

JUMBO EC. B EOOD

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

31 DECEMBER 2023

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JUMBO EC. B EOOD

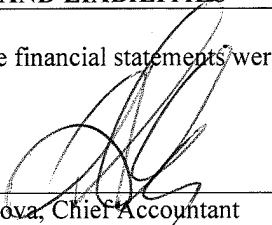
STATEMENT OF FINANCIAL POSITION


31 DECEMBER 2023

(All amounts in BGN thousands)


	NOTE	AT 31 DECEMBER	
		2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	4	166 191	165 920
Intangible assets	5	32	6
Other financial assets at amortised cost	8	4 975	-
Other assets	9	379	274
Deferred tax assets	6	161	99
Total non-current assets		171 738	166 299
Current assets			
Inventories	10	20 860	16 201
Trade receivables	7	499	691
Other financial assets at amortised cost	8	966	2 929
Other assets	9	371	13 872
Current income tax receivables	27	841	-
Cash and cash equivalents	11	79 633	225 045
Total current liabilities		103 170	258 738
TOTAL ASSETS		274 908	425 037
EQUITY AND LIABILITIES			
Equity			
Share capital	12	62 149	62 149
Other reserves	13	60	122
Retained earnings		184 727	333 498
Total equity		246 936	395 769
Non-current liabilities			
Lease liabilities	14	13 001	13 120
Retirement benefit obligations	15	188	87
Total non-current liabilities		13 189	13 207
Current liabilities			
Lease liabilities	14	1 534	1 463
Trade and other payables	16	13 202	13 632
Contract liabilities	17	47	13
Current income tax payables	27	-	953
Total current liabilities		14 783	16 061
Total liabilities		27 972	29 268
TOTAL EQUITY AND LIABILITIES		274 908	425 037

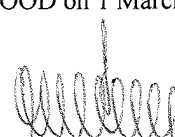
These financial statements were authorised for issue by the procurator on 1 March 2024.


Desislava Marinova, Chief Accountant


Alexandra Mihova, Procurator

Initialed in accordance with the audit report issued by NS CONSULTING OOD on 1 March 2024.


Nino Kaloyanov, Registered Auditor


Snezhanka Kaloyanova, Manager

JUMBO EC. B EOOD

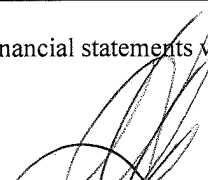
STATEMENT OF COMPREHENSIVE INCOME


31 DECEMBER 2023

(All amounts in BGN thousands)

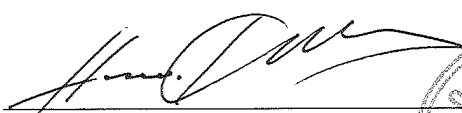
	NOTE	YEAR ENDED 31 DECEMBER	
		2023	2022
Revenue from contracts with customers	19	211 052	186 410
Cost of sales of goods	20	(102 342)	(87 893)
Gross profit		108 710	98 517
Distribution costs	21	(37 836)	(40 751)
Administrative expenses	22	(1 338)	(1 118)
Other income and gains	24	2 236	5 561
Other expenses and losses	25	(1 665)	(1 546)
Operating profit		70 107	60 663
Finance income	26	5 259	765
Finance costs	26	(1 607)	(1 284)
Finance (costs)/income – net		3 652	(519)
Profit before income tax		73 759	60 144
Income tax expense	27	(7 389)	(6 031)
Profit for the year		66 370	54 113
Other comprehensive income that will not be reclassified to profit or loss			
Remeasurements of retirement benefit obligations	15 & 27	(62)	150
Total other comprehensive income for the year – net of tax		(62)	150
Total comprehensive income for the year		66 308	54 263

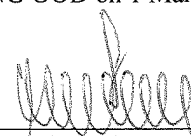
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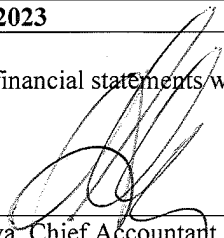
STATEMENT OF CHANGES IN EQUITY

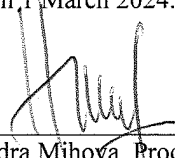
31 DECEMBER 2023

(All amounts in BGN thousands)

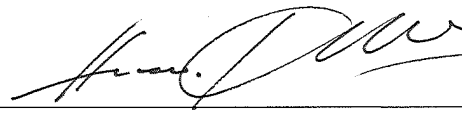
	NOTE	Share capital	Other reserves	Retained earnings	Total
AT 1 JANUARY 2022		101 924	(28)	279 385	381 281
Transactions with owners					
Decrease of share capital	12	(39 775)	-	-	(39 775)
Total transactions with owners		(39 775)	-	-	(39 775)
Comprehensive income					
Profit for the year		-	-	54 113	54 113
Other comprehensive income for the year		-	150	-	150
Total comprehensive income		-	150	54 113	54 263
AT 31 DECEMBER 2022		62 149	122	333 498	395 769
Transactions with owners					
Distribution of dividends	31	-	-	(215 141)	(215 141)
Total transactions with owners		-	-	(215 141)	(215 141)
Comprehensive income					
Profit for the year		-	-	66 370	66 370
Other comprehensive income for the year		-	(62)	-	(62)
Total comprehensive income		-	(62)	66 370	66 308
AT 31 DECEMBER 2023		62 149	60	184 727	246 936

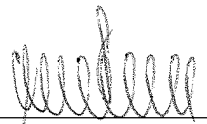
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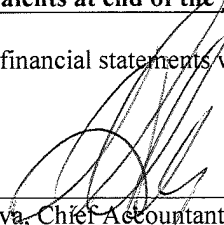
STATEMENT OF CASH FLOWS


31 DECEMBER 2023

(All amounts in BGN thousands)


	NOTE	YEAR ENDED 31 DECEMBER	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	82 337	78 903
Payments of income tax		(9 238)	(4 981)
Net cash flows from operating activities		73 099	73 922
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(6 053)	(821)
Payments for acquisition of intangible assets		(31)	(3)
Net cash flows from investing activities		(6 084)	(824)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments to owner from share capital decrease		-	(39 775)
Payments to owner for dividends		(215 141)	-
Payments for the principal portion of the lease liability		(727)	(1 439)
Payments for the interest portion of the lease liability		(779)	(480)
Receipts from interests		5 041	127
Payments of bank charges		(790)	(776)
Net cash flows from financing activities		(212 396)	(42 343)
Net increase/(decrease) in cash and cash equivalents in the year		(145 381)	30 755
Cash and cash equivalents at beginning of the year		225 045	194 316
Foreign exchange gains/(losses) on cash and cash equivalents		(31)	(26)
Cash and cash equivalents at end of the year	11	79 633	225 045

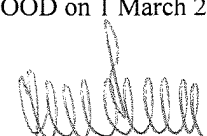
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Snezhanka Kaloyanova, Manager



JUMBO EC. B EOOD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(All amounts in BGN thousands unless otherwise stated)

1. GENERAL INFORMATION

JUMBO EC. B (“the Company”) is solely owned limited liability company, registered in Republic of Bulgaria with domicile and management address: 1404 Sofia, 51 Bulgaria Blvd. The correspondence address (the main place of business) of the Company is: 1404 Sofia, 51 Bulgaria Blvd. The Company has been registered with the Commercial Register at the Bulgarian Registry Agency with UIC 131476411.

The main activities carried out by the Company are manufacture and wholesale and retail trade of all kinds of goods, including kid’s products, toys, baby’s products, office consumables, clothes, shoes, accessories for clothes and shoes, furnitures, tourist equipment and appliances, presents, all kinds of electrical appliances, technics and electronics, foods and agricultural produce, industrial and craftsmanship goods and export of all abovementioned goods and products, and representations of local and foreign companies, manufacturing the same goods and products. The Company is entitled to all other kinds of activities that are not forbidden under the legislation of Republic of Bulgaria.

The Company is part of the JUMBO Group. The parent company and the sole owner of the share capital of the Company is JUMBO S.A., Greece. The parent company is also the ultimate parent company of the Group, part of which is the Company.

These financial statements were authorised for issue by the procurator of the Company on 1 March 2024.

2. BASIS OF PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

2.1. COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards („IFRS”), published by the International Accounting Standards Board (“IASB”) and adopted for use in the European Union by the Commission of the European Union („The European Commission”).

2.2. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention.

2.3. PRESENTATION CURRENCY AND LEVEL OF ROUNDING

These financial statements are presented in Bulgarian lev (BGN), which is also the Company’s functional currency (Note 3.1.1). The presented financial information has been rounded to the nearest thousand, except when otherwise indicated.

2.4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, when the revision affects only that period or in the revision period and in any future periods is the revision affects these future periods. For further information refer to Note 35.

2.5. GOING CONCERN

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The future viability of the Company depends upon the business environment as well as on the securing of financing provided by the current and future owners and investors. If the commercial risks are underestimated and if the business of the Company is hindered or ceased, and the respective assets sold, adjustments will need to be made to reduce the carrying value of assets to their liquidation value, to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. Bearing in mind the abovementioned, as well as taking into consideration the expected future cash flows, the management of the Company considers that it is appropriate the financial statements to be prepared on a going concern basis. With regards to the management assessment that the Company will be able to continue as a going concern, the Company receives full support, including financial assistance, by JUMBO S.A., Greece.

2.6. NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS EFFECTIVE IN 2023 AND RELEVANT TO THE COMPANY

The following new standards/amendments to standards/interpretations are mandatory for the preparation of financial statements for reporting periods beginning on or after 1 January 2023 and are relevant to the Company:

IAS 1 and IFRS Practice Statements 2 (Amendments) “Disclosure of Accounting Policies“

- Published by IASB in February 2021
- Adopted by the European Commission in March 2022
- Effective for reporting periods beginning on or after **1 January 2023**

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Company has applied the amendments to the standard, but this has not affected significantly its financial statements.

IAS 8 (Amendments) “Definition of Accounting Estimates“

- Published by IASB in February 2021
- Adopted by the European Commission in March 2022
- Effective for reporting periods beginning on or after **1 January 2023**

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The Company has applied the amendments to the standard, but this has not affected significantly its financial statements.

IAS 12 (Amendments) “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

- Published by IASB in May 2021
- Adopted by the European Commission in August 2022
- Effective for reporting periods beginning on or after **1 January 2023**

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The Company has applied the amendments to the standard, but this has not affected significantly its financial statements.

JUMBO EC. B EOOD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(All amounts in BGN thousands unless otherwise stated)

IAS 12 (Amendments) “International Tax Reform – Pillar Two Model Rules”

- Published by IASB in May 2023

- Adopted by the European Commission in November 2023

- Effective for reporting periods beginning on or after **1 January 2023**

With the amendments are introduced a temporary exception from accounting for deferred taxes arising from the implementation of the OECD’s Pillar Two model rules, as well as targeted disclosures for affected entities. The Company has applied the amendments to the standard, but this has not affected significantly its financial statements.

2.7. NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS THAT WILL BE EFFECTIVE IN 2024 AND AFTERWARDS, THAT ARE RELEVANT TO AND EARLY ADOPTED BY THE COMPANY

There are no new standards/amendments to standards/interpretations that are early adopted by the Company in 2023.

2.8. NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS EFFECTIVE IN 2023 AND NOT RELEVANT TO THE COMPANY

The following standards/amendments to standards/interpretations are mandatory for the preparation of financial statements for reporting periods beginning on or after 1 January 2023 but are not relevant to the Company:

- IFRS 17 and IFRS 17 (Amendments) “Insurance contracts”
- IFRS 17 (Amendments) “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”

2.9. NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS THAT WILL BE EFFECTIVE IN 2024 AND AFTERWARDS, RELEVANT TO BUT NOT EARLY ADOPTED BY THE COMPANY

The following standards/amendments to standards/interpretations are published and are mandatory for reporting periods beginning on different dates, the earlier of which is 1 January 2024 and are relevant to the Company:

IAS 1 (Amendments) “Classification of Liabilities as Current or Non-current“, “Deferral of Effective Date” and “Non-current Liabilities with Covenants”

- Published by IASB in January 2020, July 2020 and October 2022

- Adopted by the European Commission in December 2023

- Effective for reporting periods beginning on or after **1 January 2024**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The first subsequent amendments to the amendments to the standard from July 2020 defer the effective date with one year. The second subsequent amendments to the amendments to the standard from October 2022 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. The Company will apply the amendments to the standard, after their adoption by the European Commission, but at the moment it is not expected that this will affect significantly its financial statements.

JUMBO EC. B EOOD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(All amounts in BGN thousands unless otherwise stated)

2.10. NEW STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS THAT WILL BE EFFECTIVE IN 2024 AND AFTERWARDS BUT NOT RELEVANT TO THE COMPANY

The following standards/amendments to standards/interpretations are published and are mandatory for reporting periods beginning on different dates, the earlier of which is 1 January 2024 but are expected not to be relevant to the Company:

- IFRS 10 and IAS 28 (Amendments) “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 14 “Regulatory Deferral Accounts”
- IFRS 16 (Amendments) “Lease Liability in a Sale and Leaseback”
- IAS 7 (Amendments) and IFRS 7 (Amendments) “Supplier Finance Arrangements”
- IAS 21 (Amendments) “Lack of Exchangeability”

JUMBO EC. B EOOD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(All amounts in BGN thousands unless otherwise stated)

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material information regarding the accounting policy applied in the preparation of these financial statements is provided below. That policy has been consistently applied to all the years presented, unless otherwise stated.

3.1. FOREIGN CURRENCY

3.1.1. FUNCTIONAL CURRENCY OF THE COMPANY

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the Functional currency”). The functional currency of the Company is the Bulgarian lev (BGN) and any currency other than the functional currency is a foreign currency.

3.1.2. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

Foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at closing rates of monetary items (assets and liabilities) denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction.

The closing exchange rates of the BGN against the major foreign currencies relevant to the Company’s operations for the reporting periods of the financial statements are as follows:

	AT 31 DECEMBER	
	2023	2022
1 Euro (EUR)	1.95583	1.95583

The Bulgarian lev is fixed to the Euro by the means of the enforced currency board in the Republic of Bulgaria since 1 January 1999.

(All amounts in BGN thousands unless otherwise stated)

3.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets that are held by the Company for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment except for lands are measured at cost less subsequent depreciation and impairment. Land is measured at cost less impairment.

Cost of owned assets includes the purchase price, including customs duties and non-refundable taxes on the purchase, if any, as well as other expenditures that are directly attributable to the acquisition of the items. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Cost does not include borrowing costs for there are no qualifying assets and no borrowings.

Subsequent expenditure related to property, plant and equipment, which lead to the improvement of the condition of the asset over its initially estimated standard efficiency or to the increase of the future economic benefits (e.g. reconstruction and restructuring costs), or which have the nature of replacement of certain components, and which can be measured reliably, are capitalised in the carrying amount of the respective asset. The non-depreciated part of the replaced components is derecognised from the carrying amount of the assets and is recognised in the current expenses in the period of reconstruction. All other subsequent expenses (e.g. expenses related to ongoing repairs and maintenance) are recognised directly into profit or loss as current expenses in the period in which they are incurred.

Land is not depreciated. Depreciation on other owned assets in the category of property, plant and equipment is calculated using the straight-line method to allocate their carrying amounts to their residual values over their estimated useful lives. Right-of-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Property, plant and equipment are depreciated from the date on which the respective asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The expected useful lives/depreciation periods of the assets by groups are as follows:

	YEARS
Buildings	30
Machines and equipment	5 – 10
Computers	3 – 4
Furniture and fittings	5 – 9
Right-of-use assets	5 – 24

Management review the depreciation method, the residual values and the remaining useful lives of the assets categorised as property, plant and equipment at the end of each reporting period and make adjustments, if needed.

If the carrying amount of an asset within the category of property, plant and equipment is greater than its estimated recoverable amount, the asset's carrying amount is written down to its recoverable amount (Note 3.4).

The gains or losses arising from the derecognition of an owned asset categorised as property, plant and equipment are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and are included in the statement of comprehensive income in other income or other expenses line items.

Additional information about the accounting policies related to right-of-use assets, presented as part of property, plant and equipment is presented in Note 3.16.

JUMBO EC. B EOOD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(All amounts in BGN thousands unless otherwise stated)

3.3. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets separately acquired by the Company (computer software) are measured at cost less subsequent amortisation and impairment. The Company does not recognise as assets the internally generated goodwill and other intangible assets.

The cost of the separately acquired intangible assets includes the purchase price, including import duties and non-refundable purchase taxes, if any, and any directly attributable cost of preparing the asset for its intended use. Cost does not include borrowing costs for there are no qualifying assets and no borrowings.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenses (e.g. expenses related to computer software maintenance) are recognised as current expenses when they are incurred.

Intangible assets have definite useful lives. Amortisation on the intangible assets is calculated using the straight-line method to allocate their carrying amounts to their residual values over their estimated useful lives. The intangible assets are amortised from the date on which the respective asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The expected useful lives of the intangible assets are as follows:

	YEARS
Computer software	3 – 4

Management review the amortisation method, the residual values and the remaining useful lives of the intangible assets at the end of each reporting period and make adjustments, if needed.

If the carrying amount of an intangible asset is greater than its estimated recoverable amount, the asset's carrying amount is written down to its recoverable amount (Note 3.4).

The gains or losses arising from the derecognition of an intangible asset are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, and are included in the statement of comprehensive income in other income or other expenses line items.

3.4. IMPAIRMENT OF NON-FINANCIAL ASSETS

For non-financial assets that are subject to depreciation and amortisation the Company evaluates at the end of each reporting period whether there are indications that the value of the asset is impaired. If such indications are at place, the Company estimates the recoverable value of the asset. For non-financial assets that are not subject to depreciation and amortisation, the Company tests the asset for impairment annually by comparing its carrying amount with its recoverable amount. Impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of the asset is the higher of the following two amounts:

- Its fair value less costs of disposal; and
- Its value in use, which is the present value of the future cash flows expected to be derived from the asset.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset. The reversal of an impairment loss is recognised in the statement of comprehensive income to the extent to which the increased carrying amount, following the reversal, does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. That groups are called cash-generating units ("CGUs"). Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

3.5. FINANCIAL INSTRUMENTS

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

3.5.1. FINANCIAL ASSETS

The financial assets of the Company represent:

- Cash; and
- Contractual rights to receive cash from other entities.

The Company recognises a financial asset in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. The Company derecognises a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset.

JUMBO EC. B EOOD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(All amounts in BGN thousands unless otherwise stated)

3.5.1.1. CLASSIFICATION OF FINANCIAL ASSETS

The classification of financial assets is made, when those are initially recognised, on the basis of both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset into the following measurement categories:

- Financial assets subsequently measured at amortised cost;
- Financial assets subsequently measured at fair value through other comprehensive income ("FVOCI"); and
- Financial assets subsequently measured at fair value through profit or loss ("FVPL").

A financial asset is classified as measured at amortised cost if both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company's assets measured at amortised cost are reported in the statement of financial position as cash and cash equivalents, trade receivables and other financial assets at amortised cost. Further information about the accounting policies regarding the trade receivables and the cash and cash equivalents is presented in Notes 3.6 and 3.7 below.

A financial asset is classified as measured at FVOCI if both of the following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVPL to present subsequent changes in fair value in other comprehensive income. The Company has no assets measured at FVOCI.

A financial asset is classified measured at FVPL unless it is measured at amortised cost or at FVOCI. However, the Company may, at initial recognition, irrevocably designate a financial asset as measured at FVPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has no assets measured at FVPL.

When, and only when, the Company changes its business model for managing financial assets it reclassifies all affected financial assets.

3.5.1.2. MEASUREMENT OF FINANCIAL ASSETS

Except for trade receivables, at initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets subsequently measured at amortised cost are carried at their amortised cost which is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any loss allowance. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of comprehensive income.

3.5.1.3. IMPAIRMENT OF FINANCIAL ASSETS

The Company recognises loss allowances for expected credit losses on financial asset that are measured at amortised cost.

A credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

Except for trade receivables, at each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the financial asset.

If, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12-month expected credit losses. The 12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on the financial asset that are possible within the 12 months after the reporting date.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

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The Company writes off a financial asset, by directly reducing the gross carrying amount of that financial asset, when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. Indicators that there are no reasonable expectations of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and the inability of a debtor to make contractual payments for a period of greater than the legal limitation, which in the general case is 5 years from the moment in which the liability was due, as well as the commencement of insolvency proceedings of the debtor. For written-off assets, as long as any possibility for enforced or other collection exists, the Company continues to attempt to recover the receivable. Subsequent recoveries of amounts written off are recognised in profit or loss.

3.5.2. FINANCIAL LIABILITIES

The financial liabilities of the Company represent:

- Contractual obligations to deliver cash to other entities.

The Company recognises a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. The Company removes a financial liability from its statement of financial position when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

3.5.2.1. CLASSIFICATION OF FINANCIAL LIABILITIES

The Company classifies all financial liabilities as subsequently measured at amortised cost or at value measured under the requirements of IFRS 16. The Company's liabilities measured at amortised cost are reported in the statement of financial position as trade and other payables. Further information about the accounting policies regarding the trade payables and lease liabilities is presented in Notes 3.10 and 3.16 below.

The Company does not reclassify any financial liability.

3.5.2.2. MEASUREMENT OF FINANCIAL LIABILITIES

At initial recognition, the Company measures a financial liability, except for lease liabilities, at its fair value minus transaction costs that are directly attributable to the issue of the financial liability.

Financial liabilities, except for lease liabilities, subsequently measured at amortised cost are carried at their amortised cost which is the amount at which the financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount. Interest expense for these financial liabilities is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Foreign exchange gains and losses, related to financial liabilities other than borrowings, are presented in other gains/(losses). Foreign exchange gains and losses, related to borrowings, are presented in finance income/(costs).

3.5.3. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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3.6. TRADE RECEIVABLES

At initial recognition, the Company measures trade receivables that do not have a significant financing component at their transaction price. Trade receivables that do contain a significant financing component are recognised at fair value.

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in 12 months or less from the period end, they are classified as current assets. If not, they are presented as non-current assets.

At each reporting date, the Company measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses. Since trade receivables are from a limited number of customers, the Company makes individual estimates of the expected cash inflows for each customer, which estimates are based, among other factors, on the actual settlement of the trade receivables up to the date on which the estimates are made. Impairment losses on trade receivables are presented as net impairment losses in a separate line item in the statement of comprehensive income. Subsequent recoveries of amounts written off or impaired are credited against the same line item.

3.7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

3.8. INVENTORIES

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories of the Company represent mainly merchandise (goods for resale).

Inventories are stated at the lower cost or net realizable value. The cost of inventories includes the sum of all purchase costs, production or other costs incurred in bringing the inventories to their present location and condition. Cost excludes borrowing costs for there are no qualifying assets. Net realizable value is the estimate of the selling price in the ordinary course of business, less estimated costs necessary to make the sale.

The method used to determine cost of inventories when they are expensed is weighted average cost, which is calculated on a monthly basis.

3.9. SHARE CAPITAL

The Company reports its share capital at the nominal value of the shares as registered in the Trade register.

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3.10. TRADE PAYABLES

Trade payables are obligations to pay to suppliers for goods or services that have been acquired in the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables are classified as current liabilities if payment is due within 12 months or less after the period end. If not, they are presented as non-current liabilities.

3.11. CURRENT AND DEFERRED INCOME TAX

The income tax expense, included in the profit or loss for the period, comprises current and deferred tax expense. Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised during the current year or previously in other comprehensive income or directly in equity. In this case the current and deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge, as well as the current tax assets/liabilities for the current and previous periods is calculated on the basis of the amount that is expected to be paid/received to the taxation authorities when applying the tax rates (and tax laws) enacted or substantively enacted at the end of the reporting period. The current income tax for the current and previous periods is recognised as a liability (current income tax liabilities) to the extent that it is not paid. If the already paid amount for current income tax is greater than the amount payable for the current and previous periods, the excess is recognised as an asset (current income tax receivables).

Deferred income tax is recognised, using the liability method, on all taxable or refundable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax assets and liabilities are determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on one taxable entity. The deferred assets/liabilities are presented netted in the statement of financial position.

3.12. PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

3.13. CONTINGENT LIABILITIES

Contingent liabilities are:

- Possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- Present obligations that arise from past events but are not recognised because it is not possible that an outflow of resources embodying economic benefits will be required to settle the obligations or because the amount of the obligations cannot be measured with sufficient reliability.

The Company does not recognise contingent liabilities in the statement of financial position.

3.14. REVENUE RECOGNITION

3.14.1. REVENUE FROM CONTRACTS WITH CUSTOMERS

At contract inception, the Company assesses the goods or services promised in the contract with a customer and identifies as a performance obligation each promise to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Performance obligations might be satisfied over time or at a point in time. The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- The Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

In case that none of the criteria, shown above, is not met, it is considered that the Company transfers the control at a point in time.

For each performance obligation satisfied over time the Company recognises revenue over time by measuring the progress achieved by the Company towards complete satisfaction of that performance obligation. For measuring the progress the Company uses output methods (revenue is recognised on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract)/input methods (revenue is recognised on the basis of the Company's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation).

When (or as) a performance obligation is satisfied, the Company recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, VAT).

In determining the transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. The Company does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be 12 months or less. The Company presents the effects of the financing (interest income or expenses) in the statement of comprehensive income separately from the revenue from contracts with customers.

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The Company recognises as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs and if the expected transfer to the customers of the goods or services will be executed in a period greater than 12 months. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). A recognised asset related to the incremental costs of obtaining a contract with a customer is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

The Company recognises as an asset costs to fulfil a contract with a customer if they do not represent another assets (for example, inventories, PPE or intangible assets) and if they meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- The costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered.

A recognised asset related to the costs to fulfil a contract with a customer is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

When either party to a contract has performed, the Company presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Company's performance and the customer's payment. The Company presents any unconditional rights to consideration separately as a trade receivable.

The principal activities carried out by the Company are related to the following business directions:

- Retail sales of merchandise (goods for kids, seasonal goods, household products, stationary and others) to end customers; and
- Wholesale sales of merchandise (goods for kids, seasonal goods, household products, stationary and others) to other traders.

3.14.1.1. RETAIL SALES OF MERCHANDISE

The Company operates a chain of stores in which are performed retail sales of the merchandise offered by the Company. Revenues from retail sales are recognised at a point in time – when the Company executes the sale and provides the merchandise to the customer. Payment of the transaction price is due immediately when the customer purchases the merchandise and takes delivery in store. The Company has no contracts with customers for which to be expected the period between the transfer of the promised goods to the customers and the payment to be greater than 1 year. As a result of this in determining the transaction price of the contracts with customers, the Company does not adjust the respective promised amount of consideration for the effects of the time value of money.

3.14.1.2. WHOLESALE SALES OF MERCHANDISE

The Company performs wholesale sales of the merchandise offered by the Company to other retailers. Revenues from wholesale sales are recognised at a point in time – when the Company transfers the control over the goods, being when the products are delivered to the retailer and he has accepted them. Payment of the transaction price is due within 90 days after the acceptance of the goods on behalf of the retailer. It is the Company's policy not to offer volume discounts to its wholesale customers. The Company has no contracts with customers for which to be expected the period between the transfer of the promised goods to the customers and the payment to be greater than 1 year. As a result of this in determining the transaction price of the contracts with customers, the Company does not adjust the respective promised amount of consideration for the effects of the time value of money.

3.15. EMPLOYEE BENEFITS

3.15.1. SHORT-TERM BENEFITS

The short-term employee benefits are employee benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees rendered the related services. The short-term employee benefits include the following items: salaries, social security contributions, paid annual leaves and paid sick leaves and bonuses.

When an employee has rendered service during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for the rendered service as a liability (accrued expense), after deducting any amount already paid, and as an expense in the statement of comprehensive income, unless other IFRS requires or permits the inclusion of the benefits in the cost of an asset.

The Company recognises a liability and the associated expenses for payment of additional remunerations (bonuses) to certain employees on the basis of a Company's policy relating the achievement of individually set targets. The Company recognises bonus accruals when there is a legal obligation or when there has been past practice that creates such constructive obligation, and when a reliable estimate of the obligation can be made.

The Company recognises the expected cost of short-term employee benefits in the form of non-accumulating paid absences, when the absences occur, and for those in the form of accumulating paid absences, when the employees render services that increases their entitlement to future paid absences. At the date of the statement of financial position, the Company measures the expected cost of accumulating paid absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

3.15.2. POST-EMPLOYMENT BENEFITS

The post-employment benefits are employee benefits (other than short-term benefits) that are payable after the completion of employment. The post-employment benefits include retirement benefits, which represent lump sum payments on retirement.

The Company has a defined benefit plan. The defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity and to other comprehensive income in the period in which they arise.

Current service costs, past-service costs, gains or losses at settlement, as well as the net interest on the net defined benefit plan liability are recognised in the profit or loss in the statement of comprehensive income.

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3.16. LEASES

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.

3.16.1. LEASES WHERE THE COMPANY IS A LESSEE

At the date on which the lessor makes an underlying asset available for use by the Company (the commencement date of the lease), the Company recognises a right-of-use asset and a lease liability, except for the following cases:

- The lease has no non-cancellable period (e.g. when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty);
- The lease is a short-term lease (a contract that, at the commencement date, has a lease term of 12 months or less and does not contain a purchase option); and
- The underlying asset of the lease is of low value.

In those cases the Company recognises the lease payments associated with those leases as an expense on either a straight-line basis over the lease term.

3.16.1.1. MEASUREMENT AND PRESENTATION OF RIGHT-OF-USE ASSETS

At the commencement date, the Company measures the right-of-use asset at cost, which comprises:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the lessee; and
- An estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

After the commencement date, the Company measures the right-of-use asset applying the cost model, under which the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

The Company applies the depreciation requirements applicable for property, plant and equipment (Note 3.2) where:

- If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset; and
- If the lease does not transfer ownership of the underlying asset to the Company by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

In the statement of financial position the Company presents the right-of-use assets as part of property, plant and equipment.

3.16.1.2. MEASUREMENT AND PRESENTATION OF LEASE LIABILITES

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate (the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment).

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

- Fixed payments;
- Variable lease payments that depend on an index or a rate (payments linked to a consumer price index, payments linked to a benchmark interest rate, such as LIBOR, or payments that vary to reflect changes in market rental rates), initially measured using the index or rate as at the commencement date;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- Amounts expected to be payable by the lessee under residual value guarantees; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate (the interest rate implicit in the lease or the incremental borrowing rate).

After the commencement date, the Company remeasures the lease liability to reflect changes to the lease payments and/or the discount rate, which result for example from:

- Changes in future lease payments resulting from a change in an index or a rate;
- Changes in the lease term;
- Changes in the assessment of an option to purchase the underlying asset.

The Company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

In the statement of financial position the Company presents the lease liabilities as part of the borrowings that require payment of interest.

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3.16.1.3. ITEMS RECOGNISED IN PROFIT OR LOSS

After the commencement date, the Company recognises in profit or loss, unless the costs are included in the carrying amount of another asset applying other applicable Standards:

- Depreciation charges on right-of-use assets (operating expenses);
- Variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs (operating expenses);
- Interest on the lease liability (finance expenses); and
- Any gains or losses relating to the partial or full termination of the lease (operating gains and losses).

3.16.2. LEASES WHERE THE COMPANY IS A LESSOR

The Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

3.16.2.1. OPERATING LEASES WHERE THE COMPANY IS A LESSOR

Underlying assets subject to operating leases are presented in the statement of financial position according to their nature, and the depreciation policy for assets subject to operating leases is consistent with the Company's normal depreciation policy for similar assets. The Company recognizes lease payments from operating leases as income on a straight-line basis and costs, including depreciation, incurred in earning the lease income as an expense.

3.17. RELATED PARTIES

For the purposes of these financial statements, the Company considers and treats as related parties its parent company and its related parties thereof, key management personnel and their family members, in any different case and in relation to the companies controlled by them.

3.18. DISTRIBUTION OF DIVIDENDS

Dividends declared for distribution to the single owner of the share capital of the Company are recognised as a liability in the Company's financial statements in the period in which the distribution is approved by the board of directors of the parent company.

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3.19. GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. Grants can be:

- Grants related to assets – government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets; and
- Grants related to income – government grants other than those related to assets..

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in profit or loss of the period in which they become receivable.

Grants related to income are presented as separate line item in the statement of comprehensive income or in other income and gains.

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4. PROPERTY, PLANT AND EQUIPMENT (PPE)

	Owned assets				Right-of-use assets			Total PPE
	Lands	Buildings	Furnitures, computers and machines	Assets under construction	Total owned assets	Lands	Buildings	
AT 1 JANUARY 2022								
Cost	53 209	153 275	20 269	567	227 320	7 943	17 619	25 562
Accumulated depreciation	-	(56 375)	(16 881)	-	(73 256)	(787)	(3 386)	(4 173)
Net book amount	53 209	96 900	3 388	567	154 064	7 156	14 233	21 389
YEAR ENDED 31 DECEMBER 2022								
Additions	-	1 533	84	-	1 617	-	-	-
Adjustments from subsequent measurements	-	-	(176)	-	(176)	(960)	(1 826)	(2 786)
Disposals and transfers	-	-	(2)	-	(2)	-	(896)	(896)
Depreciation charge	-	(5 185)	(494)	-	(5 679)	(331)	(1 280)	(1 611)
Closing net book amount	53 209	93 248	2 800	567	149 824	5 865	10 231	16 096
AT 31 DECEMBER 2022								
Cost	53 209	154 808	19 560	567	228 144	6 983	13 437	20 420
Accumulated depreciation	-	(61 560)	(16 760)	-	(78 320)	(1 118)	(3 206)	(4 324)
Net book amount	53 209	93 248	2 800	567	149 824	5 865	10 231	16 096
YEAR ENDED 31 DECEMBER 2023								
Additions	-	332	475	5 642	6 449	-	-	-
Adjustments from subsequent measurements	-	-	-	-	-	205	473	678
Disposals and transfers	-	-	5 079	(5 104)	(25)	-	-	(25)
Depreciation charge	-	(5 123)	(523)	-	(5 646)	(286)	(899)	(1 185)
Closing net book amount	53 209	88 457	7 831	1 105	150 602	5 784	9 805	15 589
AT 31 DECEMBER 2023								
Cost	53 209	155 140	24 952	1 105	234 406	7 188	13 910	21 098
Accumulated depreciation	-	(66 683)	(17 121)	-	(83 804)	(1 404)	(4 105)	(5 509)
Net book amount	53 209	88 457	7 831	1 105	150 602	5 784	9 805	15 589

The notes on pages 5 – 56 are an integral part of these financial statements.

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At 31 December 2023, the Company has lands rented to lessees under operating leases with carrying amount of BGN 1 263 thousand (2022: BGN 1 263 thousand).

Depreciation expenses of PPE are reported as follows: BGN 6 816 thousand (2022: BGN 7 273 thousand) in distribution costs (Note 21) and BGN 15 thousand (2022: BGN 17 thousand) in administrative expenses (Note 22).

In 2023, variable lease payments, related to the lease of lands and buildings under lease contracts not included in the measurement of lease liabilities for the amount of BGN 1 756 thousand (2022: BGN 1 321 thousand) were included in distribution costs in the statement of comprehensive income (Note 21).

No owned PPE have been presented as collateral for liabilities of the Company. PPE with the following carrying amounts represent collateral for lease liabilities:

	AT 31 DECEMBER	
	2023	2022
Right-of use assets	15 589	16 096
Total PPE presented as collateral	15 589	16 096

5. INTANGIBLE ASSETS

	Computer software
AT 1 JANUARY 2022	
Cost	347
Accumulated amortisation	(335)
Net book amount	12
YEAR ENDED 31 DECEMBER 2022	
Additions	3
Amortisation charge	(9)
Closing net book amount	6
AT 31 DECEMBER 2022	
Cost	350
Accumulated amortisation	(344)
Net book amount	6
YEAR ENDED 31 DECEMBER 2023	
Additions	31
Amortisation charge	(5)
Closing net book amount	32
AT 31 DECEMBER 2023	
Cost	333
Accumulated amortisation	(301)
Net book amount	32

Amortisation expenses of intangible assets are reported as follows: BGN 5 thousand (2022: BGN 9 thousand) in distribution costs (Note 21).

No intangible assets have been presented as collateral for liabilities of the Company.

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6. DEFERRED TAX ASSETS

Deferred income tax assets and liabilities are accounted for all temporary differences arising from differences between the accounting and tax carrying values of the assets and the liabilities, at the tax rate of 10 % (2022: 10 %), which is to be effective at the time they are realised.

The deferred tax assets and liabilities are analysed as follows:

	AT 31 DECEMBER	
	2023	2022
Deferred income tax assets		
- Deferred income tax assets to be recovered after 12 months	1 681	1 687
- Deferred income tax assets to be recovered within 12 months	69	41
Total deferred income tax assets	1 750	1 728
Deferred income tax liabilities		
- Deferred income tax liabilities to be recovered after 12 months	(1 589)	(1 629)
Total deferred income tax liabilities	(1 589)	(1 629)
Deferred income tax assets – net	161	99

The gross movement on the deferred income tax account was as follows:

	YEAR ENDED 31 DECEMBER	
	2023	2022
AT 1 JANUARY	99	93
(Charged)/credited to profit or loss (Note 27)	55	23
Tax (charge)/credit relating to components of OCI (Note 27)	7	(17)
AT 31 DECEMBER	161	99

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The movement in deferred tax assets and liabilities by elements during the period was as follows:

Deferred tax assets	Prepay- ments under lease contracts	Lease liabilities	Unused paid leaves	Provisions for pensions	Impair- ment losses on inventories	Total deferred tax assets
AT 1 JANUARY 2022	230	1 978	19	22	14	2 263
(Charged)/credited to profit or loss	(10)	(520)	2	4	6	(518)
(Charged)/credited to OCI	-	-	-	(17)	-	(17)
AT 31 DECEMBER 2022	220	1 458	21	9	20	1 728
(Charged)/credited to profit or loss	(11)	(5)	16	3	12	15
(Charged)/credited to OCI	-	-	-	7	-	7
AT 31 DECEMBER 2023	209	1 453	37	19	32	1 750
Deferred tax liabilities					Property, plant and equipment	Total deferred tax liabilities
AT 1 JANUARY 2022					(2 170)	(2 170)
(Charged)/credited to profit or loss					541	541
(Charged)/credited to OCI					-	-
AT 31 DECEMBER 2022					(1 629)	(1 629)
(Charged)/credited to profit or loss					40	40
(Charged)/credited to OCI					-	-
AT 31 DECEMBER 2023					(1 589)	(1 589)
DEFERRED TAX ASSETS AT 31 DECEMBER 2022 – NET						99
DEFERRED TAX ASSETS AT 31 DECEMBER 2023 – NET						161

At 31 December 2023 and 2022, the Company has no unused tax losses to carry forward.

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7. TRADE RECEIVABLES

	AT 31 DECEMBER	
	2023	2022
Trade receivables from related parties (Note 33)	499	691
Total trade receivables	499	691
Less non-current portion:		
	-	-
Current trade receivables	499	691

The fair values of trade receivables approximate their carrying amounts.

No trade receivables have been presented as collateral for liabilities of the Company.

Information about the exposure of the Company to credit and foreign exchange risk relating to trade receivables, is presented in Note 38.

8. OTHER FINANCIAL ASSETS AT AMORTISED COST

	AT 31 DECEMBER	
	2023	2022
Receivables under granted financing	4 975	-
Receivables from insurers for insurance claims	-	2 280
Receivables from banks for accrued interests	856	638
Other receivables from banks	100	-
Other receivables	10	11
Total other financial assets at amortised cost	5 941	2 929
Less non-current portion:		
- Receivables under granted financing	(4 975)	-
	(4 975)	-
Current other financial assets at amortised cost	966	2 929

Receivables under granted financing

The receivables are under a commercial lease agreement signed in June 2023 and concluded for the rent of the Company's tenth store in Bulgaria and second in the city of Plovdiv. The Company has agreed to present financing to the lessor for the design and reconstruction of the leased property. The granted financing bears interest income of 2.00 % annually. The granted financing alongside the accrued interest is expected to be returned to the Company by way of offsetting half of the due rent for the premises thus the Company is not expected to receive cash. The new store is functional since November 2023 and this is the moment in which the rent has become due, hence the offsetting of the receivable commenced (Note 37).

The fair values of other financial assets at amortised cost approximate their carrying amounts.

No other financial assets at amortised cost have been presented as collateral for liabilities of the Company.

Information about the exposure of the Company to credit and foreign exchange risk relating to other financial assets at amortised cost, is presented in Note 38.

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9. OTHER ASSETS

	AT 31 DECEMBER	
	2023	2022
Advances to suppliers	316	469
Advances to suppliers related parties (Note 33)	-	13 250
Deferred charges	210	307
Other receivables	224	120
Total other assets	750	14 146
Less non-current portion:		
- Advances to suppliers	(155)	(155)
- Other receivables	(224)	(119)
	(379)	(274)
Current other assets	371	13 872

Advances to suppliers

Advances to suppliers include amounts paid in advance for supplies of PPE for the amount of BGN 316 thousand (2022: BGN 362 thousand).

Deferred charges

The deferred charges represent prepaid food vouchers for the amount of BGN 210 thousand (2022: BGN 192 thousand), where there is no prepaid insurance (2022: BGN 115 thousand).

Other receivables

At 31 December 2023, other receivables include an amount of BGN 213 thousand (2022: BGN 100 thousand) paid as a deposit to the court for the cessation of an executory case under pending labour case, for which there is a disclosed contingent liability (Note 28).

All non-current other assets are expected to be realised within 5 years after the end of the reporting period.

No other assets have been presented as collateral for liabilities of the Company.

10. INVENTORIES

	AT 31 DECEMBER	
	2023	2022
Merchandise	20 860	16 201
Total inventories	20 860	16 201

The amount of inventories recognised as an expense during the period equals the sum of the cost of sold merchandise (Note 20), shortages and wastage of merchandise (Note 21) and consumable items (Note 21).

The Company incurred impairments of merchandise in 2023 for the amount of BGN 322 thousand (2022: BGN 204 thousand) (Note 21) and reversed previous impairments of merchandise for the amount of BGN 261 thousand (2022: BGN 372 thousand) (Note 24). The reversal of the impairments of merchandise was made due to changes in the pricing policy of the Company.

No inventories have been presented as collateral for liabilities of the Company.

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(All amounts in BGN thousands unless otherwise stated)

11. CASH AND CASH EQUIVALENTS

	AT 31 DECEMBER	
	2023	2022
Cash in hand	216	195
Cash at sight deposits in banks	77 275	223 710
Cash at short-term deposits in banks	-	-
Cash in transit	2 142	1 140
Total cash and cash equivalents	79 633	225 045

For the statement of cash flows preparation purposes, cash and cash equivalents include the amounts shown above.

Blocked amounts

At 31 December 2023 and 2022, no cash items have been presented as collateral for liabilities of the Company.

Short-term bank deposits

At 31 December 2023 and 2022, no cash items were in deposits in banks.

Information about the exposure of the Company to credit and foreign exchange risk, relating to cash and cash equivalents, is presented in Note 38.

12. SHARE CAPITAL

	Number of shares	Total amount
AT 1 JANUARY 2022	2 485 944	101 924
Decrease of capital through decrease of par value of shares	-	(39 775)
AT 31 DECEMBER 2022	2 485 944	62 149
AT 31 DECEMBER 2023	2 485 944	62 149

The total authorised number of shares is 2 485 944 shares (2022: 2 485 944 shares) with par value of BGN 25 per share (2022: BGN 25 per share). All issued shares are fully paid.

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

With a decision of the single owner of the share capital of the Company dated 15 November 2021, the share capital of the Company was decreased with BGN 39 775 104 through the decrease of the par value the Company's shares from BGN 41 to BGN 25 per share. The new amount of the share capital after the decrease equals BGN 62 148 600 and is consisted of 2 485 944 shares with par value of BGN 25 per share. The decrease of the share capital of the Company was finalised and filed in the Trade register on 28 March 2022.

At 31 December 2023 and 2022, the single owner of the share capital of the Company is JUMBO S.A., Greece.

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NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in BGN thousands unless otherwise stated)

13. OTHER RESERVES

	Reserve from remeasurement of retirement benefit obligations
AT 1 JANUARY 2022	(28)
Remeasurement of retirement benefit obligations – net of tax (Note 27)	150
AT 31 DECEMBER 2022	122
Remeasurement of retirement benefit obligations – net of tax (Note 27)	(62)
AT 31 DECEMBER 2023	60

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14. LEASE LIABILITIES

	AT 31 DECEMBER	
	2023	2022
Non-current		
Lease liabilities	13 001	13 120
Total non-current lease liabilities	13 001	13 120
Current		
Lease liabilities	1 534	1 463
Total current lease liabilities	1 534	1 463
Total lease liabilities	14 535	14 583

Lease liabilities

The Company has the following lease contracts for lands, stores and warehouses:

- A lease contract for land on which the Company constructed a store from 2009, the non-cancellable term of which expires in July 2043. The contract has an extension option for an additional period of 10 years and does not contain a purchase option. The lease does require payment of variable lease payments that depend on an index or a rate, as well as of other variable lease payments that depend on sales generated in the store. The liability under that lease contract is measured with an incremental borrowing rate of 6.34 % (2022: 6.34 %);
- A lease contract for a store from 2023, the non-cancellable term of which expires in May 2035. The contract has an extension option for an additional period of 12 years and does not contain a purchase option. The lease does require payment of variable lease payments that depend on an index or a rate, but does not require the payment of other variable lease payments that depend on sales generated in the store. The liability under that lease contract is measured with an incremental borrowing rate of 5.34 % (2022: 5.34 %);
- A lease contract for a store from 2016, the non-cancellable term of which expires in 2028. The contract has an extension option for an additional period of 12 years and does not contain a purchase option. The lease does require payment only of variable lease payments that depend on sales generated in the store thus it has no recognised liability; and
- A lease contract for a store from 2023, the non-cancellable term of which expires in 2035. The contract has an extension option for an additional period of 12 years and does not contain a purchase option. The lease does require payment only of variable lease payments that depend on sales generated in the store thus it has no recognised liability.

Usage of variable lease payments that depend on level of sales generated in the respective store has several reasons the main of which is minimising the fixed costs for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the respective sales are realised, and are included in distribution costs (Note 21). A 10 % increase in sales in the respective stores would increase total lease payments by approximately BGN 176 thousand (2022: BGN 132 thousand).

Lease liabilities are effectively secured with the leased assets as their rights revert to the lessor in the event of default.

Information about the exposure of the Company to interest, liquidity and foreign exchange risk, relating to lease liabilities, is presented in Note 38.

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NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in BGN thousands unless otherwise stated)

15. RETIREMENT BENEFIT OBLIGATIONS

The liability in the statement of financial position for pension provision reflects defined post-retirement benefit plan. The Company applies the regulatory requirements for payments at retirement due to age and experience and due to illness in accordance with the applicable Labour Code ("LC").

In accordance with article 222, para 2 of LC in the event of termination of a labour contract due to illness, the employee is entitled to a compensation amounting to 2 gross monthly salaries, if the employee has at least 5 years of experience in the Company and in the last 5 years no other similar compensation was paid.

In accordance with article 222, para 3 of LC in the event of termination of a labour contract after the employee has reached the lawfully required retirement age, regardless of the reason for the termination, the employee is entitled to a compensation as follows: 2 gross monthly salaries in all cases and 6 gross monthly salaries if the employee has been engaged with the Company for at least 10 years.

The amounts recognised in the statement of financial position are determined as follows:

	AT 31 DECEMBER	
	2023	2022
Present value of obligations	188	87
Present value of obligations	188	87

The movement in the liability recognised in the statement of financial position was as follows:

	YEAR ENDED 31 DECEMBER	
	2023	2022
AT 1 JANUARY	87	211
Current service cost (Note 23)	25	41
Interest expense (Note 26)	7	2
Total expense	32	43
Remeasurements:		
- Experience (gains)/losses	44	(72)
- (Gains)/losses from change in demographic assumptions	(3)	(1)
- (Gains)/losses from change in financial assumptions	28	(94)
Total other comprehensive income	69	(167)
Benefits paid	-	-
AT 31 DECEMBER	188	87

The expenses, relating to employees were included in distribution costs in the statement of comprehensive income (Note 21).

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The principal actuarial assumptions used were as follows:

	AT 31 DECEMBER	
	2023	2022
Discount rate	4.50 %	6.00 %
Future salary increases	0.60 и 1.00 %	0.60 и 1.00 %

The sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions is as follows:

AT 31 DECEMBER 2023	Change in actuarial assumption	Effect on the liability	Change in actuarial assumption	Effect on the liability
Discount rate	+ 0.50 %	(10)	- 0.50 %	11
Future salary increases	+ 0.50 %	11	- 0.50 %	(11)

The above sensitivity analysis is based on a model that estimates the potential change in the liability under change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, since changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions has been used the same method as that applied when calculating the pension liability recognised within the statement of financial position, namely measurement of the present value of the defined benefit obligation calculated with the projected unit credit method.

At 31 December 2023, the weighted average duration of the defined benefit obligation is 11.5 years (2022: 11.7 years).

16. TRADE AND OTHER PAYABLES

	AT 31 DECEMBER	
	2023	2022
Trade payables	3 246	2 792
Trade payables to related parties (Note 33)	-	-
Payables to employees	1 643	1 174
Payables to social and health security organisations	711	613
Other tax payables	7 484	6 618
Defferred income from insurance claims	-	2 410
Other payables	118	25
Total trade and other payables	13 202	13 632
Less non-current portion:	-	-
Current trade and other payables	13 202	13 632

Trade payables

Trade payables include payables to suppliers of PPE for the amount of BGN 1 146 thousand (2022: BGN 796 thousand).

Payables to employees

Payables to employees include payables related to accruals of unused paid leaves for the amount BGN 310 thousand (2022: BGN 178 thousand).

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Payables to social and health security organisations

Payables to social and health security organisations include payables related to accruals of social and health insurance contributions on accrued unused paid leaves for the amount BGN 56 thousand (2022: BGN 32 thousand).

Other tax payables

Other tax payables represent payable VAT which is due for payment to the tax administration for the amount of BGN 7 480 (2022: BGN 6 617 thousand) and tax on expenses for the amount of BGN 4 thousand (2022: BGN 1 thousand).

The fair values of trade and other payables approximate their carrying amounts.

Information about the exposure of the Company to liquidity and foreign exchange risk, relating to trade and other payables, is presented in Note 38.

17. CONTRACT LIABILITIES

	AT 31 DECEMBER	
	2023	2022
Advances from customers	47	13
Total contract liabilities	47	13
Less non-current portion:	-	-
Current contract liabilities	47	13

Advances from customers

Advances from customers represent received payments in advance on behalf of customers which will be deducted from the last due amounts under the contracts after the finalization of their execution.

The changes in the account balance of the contract liabilities include the following:

YEAR ENDED 31 DECEMBER 2023	Advances from clients	Total contract liabilities
AT 1 JANUARY	13	13
Received new advances from customers	176	176
Utilised advances from customers	(142)	(142)
AT 31 DECEMBER	47	47
YEAR ENDED 31 DECEMBER 2022	Advances from clients	Total contract liabilities
AT 1 JANUARY	18	18
Received new advances from customers	59	59
Utilised advances from customers	(64)	(64)
AT 31 DECEMBER	13	13

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18. PROVISIONS

At 31 December 2023 and 2022, the Company has no accrued provisions.

19. REVENUE FROM CONTRACTS WITH CUSTOMERS

The disaggregation of recognised revenue from contracts with customers by main categories is as follows:

	YEAR ENDED 31 DECEMBER	
	2023	2022
Sales of merchandise on the domestic market	209 927	185 120
Sales of merchandise on foreign markets	1 125	1 290
Total revenue from contracts with customers	211 052	186 410

20. COST OF SALES OF GOODS

	YEAR ENDED 31 DECEMBER	
	2023	2022
Inventories at beginning of period (Note 10)	(16 201)	(12 054)
Purchases	(108 514)	(93 121)
Discounts on purchases	1 040	873
Wastage of merchandise (Note 21)	87	93
Impairments of inventories (Note 21)	322	204
Reversals of previous impairments of inventories (Note 24)	(261)	(372)
Merchandise used as consumables (Note 21)	325	283
Inventories at end of the period (Note 10)	20 860	16 201
Total cost of sales of goods	(102 342)	(87 893)

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(All amounts in BGN thousands unless otherwise stated)

21. DISTRIBUTION COSTS

	YEAR ENDED 31 DECEMBER	
	2023	2022
Depreciation and amortisation charges (Notes 4 and 5)	(6 821)	(7 282)
Employee benefit expenses (Note 23)	(18 199)	(15 849)
Electricity	(3 762)	(9 609)
Rents – contingent rent (Note 4)	(1 756)	(1 321)
Advertisement	(1 872)	(1 825)
Wastage of merchandise	(87)	(93)
Merchandise used as consumables	(325)	(283)
External services	(1 898)	(1 783)
Assets repair and maintenance costs	(1 730)	(1 514)
Other materials	(490)	(390)
Fuel	(397)	(490)
Impairments of inventories (Note 10)	(322)	(204)
Losses on disposals of PPE	(24)	(2)
Cost of sold other googs	(26)	-
Other expenses	(127)	(106)
Total distribution costs	(37 836)	(40 751)

Contingent rent represents variable lease payments, not included in the lease liabilities, which are established on the base of the realised sales revenues in the respective store to which the lease contract relates. Contingent rent is due for three lease contracts (Note 14).

22. ADMINISTRATIVE EXPENSES

	YEAR ENDED 31 DECEMBER	
	2023	2022
Employee benefit expenses (Note 23)	(988)	(784)
External services	(217)	(185)
Depreciation and amortisation charges (Note 4)	(15)	(17)
Assets repair and maintenance costs	(36)	(28)
Other materials	(4)	(8)
Electricity	(5)	(11)
Other expenses	(73)	(85)
Total administrative expenses	(1 338)	(1 118)

In the external services line above are included expenses for independent financial audit, reviews and other assurance engagements for the amount of BGN 43 thousand (2022: BGN 42 thousand).

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23. EMPLOYEE BENEFIT EXPENSES

	YEAR ENDED 31 DECEMBER	
	2023	2022
Salaries	(16 204)	(13 979)
Social and health security contributions	(2 592)	(2 402)
Accruals of unused paid leaves	(366)	(210)
Pension costs – defined benefit plans (Note 15)	(25)	(41)
Total employee benefit expenses	(19 187)	(16 632)

The number of employees at the end of the presented periods and the average number of employees was as follows:

	YEAR ENDED 31 DECEMBER	
	2023	2022
Employees at the end of the year	769	721
Average number of employees in the year	707	705

24. OTHER INCOME AND GAINS

	YEAR ENDED 31 DECEMBER	
	2023	2022
Income from government grants	183	4 320
Income from insurance claims	1 519	509
Reversals of previous impairments of inventories (Note 10)	261	372
Sales of materials	42	70
Rendering of services	128	106
Sales of other goods	76	75
Surpluses of cash	22	16
Gains on terminated lease contracts	-	77
Other income	5	16
Total other income and gains	2 236	5 561

Income from government grants

The income for 2023 and 2022 represent received compensations under Programs for compensation of non-domestic end users of electricity, accepted respectively with Council of Ministers Decision No 688 from 4 October 2023, Council of Ministers Decision No 104 from 2 February 2023 and with Council of Ministers Decision No 739 from 26 October 2021. There are no unfulfilled conditions or other contingencies attaching to these grants. The Company did not benefit directly from any other forms of government assistance. The Company has no grants related to assets.

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25. OTHER EXPENSES AND LOSSES

	YEAR ENDED 31 DECEMBER	
	2023	2022
Local taxes and fees on real estates	(1 665)	(1 546)
Total other expenses and losses	(1 665)	(1 546)

26. FINANCE INCOME AND COSTS

	YEAR ENDED 31 DECEMBER	
	2023	2022
Finance income		
Interests on cash in banks	5 234	765
Interests on granted financing	25	-
Total finance income	5 259	765
Finance costs		
Interests on lease liabilities	(779)	(480)
Interests on retirement benefit obligations (Note 15)	(7)	(2)
Bank charges	(790)	(776)
Foreign currency exchange losses on cash	(31)	(26)
Total finance costs	(1 607)	(1 284)
Finance (costs)/income – net	3 652	(519)

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27. INCOME TAX EXPENSE

	YEAR ENDED 31 DECEMBER	
	2023	2022
Current income tax expense	(7 444)	(6 054)
Effect from changes in deferred taxes (Note 6)	55	23
Income tax expense	(7 389)	(6 031)
Average effective tax rate	10.02 %	10.03 %

The income tax expense reconcile to the theoretical amount of income tax expense as follows:

	YEAR ENDED 31 DECEMBER	
	2023	2022
Profit before tax	73 759	60 144
Theoretical income tax expense at 10 % (2022: 10 %)	(7 376)	(6 014)
<i>Effect on the tax charge of:</i>		
Expenses not deductible for tax purposes	(68)	(40)
Current income tax expense	(7 444)	(6 054)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

YEAR ENDED 31 DECEMBER 2023	Before tax	Tax (charge) / credit	After tax
Remeasurements of retirement benefit obligations (Note 15)	(69)	7	(62)
Other comprehensive income	(69)	7	(62)
Deferred tax (Note 6)		7	

The current income tax receivable at 31 December 2023 for the amount of BGN 841 thousand is calculated as from the tax paid in the year, amounting to BGN 9 238 thousand, are deducted the current tax charge for the year, amounting to BGN 7 444 thousand, and the tax payables at the beginning of the year, amounting to BGN 953 thousand.

The current income tax payable at 31 December 2022 for the amount of BGN 953 thousand is calculated as from the current tax charge for the year, amounting to BGN 6 054 thousand, are deducted the tax paid in the year, amounting to BGN 4 981 thousand, and the tax receivables at the beginning of the year, amounting to BGN 120 thousand.

International tax reform – pillar two model rules

With amendment to the Corporat Income Tax Act („CITA“), adopted in December 2023, on 1 January 2024 are becoming effective requirements for additional taxation of international and large national groups of entities, in order to implement the Pillar Two model rules published by the Organisation for Economic Cooperation and Development („OECD“). The Company as a part of an international group of entities will be subjected to additional taxation in accordance with the new requirements. At the moment, the Company is evaluating its exposure to Pillar Two income taxes and the expected amount of additional tax is 4.00 – 5.00 % on the profit before tax. Had the changes in CITA been in effect in 2023, the income tax expense would have been for the amount of BGN 10 339 – 11 077 thousand, i.e. the average effective tax rate would have been 14.02 – 15.02 %.

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(All amounts in BGN thousands unless otherwise stated)

28. CONTINGENT LIABILITIES

28.1. LITIGATIONS

At 31 December 2023, the Company is not a part in any commercial litigation which has significant interest, apart from what is disclosed below. The Company's management does not expect that any potentially material liability could arise in the case of advertent outcome of other court cases or legal claims against it.

At 31 December 2023, there is a contingent liability for the amount of BGN 213 thousand (2022: BGN 162 thousand) relating to a court case brought against the Company by a former employee who claim for compensations for damages suffered due to a labour accident. This court case has been decided unfavourable to the Company at the first and second court instances and the third and highest court instance refused to re-open the case in June 2023. However, it is unclear whether and how much the Company will have to pay since the former employee might have received an insurance compensation for the same accident and there are uncertainties in the amount of calculated interests on the compensation. With this regard the legal proceedings are still ongoing. The actual amounts of the compensations that might be payable and the actual timing in which the payment might be needed to be made will be determined in the appeal process.

28.2. TAX CONTINGENCIES

In 2023, the Company was not subjected to examinations by the tax authorities including regarding corporate income tax. The tax authorities may at any time inspect the books and records within 5 years subsequent to the financial year in which the respective tax has become due, and may impose additional tax assessments and penalties in accordance with the interpretation of the tax legislation. The Company's management is not aware of any circumstances which may give rise to potentially material additional tax liabilities.

28.3. ACQUISITION OF A STORE

With a non-cancellable lease contract from May 2023 for rent of real estate, the extended term of the previous leasing agreement is retained to be 28 May 2035 but the Company is presented with an extension option for an additional period of 12 years (i.e. 28 May 2047). Under the new lease contract the Company will be obliged to purchase the rented store and the property over which the store is constructed for a total price of EUR 13 500 thousand (BGN 26 404 thousand) without VAT, in case that during the rental term the lessor make an offer to the Company to purchase the those real estates (under the old contract such an obligation existed only in case certain changes in the Board of Directors of JUMBO SA, Greece occur). Under the new lease contract no other party is a jointly liable for the obligations related to the lease (under the old contract JUMBO TRADING LTD, Cyprus was a co-debtor and was jointly liable with the Company for all the obligations, arising from the rental contract and all annexes to it).

28.4. REIMBURSEMENT OF INITIAL EXPENSES

With a non-cancellable lease contract for rent of real estate, the Company is obliged to pay to the lessor a penalty in the amount of the non-amortised part of the investment made by the lessor for the design, remodeling and construction of the leased real estate, as of the moment of termination, in case that the Company vacates the leased real estate prior to the lapse of the first twelve years of the contract, i.e. prior to 15 November 2028. At 31 December 2023, this amount equals BGN 2 382 thousand (2022: BGN 2 858 thousand). JUMBO SA, Greece has provided to the lessor a corporate guarantee, which covers any financial claim to the Company under the lease contract.

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29. COMMITMENTS

29.1. CAPITAL COMMITMENTS

At 31 December 2023 and 2022, there are no capital expenditure contracted for at the end of the reporting period but not yet incurred.

29.2. LEASES WHERE THE COMPANY IS A LESSEE

At 31 December 2023 and 2022, there are no leases not yet commenced to which the Company is committed.

30. CASH FLOWS

30.1. CASH GENERATED FROM OPERATIONS

	YEAR ENDED 31 DECEMBER	
	2023	2022
Profit after tax	66 370	54 113
<i>Adjustments for:</i>		
- Income tax expense (Note 27)	7 389	6 031
- Depreciation and amortisation charges (Notes 4 and 5)	6 836	7 299
- Operating pension provisions costs (Note 15)	25	41
- (Gains)/Losses on terminated lease contracts (Note 24)	-	(77)
- Expenses for provisions (Note 18)	-	-
- Losses on impairments of inventories – net (Notes 21 and 22)	61	(168)
- (Gains)/Losses on disposal of PPE (Note 21)	24	2
- Finance (costs)/income – net (Note 26)	(3 652)	519
<i>Changes in working capital:</i>		
- Inventories	(4 720)	(3 979)
- Trade and other receivables	10 649	9 379
- Other assets	96	(148)
- Trade and other payables	(742)	5 892
- Other	1	(1)
Cash generated from operations	82 337	78 903

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30.2. NON-CASH TRANSACTIONS

The principal non-cash transactions are those relating to the acquisition of right-of-use assets, classified as part of PPE, through leases. The assets thus acquired are excluded from investing activities in the statement of cash flows and the cash payments are presented payments for financing activities.

30.3. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Changes in liabilities arising from financing activities (liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities) were as follows:

LEASE LIABILITIES	YEAR ENDED 31 DECEMBER	
	2023	2022
AT 1 JANUARY	14 583	19 781
CASH FLOWS		
• Payments for the principal portion of the lease liability	(727)	(1 439)
• Payments for the interest portion of the lease liability	(779)	(480)
OTHER CHANGES		
• Accrued interest on lease liabilities	779	480
• Termination of lease contracts	-	(973)
• Adjustments to lease liabilities	678	(2 786)
• Other	1	-
AT 31 DECEMBER	14 535	14 583

30.4. TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases is for the amount of BGN 3 262 thousand (2022: BGN 3 240 thousand).

31. DIVIDENDS PER SHARE

The total amount of dividends recognised as distributions to the single shareholder of the Company in 2023 was BGN 215 141 300 or BGN 86.54 per share (2022: none). At the date of the approval of these financial statements it is not expected that a decision for distribution of dividends relating to the year ended 31 December 2023 will be made.

JUMBO EC. B EOOD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(All amounts in BGN thousands unless otherwise stated)

32. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events after the end of the reporting period, having effects on the financial statements for the year ended on 31 December 2023.

33. RELATED-PARTY TRANSACTIONS

The Company is controlled by JUMBO S.A., Greece (“the Parent company”) which holds 100 % of the Company’s shares (Note 12), and which is also the ultimate parent company of the Group which the Company is a part of. The parent company has control over the entities disclosed below as Other related parties.

The following transactions were carried out with related parties:

33.1. SALES OF MERCHANDISE, OTHER GOODS, OTHER SERVICES AND PPE

	YEAR ENDED 31 DECEMBER	
	2023	2022
Parent company		
JUMBO S.A., Greece (merchandise)	1 125	1 290
JUMBO S.A., Greece (other goods)	50	75
JUMBO S.A., Greece (other services)	-	-
Total sales of goods, other goods, other services and PPE	1 175	1 365

33.2. PURCHASES OF MERCHANDISE, SERVICES AND PPE

	YEAR ENDED 31 DECEMBER	
	2023	2022
Parent company		
JUMBO S.A., Greece (merchandise)	107 123	91 747
JUMBO S.A., Greece (services and materials)	84	9
JUMBO S.A., Greece (PPE)	311	(65)
Total purchases of merchandise, services and PPE	107 518	91 691

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NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in BGN thousands unless otherwise stated)

33.3. TRADE RECEIVABLES FROM SALES

	AT 31 DECEMBER	
	2023	2022
Parent company		
JUMBO S.A., Greece (merchandise)	499	691
Total trade receivables from sales	499	691

In 2013 and 2014, the Company has entered into agreements for offsetting of account receivables from related parties, under which the accounts receivables at the end of the year have been set off (Note 37). In 2023 and 2022, there were no impairment losses against doubtful or overdue receivables from related parties.

33.4. ADVANCES TO SUPPLIERS

	AT 31 DECEMBER	
	2023	2022
Parent company		
JUMBO S.A., Greece (merchandise)	-	13 250
Total advances to suppliers	-	13 250

The receivables for paid advances will be settled with future supplies.

33.5. TRADE PAYABLES FOR PURCHASES

At 31 December 2023 and 2022, the Company has no trade payables for purchases from related parties.

33.6. RECEIVED GUARANTEES

At 31 December 2023, the Company has received guarantees from the Parent company (2022: from the Parent company and from JUMBO TRADING LTD, Cyprus – Other related party) with regards to contingent liabilities. Additional information about the provided guarantees and the contingent liabilities is disclosed in Note 28.

33.7. KEY MANAGEMENT COMPENSATION

Key management personnel include the managers of the Company.

The compensations paid or payable to key management for employee services were as follows:

	YEAR ENDED 31 DECEMBER	
	2023	2022
Short-term key management personnel benefits	223	188
Total key management personnel benefits	223	188

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34. FAIR VALUE MEASUREMENT

34.1. FAIR VALUE FOR DISCLOSURE PURPOSES

The fair values for disclosure purposes of the following financial instruments are assumed to approximate their carrying values:

- Current trade receivables;
- Current other financial assets at amortised cost; and
- Current trade and other payables.

The fair value of financial instruments different than those shown above is estimated for disclosure purposes through discounting of future contractual cash flows with the current market interest rate that would be available to the Company for similar financial instruments.

34.2. FAIR VALUE FOR MEASUREMENT PURPOSES

The Company has no assets and liabilities, including related to financial instruments, that are measured at fair value in the statement of financial position.

35. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. The preparation of financial statements under IFRS also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas of the financial statements involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

35.1. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Company makes estimates and assumptions concerning the future. Notwithstanding the fact that those estimates are made by the management on the basis of its best knowledge of the events and activities in the period, the resulting accounting estimates will, by definition, seldom equal the related actual results. There were no key assumptions regarding the future and other sources of uncertainty concerning the estimates at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, apart from those disclosed below:

35.1.1. MEASUREMENT OF RETIREMENT BENEFIT OBLIGATIONS

Detailed information about the made assumptions regarding the future, related to the measurement of the retirement benefit obligations, as well as the sensitivity analysis of those liabilities to changes in the principal assumptions, is disclosed in Note 15.

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NOTES TO THE FINANCIAL STATEMENTS

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(All amounts in BGN thousands unless otherwise stated)

35.1.2. DETERMINATION OF THE LEASES TERM

In determining the term of a specific lease contract, management of the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of warehouses, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate); and
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 31 December 2023, there are potential future cash outflows of BGN 18 249 thousand (2022: BGN 3 325 thousand) (undiscounted) that have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term. During the current financial year, there was no financial effect of revising lease terms.

35.2. CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

There were no critical judgements made by the management, apart from those related to the estimates, which significantly impact the amounts recognised in the financial statements.

JUMBO EC. B EOOD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(All amounts in BGN thousands unless otherwise stated)

36. FINANCIAL INSTRUMENTS BY CATEGORY

The recognised financial instruments in the statement of financial position (“SFP”) are as follows:

AT 31 DECEMBER 2023

Financial assets	Financial assets measured at amortised cost	Total financial assets
Trade receivables (Note 7)	499	499
Other financial assets at amortised cost (Note 8)	5 941	5 941
Cash and cash equivalents (Note 11)	79 633	79 633
Total financial assets in SFP	86 073	86 073

Financial liabilities	Financial liabilities measured at amortised cost	Other financial liabilities	Total financial liabilities
Lease liabilities (Note 14)	-	14 535	14 535
Trade and other payables (Note 16)	3 246	-	3 246
Total financial liabilities in SFP	3 246	14 535	17 781

AT 31 DECEMBER 2022

Financial assets	Financial assets measured at amortised cost	Total financial assets
Trade receivables (Note 7)	691	691
Other financial assets at amortised cost (Note 8)	2 929	2 929
Cash and cash equivalents (Note 11)	225 045	225 045
Total financial assets in SFP	228 665	228 665

Financial liabilities	Financial liabilities measured at amortised cost	Other financial liabilities	Total financial liabilities
Lease liabilities (Note 14)	-	14 583	14 583
Trade and other payables (Note 16)	3 966	-	3 966
Total financial liabilities in SFP	3 966	14 583	18 549

Trade and other receivables, shown above, do not include receivables and other assets which do not represent financial assets.

Trade and other payables, shown above, do not include payables which do not represent financial liabilities.

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37. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company offsets financial assets and financial liabilities under a contract for offsetting accounts receivables concluded in 2013 with the Parent company and under a lease contract concluded in 2023 (Note 8).

37.1. FINANCIAL ASSETS

The following financial assets are subject to offsetting in the statement of financial position (“SFP”) due to the fact that they are encompassed by enforceable master netting arrangements or similar agreements:

	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the SFP	Net amount of financial assets presented in the SFP
AT DECEMBER 2023			
Trade receivables from related parties	1 865	(1 366)	499
Other financial assets at amortised cost	5 145	(170)	4 975
Total financial assets	7 010	(1 536)	5 474
AT DECEMBER 2022			
Trade receivables from related parties	691	-	691
Total financial assets	691	-	691

37.2. FINANCIAL LIABILITIES

The following financial liabilities are subject to offsetting in the statement of financial position (“SFP”) due to the fact that they are encompassed by enforceable master netting arrangements or similar agreements:

	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the SFP	Net amount of financial liabilities presented in the SFP
AT DECEMBER 2023			
Trade payables to related parties	1 366	(1 366)	-
Trade payables	3 416	(170)	3 246
Total financial liabilities	4 782	(1 536)	3 246
AT DECEMBER 2022			
Trade payables to related parties	-	-	-
Total financial liabilities	-	-	-

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(All amounts in BGN thousands unless otherwise stated)

38. FINANCIAL RISK MANAGEMENT

Performing its activities, the Company uses financial instruments and this potentially exposes it to a variety of financial risks, as follows:

- Market risk;
- Credit risk; and
- Liquidity risk.

This note presents information about the exposure of the Company to each of the abovementioned risks, the objectives of the Company, policies and processes for risk measurement and management.

The management's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance. Financial risk management is carried out by the management in accordance with the selected and approved policy.

38.1. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- Currency risk;
- Interest rate risk; and
- Other price risk.

38.1.1. CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates in Republic of Bulgaria and since the Bulgarian Lev has been officially pegged to the Euro at a fixed rate (Note 3.1.2), it is exposed to currency risk only from deals and transactions denominated in other foreign currencies. The company has no such deals and transactions.

The currency risk is monitored and minimised by managing the size of exposures to specific foreign currencies, including, as much as possible, relation of the volume of the cash inflows (e.g. related to sales and receipt of borrowings) with the volume of cash flows needed for the payment of the financial liabilities denominated in the respective foreign currency.

The carrying amount of the financial assets is denominated in the following currencies:

	AT 31 DECEMBER	
	2023	2022
Bulgarian lev (BGN)	46 556	67 474
Euro (EUR)	39 517	161 191
Total financial assets in the statement of financial position	86 073	228 665

The carrying amount of the financial liabilities is denominated in the following currencies:

	AT 31 DECEMBER	
	2023	2022
Bulgarian lev (BGN)	16 458	17 666
Euro (EUR)	1 323	883
Total financial liabilities in the statement of financial position	17 781	18 549

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38.1.2. INTEREST RATE 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 interest rate risk is monitored and minimised by managing the size of exposures to floating interest rates, including, as much as possible, relation of market interest indexes, determining the volume of the cash inflows (e.g. related to financial assets with floating interest) with the market interest indexes, determining the volume of the cash flows needed for the payment of the financial liabilities with floating interest.

The interest rate profile of the interest-bearing financial instruments of the Company is as follows:

	AT 31 DECEMBER	
	2023	2022
Fixed rate instruments		
Financial assets	84 392	224 850
Financial liabilities	(14 535)	(14 583)
Fixed rate instruments – net	69 857	210 267
Variable rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Variable rate instruments – net	-	-

Sensitivity analysis for fixed rate financial instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate financial instruments

The Company has no floating rate financial assets and liabilities.

38.1.3. OTHER PRICE RISK

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

At 31 December 2023 and 2022, the Company is not exposed to significant other price risk regarding investments held by it, since it has no significant investments, biological or other assets measured at fair value. The Company is not exposed to other price risk and with regards to financial assets related to price levels of commodities.

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38.2. CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk arises with regards to:

- Trade receivables;
- Other financial assets at amortised cost; and
- Cash and cash equivalents (except for cash in hand).

Credit risk is managed in a centralised manner by management of the Company. With regards to banks and financial institutions, the Company uses the services only of banks in the Republic of Bulgaria with good reputation and investment grade credit rating. With regards to customers, apart from the sales to the parent company, the Company sells merchandise to end customers, predominantly in cash and no credit limits are allowed.

The carrying amount of the financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	AT 31 DECEMBER	
	2023	2022
Trade receivables	499	691
Other financial assets at amortised cost	5 941	2 929
Cash and cash equivalents in banks	79 417	224 850
Total financial assets, related to credit risk	85 857	228 470

The maximum exposure to credit risk at the reporting date by geographic regions in which the respective counter parties are based is as follows:

	AT 31 DECEMBER	
	2023	2022
Republic of Bulgaria	48 504	67 381
Other member states of the European Union	35 454	161 089
Third countries	1 899	-
Total financial assets, related to credit risk	85 857	228 470

The carrying amount of financial assets except for the trade receivables by rating classes of the credit risk is as follows:

	AT 31 DECEMBER	
	2023	2022
Long-term credit rating from AA+ to A-		
- Cash and cash equivalents in banks	1 899	-
Long-term credit rating from BBB+ to BB-		
- Other financial assets at amortised cost	956	-
- Cash and cash equivalents in banks	77 518	224 850
Without information about the long-term credit rating		
- Other financial assets at amortised cost	4 985	2 929
Total financial assets except trade receivables	85 358	227 779

The Company holds no collateral for financial assets.

The Company has no purchased or originated credit-impaired financial assets. The Company has no financial assets on which the credit risk to be increased significantly since initial recognition. The Company has no financial assets that are overdue for more than 30 days.

There are no credit losses on trade receivables and other financial assets at amortised cost at the end of the reporting period

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

(All amounts in BGN thousands unless otherwise stated)

38.3. LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management involves maintaining sufficient cash, cash equivalents and marketable securities, as well as the availability of funding through an adequate amount of committed credit facilities, such as bank overdrafts and revolving credit lines. Management monitors forecasts for the available liquidity reserve of the Company which includes the unused amount from borrowings agreements as well as the cash and cash equivalents (Note 11). The forecasts are based on the expected cash flows. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The non-derivative financial liabilities, including the expected interest payments, have the following maturities, where the amounts disclosed are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years	Over 5 years
AT 31 DECEMBER 2023						
Lease liabilities	14 535	20 890	789	789	6 317	12 995
Trade and other payables	3 246	3 246	3 246	-	-	-
Total financial liabilities in statement of financial position	17 781	24 136	4 035	789	6 317	12 995
AT 31 DECEMBER 2022						
Lease liabilities	14 583	21 415	753	753	6 024	13 885
Trade and other payables	3 966	3 966	3 966	-	-	-
Total financial liabilities in statement of financial position	18 549	25 381	4 719	753	6 024	13 885

Trade and other payables, shown above, do not include payables which do not represent financial liabilities.

There are no non-derivative financial liabilities for which is expected the cash flows to occur earlier than the periods shown in the table above.

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39. CAPITAL MANAGEMENT

Management's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to provide adequate returns for the single owner of the share capital and benefits for other stakeholders. Management is trying to achieve those objectives through adequate pricing of the goods and the services comparable to the risk level and through maintaining optimal capital structure aimed at minimisation of its cost.

The Company is not subject to externally imposed capital requirements. The Company manages the capital structure and makes relevant adjustments according to the changes of the economic conditions and the risk characteristics of the major assets. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to the shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors the capital structure on the basis of the gearing ratio, which ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities (as shown in the statement of financial position) less cash and cash equivalents, which are not blocked, if any. The total capital is calculated as equity (as shown in the statement of financial position) plus the net debt.

In 2023, the Company's strategy, which was unchanged from 2022, was not to maintain the gearing ratio at zero.

The gearing ratio at the end of the reporting period is as follows:

	КЪМ 31 ДЕКЕМВРИ	
	2023	2022
Total lease liabilities (Note 14)	14 535	14 583
Less: cash and cash equivalents (Note 11)	(79 633)	(225 045)
Net debt	-	-
Equity	246 936	395 769
Total capital	246 936	395 769
Gearing ratio	0.00 %	0.00 %

JUMBO EC. B EOOD

ANNUAL ACTIVITY REPORT

31 DECEMBER 2023

GENERAL INFORMATION

The management of JUMBO EC. B EOOD (“the Company”) presents the annual activity report, prepared under the requirements of the Accountancy Act, and the annual financial statements prepared under the International Financial Reporting Standards, adopted for use in the European Union (“IFRS”), for the year ending on 31 December 2023.

The Company is registered with company case № 9856/2005 on 1 September 2005 and is filed in the Trade Companies Register under № 96904, volume 1291, page 59 with domicile: Republic of Bulgaria, 1404 Sofia, 51 Bulgaria Blvd., and ID 131476411.

The Company has the following activity subject: manufacture and wholesale and retail trade of all kinds of goods, including kid’s products, toys, baby’s products, office consumables, clothes, shoes, accessories for clothes and shoes, furnitures, tourist equipment and appliances, presents, all kinds of electrical appliances, technics and electronics, foods and agricultural produce, industrial and craftsmanship goods and export of all abovementioned goods and products, and representations of local and foreign companies, manufacturing the same goods and products; execution of all kind of construction activities; sales and purchases, renting and utilizing of real estate; creation and exploitation of all kinds of tourist and hotel objects (hotels, restaurants, coffee shops, entertainment centres); advertising. The Company is entitled to all other kinds of activities that are not forbidden under the legislation of Republic of Bulgaria.

At 31 December 2023, the Company has stores at the territory of the cities of Sofia, Plovdiv, Varna, Burgas, Ruse and Stara Zagora. On 8 November 2023, the Company opened its tenth store in Bulgaria and second in the city of Plovdiv.

The Company has predominantly retail sales to a large number of customers. The major single customer of the Company in 2023 was JUMBO S.A., Greece (“the Parent company”).

The major suppliers of the Company in 2023 were the parent company, electricity distributing companies, lessors of land, stores and warehouses, transportation firms and others.

Existence of Branches

The Company has no branches.

Research and Development Activities

In 2023, the Company had no research and development activities.

REVIEW OF DEVELOPMENT AND ACTIVITY’S RESULTS

Sales Revenue and Other Operating Income

In 2023, the Company generated revenue from contracts with customers (revenue from sales of merchandise) amounting to BGN 211 052 thousand (2022: BGN 186 410 thousand), as disclosed in Note 19 to the annual financial statements. The increase in the revenue from sales of merchandise in 2023 amounts to BGN 24 642 thousand (13.22 %) in comparison to 2022. The increase in sales is due both to the increased level of sales in the existing stores, which on its behalf is due, in addition to the general increase in business activity, to the complete lack of restrictive measures related to the COVID-19 pandemic, and to the realised sales in the newly opened Company’s store in the city of Plovdiv. Impact on the overall revenue from sales of merchandise has also the slight decrease in the sales on foreign markets.

There was a significant change in the structure of the other operating income of the Company in comparison to the previous year, due to the fact that following the significant decrease of electricity prices in 2023, there is a material decrease in the income from government grants, related to the compensation of the high energy prices. In 2023, the other income and gains of the Company amount to BGN 2 236 thousand (2022: BGN 5 561 thousand). The change in the other income and gains is due mainly to the decreased income from government grants, where at the same time there is an increase in income from insurance claims. Additional information about the other operating income is disclosed in Note 24 to the annual financial statements.

JUMBO EC. B EOOD

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Operating Expenses

In 2023, there were no significant changes in the structure of the operating expenses of the Company in comparison to the previous year. In 2023 and 2022, the operating expenses of the Company, analysed on the basis of their nature and not on the basis of the function they pertain to, and without considering the cost of sold merchandise, were as follows:

All amounts, apart from the shown percentages, are in BGN thousand				
Type of expense	2023	%	2022	%
Expenses for materials	(5 038)	12	(10 906)	25
Expenses for external services	(7 454)	18	(6 543)	15
Depreciation and amortization charges	(6 836)	17	(7 299)	17
Employee benefit costs	(19 186)	47	(16 632)	38
Expenses for other taxes and other provisions	(1 665)	4	(1 546)	4
Other expenses	(660)	2	(489)	1
	(40 839)	100	(43 415)	100

The changes in the operating expenses, shown above, are due mainly to the decreased prices of electricity and to the increased remunerations of the hired personnel.

Finance Income and Expenses

There was a significant change in the structure of the finance income and expenses of the Company in comparison to the previous year due to the fact that the Company realised significant interest income on cash as a result of its active management in the year. In 2023, the finance income and expenses of the Company represent net finance income amounting to BGN 3 652 thousand (2022: net finance expenses amounting to BGN 519 thousand). The increase in the net finance income is due mainly to the increase in the interest income.

Financial Result

The financial result of the Company in 2023 was a net profit of BGN 66 370 thousand (2022: BGN 54 113 thousand), which represents 31.45 % of the realised revenue from the sales of merchandise for 2023 (2022: 29.03 %). The increase in the Company's profit is due both to the increased sales revenue and to the increased finance income.

At the moment, no meeting of the Board of Directors of the single shareholder is scheduled to be held in 2024 at which to be taken a decision for distribution of the realised financial result in the form of dividends and/or transfer of the realised financial result into the retained earnings.

Non-current Assets

At 31 December 2023, there was no significant change in the structure of the non-current assets of the Company in comparison to the end of the previous year. The non-current assets of the Company at the end of the reporting period were BGN 171 738 thousand, consisting mainly of property, plant and equipment amounting to BGN 166 191 thousand (96.77 %). The remaining non-current assets represent other financial assets at amortised cost amounting to BGN 4 975 thousand, other assets amounting to BGN 379 thousand, intangible assets amounting to BGN 32 thousand and deferred tax assets amounting to BGN 161 thousand. Additional information about the non-current assets is disclosed in Notes 4, 5, 6, 8 and 9 to the annual financial statements.

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Current Assets

At 31 December 2023, there was no significant change in the structure of the current assets of the Company in comparison to the end of the previous year. The current assets of the Company at the end of the reporting period were BGN 103 170 thousand, consisting mainly of cash amounting to BGN 79 633 thousand (77.19 %). The remaining current assets represent inventories amounting to BGN 20 860 thousand, trade receivables amounting to BGN 499 thousand, other financial assets at amortised cost amounting to BGN 966 thousand, other assets amounting to BGN 371 thousand and current income tax receivables amounting to BGN 841 thousand. Additional information about the current assets is disclosed in Notes 7, 8, 9, 10, 11 and 27 to the annual financial statements.

Non-current Liabilities

At 31 December 2023, there was no significant change in the structure of the non-current liabilities of the Company in comparison to the end of the previous year. The non-current liabilities of the Company at the end of the reporting period were BGN 13 189 thousand, consisting mainly of lease liabilities amounting to BGN 13 001 thousand (98.57 %). The remaining non-current liabilities represent retirement benefit obligations amounting to BGN 188 thousand. Additional information about the non-current liabilities is disclosed in Notes 14 and 15 to the annual financial statements.

Current Liabilities

At 31 December 2023, there was no significant change in the structure of the current liabilities of the Company in comparison to the end of the previous year. The current liabilities of the Company at the end of the reporting period were BGN 14 783 thousand, consisting mainly of trade and other payables amounting to BGN 13 202 thousand (89.31 %). The remaining current liabilities represent lease liabilities amounting to BGN 1 534 thousand and contract liabilities amounting to BGN 47 thousand. Additional information about the current liabilities is disclosed in Notes 14, 16 and 17 to the annual financial statements.

Equity

There was no significant change in the structure of the equity of the Company in comparison to the end of the previous year. The share capital of the Company at the end of the reporting period was BGN 62 148 600 (2022: BGN 62 148 600). The share capital consists of 2 485 944 shares with par value of BGN 25 per share (2022: BGN 25 per share). The other elements of the equity represent retained earnings and other reserves, which at the end of the reporting period were respectively for the amounts of BGN 184 727 thousand and BGN 60 thousand (2022: respectively BGN 333 498 thousand and BGN 122 thousand). The changes in the other elements of the equity are due to as follows:

- the decrease in the retained earnings resulted from the distributed dividends in the year which were greater than the realised in the current reporting period financial results; and
- the changes in the other reserves resulted from the performed re-measurement of the retirement benefit obligations (additional information for which is presented in Note 15 to the annual financial statements).

The single shareholder in the Company as at 31 December 2023 and 2022 is JUMBO S.A., Greece, as disclosed in Note 12 to the annual financial statements.

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FINANCIAL RATIOS

Liquidity

Current ratio = Current assets / Current liabilities = **6.98** (2022: **16.11**)

Quick ratio = (Current assets – Inventory) / Current liabilities = **5.57** (2022: **15.10**)

Absolute ratio = Cash and cash equivalents / Current liabilities = **5.39** (2022: **14.01**)

Net working capital = Current assets – Current liabilities = **BGN 88 387 thousand** (2022: **BGN 242 677 thousand**)

The changes in the liquidity ratios were due both to the significant decrease in current assets and to the slight increase in the current liabilities. Current assets were smaller mainly due to the decrease in the cash following the existence of significant payments to the parent company in relation to the distribution of dividends.

Profitability

Gross profit margin = Gross profit / Revenue from contracts with customers = **51.51 %** (2022: **52.85 %**)

Pre-tax return on assets = Profit before income tax / Total assets = **26.83 %** (2022: **14.15 %**)

Return on equity = Comprehensive income / Equity = **26.85 %** (2022: **13.71 %**)

The changes in the profitability ratios were due mainly to the increase in sales revenue, which has led to a general increase in profitability, realised while the values of total assets and equity were significantly decreased.

Activity

Days in inventory = Average inventory * 365 / Cost of sales = **66 days** (2022: **59 days**)

Total asset turnover = Sales revenue / Average total assets = **0.60** (2022: **0.45**)

The changes in the activity ratios were due mainly to the increase in sales revenue, where the levels of retained inventories were higher and the average total assets were significantly decreased.

Leverage

Total debt to equity = Liabilities / Equity = **0.11** (2022: **0.07**)

The change in the leverage ratio is due mainly to the decrease in equity.

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USED FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANagements

In its activity, the Company does not use financial instruments apart from those, under which trade receivables and payables, other financial assets at amortised cost and lease liabilities are recognised. Performing its activity, the Company is not exposed to significant financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance and financial position. Financial risk management is carried out by the management in accordance with the selected and approved policy. Information about the Company's exposition to the different risks, as well as additional information about the objectives and the policies of the Company regarding financial risk management is disclosed in Note 38 to the annual financial statements.

The Company has no hedged items, for which to apply hedging accounting.

EVENTS AFTER THE DATE AT WHICH THE FINANCIAL STATEMENTS HAVE BEEN PREPARED

There were no events which to have occurred after the end of the reporting period and which to have impact on the financial statements, as disclosed in Note 32 to the annual financial statements.

MANAGEMENT

In 2023, the management of the Company is carried out by Aikaterini Papageorgiou (Manager), Yoannis Malamas (Manager until 19 June 2023) and Alexandra Mihova (Procurator).

The remunerations received in the year by the key management personnel are those disclosed in Note 33 to the annual financial statements.

OBJECTIVES FOR THE FUTURE DEVELOPMENT

Considering the persistently high price levels and in conjunction with the recent developments in Suez, which lead to freight rates doubling, despite agreed long term contracts by both sides, making any short and medium financial predictions is an impossible feat.

Considering the abovementioned, the strategy remains intact to maintain prices in line with consumers' incomes and hence to refrain from selling situationally overpriced products that would further burden the customer.

If the Suez issue normalizes within the next couple of months, management believes revenue may go up by strong single digit for 2024, other things being equal.

No store openings are planned in 2024 nor any change in the headcount, while the Company will continue to invest in training and development for its employees.

There are no upcoming developments of significant importance to the activity of the Company.

MAIN RISKS TO THE COMPANY

The main risks which the Company faces are general unfavourable changes in the European economy and occurrence of force majeure circumstances which might lead to decrease in the activity. A negative effect on the activities of the Company may have also the continuing increase in the transportation costs and the volatility in the prices of the energy resources, driven by the processes developing as a result of the military actions in the Middle East and in Ukraine, which factors have a strong effect on the general inflation level.

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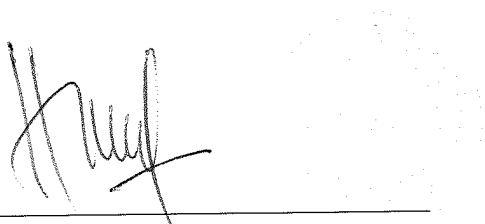
MANAGEMENT'S RESPONSIBILITIES

Under the Bulgarian legislation, management of the Company has to prepare financial statements annually, which financial statements should give a true and fair view of the financial position of the Company at the end of the year and of its financial performance and its cash flows for the year in accordance with IFRS.

Management confirms that it has applied, in a consistent manner, adequate accounting policies and that in the preparation of the financial statements as at 31 December 2023 it has applied the principle for prudence in the valuation of assets, liabilities income and expenses.

Management also confirms that it has adhered to the applicable financial reporting standards and the financial statements were prepared on a going concern basis.

Management is responsible for the correct recording in the accounting registers, for the adequate management of the assets and for the execution of the proper measures for the prevention and detection of potential fraud and other irregularities.



Alexandra Mihova, Procurator

Sofia

1 March 2024



INDEPENDENT AUDITOR'S REPORT

TO THE SOLE SHAREHOLDER OF JUMBO EC. B EOOD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JUMBO EC. B 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 material accounting policy information, presented on pages 1 – 56.

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, adopted for use in the European Union ("the IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("the 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 International Independence Standards) of the International Ethics Standards Board for Accountants (hereinafter: "the IESBA Code" or "IESBAC") together with the ethical requirements of the Independent Financial Audit Act ("the IFAA"), that are relevant to our audit of the financial statements in the Republic of Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual activity report for the year ending on 31 December 2023 ("the Activity report"), presented on pages 1 – 6, 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.

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.

In our opinion, the activity report is consistent with the financial statements for the corresponding reporting period. In addition to that, as a result of the gained knowledge and understanding of the Company's activity and the environment, in which it operates, we have not identified cases of material misstatements in the activity report.



Responsibilities of Management for the Financial Statements

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

Report on Other Legal and Regulatory Requirements

Opinion

We have concluded procedures for the examination of the annual reports of the Company, which are prepared in accordance with the requirements of Chapter Seven of the Accountancy Act, and which comprise:

- Activity report, presented on pages 1 – 6.

In our opinion:

- The activity report has been prepared in accordance with the applicable regulatory requirements.

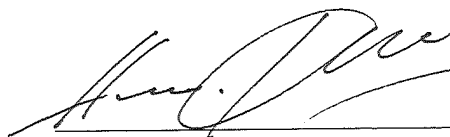
Responsibilities of Management for the Annual Reports

Management is responsible for the preparation of the annual reports in accordance with the requirements of Chapter Seven “Annual Reports” of the Accountancy Act.

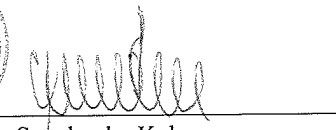
Auditor’s Responsibilities for the Examination of the Annual Reports

Our responsibility is to express opinion on the annual reports in accordance with the requirements of art. 37, subart. 6 of the Accountancy Act.

The engagement partner on the audit resulting in this independent auditor’s report is Nino Kaloyanov.



Nino Kaloyanov
Registered Auditor



Snezhanka Kaloyanova
Manager

NS CONSULTING OOD
1 March 2024
Sofia