

ANNUAL FINANCIAL STATEMENT
FOR THE YEAR 2022
OF
SARANTIS BULGARIA LTD.

ANNUAL FINANCIAL STATEMENT

31.12.2022

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ANNUAL REPORT OF BULGARIA Ltd Sarantis.

For the Year ended 31.12.2022

This report of Sarantis Bulgaria Ltd refers to the financial period from 01.01.2022 to 31.12.2022 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 31/12/2022

	2022	2021
	thousand BGN	thousand BGN
Sales revenue	33 535	28 199
Gross profit before taxation	4 665	3 448
Net profit for the period	4 187	3 102
Sum of Assets	13 802	19 202
Share capital	4 756	4 756

The total as of 31.12.2022 of the non-current assets of the company is 1 030 thousand BGN, including equipment, vehicles and other tangible assets, and intangible assets of 367 thousand BGN, ROU of 408 thousand BGN and deferred tax assets in the amount of 59 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	2022	2021
Net Profit Margin (%)	12,41	10,90
Return of Equity (%)	46,79	39,46
Return on Assets (%)	31,26	16,20
Current Ratio	2,86	1,85
Quick Ratio	2,26	1,32
Cash Ratio	0,20	0,27
Debt to Equity	0,50	1,44
Inventory turnover (days)	43,24	48,57
Days Sales Outstanding (days)	88,00	80,85

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

As of 31.12.2022 the company employs 85 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 2022, 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 Unite 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 2022 were enough in volume not only to finance current operations, but also for the payment of dividends.

The credit risk of the company in 2022 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 2022 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 2022 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 2022 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 2022 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
14/02/2023

General Manager: 
/ Stefan Andreev /

ANNUAL FINANCIAL STATEMENTS

OF

"SARANTIS BULGARIA" Ltd.

for the period from 1 January to 31 December 2022 year

STATEMENT OF FINANCIAL POSITION OF SARANTIS BULGARIA LTD. AS OF DECEMBER 31, 2022

	Note	31/12/2022 ('000 BGN)	31/12/2021 ('000 BGN)
ASSETS			
NON-CURRENT ASSETS			
Equipment, transportation means and other assets	(4.10.1)	196	144
Intangible assets	(4.10.2)	367	410
ROU	(4.11)	408	815
Financial assets	(4.12)	-	3 300
Deferred tax assets	(4.13)	59	61
TOTAL NON-CURRENT ASSETS		1 030	4 730
CURRENT ASSETS			
Financial assets	(4.12)		1 101
Inventories	(4.14)	2 612	3 098
Trade and other receivables	(4.15)	9 284	8 199
Cash	(4.16)	876	2 074
TOTAL CURRENT ASSETS		12 772	14 472
TOTAL ASSETS		13 802	19 202
EQUITY			
Authorised capital	(4.17)	4 756	4 756
Reserves		1	1
Profit carried forward	(4.17)	4 188	3 101
TOTAL EQUITY		8 945	7 858
LIABILITIES			
LONG-TERM LIABILITIES			
Long- term lease liabilities	(4.18)	163	240
Loans	(4.19)		3 300
TOTAL LONG-TERM LIABILITIES		163	3 540
SHORT-TERM LIABILITIES			
Trade and other liabilities	(4.20)	3 799	5 779
Short- term lease liabilities	(4.18)	253	597
Loans	(4.19)		1 100
Net current tax liabilities	(4.21)	507	206
Provisions	(4.22)	135	122
TOTAL SHORT-TERM LIABILITIES		4 694	7 804
TOTAL LIABILITIES		4 856	11 344
TOTAL EQUITY AND LIABILITIES		13 802	19 202

The financial statement has been approved for issue by the management and was signed on 14.02.2023 by:

Prepared by:

General Manager:

(Nesula Andreev)

(Stefan Andreev)

Stoyanka Apostolova, Registered Auditor
Responsible for the audit, Manager

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 2022**

	Note	2022 (,000 BGN)	2021 (,000 BGN)
Revenue	(4.1)	33 535	28 199
Cost of sales	(4.3)	(20 344)	(18 029)
Expenses for materials	(4.4)	(1 031)	(659)
Expenses for external services	(4.5)	(3 372)	(2 375)
Expenses for personnel	(4.6)	(3 306)	(3 035)
Depreciation expenses		(742)	(752)
Other operating income	(4.2)	194	247
Other operating expenses	(4.7)	(244)	(146)
Operating profit		4 690	3 450
Net financial income/expenses	(4.8)	(25)	(2)
Profit before taxes		4 665	3 448
Income tax expense	(4.9)	(478)	(347)
Profit for the year after tax		4 187	3 101
Other comprehensive income			
Total comprehensive income for the year		4 187	3 101


The financial statement has been approved for issue by the management and was signed on 14.02.2023 by:

Prepared by:


(Nikola Andreev)

General Manager:


(Stefan Andreev)


Stoyanka Apostolova,
Registered Auditor responsible for the audit,
Manager




Nedyalko Apostolov,
Manager

The Statement of profit or loss and other comprehensive income 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 2022**

All amounts are in thousand BGN

	Authorised capital	Other reserves	Retained profit	Total equity
Balance at 01.01.2021	4 756	1	3 559	8 316
Changes in equity for 2021:				
Net profit for the period			3 101	3 101
Dividends			(3 559)	(3 559)
Balance at 31.12.2021	4 756	1	3 101	7 858

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 31.12.2022	4 756	1	4 188	8 945

The financial statement has been approved for issue by the management and was signed on 14.02.2023 by:

Prepared by:


(Nikola Andreev)

General Manager:


(Stefan Andreev)


Stoyanka Apostolova,

Registered Auditor responsible for the audit,
Manager




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 2022**

	2022 ('000 BGN)	2021 ('000 BGN)
Cash flows from operating activities		
Cash receipts from customers	37 545	33 513
Cash paid to suppliers	(25 116)	(21 233)
Cash paid to employees and social security institutions	(3 078)	(2 917)
Paid taxes (except income taxes)	(4 640)	(4 318)
Income taxes paid	(351)	(433)
Interest paid	(37)	(42)
Net cash from operating activities	4 323	4 570
Cash flows from investment activities		
Proceeds from sale of equipment	-	-
Purchase of property, plant and equipment	(133)	(29)
Net cash from investing activities	(133)	(29)
Cash flows from financing activities		
Dividends paid	(4 537)	(4 118)
Dividends receipts	3	3
Lease obligations paid	(790)	(781)
Loans received	4 401	-
Loans granted	(4 418)	-
Interest receipts	-	-
Interest paid	(46)	(220)
Net cash from financing activities	(5 387)	(5 116)
Net change in cash	(1 197)	(575)
Cash at beginning of period	2 074	2 649
Cash at end of period	876	2 074

The financial statement has been approved for issue by the management and was signed on 14.02.2023 by:

Prepared by:

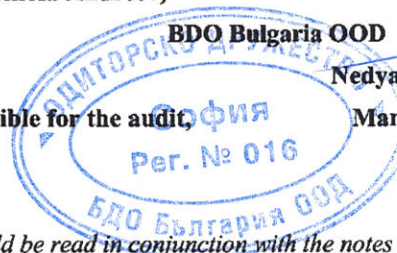

Stoyanka Apostolova,
Registered Auditor responsible for the audit,
Manager


(Nikola Andreev)

General Manager:


Nedyalko Apostolov,
Manager

(Stefan Andreev)



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



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TO

THE SOLE OWNER

OF SARANTIS BULGARIA EOOD

SOFIA

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Sarantis Bulgaria EOOD, which comprise the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for Opinion

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

Other information, different from the financial statements and the Auditor's report thereon

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

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

Additional information required to report on according to the Accountancy Act

In addition to our responsibilities and reporting under the ISAs with regard to the activity report we have performed also the procedures added to the ISAs required under the Audit “Guidelines for New and Broader Auditor Reports and Communication by the Auditor” of the Professional Organization of Registered Auditors in Bulgaria, the Institute of Certified Public Accountants (ICAAP). These procedures concern checks on the existence and verification of the form and content of this other information in order to assist us in the formation of an opinion as to whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in connection with art. 37, para 6 of the Accountancy Act

Based on the procedures performed our standpoint is that:

- a) The information included in the activity report for the financial year the financial statements have been prepared for corresponds with the financial statements.
- b) The activity report is prepared in accordance with the requirements of Chapter seven of the Accountancy Act.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations to the auditor, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

BDO Bulgaria OOD
Sofia, 01.03.2023



Stoyanka Apostolova,
Registered Auditor, responsible for the audit
Manager



Nedyalko Apostolov,
Manager



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 Sofia, Botevgradsko shose 247, 4th floor.

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 2022, 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.

New standards, interpretations and amendments effective from 1 January 2022

The following amendments to existing standards issued by the International Accounting Standards Board and adopted by the EU are in force for the current period:

- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 effective from 1 January 2022, adopted by the EU, approval date 28 June 2021, published in Official newspaper on July 2, 2021.

The adoption of these amendments to the existing standards did not lead to changes in the accounting policy of the Company.

The IASB/IFRS IC documents that have been endorsed by the EU, but not yet in effect

- Amendments to IAS 1 Presentation of Financial Statements, IFRS Statements of Annex 2: Disclosure of Accounting Policies, effective from 1 January 2023, adopted by the EU, approval date 2 March 2022, published in Official newspaper on March 3, 2022.
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective from 1 January 2023, adopted by the EU, approval date 2 March 2022, published in Official newspaper on March 3, 2022.
- Amendments to IAS 12 Income Taxes: Deferred Taxes on Assets and Liabilities Arising from Single Transactions Effective January 1, 2023 approval date 11 August 2022, published in Official newspaper on August 12, 2022.

- Amendments to IFRS 17 Insurance Contracts Initial application of IFRS 17 and IFRS 9 -Comparative Information, adopted by the EU, date of approval 8 September 2022, published in the Official Journal on 9 September 2022, effective January 1, 2023

Documents issued by the IASB / IFRIC that have not been approved for implementation by the EU

The following new or revised standards, new interpretations and amendments to existing standards issued by the International Accounting Standards Board (IASB) at the reporting date have not yet been approved for application by the EU and have not been taken into account by the Company in preparing the financial statements.

- Amendments to IAS 1 Presentation of Financial Statements:
 - Classification of Liabilities as Current and Non-Current, effective from 1 January 2024, not yet adopted by the EU.
 - Classification of Liabilities as Current or Non-current - Deferral of Effective Date); effective from 1 January 2024, not yet adopted by the EU and
 - Non-current Liabilities with Covenants, effective from 1 January 2024, not yet adopted by the EU
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, effective from 1 January 2024, not yet adopted by the EU

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 2022, was approved by Management of the company on 14.02.2023.

2.4. Period

The present financial statement covers the period from 1 January 2022 to 31 December 2022.

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 BDO Bulgaria OOD. 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 accounting policies:

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 31.12.2022 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 31.12.2022 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:

	2022 thousand BGN	2021 thousand BGN
Revenue from Sale of Goods	33 324	27 847
Revenue from other services	211	352
	33 535	28 199

4.2. Other income:

	2022 thousand BGN	2021 thousand BGN
Reintegration provision charged for annual unused leaves	122	92
Excess of commodity material goods	6	2
Other revenues	66	153
	194	247

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 2022 is 20 344 thousand BGN and for 2021 is 18 029 thousand BGN.

4.4. Cost of materials:

Material costs for the year 2022 are 1031 thousand BGN and for the year 2021 amount to 659 thousand BGN and include:

	2022 thousand BGN	2021 thousand BGN
Fuels and lubricants	163	100
Vehicle Parts	1	1
Electricity and water	67	54
Stationery and supplies	52	42
Advertising materials	743	461
Other Materials	5	1
	1 031	659

4.5. Expenses for outside services:

Hired services for 2022 are 3 372 thousand BGN and for 2021 years amounted to 2 375 thousand BGN and include:

	2022 thousand BGN	2021 thousand BGN
Rent	33	4
Transport and courier services	668	550
Software and hardware support	249	104
Advertising services	2 096	1 312
Repair and maintenance of vehicles	21	12
Insurance	11	14
Security	3	2
Telecommunication services and internet	47	42
Repair and maintenance of office and office equipment	13	13
Legal and consulting services	98	113
Merchandising services and commissions	77	91
Other external services	56	118
	3 372	2 375

4.6. Expenses for the personnel:

The costs of short-term employee benefits for 2022 in total are 3 306 thousand BGN and for 2021 in the total amount of 3 035 thousand BGN include:

	2022	2021
	thousand BGN	thousand BGN
Salaries	2 876	2 643
Social security	430	392
	3 306	3 035

The average number of employees in the company as on 31.12.2022 is 85 persons and as on 31.12.2021 is 87 persons, allocated as follows:

	2022	2021
Managers	13	14
Specialists	19	20
Technicians and dedicated specialists	21	21
Support administration staff	19	19
Stuff, occupied with services for the people, trade and security	13	13
	85	87

4.7. Other Expenses:

The other expenses for 2022 amount to 244 thousand BGN and for 2021 amount to 146 thousand BGN and include:

	2022	2021
	thousand BGN	thousand BGN
Business trips	39	4
Entertainment expenses	48	15
Impairment of current assets	-	55
Missing inventory and write-off of damaged goods (incl. VAT)	150	56
Local taxes and tax on expenses	-	2
Other expenses	3	14
	240	146

4.8. Net financial expenses:

The net financial expenses for 2022 amount to 25 thousand BGN and for 2021 amount to 2 thousand BGN and include:

In decrease:	2022	2021
	thousand BGN	thousand BGN
Interest expenses	76	214
Negative exchange differences	38	40
Bank fees and commissions	26	30
	140	284

In increase:	2022	2021
	thousand BGN	thousand BGN
Interest income	81	248
Positive exchange differences	31	26
Dividend income	3	3
Other financial incomes	-	5
	115	282

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 2022 amounted to 330 thousand BGN.

Corporate tax in the Statement of profit or loss and other comprehensive income:	2022	2021
	thousand BGN	thousand BGN
Tax profit for the period	4 752	3 449
Tax at the applicable tax rate of 31.12.2022	475	345
Amount of deferred tax, related to origination of temporary differences	(5)	(18)
Amount of deferred tax, related to reversal of temporary differences	8	20
Income tax expense on the profit	478	347

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 31.12.2021 is 144 thousand BGN.

Fixed assets in thousand BGN	Machinery, equipment and computers	Other fixed mater. Assets	Total
Cost			
Balance 01.01.2022	361	239	600
Additions	87	19	106
Disposals			
Balance 31.12.2022	<u>448</u>	<u>258</u>	<u>706</u>
Depreciations			
Balance 01.01.2022	324	132	456
Depreciation charge for the year	25	29	54
Depreciation of assets written off			
Balance 31.12.2022	<u>349</u>	<u>161</u>	<u>510</u>
Carrying amount			
01.01.2022	<u>37</u>	<u>107</u>	<u>144</u>
31.12.2022	<u>99</u>	<u>97</u>	<u>196</u>

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 375 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 31.12.2022 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 31.12.2022 the book value of the intangible fixed assets amounts to 367 thousand BGN.

Fixed assets in thousand BGN	SAP software	SAP software rights	Total
Cost			
Balance 01.01.2021	575	207	782
Additions			
Disposals			
Balance 31.12.2021	575	207	782
Depreciations			
Balance 01.01.2022	200	173	373
Depreciation charge for the year	26	15	42
Depreciation of assets written off			
Balance 31.12.2022	226	188	414
Carrying amount			
01.01.2022	375	35	410
31.12.2022	349	19	367

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 92 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 31.12.2022 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 2022 includes an amount concerning the amortization of utilization rights of 645 thousand BGN and financial expenses for leasing liabilities amounting to 13 thousands BGN.

As of 31.12.2022 the book value of the Right of use amounts to 408 thousand BGN.

Assets in thousand BGN	Buildings	Vehicles	Total
Cost			
Balance 01.01.2022	1 563	883	2 446
Additions	82	161	243
Disposals	(5)	-	(5)
Balance 31.12.2022	<u>1 640</u>	<u>1 044</u>	<u>2 684</u>
Depreciations			
Balance 01.01.2022	1 160	471	1 631
Depreciation charge for the year	412	233	645
Balance 31.12.2022	<u>1 572</u>	<u>704</u>	<u>2 276</u>
Carrying amount			
01.01.2022	<u>403</u>	<u>412</u>	<u>815</u>
31.12.2022	<u>68</u>	<u>340</u>	<u>408</u>

The lease payment for the short-term leases, booked as expense during the current accounting period 2022 amounts to 33 thousand BGN.

As of the date of signing of the Financial statements the company has recognized the following ROU in relation to signing new lease agreements for :

- A new office location with asset value 1 067 thousand BGN;
- A new warehouse location for 1 440 thousand BGN.

4.12. Financial assets:

On 25.09.2019 Sarantis Bulgaria Ltd. acquires from the parent company – Gr. Sarantis S.A. 7 500 thousand bonds with a total value of 14 669 thousands BGN.

The Issuer shall repay in full the Nominal Amount of the Bonds on the payment date pursuant to the terms and conditions of this Programme, as follows:

Installment no.	Repayment Dates	Percentage of Principal Amount to be repaid	Amount BGN
1	18 months after the date of acquisition	10%	1 466 872,50
2	24 months after the date of acquisition	10%	1 466 872,50
3	26 months after the date of acquisition	50%	7 334 362,50
4	30 months after the date of acquisition	3.75%	550 077,19
5	36 months after the date of acquisition	3.75%	550 077,19
6	42 months after the date of acquisition	3.75%	550 077,19
7	Maturity Date	18.75%	2 750 385,93
TOTAL		100%	14 668 725,00

Interest Period in respect of the Bonds shall be the period starting from the first Issue Day of the Loan and ending on the respective date after the lapse of three months or any other period, at the election of the Issuer to be communicated to the Bondholders. Thereafter, each subsequent Interest Period shall commence on the day after the expiry of the previous Interest Period and shall be for a period of three months

On the last business day of the Interest Period the Issuer will pay interest to the Bondholders on the unpaid Nominal Amount of the Bonds at the rate of Euribor of the relevant interest period (and if negative, Euribor shall be deemed equal to zero) plus a margin of 2,475% per annum. The interest for the Interest Period will be calculated on the basis of actual-days-passed in the respective period and on a 360-day-long year.

On 9th December the loan is fully repaid.

	2022	2021
	thousand BGN	thousand BGN
Long-term part	-	3 300
Short-term part	-	1 100
	-	4 400

The company has financial assets in the amount of BGN 1 thousand as of 31.12.2022.

4.13. 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:

	2022 thousand BGN		2021 thousand BGN	
	sum of difference	sum of asset	sum of difference	sum of asset
An effect due to applying of IFRS 9	375	37	81	8
Difference between accounting and tax balance sheet value of non-current assets	78	8	75	8
Expenses on provisions for unused compensated annual leaves and social security on them	135	14	122	12
Expenses for impairment of current assets	4	0.4	334	33
Total	592	59	612	61

4.14. Inventories:

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

Net realizable value of inventories at 31.12.2022 amounts to 2 612 thousand BGN and at 31.12.2021 amounted to 3 098 thousand BGN. The book value of the goods sold during the reporting period 2022 is 20 344 thousand BGN and for the previous reporting period 2021 was 18 029 thousand BGN.

The company has no inventories pledged as collateral.

4.15. Trade and other receivables.

Trade and other receivables at 31.12.2022 amounted to 9 284 thousand BGN and at 31.12.2021 amounted to 8 199 thousand BGN and are split as follows:

	2022 thousand BGN	2021 thousand BGN
Receivables from customers	8 612	7 838
Advances paid to Suppliers	100	-
Prepaid Expenses	35	41
Guarantees	194	38
Receivables on court claims	342	280
Interest	1	2
	9 284	8 199

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 31.12.2021, less the value of any accumulated impairment losses. Impairment is calculated on an aging analysis of receivables from due date until 31.12.2022.

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 2022 – 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.

4.16. Cash:

Cash funds as of 31.12.2022 amount to 876 thousand BGN and as of 31.12.2021 amount to 2 074 thousand BGN as follows:

	2022 thousand BGN	2021 thousand BGN
Cash in cash case	3	4
Cash at bank	736	1 926
Letter of credit	137	144
	<u>876</u>	<u>2 074</u>

4.17. Registered capital and retained earnings:

The capital structure of the Company is as follows:

Components of equity	2022 thousand BGN	2021 thousand BGN
Registered capital	4 756	4 756
Additional reserve	1	1
Net profit for the period	4 188	3 101
Total equity	<u>8 945</u>	<u>7 858</u>

4.18. Lease liabilities:

Lease liabilities at 31.12.2022 amount to 416 thousand BGN and as of 31.12.2021 amount to 837 thousand BGN are split as follows:

	2022 thousand BGN	2021 thousand BGN
Short-term lease liabilities:	253	597
- buildings	53	383
- vehicles	200	214
Long-term lease liabilities:	163	240
- buildings	16	34
- vehicles	147	206
Total lease liabilities	416	837

4.19. Loans:

As of 31.12.2022 the loan has been repaid.

Loan from Credit Suisse Bank - Switzerland:	2022 thousand BGN	2021 thousand BGN
Long-term part	-	3 300
Short-term part	-	1 100
	-	4 400

4.20. Trade and other payables:

Trade and other payables at 31.12.2022 amount to 3 442 thousand BGN and at 31.12.2021 amounted to a total of 5 779 thousand BGN and are split as follows:

	2022 thousand BGN	2021 thousand BGN
Liabilities to suppliers	2 849	3 392
Liabilities for dividends	950	2 386
Interest	-	1
	3 799	5 779

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.

4.21. Net current taxes:

Net current tax liabilities at 31.12.2022 amounted to 507 thousand BGN and at 31.12.2021 amounted to 206 thousand BGN and represent:

	2022 thousand BGN	2021 thousand BGN
Amounts owed on VAT	378	194
Liabilities on Corporate tax	139	15
Other liabilities to the fisk	(10)	(3)
	507	206

4.22. 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:

	2022 thousand BGN	2021 thousand BGN
The cost of accumulating compensated absences	118	102
Social security expense on these amounts	17	20
Used amounts during the current reporting period of provisions accrued in previous reporting periods	42	92

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 FRANCE S.A.R.L.	GR. SARANTIS S.A.	100% - SUBSIDIARY	FRANCE
ELODE FRANCE S.A.R.L	GR. SARANTIS S.A.	100% - SUBSIDIARY	FRANCE
SARANTIS BELGRADE D.O.O	GR. SARANTIS S.A.	100% - SUBSIDIARY	SERBIA
SARANTIS BANJA 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 D.O.O. LJUBLJANA	SARANTIS BELGRADE D.O.O	100% - SUBSIDIARY	SLOVENIA
SARANTIS BULGARIA L.T.D.	GR. SARANTIS S.A.	100% - SUBSIDIARY	BULGARIA
SARANTIS ROMANIA S.A.	GR. SARANTIS S.A.	100% - SUBSIDIARY	ROMANIA
SARANTIS POLSKA S.A.	GR. SARANTIS S.A.	100% - SUBSIDIARY	POLAND
POLIPAK SP Z.O.O	SARANTIS POLSKA S.A.	80% - SUBSIDIARY	POLAND
SARANTIS CZECH REPUBLIC sro	GR. SARANTIS S.A.	100% - SUBSIDIARY	CZECH REPUBLIC
SARANTIS PORTUGAL Lda	GR. SARANTIS S.A.	100% - SUBSIDIARY	PORTUGAL
ASTRID TM A.S.	GR. SARANTIS S.A.	100% - SUBSIDIARY	CZECH REPUBLIC
SARANTIS SLOVAKIA sro	ASTRID TM A.S.	100% - SUBSIDIARY	SLOVAKIA
SARANTIS HUNGARY Kft.	GR. SARANTIS S.A.	100% - SUBSIDIARY	HUNGARY
IVYBRIDGE VENTURES L.T.D.	GR. SARANTIS S.A.	100% - SUBSIDIARY	CYPRUS
ERGOPACK LLC	IVYBRIDGE L.T.D.	100% - SUBSIDIARY	UKRAINE
ZETAFIN LTD	GR. SARANTIS S.A.	100% - SUBSIDIARY	CYPRUS
WALDECK L.T.D.	ZETAFIN LTD	100% - SUBSIDIARY	CYPRUS
ZETA COSMETICS L.T.D.	ZETAFIN LTD	100% - SUBSIDIARY	CYPRUS

Intra-group sales/purchases:

	2022	2021
	thousand BGN	thousand BGN
Purchases from:		
GR. SARANTIS S.A. - GREECE	4 428	3 504
ERGOPACK LLC - UKRAINE	142	50
SARANTIS ROMANIA S.A. - ROMANIA	52	16
SARANTIS POLSKA S.A. - POLAND	2 284	2 105
SARANTIS CZECH REPUBLIC sro	6	4
SARANTIS BELGRADE D.O.O. - SERBIA	7	2
Total intra-group purchases	6 920	5 681

	2022 thousand BGN	2021 thousand BGN
Sales to:		
GR. SARANTIS S.A. - GREECE	10	262
SARANTIS ROMANIA S.A. - ROMANIA	149	25
SARANTIS BELGRADE D.O.O. - SERBIA	8	9
SARANTIS POLSKA S.A. - POLAND	-	10
SARANTIS CZECH REPUBLIC S.R.O.- CZECH REPUBLIC	-	5
Total intra-group sales	167	311

	2022 thousand BGN	2021 thousand BGN
Interest income from:		
GR. SARANTIS S.A. - GREECE	82	248
Total intra-group interest income	82	248

	2022 thousand BGN	2021 thousand BGN
Dividend income from:		
SARANTIS ROMANIA S.A. - ROMANIA	3	3
Total intra-group dividend income	3	3

In 2022 in accordance with proposal of the Company, the sole shareholder decides that the net balance profit of the company for 2021 in the amount of 3 101 thousand BGN, shall be distributed as dividend. Dividends paid in 2022 amounted to 4 537 thousand BGN. Dividend liability to GR.Sarantis S.A. is in the amount 950 thousand BGN.

Intra-group outstanding balances:

	2022 thousand BGN	2021 thousand BGN
Liabilities to:		
GR. SARANTIS S.A. - GREECE	177	159
ERGOPACK LLC - UKRAINA	15	2
SARANTIS CZECH REPUBLIC SRO	2	
SARANTIS ROMANIA LTD	-	
SARANTIS D.O.O.	-	
SARANTIS POLSKA S.A. - POLAND	440	365
Total intra-group liabilities	634	526

	2022 thousand BGN	2021 thousand BGN
Receivables to:		
SARANTIS ROMANIA LTD	22	1
SARANTIS BELGRADE D.O.O. - SERBIA	5	1
Total intra-group receivables	27	2

	2022 thousand BGN	2021 thousand BGN
Receivables from bond loan and interest:		
GR. SARANTIS S.A. - GREECE		
- bond loan	-	4 400
- interest	-	1
Total intra-group receivables from bond loan and interest	-	4 401

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 195 thousand BGN. At the end of the reporting period, there are no unsettled balances with key management staff.

4.24. Impact of Covid-19:

After almost two years since the beginning of the crisis caused by Covid-19, the epidemic in Bulgaria already has clarity about the consequences on the economy and our company in particular. Based on the information we currently have, we cannot say that additional impairment is needed beyond the standard we are working with.

4.25. Events after the financial statement date:

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

General Manager:

/ Stefan Andreev /

Prepared by:

/ Nikola Andreev /

14.02.2023.

Sofia