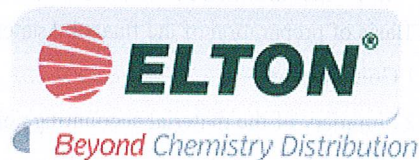


ELTON CORPORATION EOOD



**ANNUAL ACTIVITY REPORT
INDEPENDENT AUDITOR'S REPORT
AND ANNUAL FINANCIAL STATEMENTS**

31 December 2023

REVIEW OF THE ACTIVITY	i
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF COMPREHENSIVE INCOME	4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF CHANGES IN EQUITY	6
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7
1. Corporate information	8
2. Basis of preparation of the financial statements	8
2.1 Going concern	8
2.2 Summary of the material accounting policies	8
2.3 New and amended standards and interpretations	21
2.4 Significant accounting estimates	22
3. Revenues and expenses	23
3.1 Revenues	23
3.2 Other income / (expenses)	23
3.3 Sales & Distribution expenses	24
3.4 Administrative expenses	26
3.5 Finance expenses	27
3.6 Finance income	27
4. Income tax	28
5. Property, plant and equipment	29
5.1 Rights of use of assets – vehicles	30
6. Intangible assets	31
7. Inventory	31
8. Trade and other receivables	32
9. Cash and cash equivalents	32
10. 1 Subscribed capital	33
10.2 Revaluation reserve	33
11. Borrowings	33
11.1 Long-term borrowings	33
11.2 Short-term borrowings	33
12. Trade and other payables	34
13. Tax payables	34
14. Related party disclosures	34
15. Engagements and contingent liabilities	35
16. Financial risk management objectives and policies	36
17. Financial instruments	37
18. Events after the reporting date	37

The Management of Elton Corporation EOOD (“the Company”) presents its annual report and the annual financial statements as at 31 December 2023 and for the year ending then, prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU).

REVIEW OF THE ACTIVITY

Description of the main scope of business

The scope of business of the Company is: Trade with chemical products.

Results for the current time period

The financial result of the Company for 2023 is net loss of -1.235.583 EUR (2022: net profit of 9.193 EUR).

The revenues of the Company in 2023 and 2022 were formed from sale of chemical products on the territory of the Republic of Bulgaria, export and intra-community supplies of chemical products and revenues from services.

The liquidity ratio was slightly improved from 0.87 to 0.83 which is mainly to the capitalization of the debt to the parent company. Inventory level was decreased in an effort to focus on more articles with better margins.

Dividends and distribution of the profit

The Company did not distribute any dividends in 2023 and 2022, due to the accumulated losses from prior years.

STRUCTURE AND MANAGEMENT

ELTON CORPORATION EOOD is a Bulgarian sole owner limited liability company registered at the Trade Register of Republic of Bulgaria under No 130287500. As at 31.12.2023 the subscribed capital of the Company is 2.962.579 (31.12.2022 1.792.180 EUR).

The owner of Elton Corporation EOOD is Elton International Trading Company SA, Greece.

Following the decision of the sole owner, the Company’s subscribed capital was increased by 1.170.398 EUR against the Company’s debt to its owner.

The management address of the Company is Sofia, municipality of Sofia, 1855 Dolni Bogrov, str. 35 No 78.

ELTON CORPORATION EOOD is represented and managed by Mr. Nestor Dimitrios Papatnasiou and by Mrs. Alkisti Papathanasiou.

As at 31 December 2023 the Company has 26 employees appointed under Employment Contracts (31 December 2022; 22 employees).

Significant scientific research and developments

No scientific research and developments were made in the Company in 2023.

Responsibilities of the Management

Management is required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the financial position of the Company as at year end and of its financial performance and its cash-flows for the year flows in accordance with the selected accounting base, which is IFRS, as adopted by the EU.

Management confirms that appropriate accounting policies have been applied and the financial statements are prepared using the prudence concept for the recognition and valuation of the assets, liabilities, income and expenses.

The Management also confirms that the financial statements are prepared on a going concern basis, due to the continuing support of its parent company.

Financial risk management policy

During 2023 and 2022, the Company did not have and did not trade in any derivative financial instruments.

In the ordinary course of business, the Company can be exposed to a variety of financial risks the most important of which are market risk (including currency risk, risk of change in the fair value and price risk), credit risk, liquidity risk and interest rate risk. The management reviews and coordinates its policies for managing each of these risks, as summarized below:

Credit risk

Credit risk arises in case the counterparty to a financial instrument fails to discharge its obligation. The Company's credit risk exposure is related mainly to accounts receivable.

To manage this risk, the Company trades only with recognized, creditworthy third parties and has conclude an insurance policy against credit risk. In addition, receivable balances are monitored on an ongoing basis. With regards to the receivables comprise from related parties, which are neither past due nor impaired, it is assumed that the Company is not exposed to credit risk related to these receivables.

Cash, incl. payment operations, are limited to banks with high reputation and liquid stability. Additionally, the Company has a policy to limit its exposure to a separate bank.

Liquidity risk

The effective management of the liquidity of the Company presumes the provision of sufficient circulating means, predominantly, through financing by finance institutions and related persons.

The liquidity risk arises from the time discrepancy of the agreed maturities of the cash assets and liabilities and the possibility that the debtors are not in a position to settle their liabilities to the Company within the standard terms.

As at 31 December 2023 and 2022, the financial liabilities of the Company analyzed with regard to a residual term from the date of the financial statement to the date of the subsequent negotiation or anticipated maturity are as follows:

	31 December 2023			
	Up to 1 year	From 1 year to 5 years	> 5 years	Total
Loans' liabilities	4.244.635	351.567	-	4.596.202
Trade payables	718.657	-	-	718.657
Trade payables to related parties	339.281	-	-	339.281
Total financial liabilities	5.302.573	351.567	-	5.654.140

	31 December 2022			
	Up to 1 year	From 1 year to 5 years	> 5 years	Total
Loans' liabilities	4.291.199	714.029	-	5.005.228
Trade payables	710.881	-	-	710.881
Trade payables to related parties	1.351.952	-	-	1.351.952
Total financial liabilities	6.354.032	714.029	-	7.068.061

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of

changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates (refer to Note 11 "Borrowings"). The following paragraph demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's result before tax is affected through the impact on floating rate borrowings as follows.

Had the interest rates on borrowings been with 0.25% higher, the interest expense for 2023 could have been with EUR 13.059 higher.

The Company does not use any financial instruments to manage the interest rate risk.

Currency risk

The exposition of the Company to a currency risk is not significant. The Company does not have any currency expositions ensuing from receivables or liabilities in currencies other than its currency under report, as the transactions in other currencies are predominantly in Euro, which the Bulgarian lev is fixed to as a result of the system of the currency board applied in Bulgaria.

The Company also enters into international transactions denominated in USD, related to deliveries of trade goods. Therefore, the Company is exposed to risk, related to possible changes in the USD exchange rate.

Results for 2023 and Anticipated development of the Company

During the financial year 2023 management focused on optimizing the mix of the trade goods and decreasing the inventory level, rather than improving the gross profit margin. Overall, revenues were decreased by 22% to EUR 7.292 thousand (from EUR 9.338 thousand) and achieved a gross profit margin of 4,36% (vs 13,5%).

In terms of absolute financial performance, the Company reported operating loss of EUR – 939 thousand (vs a profit of EUR 206 thousand in 2022) and a loss before tax of EUR -1.236 thousand vs a loss of EUR -18 thousand for the financial year 2022.

In terms of cash flows, the decrease of the inventory level and the decrease of accounts receivables contributed positively to the operating cash flows. Cash flows from operations and the increase of financing were used to cover the operating loss of the Company.

Furthermore, a detailed physical count of inventories was completed in 2023, and any obsoleted or expired goods were moved out of the warehouse.

For 2023, the Company's management outlook is that the Company's financial results will improve significantly.

Events after reporting date

There have been no events subsequently to the reporting period, that would require adjustment or disclosure to the financial statements.

Managing Director

Alkisti Papathanasiou

City of Sofia
29 March 2024





INDEPENDENT AUDITOR'S REPORT

TO THE SOLE OWNER OF ELTON CORPORATION FOOD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ELTON CORPORATION EOOD (the Company), which comprise the statement of financial position as at 31 December 2023, 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 disclosure of the significant information about the accounting policies and other explanatory information.

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

Basis for Opinion

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

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

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

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

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

We have nothing to report in this regard.

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the management report, we have also performed the procedures added to those required under ISAs in accordance with the “Guidelines regarding new and extended audit reports and communication by the auditor” of the professional organization of registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

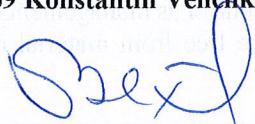
We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Audit firm

„ZAHARINOVA NEXIA” LTD

Registration number 138

1309 Sofia, 157-159 Konstantin Velichkov Blvd, floor 1, office 3



Representative and Registered auditor responsible for the audit:

Dimitrina Zaharinoва

Registration number 415

Sofia

01 April 2024



ELTON CORPORATION EOOD
STATEMENT OF COMPREHENSIVE INCOME



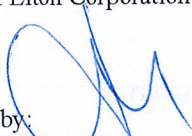
For the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

	Notes	01.01- 31.12.2023	01.01- 31.12.2022
Revenues	3,1	7.291.902	9.337.855
Cost of sales		(6.973.838)	(8.077.532)
Gross profit		318.064	1.260.323
Other income	3,2	30.652	33.460
Distribution expenses	3,3	(810.049)	(700.026)
General and administrative expenses	3,4	(355.815)	(276.294)
Other expenses	3,2	(121.599)	(111.238)
Profit from operating activities		(938.747)	206.225
Financial income	3,6	22.572	22.534
Financial expenses	3,5	(319.629)	(247.160)
Loss before tax		(1.235.804)	(18.401)
Income tax, income	4	(779)	27.594
Net profit for the year		(1.236.583)	9.193
Other comprehensive income		-	-
Total comprehensive income for the year		(1.236.583)	9.193

These financial statements have been approved by the Management of Elton Corporation EOOD on 29 March 2024

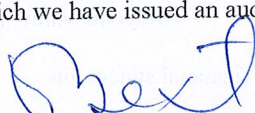

 Managing Director
 Alkisti Papathanasiou


 Prepared by:
 HLB Bulgaria OOD
 (Stoycho Milev, Director)

The accompanying notes are an integral part of these financial statements.

A set of financial statements on which we have issued an audit report on

01.04.2024


Dimitrina Zaharinova
 Registered auditor responsible for the audit
 Diploma 415
 Managing partner
 Zaharinova Nexia LTD
 Audit firm registration number 138



ELTON CORPORATION EOOD
STATEMENT OF FINANCIAL POSITION

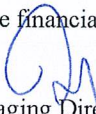


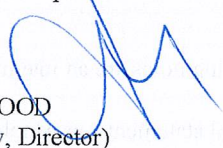
As at 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	2.269.364	2.354.954
Intangible assets	6	11.205	26.145
Rights of use of assets	5,1	98.045	126.203
Deferred tax asset		37.559	38.338
Total non-current assets		2.416.173	2.545.640
Current assets			
Inventory	7	2.195.017	3.470.008
Trade and other receivables	8	1.465.971	1.576.163
Receivables from related parties	14,3	54.384	136.375
Cash and cash equivalents	9	641.161	461.968
Total current assets		4.356.533	5.644.514
TOTAL ASSETS		6.772.706	8.190.154
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	10,1	2.962.579	1.792.180
Additional capital		25	25
Revaluation reserve	10,2	792.492	792.457
Retained earnings		(3.298.948)	(2.062.365)
Total equity		456.148	522.297
Non-current liabilities			
Long-term borrowings	11	347.558	1.134.198
Lease liabilities		43.411	77.981
Total non-current liabilities		390.969	1.212.179
Current liabilities			
Trade and other payables	12	758.355	809.991
Short-term borrowings	11	4.767.053	4.197.995
Lease liabilities		44.316	38.450
Payables to related parties	14,4	339.281	1.351.952
Tax payables (other than income tax)	13	16.584	57.290
Total current liabilities		5.925.589	6.455.678
Total liabilities		6.316.558	7.667.857
TOTAL EQUITY AND LIABILITIES		6.772.706	8.190.154

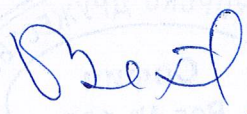
These financial statements have been approved by the Management of Elton Corporation EOOD on 29 March 2024


 Managing Director
 Alkisti Papathanasiou


 Prepared by:
 HLB Bulgaria OOD
 (Stoycho Milev, Director)

The accompanying notes are an integral part of these financial statements.

A set of financial statements on which we have issued an audit report on 01.04.2024


Dimitrina Zaharinova
 Registered auditor responsible for the audit
 Diploma 415
 Managing partner
 Zaharinova Nexia LTD
 Audit firm registration number 138



ELTON CORPORATION EOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Additional capital	Other reserves	Revaluation reserve	Retained earnings	Total
Balance on 1 January 2022	1.792.180	25	-	792.457	(2.071.558)	513.104
Net profit for the year	-	-	-	-	9.193	9.193
Total comprehensive profit for the year	-	-	-	-	9.193	9.193
Balance on 31 December 2022	1.792.180	25	-	792.457	(2.062.365)	522.297
Balance on 1 January 2023	1.792.180	25	-	792.457	(2.062.365)	522.297
Share capital increase	1.170.398	-	36	-	-	1.170.434
Net profit for the year	-	-	-	-	(1.236.583)	(1.236.583)
Total comprehensive profit for the year	-	-	-	-	(1.236.583)	(1.236.583)
Balance on 31 December 2023	2.962.578	25	36	792.457	(3.298.948)	456.148

These financial statements have been approved by the Management of Elton Corporation EOOD on 29 March 2024

Managing Director
 Alkisti Papatthasiou

Prepared by:
 HLB Bulgaria OOD
 (Stoycho Milev, Director)

The accompanying notes are an integral part of these financial statements.

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ELTON CORPORATION EOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

STATEMENT OF CASH FLOWS

	Notes	01.01- 31.12.2023	01.01- 31.12.2022
Cash flows from operating activity			
Loss before taxation		(1.235.804)	(18.401)
Adjustments:			
Depreciation and amortization		146.693	140.179
Provision for doubtful accounts receivable		45	21.368
Provision for devaluation of stock, net		(88.840)	13.633
Finance income/(costs), net		282.927	196.864
Operating result before working capital changes		(894.979)	353.643
Working capital changes in:			
Inventories		1.363.832	(555.018)
Accounts receivable		203.502	172.391
Accounts receivable from related parties		81.991	(111.710)
Prepayments and other receivables		(93.355)	(187.948)
Trade accounts payable		166.680	(445.493)
Payables to related parties - other than Loans & Dividends		137.573	110.906
Accrued and other current liabilities		(238.750)	62.272
Interest paid		(290.886)	(188.905)
Net cash flows / (used in) operating activities		435.608	(789.862)
Cash flows from investing activities			
Capital expenditure for property, plant and equipment		(18.006)	(105.856)
Net cash flows (used in) investing activity		(18.006)	(105.856)
Cash flows from financing activities			
Net change in short-term borrowings		(276.638)	1.091.989
Net change in factoring agreements		-	-
Proceeds from / (Payments of) interest bearing loans and borrowings		38.229	145.804
Net cash flows financing activity		(238.409)	1.237.793
Net increase / (decrease) in cash and cash equivalents		179.193	342.075
Cash and cash equivalents as of 1 January		461.968	119.893
Cash and cash equivalents on 31 December	9	641.161	461.968

These financial statements have been approved by the Management of Elton Corporation EOOD on 29 March 2024

Managing Director
 Alkisti Papathanasiou

Prepared by:
 HLB Bulgaria OOD
 (Stoycho Milev, Director)

The accompanying notes are an integral part of these financial statements.

A set of financial statements on which we have issued an audit report on 01.04.2024

Dimitrina Zaharinoва
 Registered auditor responsible for the audit
 Diploma 415
 Managing partner
 Zaharinoва Nexia LTD
 Audit firm registration number 138



ELTON CORPORATION EOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

ELTON CORPORATION EOOD is a Bulgarian sole owner limited liability company registered at the Trade Register of Republic of Bulgaria under No 130287500. As at 31.12.2023 the subscribed capital of the Company is 5.794.300 EUR.

The owner of Elton Corporation EOOD is Elton International Trading Company SA, Greece. The address of the Company is Sofia, municipality of Sofia, 1855 Dolni Bogrov, str. 35 No 78.

ELTON CORPORATION EOOD is represented and managed by Nestor Dimitrios Papatnasiou and Alkisti Papathanasiou. The financial statements were authorized for issue by the Managing Director on 29th March 2024 and are subject to the approval by the sole owner of the Company.

2. Basis of preparation of the financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the Interpretations Committee (IFRIC) as applicable to companies reporting under IFRSs adopted in the European Union (EU).

These financial statements represent the Company's statutory financial statements which have only been translated in English and prepared in EUR, in accordance with Elton Group's presentation currency (the Company's presentation currency is the Bulgarian Leva).

2.1 Going concern

The financial statements have been prepared on a going concern basis assuming that the Company is able to continue its operations in the foreseeable future. There have been no indications that the Company will not be able to continue as a going concern.

The management has a reasonable expectation that the existing capital resources, through secured long-term bank loan and the commitment of the parent company to provide adequate financial support, if necessary, at least for the next 12 months, will be sufficient for the liquidity and investment needs during the next financial year 2023.

2.2 Significant information about the accounting policies

a) Conversion into foreign currency

In accordance with the Bulgarian accounting legislation the Company keeps its records and prepares its financial statements in the national currency of the Republic of Bulgaria – Bulgarian Lev (BGN), which is the Company's functional currency. The Bulgarian Lev is fixed to the EUR at: 1.95583 BGN for 1 EUR.

Foreign currency shall be any currency other than the functional currency of the Company. The transactions in foreign currency are entered initially in functional currency and the central exchange rate of the Bulgarian National Bank (BNB) for the relevant currency as at the date of the transaction shall be applied to the amount of the foreign currency.

The foreign exchange differences arising at the settlement of monetary items or at the recalculation of these monetary items in conformity with foreign exchange rates other than those that were input or recalculated initially shall be reported as financial revenues or financial expenditures in an income statement for the time period they arise in.

The Company shall make revaluation of monetary items in foreign currency as at the date of the financial statements for the time period and currently during the time period under report monthly.

The items in foreign currency as at 31 December 2023 are evaluated in these financial statements in accordance with the final exchange rate of the Bulgarian National Bank.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

b) Recognition of revenues

Recognition of revenue under contracts with customers

Revenue in the Company is recognized when control over the goods promised to the customer is transferred to the customer. Control is transferred to the client when the contract obligations are met by transferring the promised goods.

Assessment of a contract with a customer

A contract with a customer exists when:

- the parties have approved it;
- the rights of each party can be identified;
- the payment arrangements can be identified;
- the contract has a commercial substance;
- it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer

A contract for which any of the above criteria has not yet been met is subject to a reassessment of each reporting period. Remuneration received under such a contract is recognized as a liability (contract liability) in the statement of financial position until all criteria for recognition of a customer contract are met and the company has fulfilled its performance obligations. In the initial assessment of contracts with client, the company further analyzes and assesses whether two or more contracts are to be considered in their combination and to be reported as one. Any promise to transfer goods and / or services that are identifiable or series of identifiable goods or services, which are essentially the same are reported as a performance obligation. The Company recognizes revenue for each separate performance obligation at the level of the individual contract with a client by analyzing the type, timing and terms of each particular contract.

Measurement of revenue under contracts with customers

Revenue is measured on the basis of the transaction price specified for each contract. The transaction price is the amount of the consideration the company expects to be entitled to, except for amounts collected on behalf of third parties. In determining the transaction price, the company takes into account the terms of the contract and its usual business practices, the influence of variable remuneration, the existence of a significant financial component, non-monetary remuneration and remuneration owed to the client. For contracts with more than one performance obligation, the transaction price is allocated to each performance obligation based on the individual sales prices of each commodity and service.

The change in the scope and the price of the contract is recorded as a separate contract or as part of the existing contract depending on whether the change is related to the addition of identifiable goods and services, and the determined price for them.

Performance obligations under contracts with customers

The revenue generated in the company is mainly from the sale of trade goods. Overall, the company has come to the conclusion that it acts as a principal in its dealings with customers as the company usually controls the goods before transferring them to the customer.

Revenue from rendering of services

The services provided by the company include transport services. The control over the services is transferred at the time it is delivered. Revenue is recognized over time by measuring the degree of performance of the company's liabilities (stage of completion). To measure the stage of completion, the company uses the linear method. Revenue, cost and completion estimates are reviewed if circumstances change.

Any subsequent increase or decrease in expected revenue and expense is reflected in profit or loss in the period in which the circumstances that led to the review become known to the management.

Price and payment terms

Sales prices are usually fixed on a general or customer price list and different forms of variable remuneration. Determining the transaction price also takes into account amounts due to the client, non-monetary remuneration and the existence of a significant financial component.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

Variable remuneration

Variable remuneration is included in the transaction price only to the extent that it is highly probable that no material adjustment will occur to the amount of the cumulative gain recognized.

Significant financial component

The company has analyzed and determined that the length of time between the moment the customer pays for the promised goods and services and the moment of transfer of control over those goods and services is within twelve months and the agreed remuneration does not have a significant financial component. The collected prepaid payments by the client are presented in the statement of financial position as contract liabilities.

Costs from contracts with customers

As contract costs with customers, the Company recognizes:

- o the additional and directly related costs that it assumes when signing a contract with a customer and expects these costs to be reimbursed over a period of more than 12 months (*costs of obtaining a contract with a customer*) and
- o The costs incurred in executing a contract with a customer and directly related to the specific contract help to generate resources for use in the actual execution of the contract and are expected to be reimbursed over a period of more than twelve months (*costs for performance of such contracts*).

The Company does not incur any costs of obtaining contracts with customers and costs for the performance of such contracts that are eligible for and subject to capitalization.

Balances on contracts with customers

Trade receivables and contract assets

The contract asset is the right of the company to receive remuneration in return for the goods or services it has transferred to the client but which is not unconditional (the charge for the receivable). If, through the transfer of the goods and the provision of the services, the company fulfills its obligation before the client pays the relevant remuneration and before the payment becomes due, a contract asset is recognized for the earned remuneration (which is conditional). Recognized contract assets are reclassified as a trade receivable when the right to remuneration becomes unconditional. The right to remuneration is considered to be unconditional, if the only condition for payment of the remuneration to be due is the expiration of a certain period of time.

Contract liabilities

As a contract liability, the company presents the payments received by the client or an unconditional right to receive a payment before fulfilling its contractual obligations. Contract liabilities are recognized as income when performance obligations are fulfilled.

Contract assets and liabilities are presented separate in the statement of financial position and disclosed in the notes.

After initial recognition, trade receivables and contract assets are assessed for impairment in accordance with IFRS 9 *Financial Instruments*.

e) Taxes

Current tax over income

The current tax assets and liabilities for the current time period are recognized with regard to the amount which is expected to be refunded by or paid to the tax authorities. The tax rates and the tax acts which are effective or are in a significant degree adopted as at the date under report will be applied at the computation of the current taxes. The Management analyzes the separate items in the annual tax return, for which the applicable tax regulations are subject-matter of interpretation and recognizes provisions when appropriate.

The current taxes are recognized directly in the equity (and not in the income statement), when the tax refers to articles which were recognized directly in the equity. The Management analyzes the individual items in the tax return, for which the applicable tax regulations are subject-matter of interpretation and recognizes provisions when appropriate.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

The current taxes over the profit are determined in compliance with the requirements of the Bulgarian tax legislation the Corporate Income Tax Act. The nominal tax rate for 2023 is 10% (2022: 10%).

Deferred income tax

The deferred taxes are recognized in conformity with the balance method for all the temporary differences as at the date under report, which arise between the tax base of the assets and the liabilities and their book values.

Deferred tax liabilities are recognized for all the taxable temporary differences, except to the degree to which the deferred tax liability arises from initial recognition of a positive reputation or an asset or a liability from a certain transaction which is not a business combination and does not exert any impact over the accounting profit, or over the tax profit or loss as at the time of the conduct of the transaction.

Assets for deferred taxes are recognized for all the deductible temporary differences, carried over unused tax credits and unused tax losses, up to the degree, to which it is probable that there will be a taxable profit, against which the deductible temporary differences, the carried over unused tax credits and the unused tax losses should be used, unless the deferred tax asset arises from an initial recognition of an asset or a liability from a certain transaction, which is not a business combination and does not exert any impact over the accounting profit or over the tax profit or loss as at the time of the conduct of the transaction.

The Company performs a review of the book value of the deferred tax assets as at each date under report and reduces it to the degree, to which it is not probable any more that a sufficient taxable profit will be realized, which will allow for the refunding of the entire or a part of the deferred tax asset. The non-recognized deferred tax assets are re-considered as at each date under report and are recognized up to the degree, to which it has become probable that a future taxable profit shall be realized which shall allow for the refunding of the deferred tax asset.

The deferred tax assets and liabilities are evaluated in conformity with the tax rates, which are expected to be applicable in the year when the deferred tax asset was realized or the liability was settled, on the basis of tax rates adopted or with forthcoming adoption as at the date of the balance sheet.

The deferred taxes related to articles recognized beyond the profit or the loss, are recognized beyond the profit or the loss. The deferred taxes are recognized depending on the transaction related to them or in the other comprehensive income or directly in the equity.

The Company compensates deferred tax assets and liabilities only when there is legal right to deduct current tax assets against current tax liabilities and the deferred tax assets and liabilities refer to income taxes imposed by the same tax authority for the same taxable enterprise.

Value Added Tax (VAT)

The revenues, expenditures and the assets are recognized net of VAT with the exception of the events when:

- VAT arising at the purchase of assets or services is not refundable by the tax authorities, in which event VAT is recognized as a part of the price of acquisition of the asset or as a part of the relevant expenditure item as appropriate; and
- The receivables and the liabilities that are reported inclusive of VAT.

The net amount of VAT refundable by or due to the tax authorities is included in the value of the receivables or the liabilities in the balance sheet.

d) Financial instruments – initial recognition and subsequent evaluation

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition, Classification, and Measurement

Upon initial recognition, financial assets are classified in three groups, according to which they are subsequently measured at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

The Company initially measures financial assets at fair value and, in the case of financial assets not reported at fair value through profit or loss, plus any direct transaction costs. Exceptions are trade receivables that do not contain a significant financing component - they are measured at the transaction amount determined in accordance with IFRS 15.

Purchases or sales of financial assets, the terms of which require delivery of assets over a period of time normally established by statute or common practice (regular purchases), are recognized on the trading date (transaction), i.e. on the date that the company has committed to purchase or sell the asset.

The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows of the respective financial asset and the business model within which the asset is held. In order to be classified and measured at amortized cost or at fair value through other comprehensive income, the contractual terms of the financial asset should give rise to cash flows that are solely payments of principal and interest (SPPI) on the outstanding amount of the principal. For this purpose, a SPPI test is performed on an instrument-by-instrument basis.

The entity's business model reflects how it manages its financial assets in order to generate cash flows. The business model determines whether the cash flows result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For the purpose of subsequent measurement, the financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income with the "recycling" of cumulative gains or losses (debt instruments)
- Financial assets at fair value through other comprehensive income without "recycling" of cumulative gains and losses (equity instruments)
- Financial assets at fair value through profit or loss (debt and equity instruments)

Classification groups

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost when both of the following conditions are met:

- the financial asset is held and used within a business model that is designed to hold it in order to collect the contractual cash flows from it, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate method. They are subject to impairment. Gains and losses are recognized in the statement of comprehensive income.

The company's financial assets at amortized cost include: cash and cash equivalents at banks, trade receivables, loans granted to third and related parties.

Financial assets at fair value through other comprehensive income (debt or equity instruments)

The Company does not have such assets.

Financial assets at fair value through profit or loss

The Company does not have such assets.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized from the statement of financial position of the company when:

- the rights to the cash flows from the assets have expired, or
- the entity has transferred the contractual rights to receive the cash flows from the asset, or the entity has assumed a contractual obligation to remit those cash flows without significant delay to a third party under a transfer arrangement wherein: a) the company has transferred substantially all the risks and rewards of ownership of the asset; or b) the company has neither transferred nor retained substantially all the risks and rewards of ownership of the asset but has not retained control of it.

When the company has transferred its rights to receive cash flows from the asset or has entered into a transfer agreement, it assesses whether and to what extent it retains the risks and rewards of ownership. When the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, it continues to recognize the transferred asset to the extent of its continuing involvement in the asset. In this case, the company also recognizes the related obligation. The transferred asset and the related liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement in the form of a guarantee on the transferred asset is measured at the lower of: the initial carrying amount of the asset and the maximum amount of remuneration that the company may be required to pay.

Expected credit loss

The Company recognizes a loss allowance for expected credit losses on all debt instruments that are not measured at fair value through profit or loss. Expected credit losses are calculated as the difference between the contractual cash flows due under the terms of the contract and all cash flows that the company expects to receive discounted at the original effective interest rate. Expected cash flows also include the cash flows from the sale of the collateral held or other credit enhancements that form an integral part of the terms of the contract.

For the calculation of the expected credit losses on *loans granted to third and related parties and cash and cash equivalents at banks*, the Company applies the general approach for impairment set by IFRS 9. Under this approach, the Company applies a "three stage" impairment model based on changes in the credit quality of the financial asset subsequent to initial recognition.

Expected credit losses are recognized in two stages:

a. A financial asset that is not credit impaired at its initial origination / acquisition is classified in Stage 1. From its initial recognition, its credit risk and qualities are subject to continuous monitoring and analysis. Expected credit losses on financial assets classified in Stage 1 are determined on the basis of expected credit losses that arise from possible events of default that could occur within the next 12 months of the life of the asset (12-month expected credit loss for the instrument).

b. In the event that the credit risk of a financial instrument has increased significantly since initial recognition and as a result its performance deteriorates, it is classified in Stage 2. The expected credit losses of the financial assets classified in Stage 2 are determined for the total remaining life of the asset (lifetime expected credit losses).

The management of the company has developed a policy and a set of criteria for analyzing, identifying and assessing the occurrence of "significant increase in the credit risk".

In the event where the credit risk of a financial asset increases to the point indicating that a default event has occurred, the financial asset is considered impaired and is classified in Stage 3. At this stage, the loss incurred for the respective asset is calculated for its entire remaining life (term).

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

The management of the company has performed relevant analyzes, on the basis of which it has defined a set of criteria for non-performing events. One of these is contractual payments that are 90 days past due, unless there are circumstances that render this claim rebuttable for certain financial instruments. Other events, based on internal and external information, are also monitored for indications that the debtor is not in a position to repay all outstanding contractual amounts, incl. after taking into account all credit reliefs provided by the company.

The Company adjusts the expected credit losses, determined based on historical data, with estimated macroeconomic indicators that are found to be correlated and are expected to affect the amount of expected credit losses in the future.

The Company applies a simplified approach for calculating expected credit losses of *trade receivables, contract assets and lease receivables* under which it does not need to monitor subsequent changes in credit risk. Under this approach, it recognizes the lifetime expected credit losses for the receivables as an impairment allowance at each reporting date.

Cash and cash equivalents

The cash and the short-term deposits in the balance sheet include cash in bank accounts, in cash and short-term deposits with initial maturity of three or fewer months. Consequently, they are evaluated respectively in conformity with their face value.

For the purposes of the cash flow statement, the cash and the cash equivalents include the cash and cash equivalents as defined hereinabove.

Short-term trade and other receivables

After initial recognition, the trade and other receivables are reported in conformity with the amount of initial recognition, reduced by a provision for devaluation if needed.

• Impairment of financial assets

The Company applies the lifetime expected credit losses approach for all trade receivables using the simplified approach required by IFRS 9.

Expected credit losses from receivables are presented in “other expenses” in the statement of comprehensive income.

Financial liabilities

Initial recognition, Classification, and Measurement

Upon initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss or as loans and borrowings, trade or other payables.

Initially, all financial liabilities are recognized at fair value and, in the case of loans and borrowings and trade and other payables, net of directly related transaction costs.

The financial liabilities of the Company include trade and other payables, loans, finance lease liabilities, and other borrowed funds.

Subsequent measurement

The subsequent measurement of the financial liabilities depends on their classification.

Classification groups

Financial liabilities at fair value through profit or loss

The Company does not have such liabilities.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

Loans received and other borrowed funds

Subsequent to initial recognition, the Company measures interest-bearing loans and borrowings at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the relevant financial liability is derecognized, as well as through amortization on an effective interest rate basis.

Amortized cost is calculated by taking into account any discounts or premiums on acquisition, as well as fees or charges that are an integral part of the effective interest rate. The amortization calculated based on the effective interest rate is included in the "finance costs" in the statement of comprehensive income (in profit or loss for the year).

Derecognition

A financial liability is derecognized when, and only when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in the statement of comprehensive income (in profit or loss for the year).

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is recognized in the statement of financial position when, and only when, the entity currently has a legally enforceable right of set-off and intends either to settle on a net basis or to realize the financial asset and settle the financial liability simultaneously.

This requirement stems from the idea for the real economic substance of a company's relationship with a counterparty and that, in the presence of these two requirements, the expected actual cash flow and the benefits for the enterprise are the net cash flow, i.e. the net amount reflects the actual right or obligation of the company regarding these financial instruments - in all circumstances to receive or pay only the net amount. If these conditions are not simultaneously met, it is assumed that the company's rights and obligations in respect of such balances (financial instruments) are not exhausted in all situations solely by the receipt or payment of the net amount.

The offsetting policy also relates to the assessment, presentation and management of the actual credit and liquidity risk associated with these balances.

The criteria that apply in establishing that the entity "currently has a legally enforceable right of set-off" are:

- the right to set-off must be available today rather than being contingent on a future event;
- it must be exercisable and legally enforceable, both in the normal course of business and in the event of:
 - default,
 - insolvency or
 - bankruptcy

IFRS 13 Fair Value Measurement

The Company applies as at each balance sheet date IFRS 13 Fair Value Measurement with regard to the financial instruments and the non-financial assets, evaluated in conformity with their fair value.

Fair value is the price that would be received at the sale of one asset or paid at the assignment of a liability at an ordinary transaction between the market participants as at the date of the evaluation.

Evaluation of the fair value is based on the assumption that the sale of the asset or the assignment of the liability is made:

On the principal market for the asset or the liability or,

With an absence of a principal market, on the most advantageous market for the asset or the liability.

The principle or the most advantageous market should be accessible for the Company.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

The fair value of the asset or the liability is evaluated by assuming that the participants on the market will use this value at the evaluation of the asset or the liability, and that they will act in conformity with the best economic interest.

The fair value of the non-financial assets is determined taking into account the capability of the participants to generate economic benefits making use of the asset or selling it to another marketing counteragent which will use the assets in the best and most effective manner.

The Company applies techniques for evaluation appropriate under the relevant circumstances and for which there are sufficient data available for evaluation of the fair value, maximizing the use of foreseeable parameters and reducing to a minimum the use of unforeseeable parameters.

All the assets and liabilities that the fair value is used or is disclosed at their evaluation are divided into the following three levels of hierarchy on the basis of the hypotheses of the techniques of evaluation:

- Level 1 — Quoted (uncorrected) prices on active markets for identical assets or liabilities
- Level 2 — Evaluation techniques at which the parameters for evaluation of the fair value may be observed directly or indirectly
- Level 3 — Evaluation techniques at which the parameters for evaluation of the fair value may not be observed directly or indirectly.

As at each balance sheet date, the Management makes an analysis of the changes in the fair value of the assets and liabilities and exercises monitoring over their reflection in the financial statements in conformity with the adopted accounting policy. The Company makes an assessment whether a change was made in the categorization of the assets or the liabilities in conformity with the hypotheses of the evaluation techniques. With the help of certified valuers the Management compares each of the changes in the fair value of the assets and liabilities with the foreseeable parameters to confirm that the changes are reasonable.

The Company determines the assets and liabilities which disclosures should be made for in connection with their fair value, on the basis of their nature, risks and the level of hierarchy, which they get in, indicated hereinabove.

e) Share capital

The share capital of the Company is presented in conformity with its face value in compliance with the court decision for its registration.

g) Property, plant and equipment

Initial recognition

The properties, the machines and equipment are reported at price of acquisition reduced by the accumulated depreciations and the accumulated losses from devaluation, if any, with the exception of the land, which is reported in conformity with its fair value. The price of acquisition also includes expenditures for replacement of parts of the machines and the facilities and expenditures for loans under long-term construction contracts, under the condition that they satisfy the criteria for recognition of an asset. At incurring expenditures for a main inspection of a machine and/or facility, they are included in the book value of the relevant asset as expenditures for replacement, under the condition that they satisfy the criteria for recognition of an asset. All the other expenditures for repairs and maintenance are recognized in the income statement during the time period, which they were incurred in.

At acquisition of property, machines and equipment under the conditions of rescheduled payment, the purchase price is equivalent to the present value of the liability, discounted on the basis of the interest level in conformity with the attracted by the Company credit resources with analogous maturity and designation.

The Company determined a value threshold of 700 BGN, under which the acquired assets regardless of the fact that they have the characteristics of a long-term asset, are treated as a current expenditure at the time of their acquisition.

As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

Subsequent measurement

The approach selected by the Company for subsequent balance evaluation of the machine and the equipment is the model of the historical cost, reduced by the subsequently accrued depreciations and the accumulated losses from devaluation. The land, is subsequently reported in conformity with its fair value reduced by the losses from devaluation.

Method of depreciation

The depreciations are calculated on the basis of the linear method for the term of the useful life (in years) of the assets which were determined as follows:

	2023	2022
Buildings	30 years	30 years
Computers	2 years	2 years
Equipment	3 years and 4 months	3 years and 4 months
Vehicles	4 years	4 years
Fixtures and fittings	7 years	7 years

Subsequent expenditures

The expenditures for repairs and maintenance are recognized as current during the time period which they were made in. Subsequent expenditures incurred related to property, machines and equipment, which have the nature of replacement of certain unit parts and aggregates, or of restructuring and reconstruction, are capitalized as at the book value of the relevant asset, and its remaining useful life as at the date of the capitalization is re-considered. Simultaneously, the non-depreciated part of the replaced components is written out from the book value of the assets and is recognized in the current expenditures for the time period of the restructuring.

Impairment of assets

The book values of the property, plant and equipment are subject to review for devaluation, when there are events or changes in the circumstances available, which indicate that they could permanently differ from their recoverable amount. If there are such indicators available at hand that the approximately determined recoverable amount is lower than their book value, the latter is written out up to the recoverable amount of the assets. The recoverable amount of the long-term tangible assets is the higher of the two: fair value exclusive of expenditures for sale or value at use. For the determination of the value at use of the assets, the future cash flows are discounted up to their present value, applying a discount norm prior to taxes, which reflects the current market conditions and evaluations of the time value of the money and the risks specific for the relevant asset. The losses from devaluation are reported in the comprehensive income statement (in the profit or loss for the year).

Gains and losses from sale

Property, plant and equipment are written off at their sale or when no future economic benefits are expected from their use or at their release. The profits or losses arising at the writing off of the asset (constituting the difference between the net proceeds from the sale, if any, and the book value of the asset) are included in the income statement when the asset is written off. A review of the residual values, the useful life and the applied methods of depreciation of the assets is made at the end of each financial year and if the expectations differ from the preceding approximate evaluations, the latter are changed into future time periods.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

h) Intangible assets

The intangible assets acquired separately are evaluated initially at price of acquisition. After the initial recognition, the intangible assets are reported at price of acquisition reduced by the accumulated amortization and the accumulated losses from depreciation.

The useful life (in years) of the intangible assets is defined as limited as follows:

	<u>2023</u>	<u>2022</u>
Software	<u>5 years</u>	<u>5 years</u>

The intangible assets with limited useful life are amortized for the term of their useful life and are tested for devaluation when there are indications that their value was devaluated. The depreciation time period and the method for amortization of the intangible assets with limited useful life are reviewed at least at the end of each financial year. The changes in the expected useful life or model of consumption of the future economic benefits from the intangible asset are reported through a change of the depreciation term or method and are treated as a change in the approximate accounting evaluations. The profits or the losses, arising at the writing off of an intangible asset, representing the difference between the net proceeds from the sale and the book value of the asset, are included in the income statement when the asset is written off.

i) Inventory

The inventory is valued at lower of cost and the net realizable value. The inventory is written off in accordance with the method of the average weighed value for each separate product. The expenditures incurred in connection with the supply of each product to its present location and condition are included in the expenditures for the purchase.

The net realizable value is the presumed selling price in the normal course of the economic activity minus the approximately evaluated expenditures for the completion of the production cycle and those which are needed for the realization of the sale.

j) Impairment of non-financial assets

As at each reporting date, the Company evaluates whether there are indications that a certain asset was devaluated. In event of such indications or when an annual test is needed for devaluation of a certain asset, the Company determines the recoverable amount of this asset. The recoverable amount of the asset is the higher of the fair value reduced by the expenses for sale of the asset or of the object generating cash flows (OGCF) and its value for use. The recoverable amount is determined for a separate asset, except in event that at the use of the asset no cash flows are generated, which are to a significant degree independent on the cash flows generated by other assets or groups of assets. When the book value of a certain asset or OGCF is higher than its recoverable amount, it is deemed as devaluated and its book value is reduced to its recoverable amount.

The losses from devaluation, inclusive of the devaluation of inventory, are recognized as expenditures in the income statement, being classified in conformity with their function in conformity with the use (the designation) of the devaluated asset.

As at each date under report, the Company estimates whether there are indications that the loss from devaluation of an asset, which was recognized in preceding time period, may not exist any longer or is reduced. If there are similar indications, the Company determines the recoverable amount of the asset or of the site generating cash flows. The loss from devaluation is refunded back only when a change was made in the approximate evaluations used at the determination of the recoverable amount of the asset after the recognition of the last loss from devaluation. The recovery of a loss from devaluation is limited so that the book value of the asset should not exceed its recoverable amount, or exceed the book value (after the deduction of depreciation), which would have been determined if no loss from devaluation of the asset in the preceding years had been recognized. The recovery of a loss from devaluation is recognized in the comprehensive income statement.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

k) Provisions

General

Provisions are recognized when the Company has a present liability (legal or structural) as a result of past events when there is probability that a flow of resources containing economic benefits is needed for the redemption of the liability and when a reliable evaluation of the value of the liability may be made. When the Company expects that some or all the expenditures needed for the settlement of the provision will be refunded, for instance, in conformity with an insurance contract, the refunding is recognized as a separate asset, but only when it is practically secure that these expenditures will be refunded. The expenditures for provisions are presented in the comprehensive income statement, net from the amount of the refunded expenditures.

When the effect of the time differences in the value of the money is essential, the provisions will be discounted making use of a current norm of discounting prior to taxation, which reflects, when appropriate, the risks specific for the liability. When discounting is used, the increase of the provision as a result of the time passes, is presented as a financial expenditure.

l) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

2.2 Significant information about the accounting policies (continued)

The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

2.3 New and amended standards and interpretations

New and amended standards adopted by the Group

The accounting principles and calculations used in the preparation of the financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended 31 December 2022 and have been consistently applied in all periods presented in this report except for the following IFRS amendments, which have been adopted by the Group as of 1 January 2023. Amendments and interpretations that were applied for the first time in 2023 did not have a significant impact on financial statements for the year ended 31 December 2023, unless stated otherwise. These are also disclosed below.

IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2: Disclosure of Accounting policies (Amendments):

The Amendments are effective for annual periods beginning on or after 1 January, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Group has assessed and amended its accounting policies disclosure in accordance with the IAS 1 guidance.

IAS 12 Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments):

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

IAS 12 Income Taxes International Tax Reform - Pillar Two Model Rules (Amendments):

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. There is no impact on the Company's financial statements.

Standards issued but not yet effective and not early adopted

The Company has not early adopted any of the following standard, interpretation or amendment that have been issued but are not yet effective. In addition, the Company is in the process of assessing the impact of all standards, interpretations and amendments issued but not yet effective, on the financial statements.

IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-Current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The standard has been endorsed by the EU.

2.4 Significant accounting estimates

The preparation of financial statements in compliance with IFRS requires that the Management should make assessments and assumptions exerting impact over the reported amounts of the assets and the liabilities and the disclosures of the conditional assets and liabilities as at the date of the financial statements and over the reported amounts of the revenues and the expenditures during the time period under report. The actual results may differ from these approximate assessments.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Calculation of expected credit losses for loans granted, trade receivables and contract assets

Estimating the expected credit loss for financial assets measured at amortized cost (loans granted, receivables and contract assets) is an area that requires the use of significant assumptions about future economic conditions and credit performance of customers and debtors (for example, the probability that the counterparties will not meet their obligations and the resulting losses).

For the application of these requirements, the management of the Company makes a number of material judgments, such as:

- a) setting criteria to identify and assess a significant increase in credit risk;
- b) selecting appropriate models and assumptions for measuring expected credit losses;
- c) formation of groups of similar financial assets (portfolios) for the purposes of measuring the expected credit losses;
- d) establishing and assessing the correlation between historical past due rates and the behavior of certain macro indicators in order to reflect the effects of future forecasts when calculating the expected credit losses.

ELTON CORPORATION FOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

Revenue from contracts with customers

When recognizing revenue and preparing the annual financial statements, management makes various judgments, estimates and assumptions that affect the reported revenue, expense, assets and liabilities under contracts and their corresponding disclosures. Although the uncertainty regarding these assumptions and estimates, the Company does not expect material adjustments to be made to the carrying amount of the assets and liabilities concerned in the future and, respectively, reported expenses and revenues.

3. Revenues and expenses

3.1 Revenues

	01.01- 31.12.2023	01.01- 31.12.2022
Industrial chemistry	5 654 452	6 476 134
Food industry	1 555 860	2 769 414
Other industries	81 590	92 307
	<u>7 291 902</u>	<u>9 337 855</u>

3.2 Other income / (expenses)

Other income

	01.01- 31.12.2023	01.01- 31.12.2022
Gain from Payables Written-Off	-	2.021
Provided Services	2.531	6.059
Utilised provision against shortages	-	22.398
Reversal of provision for bad debts - note 8	28.121	2.982
	<u>30.652</u>	<u>33.460</u>

Other (expenses)

	01.01- 31.12.2023	01.01- 31.12.2022
Shortages of goods (net of surpluses)	(121.599)	(22.398)
Impairment of inventories to their estimated net realizable value	-	(88.840)
	<u>(121.599)</u>	<u>(111.238)</u>

ELTON CORPORATION FOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

3.3 Sales & Distribution expenses

3.3.1 Costs for materials

	01.01- 31.12.2023	01.01- 31.12.2022
Shortages of goods (net of surpluses)	(121.599)	(22.398)
Impairment of inventories to their estimated net realizable value	-	(88.840)
	<u>(121.599)</u>	<u>(111.238)</u>

3.3.2 Expenses for hired services

	01.01- 31.12.2023	01.01- 31.12.2022
Transportation & travelling expenses	(103.182)	(90.568)
Other expenses	(29.941)	(20.984)
Insurances	(16.911)	(11.410)
Water & electricity	(9.586)	(11.092)
Maintenance	(11.421)	(10.357)
Security	(11.155)	(10.147)
Maintenance software	(7.869)	(8.184)
Telephone services	(6.543)	(6.482)
Cleaning service	(5.926)	(5.324)
Training and recruitment of personnel	(31.078)	(4.734)
Consulting and legal services	(2.080)	(1.745)
Repairs of cars	(89)	(813)
	<u>(235.781)</u>	<u>(181.840)</u>

3.3.3 Expenses for personnel

	01.01- 31.12.2023	01.01- 31.12.2022
Expenses for salaries	(337.926)	(297.168)
Expenses for social security contributions	(48.265)	(45.702)
	<u>(386.191)</u>	<u>(342.870)</u>

ELTON CORPORATION EOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

3.3. Sales & Distribution Expenses (continued)

3.3.4 Expenses for depreciation

	01.01- 31.12.2023	01.01- 31.12.2022
Depreciation	(102.685)	(98.125)
	<u>(102.685)</u>	<u>(98.125)</u>

3.3.5 Other expenses

	01.01- 31.12.2023	01.01- 31.12.2022
Impairment loss on trade receivables	(28.166)	(24.351)
Expenditures for business trips	(19.992)	(13.099)
Tax expenses	(2.115)	(1.248)
Representative expenditures	(5.847)	(4.162)
	<u>(56.120)</u>	<u>(42.860)</u>
Total Sales & Distribution expenses	<u>(810.049)</u>	<u>(700.026)</u>

ELTON CORPORATION EOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

3.4 Administrative expenses

3.4.1 Costs for materials

	01.01- 31.12.2023	01.01- 31.12.2022
Other Costs	(9.063)	(9.686)
	<u>(9.063)</u>	<u>(9.686)</u>

3.4.2 Expenses for hired services

	01.01- 31.12.2023	01.01- 31.12.2022
Other expenses	(29.619)	(14.079)
Consulting and legal services	(6.873)	(7.133)
Insurances	(7.248)	(4.890)
Water & electricity	(4.108)	(4.754)
Maintenance	(4.895)	(4.439)
Accounting and auditing services	(35.447)	(4.420)
Security	(4.781)	(4.349)
Maintenance software	(3.372)	(3.507)
Telephone services	(2.804)	(2.778)
Cleaning service	(2.540)	(2.282)
Training and recruitment of personnel	(12.155)	(1.650)
Repairs of cars	(38)	(349)
	<u>(113.880)</u>	<u>(54.630)</u>

3.4.3 Expenses for personnel

	01.01- 31.12.2023	01.01- 31.12.2022
Expenses for salaries	(144.825)	(127.358)
Expenses for social security contributions	(20.685)	(19.587)
	<u>(165.510)</u>	<u>(146.945)</u>

ELTON CORPORATION EOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

3.4 Administrative Expenses (continued)

3.4.4 Expenses for depreciation

	01.01- 31.12.2023	01.01- 31.12.2022
Depreciation	(44.008)	(42.054)
	<u>(44.008)</u>	<u>(42.054)</u>

3.4.5 Other expenses

	01.01- 31.12.2023	01.01- 31.12.2022
Expenses for taxes	(906)	(535)
Property tax & garbage fee	(22.448)	(22.444)
	<u>(23.354)</u>	<u>(22.979)</u>

Total Administrative Expenses

	<u>(355.815)</u>	<u>(276.294)</u>
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3.5 Finance expenses

	01.01- 31.12.2023	01.01- 31.12.2022
Interest expenses	(269.278)	(179.597)
Bank charges and commissions	(13.649)	(16.762)
Foreign exchange losses	(36.702)	(50.297)
Interest on leases	-	(504)
	<u>(319.629)</u>	<u>(247.160)</u>

3.6 Finance income

	01.01- 31.12.2023	01.01- 31.12.2022
Foreign exchange gains	22.572	22.534
	<u>22.572</u>	<u>22.534</u>

ELTON CORPORATION EOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

4. Income tax

Reconciliation of the effective income tax rate

	01.01- 31.12.2023	01.01- 31.12.2022
Accounting loss before income tax	(1.235.804)	(18.401)
Income tax expense at the statutory income tax rate of 10% for 2022 (2021: 10%)	123.580	1.840
Unrecognized deferred tax asset on tax losses and other temporary differences	-	-
Permanent differences - non tax deductible expenses	(733)	(451)
Tax losses and other temporary differences from previous years on which no deferred tax asset had been recognised before	(98.613)	11.665
Utilisation of tax losses	(25.013)	14.540
Tax income / (expense)	(779)	27.594
Effective income tax rate	0%	-150%
Available tax losses carried-forward		

Year of origination of losses	Period of availability for tax relief	31.12.2023	31.12.2022
2020	2021-2026	(231.414)	(231.414)
2023	2024-2028	(985.395)	-
Total tax losses carried forward		(1.216.809)	(231.414)
Applicable tax rate		10%	10%
recognized deferred tax asset		121.681	23.141

4. Income tax – continued

The movement in the account for deferred taxes is as follows:

Temporary differences	DTA / (DTL)	recognition / movement	DTA / (DTL)
Revaluation of land (through OCI)	(88.038,33)	-	(88.038,33)
PPE & IFA Depreciation	(33.038,66)	(10.325,54)	(43.364,20)
Impairment of receivables	71.453,04	3,07	71.456,11
Impairment of inventory	8.884,21	(8.884,21)	-
Accrual for unused paid leave	1.934,22	382,96	2.317,17
Thin capitalisation adjustment / tax losses	54.002,14	18.044,51	72.046,65
Tax losses carried forward	23.141,58	-	23.141,58
	38.338,20	(779,21)	37.558,99

ELTON CORPORATION EOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

Also, the Company has other available temporary differences (impairment of receivables and thin capitalization adjustment) from prior years of EUR 1.690 thousand on which no deferred tax has been recognized.

5. Property, plant and equipment

	Buildings	Land	Vehicles	Machinery, plant and equipment	Total
Cost:					
As at 31 December 2021	2.544.513	989.503	60.583	70.399	3.657.461
Additions	4.687	-	-	706	7.537
As at 31 December 2022	2.549.200	989.503	60.583	71.105	3.670.391
Additions	-	-	-	2.214	2.214
As at 31 December 2023	2.549.200	989.503	60.583	73.319	3.672.605
Depreciation:					
	Buildings	Land	Vehicles	Machinery, plant and equipment	-
As at 31 December 2021	(1.103.537)	-	(60.583)	(63.179)	(1.134.561)
Depreciation charge for the year	(84.607)	-	-	(3.531)	(92.738)
As at 31 December 2022	(1.188.144)	-	(60.583)	(66.710)	(1.315.437)
Depreciation charge for the year	(84.799)	-	-	(3.005)	(87.804)
As at 31 December 2023	(1.272.943)	-	(60.583)	(69.715)	(1.403.241)
Net book value:					
As at 1 January 2022	1.440.976	989.503	-	7.220	2.437.699
As at 31 December 2022	1.361.056	989.503	-	4.395	2.354.954
As at 31 December 2023	1.276.257	989.503	-	3.604	2.269.364

The land is stated at revalued amounts (based on comparable transactions) as per an independent professionally qualified valuer. As at 31 December 2023, there was no additional valuation performed as there were no indications that the fair value of the land was changed significantly.

The fair value measurement for land has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4). Level 3 fair values have been derived using sales comparison approach, according to the category of the land and its location.

As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

5.1 Rights of use of assets – vehicles

	Rights of use of assets / vehicles
Cost:	
As at 31 December 2021	188.993
Additions	100.464
Disposals	-
As at 31 December 2022	289.457
Additions	15.792
Disposals	-
As at 31 December 2023	305.249
Depreciation:	
As at 31 December 2021	(126.153)
Additions	(37.101)
Disposals	-
As at 31 December 2022	(163.254)
Additions	(43.950)
Disposals	-
As at 31 December 2023	(207.204)
Net book value:	
As at 1 January 2022	62.840
As at 31 December 2022	126.203
As at 31 December 2023	98.045

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

6. Intangible assets

	Software
Cost:	
As at 31 December 2021	85.534
Additions	-
As at 31 December 2022	85.534
Disposals	-
As at 31 December 2023	85.534
Amortization:	
	Software
As at 31 December 2021	(44.449)
Amortization charge for the year	(14.940)
As at 31 December 2022	(59.389)
Amortization charge for the year	(14.940)
As at 31 December 2023	(74.329)
Net book value:	
As at 31 December 2021	41.085
As at 31 December 2022	26.145
As at 31 December 2023	11.205

7. Inventory

	31.12.2023	31.12.2022
Materials	62.203	48.545
Goods	2.132.814	3.323.273
Goods in transit	-	187.030
Impairment provision (adjustment to the estimated net realizable value)	-	(88.840)
	2.195.017	3.470.008

The movement of the impairment provision is as follows:

	Impairment provision of inventories
Balance 01 January 2022	(75.208)
Impairment provision for the year	(88.840)
Utilisation of the provision	75.208
Balance 31 December 2022	(88.840)
Impairment provision for the year	-
Utilisation of the provision	88.840
Balance 31 December 2023	-

During the year, management destroyed certain expired inventory items and as a result the provision that had been raised in 2022 this this reason was fully utilized.

The cost of inventories recognized as an expense during the year amounts to EUR 6.975.900 after the release of provision for realized sales of expired inventories of EUR 88.840 (2022: 8.077.532).

ELTON CORPORATION FOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

8. Trade and other receivables

	31.12.2023	31.12.2022
Trade receivables	2.080.647	2.283.477
Receivables in litigation	83.109	83.780
Provisions of receivables	<u>(1.066.511)</u>	<u>(1.066.465)</u>
Trade receivables net	1.097.245	1.300.792
Guarantees	73.077	35.177
Other receivables	295.649	240.194
	<u>1.465.971</u>	<u>1.576.163</u>

The movement of the impairment provision is as follows:

	01.01- 31.12.2023	01.01- 31.12.2022
Opening balance of provision for bad debts as of 1 January	1.066.465	1.045.097
Increase in the provision, recognized in profit or loss during the year	28.167	24.350
Decrease in the provision, recognized in profit or loss during the year - note 3.2	<u>(28.121)</u>	<u>(2.982)</u>
Balance at 31 December	<u>1.066.511</u>	<u>1.066.465</u>

The aging of trade receivables is as follows:

	31.12.2023	31.12.2022
Current	816.571	1.038.450
up to 30 days	97.640	97.246
from 31 to 90 days	32.552	25.216
over 90 days	1.216.993	1.206.345
Impairment allowance	<u>(1.066.511)</u>	<u>(1.066.465)</u>
Total	<u>1.097.245</u>	<u>1.300.792</u>

The Company applies the simplified approach of IFRS 9 to measure expected credit losses on trade receivables, recognizing lifetime expected credit losses for all trade receivables.

9. Cash and cash equivalents

	31.12.2023	31.12.2022
Cash on hand	1.158	1.506
Cash in bank	640.003	460.462
	<u>641.161</u>	<u>461.968</u>

The cash balances at bank accounts are with floating interest rates depending on the bank offered rates. The Company's exposure to credit risks is EUR 640.003 EUR (31 December 2022: EUR 460.462).

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

10.1 Subscribed capital

	Number of shares	par value	Issued capital BGN	Issued capital Euro
At 01 January 2022 and 31 December 2022 par value	35.052	100,00	3.505.200	1.792.180
Increase of capital through capitalisation of debt	22.891	100,00	2.289.100	1.170.398
	<u>57.943</u>		<u>5.794.300</u>	<u>2.962.579</u>

Following the decision of the sole owner, the Company's subscribed capital was increased by 1.170.398 EUR against the Company's debt to its owner.

10.2 Revaluation reserve

Revaluation reserve was formed in 2012 as a result of revaluation of the land.

11. Borrowings

11.1 Long-term borrowings

	EUR	
	31.12.2023	31.12.2022
Bank 1 non-current loan maturing in 2026	486.073	625.649
Bank 1 non-current loan maturing in 2024	38.905	490.275
Intercompany loan	650.000	650.000
Less current portion	(827.420)	(631.726)
	<u>347.558</u>	<u>1.134.198</u>

11.2 Short-term borrowings

	EUR	
	31.12.2023	31.12.2022
Bank 2	3.939.632	3.566.269
Plus current portion of non-current loans	827.421	631.726
	<u>4.767.053</u>	<u>4.197.995</u>

At 12 March 2018 the Company signed a contract for an overdraft loan agreement with a Bulgarian Bank for working capital loan with a limit of 2,2 million /two million and two hundred thousand/ euro and annual interest rate one-month EURIBOR plus a spread. The credit limit was subsequently extended to 2,5 million euro. The Guarantor under the loan agreement is Elton International Trading Company SA, Greece.

In 2017 the Company has signed one contract for a bank loan with another Bulgarian Bank for working capital loan with a limit of 1.1 million /one million and one hundred thousand/ euro and initial maturity date December 2022; based on an additional agreement from 16 November 2022, the loan agreement was converted into a loan with fixed repayment schedule for three years starting from February 2022 (maturing in 2024).

Also, the Company has concluded an investment bank loan with the same bank amounting to EUR 1.35 million /one million, three hundred and fifty thousand/ and maturity date in 2026. Both loans have an annual interest rate of six-month EURIBOR plus a spread. The bank loans are secured by a mortgage on the land and building. The Guarantor

ELTON CORPORATION EOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

under the loans agreements is Elton International Trading Company SA, Greece. The effective interest rate on all loans is circa 5.2 (2022: 3.8%).

12. Trade and other payables

	31.12.2023	31.12.2022
Trade payables	718.657	551.976
Trade payables related to goods in transit	-	158.905
Social security payables	10.773	9.530
Other payables	28.925	89.580
	<u>758.355</u>	<u>809.991</u>

13. Tax payables

	31.12.2023	31.12.2022
VAT	16.584	57.290
Other	-	-
	<u>16.584</u>	<u>57.290</u>

14. Related party disclosures

The Company has transactions with the following related parties:

- Elton International Trading Company SA, Greece – its parent company
- Elton Corporation Romania – a company under common control;
- Elton Corporation Serbia – a company under common control;
- Elton Corporation LLC Ukraine - a company under common control;
- Elton PLC AD Greece – a company under common control.
- Elton Marmara AS – Turkey – a company under common control.

14.1 Sale of goods

	01.01- 31.12.2023	31.12.2022
Elton Corporation Romania	315.117	109.097
Elton International Trading Company SA, Greece	61.570	48.815
Elton Corporation Serbia	15.510	29.200
Elton Marmara AS Tuekey	4.698	
	<u>396.895</u>	<u>187.112</u>

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

14. Related party disclosures (continued)

14.2 Purchase of goods

	01.01- 31.12.2023	01.01- 31.12.2022
Elton Corporation Romania	68 618	62 060
Elton International Trading Company SA, Greece	249 358	111 416
	<u>317 976</u>	<u>173 476</u>

14.3 Receivables from related parties

	31.12.2023	31.12.2022
Elton Corporation Romania	44.010	45.040
Elton International Trading Company SA, Greece	5.676	63.471
Elton Marmara AS Tuekey	4.698	-
Elton Corporation Serbia	-	27.864
	<u>54.384</u>	<u>136.375</u>

14.4 Payables to related parties

Payables to RP's

	EUR 31.12.2023	31.12.2022
Elton International Trading Company SA, Greece	323.921	1.351.952
Elton Corporation Romania	15.360	-
	<u>339.281</u>	<u>1.351.952</u>

14.5. Loans for related parties

Loans from RP's

	EUR 31.12.2023	31.12.2022
Elton International Trading Company SA, Greece - intercompany loan	<u>650.000</u>	<u>650.000</u>

15. Engagements and contingent liabilities

Legal claims

There are no significant legal claims against the Company.

Capital commitments

The Company did not have any capital commitments as at 31 December 2023 and 31 December 2022.

Other contingent liabilities

There are no such.

ELTON CORPORATION EOOD
NOTES TO THE FINANCIAL STATEMENTS



As at and for the year ended 31 December 2023
 (All the amounts are in EUR, except otherwise stated)

16. Financial risk management objectives and policies

During 2023 and 2022, the Company did not have and did not trade in any derivative financial instruments.

In the ordinary course of business, the Company can be exposed to a variety of financial risks the most important of which are market risk (including currency risk, risk of change in the fair value and price risk), credit risk, liquidity risk and interest rate risk. The management reviews and coordinates its policies for managing each of these risks, as summarized below:

Credit risk

Credit risk arises in case the counterparty to a financial instrument fails to discharge its obligation. The Company's credit risk exposure is related mainly to accounts receivable.

To manage this risk, the Company trades only with recognized, creditworthy third parties and has conclude an insurance policy against credit risk. In addition, receivable balances are monitored on an ongoing basis. With regards to the receivables comprise from related parties, which are neither past due nor impaired, it is assumed that the Company is not exposed to credit risk related to these receivables.

Cash, incl. payment operations, are limited to banks with high reputation and liquid stability. Additionally, the Company has a policy to limit its exposure to a separate bank.

Liquidity risk

The effective management of the liquidity of the Company presumes the provision of sufficient circulating means, predominantly, through financing by finance institutions and related persons.

The liquidity risk arises from the time discrepancy of the agreed maturities of the cash assets and liabilities and the possibility that the debtors are not in a position to settle their liabilities to the Company within the standard terms.

As at 31 December 2023 the financial liabilities of the Company analyzed with regard to a residual term from the date of the financial statement to the date of the subsequent negotiation or anticipated maturity are as follows:

	31 December 2023			Total
	Up to 1 year	From 1 year to 5 years	> 5 years	
Loans' liabilities	4.244.635	351.567	-	4.596.202
Trade payables	718.657	-	-	718.657
Trade payables to related parties	339.281	-	-	339.281
Total financial liabilities	5.302.573	351.567	-	5.654.140

As at 31 December 2022 the financial liabilities of the Company analyzed with regard to a residual term from the date of the financial statement to the date of the subsequent negotiation or anticipated maturity are as follows:

	31 December 2022			Total
	Up to 1 year	From 1 year to 5 years	> 5 years	
Loans' liabilities	4.291.199	714.029	-	5.005.228
Trade payables	710.881	-	-	710.881
Trade payables to related parties	1.351.952	-	-	1.351.952
Total financial liabilities	6.354.032	714.029	-	7.068.061

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates (refer to Note 11 "Borrowings").

As at and for the year ended 31 December 2023
(All the amounts are in EUR, except otherwise stated)

16. Objectives and financial risk management policy (continued)

The following paragraph demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Company's result before tax is affected through the impact on floating rate borrowings as follows.

Had the interest rates on borrowings been with 0.25% higher, the interest expense for 2023 could have been with EUR 13.059 higher. The Company does not use any financial instruments to manage the interest rate risk.

Currency risk

The exposition of the Company to a currency risk is not significant. The Company does not have any currency expositions ensuing from receivables or liabilities in currencies other than its currency under report, as the transactions in other currencies are predominantly in Euro, which the Bulgarian lev is fixed to as a result of the system of the currency board applied in Bulgaria.

The Company also enters into international transactions denominated in USD, related to deliveries of trade goods. Therefore, the Company is exposed to risk, related to possible changes in the USD exchange rate.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and improving capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes during the years end 31 December 2023 and 31 December 2022.

There are no externally imposed capital requirements onto the Company.

17. Financial instruments

Fair values

The fair value is the amount, which a financial instrument may be exchanged for or settled between informed and wishing parties in an honest transaction between them and which serves as the best indicator for its market price on an active market.

The Company determines the fair value of the financial instruments on the basis of the available market information or if there is no such, through appropriate models for evaluation. When the Company uses current information about the determination of the fair value of its financial instruments, this information may not fully reflect the price, which they could be sold at.

The Management of Elton Corporation EOOD is of the opinion that the fair values of the financial instruments which include cash, trade and other receivables, borrowed funds, trade and other liabilities do not differ from their book values, in particular if they are of short-term nature or the applicable interest rates change in conformity with the market conditions.

The Management of the Company considers that under the existing circumstances the evaluations of the financial assets and liabilities presented in the balance sheet are possibly the most reliable, adequate, and authentic for the purposes of the financial accountancy.

The fair value of the financial instruments is determined in compliance with the methodology for evaluation, corresponding to level 3 in conformity with the hierarchy of the fair values, described in Note 2.2 Summary of the Significant Accounting Policies, IFRS 13 Fair Value Measurement.

18. Events after the reporting date

No events occurred after the reporting date, which should impose any additional corrections and/or disclosures in the financial statement of the Company for the year ended on 31 December 2023.