

ELTON CORPORATION D.O.O. BELGRADE

**Financial Statements
Year Ended 31 December 2025
and Independent Auditor's Report**

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INDEPENDENT AUDITOR'S REPORT

To the Owner and General Manager of Elton Corporation d.o.o. Belgrade

Opinion

We have audited the financial statements of Elton Corporation d.o.o. Belgrade (hereinafter: "the Company") which comprise the statement of financial position as of 31 December 2025, 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 present fairly, in all material respects, the financial position of the Company as of 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 that are relevant to ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to the following matter:

The Company will submit the final Corporate income tax return for the year ended 2025 to the Tax Authority, Ministry of Finance of the Republic of Serbia up to 29 June 2026 according to the regulations of the Republic of Serbia. The Company's management does not expect material differences in the amount of income tax upon submission of the final Corporate income tax return for the year ended 2025 in comparison with the amount of preliminary income tax.

Our opinion is not qualified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Owner and General Manager of Elton Corporation d.o.o. Belgrade (continued)

Other matters

Restriction on use and Distributions

This report has been prepared for consolidated purposes of the Company's Group for the year 2025 and should not be used by or distributed to other parties and in other purposes.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting regulations of the Republic of Serbia 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objective of our audit is 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 scepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

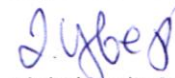
To the Owner and General Manager of Elton Corporation d.o.o. Belgrade (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

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

Danijela Cvejić
Registered Auditor



Global Audit Services d.o.o. Belgrade
Belgrade, 2 March 2026



STATEMENT OF FINANCIAL POSITION
As of 31 December 2025
(in EUR)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
ASSETS			
Non-current assets			
Equipment	6	10,185	7,183
Software and licences	7	60,317	781
Right of Use of Assets (IFRS16)	8	280,210	238,236
Deferred tax assets	20	36	18
		<u>350,748</u>	<u>246,218</u>
Current assets			
Inventories	9	2,979,667	3,124,468
Trade and other receivables	10	4,656,481	4,175,003
Other current assets	11	1,010,526	945,484
Cash and cash equivalents	12	259,806	160,673
		<u>8,906,480</u>	<u>8,405,628</u>
Total assets		<u>9,257,228</u>	<u>8,651,846</u>
EQUITY AND LIABILITIES			
Equity			
Capital	13	1,333,505	1,333,505
Translation reserves		(330,983)	(318,104)
Retained earnings		5,151,227	4,358,172
		<u>6,153,749</u>	<u>5,373,573</u>
Non-current liabilities			
Long term lease obligations - IFRS16	14	205,772	173,906
		<u>205,772</u>	<u>173,906</u>
Current liabilities			
Short-term lease liabilities - IFRS16	14	80,762	68,631
Short-term borrowings	15	1,250,000	1,150,000
Trade and other payables	16	1,354,390	1,763,351
Current income tax liabilities		23,022	62,435
Accrued and other current liabilities	16	189,533	59,950
		<u>2,897,707</u>	<u>3,104,367</u>
Total equity and liabilities		<u>9,257,228</u>	<u>8,651,846</u>

The accompanying notes on the following pages
are an integral part of these financial statements.

Goran Filipić
Managing Director



STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 December 2025
(in EUR)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Revenues			
Net Sales to External Customers	17	19,992,602	18,355,337
Intersegment Sales		32,090	1,728
Total sales		<u>20,024,692</u>	<u>18,357,065</u>
Less: Cost of sales		(17,173,243)	(15,699,540)
Gross profit		<u>2,851,449</u>	<u>2,657,525</u>
Selling, general and administrative expenses	18	(1,532,803)	(1,380,982)
Other Income/(Expenses), net		19,729	(18,561)
Finance Income/(Expenses), net	19	(103,439)	(137,975)
Foreign Exchange Gains/(Losses), net	19	(139,487)	(36,411)
PROFIT BEFORE INCOME TAXES		<u>1,095,449</u>	<u>1,083,596</u>
Income tax	20	(164,668)	(164,831)
PROFIT FOR THE YEAR		<u>930,781</u>	<u>918,765</u>
OTHER COMPREHENSIVE INCOME			
Exchange differences arising during the year		(641)	645
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>930,140</u>	<u>919,410</u>

The accompanying notes on the following pages
are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2025
(in EUR)

	<u>2025</u>	<u>2024</u>
CAPITAL		
Balance, beginning of year	<u>1,333,505</u>	<u>1,333,505</u>
Balance, end of year	<u>1,333,505</u>	<u>1,333,505</u>
FOREIGN CURRENCY TRANSLATION RESERVES		
Balance, beginning of year	(318,104)	(324,813)
Exchange differences arising during the year	<u>(12,879)</u>	<u>6,709</u>
Balance, end of year	<u>(330,983)</u>	<u>(318,104)</u>
RETAINED EARNINGS		
Balance, beginning of year	4,358,172	3,459,459
Net profit for the year	930,781	918,765
Dividends paid	<u>(137,726)</u>	<u>(20,052)</u>
Balance, end of year	<u>5,151,227</u>	<u>4,358,172</u>
TOTAL EQUITY	<u>6,153,749</u>	<u>5,373,573</u>

The accompanying notes on the following pages
are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
Year Ended 31 December 2025
(in EUR)

	2025	2024
Cash flows from operating activities		
Profit before income taxes	1,095,449	1,083,595
Depreciation and amortisation	84,836	82,096
Provision for doubtful accounts receivable, net	11,060	5,552
Provision for devaluation of stock	15,044	1,810
Finance income/(costs), net	103,439	137,975
Loss on disposal of equipment	-	(28)
Operating profit before working capital changes	1,309,828	1,311,000
Working capital adjustments:		
(Increase)/Decrease in:		
- Inventories	122,736	(505,895)
- Trade accounts receivable	(488,985)	(611,750)
- Receivables from related parties - other than Loans	(13,400)	(1,727)
- Prepayments and other receivables	(67,241)	(254,285)
Increase/(Decrease) in:		
- Trade accounts payable	(198,247)	(91,573)
- Payables to related parties - other than Loans & Dividends	(206,976)	246,301
- Accrued and other current liabilities	129,546	20,566
- Finance costs paid	(95,011)	(130,393)
- Income taxes paid	(203,985)	(39,910)
Net Cash from Operating Activities	288,265	(57,666)
Cash Flows from Investing Activities:		
- Capital expenditure for property, plant and equipment	(130,148)	(122,120)
- Capital expenditure for intangible assets	(59,833)	-
- Proceeds from disposal of property, plant and equipment	-	27
- Interest and other related income received	(8,165)	(7,582)
Net Cash used in Investing Activities	(198,146)	(129,675)
Cash Flows from Financing Activities:		
Net change in short-term borrowings	102,690	98,506
Net change in leases	44,580	56,085
Dividends paid	(137,821)	(20,038)
Net Cash from Financing Activities	9,449	134,553
Effect of exchange rates changes on cash	(179)	113
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	160,673	213,208
Effects of movements in exchange rates on the balance of cash held in foreign currencies	(255)	140
Net (decrease)/increase in cash and cash equivalents	99,388	(52,675)
CASH AND CASH EQUIVALENTS, END OF THE YEAR	259,806	160,673

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

1. GENERAL INFORMATION

Elton Corporation d.o.o. Belgrade ("the Company") is established on 15 May 2002.

The Company is organized as a limited liability company and is inscribed in the Companies Register of the Agency for Business Registers.

Principal activity of the Company is wholesale of chemical products.

Headquarters of the Company are situated in Belgrade, Sanje Živanovića 28D.

Registration number of the Company is 17406388, and its tax identification number is 100351479.

The financial statements as of and for the year ended 31 December 2025 were approved for issue by the management of the Company on 25 February 2026.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Presentation of financial statements

The financial statements are presented in EUR, unless otherwise stated.

Accounting convention

The financial statements have been prepared under the historical cost convention, except when IFRS requires other measurement basis as disclosed in the accounting policies below.

Going concern principle

The financial statements of the Company are prepared by applying going concern principle.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

3. ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective and adopted in the current period

In the current financial year, the Company has adopted all of the new standards, interpretations, revisions and amendments to IFRS that are relevant to its operations and effective for annual periods beginning on or after 1 January 2025. The adoption of these new/revised standards and interpretations does not result in substantial changes to the Company's accounting policies and has no material effect on the financial statements reported for the current or prior years.

Standards and interpretations in issue not yet effective and not early adopted

At the date of authorization of these financial statements, the following standards and interpretations were in issue but not yet effective:

Pronouncement	Issued	Effective date
IFRS 7 "Financial Instruments: Disclosures" and IFRS9 "Financial Instruments" - Amendments regarding the classification and measurement of financial instruments	May 2024	1 January 2026
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014	Deferred indefinitely
IFRS 18 "Presentation and Disclosures in Financial Statements"	April 2024	1 January 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	May 2024	1 January 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" - Amendments to catch up with new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first time issued	August 2024	1 January 2027
IAS 21 "The Effects of Changes in Foreign Exchange Rates" - Amendments regarding translations to a hyperinflationary presentation currency	November 2025	1 January 2027
Annual Improvements to IFRS Accounting Standards - Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	July 2024	1 January 2026

Management anticipates that the adoption of these standards and interpretations, where applicable, and once they become effective in future periods will not have a material financial impact on the financial statements of the Company in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Intangible assets

Intangible assets are initially recognized at cost. Subsequent measurement of intangible assets is carried at cost less accumulated amortization and any accumulated impairment losses.

Amortization is calculated on cost, using the straight-line method, at the following rate:

Licences	30.0%
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Equipment

Equipment is initially recognized at cost. Self-constructed assets are also recognized at cost using the same principles as for an acquired asset. Cost represents the price billed by supplier together with all directly attributable expenditures incurred to bring these assets into function.

After initial recognition, equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of equipment is calculated using the straight-line method to allocate their cost over their estimated useful lives, at the following rates:

Cars	10.0%
Computers	30.0%
Office equipment	10.0 - 15.0%

Calculation of depreciation commences in a month following the month when the asset was put in use. Depreciation rates are revised each year in order to determine depreciation that reflects actual consumption of these assets in the operations and their remaining useful life.

Equipment is written off on disposal or if no future economic benefits are expected from its use. Gains and losses on disposal or retirement of equipment (the difference between net selling price and net book value) are recognized in the statement of comprehensive income for the period.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes the amount invoiced by supplier, import duties, transportation costs and other directly attributable acquisition expenses. Net realizable value is the price at which inventories may be realized throughout the normal course of business, after allowing for the costs of realization.

The cost of inventories is determined by applying the weighted average cost formula.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Impairment of assets**

At the reporting period date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of potential impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial instruments***Classification of financial instruments******Financial assets***

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Amortized cost

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade and other receivables arise principally from the provision of goods and services to customers but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within other operating expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)*****Classification of financial instruments (continued)***

For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Fair value through other comprehensive income

The Company does not have investments in listed and unlisted entities where it has made an irrevocable election to classify the investments at fair value through other comprehensive income or through profit or loss.

Financial liabilities

Financial liabilities include trade and other payables and other current liabilities. The Company classifies its financial liabilities as 'other financial liabilities'.

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial instruments (continued)*****Financial liabilities (continued)*****Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Income tax***Current income tax***

The current income tax expense represents an amount calculated and payable under the Republic of Serbia tax regulations. The income tax is payable at the rate of 15% on the taxable base reported in the Company's annual corporate income tax return. The taxable base reported in the tax returns includes the profit shown in the statutory statement of income, as adjusted for permanent differences under the Republic of Serbia tax regulations.

The Serbian tax rules do not allow any tax losses of the current period to be used to recover taxes paid within a specific carry back period. However, any current year losses may be used to decrease taxable profits for future fixed periods but for a period of no longer than five years.

Deferred income tax

Deferred income tax is provided using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and the tax effects of income tax losses/credits available for carry forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the tax losses and credit carry forwards can be utilised.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled. Deferred tax shall be recognized as an income or expense and included in statement of comprehensive income for the period, except to the extent that tax arises from a transaction or event which is recognized in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Employee benefits**

In accordance with the regulations prevailing in the Republic of Serbia, the Company is liable to pay taxes and contributions to tax authorities and state-owned social security funds. This obligation involves payment of taxes and contributions on behalf of employees in the amounts calculated by applying the specific percentages stipulated under the effective regulations. The Company is also liable to withhold contributions from gross payments to employees, to the same funds. These taxes and contributions are charged to expenses in the period to which they relate.

The Company is not involved in other forms of pension plans and accordingly does not have any liabilities in this respect.

Leases**The Company as a lessee**

The Company leases office and cars. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

Useful lives in years:

- Office space 15%
- Motor vehicles 25%

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Leases (continued)****The Company as a lessee (continued)**

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less.

Low value assets comprise IT-equipment and small items of office furniture.

Taxes and contributions on salaries

In accordance with the regulations prevailing in the Republic of Serbia, the Company is liable to pay taxes and contributions to tax authorities and state-owned social security funds. This obligation involves payment of taxes and contributions on behalf of employees in the amounts calculated by applying the specific percentages stipulated under the effective regulations. The Company is also liable to withhold contributions from gross payments to employees, to the same funds. These taxes and contributions are charged to expenses in the period to which they relate.

The Company is not involved in other forms of pension plans and accordingly does not have any liabilities in this respect.

Severance payments

In accordance with the Labour Law, the Company is liable to pay a retirement benefit to the employee, in the amount that equals to three average monthly salaries earned in the economy of the Republic of Serbia effective in the month prior to the employee's retirement. The Company has not performed actuarial assessment of the present value of this liability and no provision has been made in this respect. Management believes that the provision, if assessed, could not have a material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Revenue and expenses****Revenue recognition from contracts with customers**

The Company recognizes revenue from sales of goods and services when it satisfies a performance obligation and control over goods and services is passed. For the most contracts control over goods or services passes to a customer at point of time and consideration is unconditional because only the passage of time is required before the payment is due. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is shown net of value-added tax, excise duty, returns, rebates and discounts after eliminating sales within the Company.

Sales - wholesale

The Company purchases and sells goods in the wholesale market. Sales of goods are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from the sales with discounts is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognised for expected volume discounts entitled to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of less than one year and is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the average exchange rate determined at the interbank foreign exchange market at the date of transaction.

Assets and liabilities denominated in foreign currencies are translated at the average exchange rate determined at the interbank foreign exchange market at the end of reporting period.

Foreign exchange gains or losses arising upon the translation of transactions and the assets and liabilities at the end of reporting period denominated in foreign currencies are credited or charged to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate prevailing at date of the initial transaction.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Borrowing costs**

Borrowing costs include interest and other costs incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING ESTIMATES

Preparation of the financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of income and expenses during the reporting period. The estimates and assumptions are based on historical experience, current and expected economic conditions and other information available at the financial statements' preparation date. Actual results may differ from those estimates.

The most significant areas requiring the use of management estimates and assumptions are presented in text that follows:

Impairment of assets

At the reporting period date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit. Subsequent changes to the cash generating unit allocation or to the timing of cash flows could impact the carrying value of the respective assets.

Allowance for receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised costs using the effective method, less loss allowance. The carrying amount of the assets was reduced and the amount of the loss was recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

5. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

Allowance for obsolete and slow-moving inventories

The Company makes allowance for obsolete and slow-moving inventories. In addition, certain inventories of the Company are valued at net realizable value. Estimates of net realizable value of inventories are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring subsequent to the end of reporting period to the extent that such events confirm conditions existing at the end of the period.

6. EQUIPMENT

	in EUR			
	Cars	Other equipment	Assets in preparation	Total
Cost				
1 January 2024	1,502	48,761	-	50,263
Additions during the year	-	3,700	-	3,700
Disposals	-	(1,941)	-	(1,941)
Translation differences	2	65	-	67
31 December 2024	<u>1,504</u>	<u>50,585</u>	<u>-</u>	<u>52,089</u>
1 January 2025	1,504	50,585	-	52,089
Additions during the year	-	6,209	-	6,209
Disposals	(1,501)	(22,380)	-	(23,881)
Translation differences	(3)	(115)	-	(118)
31 December 2025	<u>-</u>	<u>34,299</u>	<u>-</u>	<u>34,299</u>
Accumulated depreciation				
1 January 2024	-	(43,051)	-	(43,051)
Depreciation for the year	-	(3,736)	-	(3,736)
Disposals	-	1,941	-	1,941
Translation differences	-	(60)	-	(60)
31 December 2024	<u>-</u>	<u>(44,906)</u>	<u>-</u>	<u>(44,906)</u>
1 January 2025	-	(44,906)	-	(44,906)
Depreciation for the year	-	(3,194)	-	(3,194)
Disposals	-	23,881	-	23,881
Translation differences	-	105	-	105
31 December 2025	<u>-</u>	<u>(24,114)</u>	<u>-</u>	<u>(24,114)</u>
Net book value				
31 December 2024	<u>1,504</u>	<u>5,679</u>	<u>-</u>	<u>7,183</u>
31 December 2025	<u>-</u>	<u>10,185</u>	<u>-</u>	<u>10,185</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

7. SOFTWARE AND LICENCES

	Software and Advance payment for Software	Licences	in EUR Total
Cost			
1 January 2024	3,217	25,025	28,242
31 December 2024	3,217	25,025	28,242
1 January 2025	3,217	25,025	28,242
Disposals	(3,226)	(22,549)	(25,775)
Additions for software advance	59,791	-	-
Translation reserve	10	66	75
31 December 2025P	59,792	2,542	62,334
Accumulated amortization			
1 January 2024	(3,217)	(22,663)	(25,880)
Amortization for the year	-	(1,583)	(1,583)
Translation differences	-	2	2
31 December 2024	(3,217)	(24,244)	(27,461)
1 January 2025	(3,217)	(24,244)	(27,461)
Amortization for the year	-	(254)	(254)
Disposals	3,226	22,549	25,775
Translation differences	(9)	(68)	(77)
31 December 2025	-	(2,017)	(2,017)
Net book value			
31 December 2024	-	781	781
31 December 2025	59,792	525	60,317

As of 31 December 2025, an advance payment, according to the contract, for the software license Dynamics Integration Solutions (new software package) in amounted to EUR 59,791.

8. RIGHT OF USE

Right of use of the Company as of 31 December 2025 is disclosed in amount of EUR 280,210 (2024 - EUR 238,236) and is related to the IFRS 16 adjustment which are adopted by the Company according to the instructions of the Company's Group. As of 31 December 2025, the rental of building and transportation equipment net book value are amounted to EUR 79,252 (2024 – EUR 101,251) and EUR 200,959 (2024 – EUR 136,985) respectively. Yearly amount of depreciation is amounted to EUR 21,682 and EUR 59,706 respectively.

9. INVENTORIES

Inventories stated as of 31 December 2025 in the amount of EUR 2,979,667 (2024 – EUR 3,124,468) part of it relates to goods in transit in the amount of 166,987 and the rest to goods in the warehouse.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

10. TRADE AND OTHER RECEIVABLES

	<u>2025</u>	<u>2024</u>
Trade receivables:		
- related legal entities	15,115	1,728
- domestic	5,141,270	5,940,404
- foreign	308,105	162,716
	<u>5,464,490</u>	<u>6,104,848</u>
Less: allowance	<u>(808,009)</u>	<u>(1,929,845)</u>
	<u>4,656,481</u>	<u>4,175,003</u>

Movements on the allowance for receivables for 2025 and 2024 were as follows:

	<u>2025</u>	<u>in EUR</u> <u>2024</u>
Balance, beginning of year	1,929,845	1,921,681
New allowances during the year:		
Allowance IFRS 9 according to the instructions of the Group	10,761	(68,204)
New allowances for doubtful receivables	291	73,760
Direct write-off	(1,128,494)	-
Translation differences	<u>(4,394)</u>	<u>2,608</u>
Balance, end of year	<u>808,009</u>	<u>1,929,845</u>

Direct write-off relates to receivables from BH CHEMICALS that were impaired in the prior years. Following the decision on the conclusion of bankruptcy proceedings, these receivables were deemed irrecoverable and have therefore been directly written off in the current reporting period in total amount.

11. OTHER CURRENT ASSETS

	<u>2025</u>	<u>in EUR</u> <u>2024</u>
Value added tax	199,076	12,649
Advances given to suppliers	781,793	907,252
Sundry debtors	18,370	19,859
Accruals	<u>11,287</u>	<u>5,724</u>
	<u>1,010,526</u>	<u>945,484</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

12. CASH AND CASH EQUIVALENTS

	<u>2025</u>	<u>in EUR</u> <u>2024</u>
Current accounts in RSD	233,651	139,153
Foreign currency accounts	24,348	21,460
Cash in hand	<u>1,807</u>	<u>60</u>
	<u>259,806</u>	<u>160,673</u>

13. CAPITAL

Capital of the Company disclosed as of 31 December 2025 in the amount of EUR 1,333,505 (2024 – EUR 1,333,505) is consisted of contributions in cash made by its owner, Elton International Trading Company S.A., Greece. Capital is registered with the Agency for Business Registers.

14. LEASE LIABILITIES

Lease liabilities of the Company disclosed as of 31 December 2025 in the amount of EUR 205,772 (2024 - EUR 173,906) represents the long-term lease liabilities. Amount of EUR 80,762 (2024 - EUR 68,631) represents the current portion of long-term lease liabilities.

15. SHORT-TERM BORROWINGS

Short-term borrowings of the Company stated as of 31 December 2025 in the amount of EUR 1,250,000 EUR (2024 - EUR 1,150,000) relate to a short-term revolving loan obtained from AIK BANK (former Eurobank a.d.) Beograd in amount of EUR 400,000 (2024 – in amount of EUR 700,000), OTP bank a.d. Belgrade in amount of EUR 600,000 (2024 - EUR) and ERSTE in amount of 250,000 EUR (2024 - EUR 450,000).

Loan from AIK BANK (former Eurobank a.d.) Beograd is approved based on the Contract on multipurpose revolving credit line dated on 17 July 2025 in the amount of EUR 1,000,000. The loan is intended for financing working capital and current liquidity. The loan repayment is due up to 17 July 2026 using floating interest rate.

Loan from OTP bank a.d. Beograd is approved based on Contract on multipurpose revolving credit line dated 3 December 2025, in the amount of EUR 1,000,000. The loan is intended for financing working capital and current liquidity using floating interest rate. The loan repayment is due up to 18 December 2026.

Loan from ERSTE bank a.d. Beograd is approved based on Contract on multipurpose revolving credit line dated 30 January 2024, in the amount of EUR 500,000. The loan is intended for financing of working capital and current liquidity using floating interest rate. The loan repayment is due up to 12 November 2028.

The entire amount of short-term borrowing is denominated in currency EUR.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

15. SHORT-TERM BORROWINGS (CONTINUED)

Reconciliation of movement of liabilities to cash flows arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, of future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	Balance, beginning of year	Financing cash in flows	Financing cash outflows	Other	in EUR Balance, end of year
Short-term borrowings	1,150,000	-	100,000	-	1,250,000
	1,150,000	-	100,000	-	1,250,000

16. TRADE PAYABLES, RECEIVED ADVANCES AND OTHER CURRENT LIABILITIES

	2025	in EUR 2024
Advances from customers	22,283	43,951
Liabilities from Social security contributions	-	140
Liabilities for VAT	-	15,859
Accrued interest of "short term borrowings"	263	-
Accrued Good on the way	166,987	
Trade payables:		
- related legal entities	74,075	281,550
- domestic	402,663	386,104
- foreign	877,652	1,095,697
	1,543,923	1,823,301

Accrued Good on the way of the Company stated as of 31 December 2025 in the amount of EUR 166,987 EUR relate to goods in transit where the risk has passed to the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

17. SALES

	<u>2025</u>	<u>in EUR 2024</u>
Sales of goods:		
- related legal entities	32,090	1,728
- domestic market	18,461,163	17,317,986
- foreign market	1,531,439	1,037,351
	<u>20,024,692</u>	<u>18,357,065</u>

Segment information

	<u>2025</u>	<u>in EUR 2024</u>
Sales of goods:		
- Food – Agrochemicals	11,143,079	9,722,940
- Industrial	8,881,613	8,634,125
	<u>20,024,692</u>	<u>18,357,065</u>

18. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2025</u>	<u>in EUR 2024</u>
Gross salaries and compensations	678,911	631,192
Impairment loss recognised on trade receivables	11,060	5,552
Rental costs	132,365	111,002
Taxes and contributions on salaries paid by employer	96,185	86,229
Professional services costs	102,236	96,892
Shipping, handling, and transportation costs	95,439	72,057
Repacking expenses	83,764	69,530
Insurance costs	62,665	63,080
Telecommunications and postal costs	20,863	13,842
Business trip costs	44,560	53,455
Depreciation costs	84,836	82,096
Repair and maintenance costs	7,192	6,951
Marketing and advertising costs	9,912	9,737
Subscriptions	4,919	4,651
Utility costs	781	565
Taxes other than income taxes	6,048	4,829
Other expenses	91,067	69,322
	<u>1,532,803</u>	<u>1,380,982</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

19. FINANCE (COSTS)/INCOME AND FOREIGN EXCHANGE GAINS (LOSSES)

	<u>2025</u>	<u>in EUR 2024</u>
Interest expense on short term borrowings	(61,167)	(86,864)
Bank charges and other related costs	(27,505)	(27,775)
Finance charges paid under factoring agreements	(6,472)	(15,740)
Other finance costs – finance lease	(8,295)	(7,596)
	<u>(103,439)</u>	<u>(137,975)</u>
Foreign exchange gains	22,234	56,706
Foreign exchange losses	(161,721)	(93,117)
	<u>(139,487)</u>	<u>(36,411)</u>
	<u>(242,926)</u>	<u>(174,386)</u>

20. INCOME TAX

Components of income tax

	<u>2025</u>	<u>in EUR 2024</u>
Current income tax expense	(164,686)	(165,035)
Deferred income tax income/(expense)	18	204
	<u>(164,668)</u>	<u>(164,831)</u>

Reconciliation of the tax expense and the product of accounting results as multiplied by the statutory income tax rate

	<u>2025</u>	<u>in EUR 2024</u>
Profit before tax	1,095,449	1,083,596
Income tax calculated at the statutory rate of 15% (2024: 15%)	(164,317)	(162,539)
Tax effects of expenses not recognized for tax purposes		
Other	(351)	(2,292)
Income tax expenses	<u>(164,668)</u>	<u>(164,831)</u>
Effective tax rate	<u>15.03%</u>	<u>15.21%</u>

The Company has not prepared Transfer price Study for the financial year 2025, having in mind that the deadline for its submission is up to 29 June 2026. The Company's management anticipates that Transfer price Study will not have any impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

20. INCOME TAX (CONTINUED)

Deferred tax assets and liabilities

As of 31, December 2025 deferred tax assets amounted to EUR 36 (2024 – deferred tax liabilities – EUR 18) and entirely relate to temporary differences between the base at which fixed assets are recognized for tax purposes and their carrying values shown in the Company's financial statements.

21. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company performs transactions with related parties. During 2025 and 2024 the following transactions were carried out with the related legal entities:

	2025	in EUR 2024
	<u> </u>	<u> </u>
SALES		
- parent company	15,781	-
- other related legal entities	16,309	1,728
	<u>32,090</u>	<u>1,728</u>
OTHER EXPENSES		
- parent company	42,314	42,277
- other related legal entities	508	-
	<u>42,822</u>	<u>42,277</u>
PURCHASES		
- parent company	34,106	349,619
- other related legal entities	210,587	21,130
	<u>244,693</u>	<u>370,749</u>
RECEIVABLES		
- parent company	4,050	-
- other related legal entities	11,065	1,728
	<u>15,115</u>	<u>1,728</u>
TRADE PAYABLES		
- parent company	35,875	279,759
- other related legal entities	38,200	1,791
	<u>74,075</u>	<u>281,550</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

22. FINANCIAL RISK MANAGEMENT

Financial instruments categories

	2025	in EUR 2024
Financial assets		
Receivables	4,656,481	4,175,003
Cash and cash equivalents	259,806	160,672
Other current assets	18,370	19,859
	<u>4,934,657</u>	<u>4,355,534</u>
Financial liabilities		
Short-term borrowings	1,250,000	1,150,000
Trade and other payables and other current liabilities	1,354,390	1,763,491
	<u>2,604,390</u>	<u>2,913,491</u>

The Company's basic financial instruments comprise cash and cash equivalents and receivables, as well as accounts payable and other liabilities mainly intended to finance the Company's current operations. In the regular course of business, the Company is exposed to the risk enumerated in the following passages.

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of events on financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company does not make use of any financial instruments as a hedge against the effects of financial risks on business operations because such instruments are neither widely used, nor is there an organized market for such instruments in the Republic of Serbia.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the Company's return.

Foreign currency risk

The Company is mainly exposed to the foreign currency risk through its items of receivables, cash and cash equivalents, finance lease liabilities, short-term financial liabilities and trade and other payables denominated in foreign currency.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Foreign currency risk (continued)

The carrying value of the Company's monetary assets and liabilities in foreign currency as of the reporting date were as follows:

in EUR

	Assets		Liabilities	
	2025	2024	2025	2024
EUR	394,850	185,904	2,201,732	2,527,247
	394,850	185,904	2,201,732	2,527,247

Based on disclosed structure of monetary assets in foreign currency it is noticeable that the Company is primarily exposed on movements of exchange rates of EUR.

Following schedule details sensitivity of the Company to appreciation and depreciation of RSD by 10% against the EUR. Sensitivity rate of 10% represents management's assessment of the reasonably possible changes of foreign exchange rate of RSD to EUR.

	in EUR			
	2025		2024	
	+10%	-10%	+10%	-10%
EUR	(180,608)	180,608	(234,134)	234,134
	(180,608)	180,608	(234,134)	234,134

Interest rate risk

The Company is exposed to a risk from changes in interest rates on assets and liabilities where there is a floating interest rate. This risk depends on financial markets and the Company does not have available instruments to mitigate its impact.

NOTES TO THE FINANCIAL STATEMENTS
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22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (continued)

Interest rate risk (continued)

Structure of monetary assets and liabilities as of 31 December 2025 and 2024 from the perspective of exposure to interest rate risk is provided in the following schedule:

	2025	in EUR 2024
Financial assets		
Non-interest bearing	4.934.657	4,355,534
	4.934.657	4,355,534
Financial liabilities		
Non-interest bearing	1,354,390	1,763,491
Interest bearing (floating interest rate)	1,250,000	1,150,000
	2,604,390	2,913,491

The following table present sensitivity analysis of net profit for the current year on reasonably possible movements in interest rates by 1% (2024 - 1%), commencing from 1 January. Increase and decrease by 1% represent reasonably possible change in interest rates, taking into consideration existing market conditions. This analysis is applied on the financial statements of the Company and assumes that all other variables remain constant.

	2025		2024	
	+1%	-1%	+1%	-1%
Financial liabilities	(12,500)	12,500	(11,500)	11,500
	(12,500)	12,500	(11,500)	11,500

Credit risk

The Company is exposed to a credit risk that represents the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from receivables and guarantees given to third parties.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

In the Republic of Serbia there are no specialized rating agencies that perform independent classification and ranking of enterprises. Therefore, the Company is forced to use other publicly available financial information (for example, creditworthiness information provided by the Agency for Business Registers) and internal historical data on cooperation with specific counterparty in order to determine its credit rating. Based on the credit rating of a customer, a maximum credit exposure is determined, in accordance to the business policy adopted by the management of the Company. Maximum credit exposure is revised at least annually.

In case of increased receivables past due and consequent higher exposure to credit risk the Company utilize available mechanisms, in accordance with its business policies.

The Company does not have significant concentration of credit risk, since its receivables and placements are spread over a large number of unrelated customers with individually small amounts of debt.

Liquidity risk

The management of the Company manages liquidity risk in a manner which ensures that the Company is able to settle its liabilities at any moment. The Company manages liquidity by maintaining the necessary level of cash reserves, based on continued monitoring over planned and actual cash flows, as well as by matching the maturities of financial assets and liabilities.

Maturity analysis of the financial liabilities of the Company is provided in the following schedule:

	Up to 1 year	1 to 2 years	2 to 5 Years	in EUR Total
2025				
Short-term borrowings	1,250,000	-	-	1,250,000
Trade and other payables	1,354,390	-	-	1,354,390
	2,604,390	-	-	2,604,390
2024				
Short-term borrowings	1,150,000	-	-	1,150,000
Trade and other payables	1,763,491	-	-	1,763,491
	2,913,491	-	-	2,913,491

Shown amounts are based on the undiscounted cash flows at the earliest date on which the Company can be expected to settle the liabilities.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2025

23. CAPITAL RISK MANAGEMENT

In the process of managing capital risk, management of the Company aims to safeguard its ability to continue as a going concern while maximising the return to shareholders and other stakeholders through the optimisation of the debt and equity balance. The Company's management reviews the equity structure on an annual basis.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2025 and 2024 were as follows:

	2025	in EUR 2024
Debt	1,250,000	1,150,000
Cash and cash equivalents	<u>259,806</u>	<u>160,673</u>
Net debt	990,194	989,327
Equity	<u>6,153,749</u>	<u>5,373,573</u>
Total capital	<u>7,143,943</u>	<u>6,362,900</u>
Gearing ratio	<u>13,86%</u>	<u>15,55%</u>

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

As of 31, December 2025 and 2024 the Company had not possessed financial assets and liabilities that are measured after initial recognition at fair value.

Carrying amount of the financial instruments disclosed in the statement of financial position at amortized cost approximates their fair value.

25. LITIGATIONS

As of 31 December 2025, there were no legal suits filed against the Company.

In addition, they are several legal cases initiated by the Company against its debtors led by the Company's external lawyers. The Company follows the current outcome of the cases and expectations of the lawyers and form an appropriate allowance for such receivables on an annual basis.

NOTES TO THE FINANCIAL STATEMENTS
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26. TAXATION RISKS

The Republic of Serbia tax legislation is subject to varying interpretations, and legislative changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Company may not agree with the views of the Company's management. Consequently, transactions may be challenged by the relevant tax authorities and the Company could be assessed additional taxes, penalties, and interest, which can be significant. The fiscal periods remain open for reviews by tax authorities with regard to the tax-paying entity's tax liabilities for a period of five years.

27. POST BALANCE SHEET EVENTS

There are no post balance sheet events occurred after the date 31 December 2025.

Payment of dividend

The Board of Administrators recommended the payment of a dividend of 15% from the net profit of the year, while the remaining part of 85% will be retained.

28. FOREIGN EXCHANGE RATES

The official exchange rates for RSD used in the translation of items reported in the statement of financial position and the statement of comprehensive income into EUR were as follows:

	<u>2025</u>	<u>2024</u>
Closing rates	117.2820	117.0149
Average rates	117.2012	117.0971