of inventories, their balance amount is recognized as an expense in the period in which the related revenue is recognized in line "cost of goods and other assets sold" in the statement of profit or loss and other comprehensive income.

3.6 Financial Instruments

The Company's financial instruments mainly consist of cash on hands and bank accounts, trade and other receivables and liabilities and investments in securities.

The Company recognises a financial asset or a financial liability in its statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument.

The company's trade receivables do not contain a financing component. By this reason, at initial recognition the Company measures trade receivables at their transaction price (as defined in IFRS 15).

The Company derecognises a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire.

On derecognition of a financial asset the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

The Company removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

The financial assets of the company are not encumbered with weights.

3.7 Cash and Cash equivalents

Cash and cash equivalents consist of cash amounts in cash safes, bank balances and bank deposits, and letters of credit.

3.8 Amounts owed to employees

Current incomes

The current incomes of staff, in the form of remuneration, bonuses and social benefits, are recognized as expense in the Statement of Profit or Loss and other comprehensive income, in the period the work for them is done or the requirements for receiving them are present and as current liability (after deduction of all already paid amounts and necessary deductions). The liabilities of the company regarding social and health insurance are recognized as current expense and liability in their undiscounted amount, together and in the period of accrual of the respective incomes to which they relate.

The company considers short-term compensated absences liabilities arising on the basis of unused annual leave in cases when they are expected to occur within one year after the date of the reporting period in which the employees performed the work, associated with these holidays. Current liabilities to the personnel include payables for wages and social security.

Current employee benefits, including legal holidays are included in current liabilities to staff on undiscounted value, expected to be paid to employees in return for their labor for the period.

Incomes after termination of contract

The entity recognises termination benefits as a liability and an expense when, and only when, the entity is demonstrably committed to either:

- (a) terminate the employment of an employee or group of employees before the normal retirement date; or
- (b) provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

As of 31.12.2023 there is no detailed formal plan for the termination without a realistic possibility of withdrawal.

The entity is not committed, by legislation, by contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments (or provide other benefits) to employees when it terminates their employment.

The company is not a participant in post-employment benefit plans - formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

3.9.1. Capital

The beneficial owner of capital is GR.SARANTIS S.A. – Greece.

The company's equity structure is as follows:

- Registered capital, comprising of one share with a nominal value of 4 756 210 BGN
- Reserves, representing additional capital
- Retained Earnings, comprising of net profit of the current and prior reporting periods

The equity of the company is not subject to externally imposed requirements. The company retains an optimal amount of registered capital, which allows it to do business normally without a need for using external financing. The Retained earnings consist of net profit from the current and prior reporting periods. The trend is that net profit from the previous reporting period is distributed in full amount as dividend payment to the sole shareholder. The dividend distribution is done with a resolution from the sole shareholder after the sole shareholder accepts the annual financial statement report. The amount of the distributed dividend is presented in the statement of changes in equity in line “dividend”, and the sum of the paid dividend is presented in the statement of cash flows in section “cash flows from financial activity”, line “dividend payments”. Non-cash assets are not distributed as dividends.

3.9.2. Financial liabilities

As of 31.12.2023 there are no changes in the classification of the financial liabilities of the company, due to the changes of their balance sheet.

The current liabilities, along with current receivables, represent financial instruments for the company. Due to their short-term nature, balance sheet value of the liabilities is reasonably close (approximated) to their fair value.

Financial liabilities of the company are mainly trade and other payables.

Financial liabilities are recognized when there is a contractual obligation to deliver cash or another financial asset to another entity, or a contractual obligation to exchange financial instruments with another entity on potentially unfavorable terms.

Trade payables are recognized initially at their nominal value and are subsequently reduced by settlement payments.

3.10 Provisions, contingent liabilities and contingent assets

Provisions are recognized when it is probability present obligations resulting from past events to lead to an outflow of resources from the company and can be made reliable estimate of the amount of the obligation. Present obligation arises from the presence of a legal or constructive obligation as a result of past events, such as guarantees, litigation and onerous contracts. The amount recognized as a provision is calculated based on the most reliable estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties, including those related to current debt. The company applies the method of “provision, based on a specific base”, according to the period of overdue payments.

Provisions are discounted when the effect of the time value of money is significant. In cases where it cannot be made reliable estimate of the amount of the obligation, it is disclosed as a potential liability. The company does not recognize their contingent assets recognition since it may result in the recognition of income that may never be realized.

3.11 Income and Expenses

Revenues include revenue from the sale of goods, provision of services and other revenue.

Revenues are measured at the fair value of the consideration received or receivable payment or compensation, after deduction of any trade discounts and volume rebates.

On sale of goods, the revenue is recognized when the conditions are fulfilled on that, that the significant risks and rewards of the ownership are transferred to the buyer, it is not retained continuing involvement in the management of the goods, effective control over the amount of revenue can be reliably measured, it is likely that the economic benefit from the transaction will be obtained and the associated costs can be estimated reliably.

Revenue from rendering of services is recognized when the outcome of the transaction can be properly assessed. Completion of the stage is usually determined by analysis of the work.

The gain or loss on disposal of an asset is determined as the difference of the proceeds and the balance sheet value of the asset and is recognized in the Statement of profit or loss and other comprehensive income.

Current expenses are recognized in the Statement of profit or loss and other comprehensive income upon the criteria from IAS.

3.12 Financial expenses and income

Finance income includes interest income on funds invested in bank deposits and gains from foreign currency transactions. Interest income is accounted for using the effective interest method.

Financial expenses include commission fees and bank taxes, losses on transactions in foreign currency, interest expense on borrowings and finance lease (if and when such are present). Expenses for bank taxes, commissions and interest are recorded on an accrual basis.

3.13 Income taxes

Taxes that are recognized in the Profit or loss and other comprehensive income statement include the amount of deferred tax and current tax expense, which are not recognized directly in equity.

The current tax expense is calculated in accordance with the applicable tax rates and tax rules for income tax for taxation for the period to which they relate, based on transformed financial result for tax purposes.

Current income tax assets or liabilities comprise of those claims or liabilities to the budget which are relating to the current period and which are unpaid at the date of Statement of financial position.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their respective tax bases.

The amount of deferred tax assets and liabilities are calculated not discounted, using tax rates that are expected to be valid for the period of their realization and which are in force and are known at the date of Statement of financial position.

Deferred tax liabilities are recognized in their full size. Deferred tax assets are recognized only to the extent that they are likely to be offset against future tax income. Deferred tax assets are reduced to the size of those for future benefits which is more likely to be realized. Deferred tax asset and deferred tax liabilities are not compensated in the statement of financial position.

Significant part of the changes in deferred tax assets or liabilities are recognized as tax expenses in the Statement of profit or loss and other comprehensive income. Changes in deferred tax assets or liabilities due to changes in the fair value of assets or liabilities that are recognized in equity are recognized directly in the equity.

4. Explanatory notes to the financial statements

The company applies approved by management accounting policies. Presented information in the financial statements is based on current accounting and ERP software through system "SAP".

4.1. Sales revenue in the Statement of profit or loss and other comprehensive income:

	2023 thousand BGN	2022 thousand BGN
Revenue from Sale of Goods	39 735	33 324
Revenue from other services	264	211
	39 999	33 535

4. 2. Other income:

	2023 thousand BGN	2022 thousand BGN
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Reintegration provision charged for annual unused leaves	-	122
Accruals Reversal	187	-
Excess of commodity material goods	9	6
Other revenues	18	66
	214	194

4.3. Cost of goods sold:

Cost of goods sold and other assets in the Statement of profit or loss and other comprehensive income for 2023 is 23 331 thousand BGN and for 2022 is 20 344 thousand BGN.

4.4. Cost of materials:

Material costs for the year 2023 are 1 054 thousand BGN and for the year 2022 amount to 1 031 thousand BGN and include:

	2023 thousand BGN	2022 thousand BGN
Fuels and lubricants	164	163
Vehicle Parts	1	1
Electricity and water	41	67
Stationery and supplies	58	52
Advertising materials	785	743
Other Materials	5	5
	1 054	1 031

4.5. Expenses for outside services:

Hired services for 2023 are 4 360 thousand BGN and for 2022 years amounted to 3 372 thousand BGN and include:

	2023 thousand BGN	2022 thousand BGN
Rent	29	33
Transport and courier services	737	668
Software and hardware support	322	249
Advertising services	2 816	2 096
Repair and maintenance of vehicles	18	21
Insurance	11	11
Security	23	3

Telecommunication services and internet	102	47
Repair and maintenance of office and office equipment	33	13
Legal and consulting services	71	98
Merchandising services and commissions	103	77
Other external services	95	56
	4 360	3 372

4.6. Expenses for the personnel:

The costs of short-term employee benefits for 2023 in total are 4 101 thousand BGN and for 2022 in the total amount of 3 306 thousand BGN include:

	2023 thousand BGN	2022 thousand BGN
Salaries	3 613	2 876
Social security	488	430
	4 101	3 306

The average number of employees in the company as on 31.12.2023 is 84 persons and as on 31.12.2022 is 85 persons, allocated as follows:

	2023 thousand BGN	2022 thousand BGN
Managers	15	13
Specialists	17	19
Technicians and dedicated specialists	19	21
Support administration staff	19	19
Stuff, occupied with services for the people, trade and security	13	13
	84	85

4.7. Other Expenses:

The other expenses for 2023 amount to 235 thousand BGN and for 2022 amount to 240 thousand BGN and include:

	2023 thousand BGN	2022 thousand BGN
Business trips	51	39
Entertainment expenses	79	48

Impairment of current assets	(4)	-
Missing inventory and write-off of damaged goods (incl. VAT)	102	150
Other expenses	7	3
	235	244

4.8. Net financial expenses:

The net financial expenses for 2023 amount to 129 thousand BGN and for 2022 amount to 25 thousand BGN and include:

In decrease:	2023	2022
	thousand BGN	thousand BGN
Interest expenses	83	76
Negative exchange differences	47	38
Bank fees and commissions	20	26
	150	140
In increase:	2023	2022
	thousand BGN	thousand BGN
Interest income	-	81
Positive exchange differences	18	31
Dividend income	3	3
	21	115

4.9. Income tax expenses:

The Company is subject to taxation. The corporate income tax is calculated at the rate of 10% applied to the tax base. The tax base (profit) is calculated by increasing the accounting profit with all tax differences (permanent and temporary) and decreasing with the reversible tax differences and all incomes, which are not recognized for tax purposes in the year of their accounting recognition. In addition, when determining the tax base, all other amounts, which according to the current legislation participate in the formation of the taxable result for the period, are taken into consideration. Advance payments done for 2023 amounted to 649 thousand BGN.

Corporate tax in the Statement of profit or loss and other comprehensive income:	2023	2022
	thousand BGN	thousand BGN
Tax profit for the period	6 245	4 752
Tax at the applicable tax rate	625	475
Amount of deferred tax, related to origination of temporary differences	(21)	(5)
Amount of deferred tax, related to reversal of temporary differences	4	8
Income tax expense on the profit	608	478

4. 10. Non-current assets:

4. 10.1 Tangible fixed assets

All acquired and controlled by the company's tangible fixed assets are valued at cost and classified as depreciable, having in mind the limited duration of their practical use. Balance sheet value of fixed assets at 31.12.2023 is 308 thousand BGN.

Fixed assets in thousand BGN	Machinery, equipment and computers	Other fixed mater. Assets	Total
Cost			
Balance 01.01.2023	448	258	706
Additions	42	221	263
Disposals	(47)	(147)	(194)
Balance 31.12.2023	443	332	775
Depreciations			
Balance 01.01.2023	349	161	510
Depreciation charge for the year	39	60	99
Depreciation of assets written off	(47)	(95)	(142)
Balance 31.12.2023	341	126	467
Carrying amount			
01.01.2023	99	97	196
31.12.2023	102	206	308

At the end of the reporting period the company performed a test for impairment of non-current assets comparing if their book value differs substantially from their fair value, taking into consideration their moral and physical wear. During this test no indications for impairment was present. The book value of all fully depreciated assets, which are still in use, is 297 thousand BGN. There are no assets, temporary out of usage, as well as such that are not being depreciated due to any possible reason.

As of 31.12.2023 there is no limitation on the ownership rights of the tangible non-current assets of the company, and no part of them is pledged as collateral in any possible way.

4.10.2. Intangible fixed assets:

The company does not have integrally developed. All of the acquired and controlled by the company intangible fixed assets are reported at acquisition value and defined as depreciable, based on the limited term of their practical usage. As of 31.12.2023 the book value of the intangible fixed assets amounts to 323 thousand BGN.

Fixed assets in thousand BGN	SAP software	SAP software rights	Total
Cost			
Balance 01.01.2023	575	207	782
Additions	-	-	-
Disposals	-	-	-
Balance 31.12.2023	575	207	782

Depreciations

Balance 01.01.2023	226	188	414
Depreciation charge for the year	27	18	44
Depreciation of assets written off	-	-	-
Balance 31.12.2023	253	206	459

Carrying amount

01.01.2023	349	18	367
31.12.2023	322	1	323

At the end of the reporting period the company performed a test for impairment of assets comparing if their book value differs substantially from their fair value, taking into consideration their moral and physical wear. During this test no indications for impairment was present.

The book value of all fully depreciated assets, which are still in use, is 206 thousand BGN. There are no assets, temporary out of usage, as well as such that are not being depreciated due to any possible reason.

As of 31.12.2023 there is no limitation on the ownership rights of the intangible non-current assets of the company, and no part of them is pledged as collateral in any possible way.

4.11. Right of use:

The statement of profit or loss and other comprehensive income of the Company in 2023 includes an amount concerning the amortization of utilization rights of 840 thousand BGN and financial expenses for leasing liabilities amounting to 82 thousands BGN.

As of 31.12.2023 the book value of the Right of use amounts to 2 942 thousand BGN.

Assets in thousand BGN	Buildings	Vehicles	Total
Cost			
Balance 01.01.2023	1 640	1 044	2 684
Additions	2 618	757	3 375
Disposals	(1 520)	(540)	(2 060)
Balance 31.12.2023	2 737	1 261	3 999
Depreciations			
Balance 01.01.2023	1 572	704	2 275
Depreciation charge for the year	560	280	840
Depreciation of assets written off	(1 520)	(539)	(2 059)

Balance 31.12.2023	612	445	1 057
Carrying amount			
01.01.2023	67	341	408
31.12.2023	2 126	816	2 942

The lease payment for the short-term leases, booked as expense during the current accounting period 2023 amounts to 82 thousand BGN.

4.12. Deferred tax assets:

Deferred tax assets were formed at the rate of corporate tax of 10%. They are formed by the following temporary differences and have a balance as follows:

	2023		2022	
	thousand BGN		thousand BGN	
	sum of difference	sum of asset	sum of difference	sum of asset
Effect of application of IFRS 9	375	38	420	42
Difference between accounting and tax balance sheet value of non-current assets	80	8	70	7
Expenses on provisions for unused compensated annual leaves and social security on them	267	25	135	14
Effect of application of IFRS 16	39	4	(36)	(4)
Expenses for provisions for other liabilities	31	1	-	-

Total	792	76	589	59
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4.13. Inventories:

In this group are reported the goods presented at net realizable value.

Net realizable value of inventories at 31.12.2023 amounts to 2 649 thousand BGN and at 31.12.2022 amounted to 2 612 thousand BGN. The book value of the goods sold during the reporting period 2023 is 23 331 thousand BGN and for the previous reporting period 2022 was 20 344 thousand BGN.

The company has no inventories pledged as collateral.

4.14. Trade and other receivables.

Trade and other receivables at 31.12.2023 amounted to 11 096 thousand BGN and at 31.12.2022 amounted to 9 284 thousand BGN and are split as follows:

	2023	2022
	thousand BGN	thousand BGN
Receivables from customers	10 517	8 612
Advances paid to Suppliers	14	100
Prepaid Expenses	80	35
Guarantees	147	194
Receivables on court claims	337	342
Interest	1	1
	11 096	9 284

Receivables from customers

Short-term receivables in BGN are measured at the nominal value of the receivables, less any impairment losses for doubtful debts. Claims in foreign currency are valued at the closing exchange rate of Bulgarian National Bank (BNB) on 31.12.2023, less the value of any accumulated impairment losses. Impairment is calculated on an aging analysis of receivables from due date until 31.12.2023.

The basic risk, coming from the financial instruments (financial assets) for the company is the credit risk. The policy, which the company applies for management of these risks is disclosed below. From the company point of view, the following risks did not occur during 2023 – risk of cash flow and price risk, including currency, interest and market risk.

Credit risk – the risk, that one part of the financial instrument will cause financial loss to the other should it default on their payment.

The company works mainly with established and solvent customers. The company policy is that all clients, requesting delayed payment, are subject to procedures for check of their solvency and each one is awarded an individual credit limit. In addition, the balances of these customers are continuously monitored, as a result of which the company does not have material exposition in uncollectable receivables. There is no concentration in the company of credit risk.

The overdue and uncollectable receivables are not concentrated in one client. They are also not influenced by geographical region or market.

4.15. Cash:

Cash funds as of 31.12.2023 amount to 1 989 thousand BGN and as of 31.12.2022 amount to 876 thousand BGN as follows:

	2023	2022
	thousand BGN	thousand BGN
Cash in cash case	-	3
Cash at bank	1790	736
Letter of credit	199	137
	1 989	876

4.16. Registered capital and retained earnings:

The capital structure of the Company is as follows:

Components of equity	2023	2022
	thousand BGN	thousand BGN
Registered capital	4 756	4 756
Additional reserve	1	1
Performance Stock Awards	14	-
Net profit for the period	5 411	4 188
Total equity	10 182	8 945

4.17. Lease liabilities:

Lease liabilities at 31.12.2023 amount to 2 981 thousand BGN and as of 31.12.2022 amount to 416 thousand BGN are split as follows:

	2023	2022
	thousand BGN	thousand BGN
Short-term lease liabilities:	793	253
- buildings	533	53
- vehicles	260	200
Long-term lease liabilities:	2 188	163
- buildings	1 621	16
- vehicles	567	147
Total lease liabilities	2 981	416

4.18. Long-term employees benefit obligations:

According to Bulgarian legislation, the Company is obliged to pay its employees upon retirement from two to six gross monthly salaries, depending on the length of service in the enterprise. If an employee has worked at Sarantis Bulgaria EOOD for 10 years, he receives six gross monthly salaries upon retirement, and if he has worked for less than 10 years - two gross monthly salaries. The staff retirement benefit plan is not funded. In 2023 the Company has introduced a special bonus program providing the opportunity to grant the Company's senior management employees bonuses in the form of shares from the parent company "GR. SARANTIS S.A." Greece. Company executives benefit from this program.

The components of the cost of long-term employee retirement benefits recognized in the Statement of Profit and Loss and other comprehensive income in the Item Personnel expenses are:

	2023	2022
	thousand BGN	thousand BGN
Retirement liability costs	100	-
Total expenditure on long-term employees benefits	100	-

The amount of liabilities recognized in the Company's Statement of Financial Position as of December 31, 2023 is summarized below:

	2023	2022
	thousand BGN	thousand BGN
Retirement Obligation over 1 year	96	-
Retirement Obligation up to 1 year	4	-
Total Obligations for long-term employees' benefits	100	-

4.19. Trade and other payables:

Trade and other payables at 31.12.2023 amount to 5 713 thousand BGN and at 31.12.2022 amounted to a total of 3 799 thousand BGN and are split as follows:

	2023	2022
	thousand BGN	thousand BGN
Liabilities to suppliers	3 970	2 849
Liabilities for dividends	1 743	950
Total trade and other payables	5 713	3 799

The basic risk, coming from the financial instruments (financial liabilities) for the company is the liquidity risk. The policy, which the company applies for management of this risk is disclosed below.

Liquidity risk – the risk that the company will experience difficulties to serve its obligations regarding financial liabilities, settled with cash or cash equivalents or other financial asset.

The effective management of the liquidity of the company requires the maintenance of sufficient working capital, mainly through timely collection of receivables from customers in order to pay the financial liabilities. At the end of the period the company does not have overdue liabilities to suppliers.

Trade liabilities are liabilities of the company to suppliers and liability to the sole shareholder for dividend payments.

There is no premature option of the liabilities in the contracts with suppliers.

The company is maintaining such a balance of cash and cash equivalents and receivables from customers with approaching maturity, so that they are enough to cover current liabilities (financial liabilities as well as tax liabilities) and will not cause a negative effect on its financial result and/or equity in the next reporting period.

4.20. Net current taxes:

Net current tax liabilities at 31.12.2023 amounted to 254 thousand BGN and at 31.12.2022 amounted to 507 thousand BGN and represent:

	2023 thousand BGN	2022 thousand BGN
Amounts owed on VAT	213	378
Liabilities on Corporate tax	36	139
Other liabilities to the fisk	5	(10)
Total net current taxes	254	507

4.21. Provisions

In the company as liabilities on provisions are reported the undiscounted amount of the paid annual leave to employees in return for work for the period as follows:

	2023 thousand BGN	2022 thousand BGN
The cost of accumulating compensated absences	135	118
Social security expense on these amounts	18	17
Used amounts during the current reporting period of provisions accrued in previous reporting periods	-	42

The accrued in the current reporting period provisions are expected to be used, causing outgoing flows of economic benefits, in the next reporting period in their full amount.

4.23. Related parties

The owner of "Sarantis Bulgaria EOOD" is the legal entity GR.SARANTIS S.A. – Greece.

The parent company and final owner of the group of enterprises is GR.SARANTIS S.A. – Greece. The parent company is the final controlling enterprise, which presents a consolidated financial statement for public use.

The content of the Group and the characteristics of the relations (connections) between the enterprises in the Group are displayed in the below table:

Controlled enterprise	Controlling enterprise	Characteristics of relationship	Country
SARANTIS BULGARIA LTD	GR. SARANTIS S.A.	100% - SUBSIDIARY	BULGARIA
SARANTIS ROMANIA S.A.	GR. SARANTIS S.A.	100% - SUBSIDIARY	ROMANIA
SARANTIS BELGRADE D.O.O	GR. SARANTIS S.A.	100% - SUBSIDIARY	SERBIA
SARANTIS BANIA LUKA D.O.O	SARANTIS BELGRADE D.O.O	100% - SUBSIDIARY	BOSNIA & HERZEGOVINA
SARANTIS SKOPJE D.O.O	SARANTIS BELGRADE D.O.O	100% - SUBSIDIARY	NORTH MACEDONIA
SARANTIS LIUBLJANA D.O.O	SARANTIS BELGRADE D.O.O	100% - SUBSIDIARY	SLOVENIA
SARANTIS POLSKA S.A.	GR. SARANTIS S.A.	100% - SUBSIDIARY	POLAND
POLIPAK SP.Z.O.O.	SARANTIS POLSKA S.A.	100% - SUBSIDIARY	POLAND
SARANTIS HUNGARY Kft.	GR. SARANTIS S.A.	100% - SUBSIDIARY	HUNGARY
ZETAFIN LTD	GR. SARANTIS S.A.	100% - SUBSIDIARY	CYPRUS
IVYBRIDGE VENTURES LTD	GR. SARANTIS S.A.	100% - SUBSIDIARY	CYPRUS
ERGOPACK LLC	IVYBRIDGE VENTURES LTD	100% - SUBSIDIARY	UKRAINE
SARANTIS CZECH REPUBLIC sro	GR. SARANTIS S.A.	100% - SUBSIDIARY	CZECH REPUBLIC
ASTRID TM A.S.	GR. SARANTIS S.A.	100% - SUBSIDIARY	CZECH REPUBLIC
SARANTIS SLOVAKIA S.R.O	ASTRID TM A.S.	100% - SUBSIDIARY	SLOVAKIA
ELODE FRANCE S.A.R.L	GR. SARANTIS S.A.	100% - SUBSIDIARY	FRANCE
SARANTIS FRANCE S.A.R.L	GR. SARANTIS S.A.	100% - SUBSIDIARY	FRANCE
SARANTIS PORTUGAL Lda	GR. SARANTIS S.A.	100% - SUBSIDIARY	PORTUGAL

Intra-group sales/purchases:

	2023 thousand BGN	2022 thousand BGN
Purchases from:		
GR. SARANTIS S.A. - GREECE	4 992	4 428
ERGOPACK LLC - UKRAINE	54	142
SARANTIS ROMANIA S.A. - ROMANIA	44	52
SARANTIS POLSKA S.A. - POLAND	2 617	2 284
SARANTIS CZECH REPUBLIC sro	9	6
SARANTIS BELGRADE D.O.O. - SERBIA	44	7
LENIDI Bulgaria EOOD	141	93
SARANTIS HUNGARY Kft - HUNGARY	13	
Total intra-group purchases	7 914	7 013

	2023 thousand BGN	2022 thousand BGN
Sales to:		

GR. SARANTIS S.A. - GREECE	14	10
SARANTIS ROMANIA S.A. - ROMANIA	21	149
SARANTIS BELGRADE D.O.O. - SERBIA	5	8
SARANTIS POLSKA S.A. - POLAND		-
SARANTIS CZECH REPUBLIC sro	1	
LENIDI Bulgaria EOOD	712	459
SARANTIS HUNGARY Kft - HUNGARY	31	-
Total intra-group sales	784	626

	2023 thousand BGN	2022 thousand BGN
Interest income from:		
GR. SARANTIS S.A. - GREECE	-	82
Total intra-group interest income	-	82

	2023 thousand BGN	2022 thousand BGN
Dividend income from:		
SARANTIS ROMANIA S.A. - ROMANIA	3	3
Total intra-group dividend income	3	3

In 2023 in accordance with proposal of the Company, the sole shareholder decides that the net balance profit of the company for 2022 in the amount of 4 188 thousand BGN, shall be distributed as dividend. Dividends paid in 2023 amounted to 3 395 thousand BGN. Dividend liability to GR.Sarantis S.A. is in the amount 1 743 thousand BGN.

Intra-group outstanding balances:

	2023 thousand BGN	2022 thousand BGN
Liabilities to:		
GR. SARANTIS S.A. - GREECE	81	117
ERGOPACK LLC - UKRAINA	-	15
SARANTIS CZECH REPUBLIC SRO	-	2
SARANTIS BELGRADE D.O.O. - SERBIA	1	-
SARANTIS POLSKA S.A. - POLAND	578	440
Total intra-group liabilities	660	574

	2023 thousand BGN	2022 thousand BGN
Receivables:		
SARANTIS BELGRADE D.O.O. - SERBIA	5	5

LENIDI Bulgaria EOOD	361	
SARANTIS ROMANIA S.A. - ROMANIA	-	22
Total intra-group receivables from bond loan and interest	366	27

Related parties transactions were made on terms equivalent to those that prevail in arm's length transactions where such terms are substantiated.

Related parties transactions do not include requirements and conditions, necessitating a security or guarantee regarding their execution. During the current reporting period no expenses are incurred/booked, which are due to bad or doubtful intra-company debt, as well as no provision is set aside for receivables from intra-company partners.

The personal income paid to the key management staff for the period amounts to 279 thousand BGN. At the end of the reporting period, there are no unsettled balances with key management staff.

General Manager:

[Signature]
/ Stefan Andreev /

Prepared by:

[Signature]
/ Nikola Andreev /

09.02.2024

Sofia