

REPORTING PERIOD

31 DECEMBER 2022

INDIVIDUAL FINANCIAL STATEMENTS



ALLTERCO

Unless otherwise stated, all amounts are in BGN thousand.

	Notes	December 31, 2022	December 31, 2021
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	4.01	17	-
<i>Right of use assets IFRS 16</i>	4.01.01	17	-
Intangible assets	4.02	3	5
Investments in subsidiaries	4.03	14 357	7 936
Investments in associated companies	4.04	8	8
Other long-term capital investments	4.05	830	2 624
Other long-term receivables	4.06	1 027	2 054
Deferred tax assets	4.07	14	18
Total non-current assets		16 256	12 645
<i>Current assets</i>			
Receivables from related companies	4.08	5 849	1 769
Trade receivables	4.09	1 046	3 325
Other receivables	4.10	21	38
Short-term financial assets	4.11	175	-
Cash and cash equivalents	4.12	7 490	16 434
Prepaid expenses	4.13	46	25
Total current assets		14 627	21 591
TOTAL ASSETS		30 883	34 236

Date: 30 January 2023

Compiler of the financial statements:

/Albena Benkova Beneva/

Executive Director:

/Dimitar Stoyanov Dimitrov/

Unless otherwise stated, all amounts are in BGN thousand.

	Notes	December 31, 2022	December 31, 2021
LIABILITIES			
<i>Non-current liabilities</i>			
Bank loans	4.14	1 322	1 615
Long-term liabilities to employees	4.15	61	-
Total non-current liabilities		1 383	1 615
<i>Current liabilities</i>			
Current portion of bank loans	4.14	293	285
Current portion of financial leasing from related company	4.16	17	-
Trade payables	4.17	158	174
Payables to employees and social security liabilities	4.18	42	22
Tax liabilities	4.19	15	4
Other liabilities	4.20	535	665
Total current liabilities		1 060	1 150
TOTAL LIABILITIES		2 443	2 765
EQUITY			
Registered capital	4.21	18 000	18 000
Redeemed shares		(780)	
Retained earnings	4.22	4 580	5 232
Reserves	4.23	1 800	1 800
Reserve of issue of shares	4.24	5 403	5 403
Other equity components	4.25	(563)	1 036
TOTAL EQUITY		28 440	31 471
TOTAL EQUITY AND LIABILITIES		30 883	34 236

Date: 30 January 2023

Compiler of the financial statements:

/Albena Benkova Beneva/

Executive Director:

/Dimitar Stoyanov Dimitrov/

The statement of financial position should be read together with the explanatory notes set out on pages 7 to 49, which are an integral part of the financial statements

**INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDING 31 DECEMBER 2022**

Unless otherwise stated, all amounts are in BGN thousand.

	Notes	Twelve months of 2022	Twelve months of 2021
Other operating income	5.01	4 016	5 115
Sales expenses		-	(2)
Administrative expenses	5.02	(2 954)	(1 512)
Other expenses	5.03	(19)	(25)
Profit from operating activities		1 043	3 576
Financial income	5.04	161	250
Financial expenses	5.05	(212)	(108)
Profit (loss) from the operating activities		992	3 718
Profit (loss) before tax		992	3 718
Tax Savings (Expense)	5.06	(4)	(421)
Net profit and loss		988	3 297
Items that can be reclassified to profit or loss in subsequent periods			
From other long-term equity instruments		(1 439)	(3 813)
Other comprehensive income for the period, after taxation		(1 439)	(3 813)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(451)	(516)
Basic income per share in Bulgarian levs	5.07	0.05	0.21
Average number of shares		17 979 835	17 999 999

Date: 30 January 2023

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Executive Director:

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The statement of comprehensive income should be read together with the explanatory notes set out on pages 7 to 49, which are an integral part of the financial statements

**INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDING 31 DECEMBER 2022**

Unless otherwise stated, all amounts are in BGN thousand.

	Notes	Registered capital	Redeemed shares	Retained earnings	Reserve from issue of shares	Reserves	Other equity components	Total
Balance as of January 1, 2021		18 000	-	5 322	5 703	1 500	4 849	35 374
Transfer to reserves		-	-	-	(300)	300	-	-
Total comprehensive income for the period, including:		-	-	3 270	-	-	(3 573)	(303)
<i>Profit (Loss) for the period</i>		-	-	3 270	-	-	-	3 270
<i>Other comprehensive income for the period</i>		-	-	-	-	-	(3 573)	(3 573)
Distribution of dividends		-	-	(3 600)	-	-	-	(3 600)
Other movements		-	-	240	-	-	(240)	-
Balance as of December 31, 2021	4.21; 4.22; 4.23; 4.24; 4.25	18 000	-	5 232	5 403	1 800	1 036	31 471
Balance as of January 1, 2022		18 000	-	5 232	5 403	1 800	1 036	31 471
Total comprehensive income for the period, including:		-	-	988	-	-	(1 439)	(451)
<i>Profit (Loss) for the period</i>		-	-	988	-	-	-	988
<i>Other comprehensive income for the period</i>		-	-	-	-	-	(1 439)	(1 439)
Distribution of dividends		-	-	(1 800)	-	-	-	(1 800)
Redeemed shares		-	(780)	-	-	-	-	(780)
Other movements		-	-	160	-	-	(160)	-
Balance as of December 31, 2022	4.21; 4.22; 4.23; 4.24; 4.25	18 000	(780)	4 580	5 403	1 800	(563)	28 440

Date: 30 January 2023

Compiler of the financial statements:

/Albena Benkova Beneva/

Executive Director:

/Dimitar Stoyanov Dimitrov/

The statement of changes in equity should be read together with the explanatory notes set out on pages 7 to 49, which are an integral part of the financial statements

**INDIVIDUAL STATEMENT OF CHANGES IN CASH FLOW
FOR THE PERIOD ENDING 31 DECEMBER 2022**

Unless otherwise stated, all amounts are in BGN thousand.

	Twelve months of 2022	Twelve months of 2021
<u>Cash flows from operating activity</u>		
Proceeds from customers	-	19
Payments to suppliers	(1 204)	(783)
Payments/recovered taxes	12	(37)
Payments to employees and social security institutions	(1 171)	(445)
Recovered / paid corporate profit tax	-	279
Currency exchange rate differences	166	62
Other proceeds, net	(19)	(25)
<i>Net cash flows from operating activities</i>	(2 216)	(930)
<u>Cash flow from investment activities</u>		
Purchase of noncurrent assets	-	(4)
Proceeds of investments	(6 550)	(996) (29)
Dividend received	2 798	5 500
Sale of investments	-	2 053
Other proceeds from investment activities, net	(94)	-
<i>Net cash flows from investment activities</i>	(3 846)	6 553
<u>Cash flow from financing activities</u>		
Redeemed shares	(780)	-
Dividend paid	(1 719)	(3 436)
Financial lease payments	(17)	-
Loans paid	(285)	(276)
Interest, fees and commissions paid	(50)	(58)
Other proceeds (payments), net	(31)	(31)
<i>Net cash flow from financing activities</i>	(2 882)	(3 801)
<i>Net increase/decrease in available cash and cash equivalents for the period</i>	(8 944)	1 822
Available cash and cash equivalents in the beginning of the period	16 434	14 612
<i>Available cash and cash equivalents at the end of the period</i>	7 490	16 434

Date: 30 January 2023

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Executive Director:

/Dimitar Stoyanov Dimitrov/

The statement of changes in cash flow should be read together with the explanatory notes set out on pages 7 to 49, which are an integral part of the financial statements

NOTES TO THE INDIVIDUAL
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

Unless otherwise stated, all amounts are in BGN thousand.

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FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

Unless otherwise stated, all amounts are in BGN thousand.

1. Legal status and general information about the company

Allterco JSCo, Sofia, is entered in the Commercial Register of the Registry Agency with UIC as per Bulstat (Unified Identification Code as per the Bulgarian Statistical Register): 201047670. The company is with seat and address of management in Sofia 1407, 103, Cherni Vrah Blvd.

Since December 2016 the shares of Allterco JSCo are traded on Bulgarian Stock Exchange and from 22.11.2021 company's shares are also traded on the Frankfurt Stock Exchange.

The scope of business of Allterco JSCo includes the acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation and sale of patents, assignment of licenses for use of patents to companies in which the Company participates; financing of companies in which the Company participates.

The company is managed by the Board of directors and is represented by Svetlin Todorov and Dimitar Dimitrov.

2. Basis for preparation of the financial statements and accounting principles.

2.1. General financing reporting framework

The company maintains its current accounting and prepares its financial statements in accordance with the requirements of the Bulgarian commercial and accounting legislation.

These financial statements have been prepared in accordance with the requirements of the International Accounting Standards, published by the International Accounting Standards Board and adopted by the European Union. As of 31 December 2022, IASs include the International Accounting Standards (IASs), the International Financial Reporting Standards (IFRSs), the Interpretations of the Standing Interpretation Committee and the Interpretations of the IFRS Interpretation Committee, approved by the IAS Committee and in power since 1st January, 2022.

The IAS Committee issues every year the standards and their interpretations, which after the formal approval by the EC, are valid for the year in which they are issued. However, a big part of them is not applicable to the company's business because of the specific issues that are addressed in them.

2.2. Initial application of new and amended IFRSs in force for the current accounting period

2.2.1. Accounting standards applicable for the current reporting period

The management considered all standards and clarifications to the standards, which are applicable to the activities of the Company and which are officially adopted by the EU as of the date of preparation of the current financial statements.

The management reviewed the amendments in the existing accounting standards which are enforceable as of

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FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

Unless otherwise stated, all amounts are in BGN thousand.

1st January, 2022 and assessed that no changes in the current accounting policy are necessary.

2.2.2. Amendments of IAS/IFRS applicable to the financial statements for the year 2022 adopted by the EU Commission

<i>Standard or clarification, date of amendment and enforcement</i>	<i>Scope of the amendment</i>	<i>Adoption status by EU Commission</i>
<p>Amendment to IAS 16 Property, Plant and Equipment – Receipts before intended use.</p> <ul style="list-style-type: none"> ▪ Published by the International Accounting Standards Board (IASB) on 14.05.2020. ▪ It has been adopted for application in the EU under Regulation (EU) No 2021/1080 of 28 June 2021 (Official Journal, no. L 234 of 2.7.2021). 	<p>The amendment to IAS 16 affects the accounting treatment of sales revenue from units produced by bringing an item of property, plant and equipment to the location and condition necessary for it to function in the manner intended by management.</p>	<p>The companies should apply the amendments at the latest from the starting date of their first financial year, which starts on or after 1 January 2022.</p>
<p>Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Contract Performance Costs.</p> <ul style="list-style-type: none"> ▪ The amendment to IAS 37 entitled "Onerous Contracts – Contract Execution Costs" was published by the IASB on 14.05.2020. ▪ It has been adopted for application in the EU under Regulation (EU) No 2021/1080 of 28 June 2021 (Official Journal, no. L 234 of 2.7.2021). 	<p>The amendment to IAS 37 specifies which costs an entity should include in the cost of performing a contract in order to assess whether the contract is onerous and, therefore, to recognize provisions.</p>	<p>The companies should apply the amendments at the latest from the starting date of their first financial year, which starts on or after 1 January 2022.</p>
<p>Amendment to IFRS 3 Business Combinations – Reference to the Conceptual Framework.</p> <ul style="list-style-type: none"> ▪ The amendment to IFRS 3 Business Combinations entitled "Reference to the Conceptual Framework" was published by the International Accounting Standards Board (IASB) on 14.05.2020. ▪ It has been adopted for application in the EU under Regulation (EU) No 2021/1080 of 28 June 2021 (Official Journal, no. L 234 of 2.7.2021). 	<p>Updates the reference to the applicable frame, such as the text "The Framework for the Preparation and Presentation of Financial Statements" is replaced by "The Conceptual Framework for Financial Reporting". A new exception to the principle of recognition of liabilities is introduced, and contingent liabilities incurred in a business combination. An explicit requirement is added that the acquirer does not recognize contingent assets acquired in a business combination.</p>	<p>The companies should apply the amendments at the latest from the starting date of their first financial year, which starts on or after 1 January 2022.</p>
<p>Annual improvements to IFRSs, 2018–2020 cycle</p> <ul style="list-style-type: none"> ▪ Annual improvements to IFRS, 2018-20205 cycle were published by the IASB on 14.05.2020. ▪ Adopted for application in the EU under Regulation (EU) No 2021/1080 of 28 June 2021 (Official Journal, no. L 234 of 2.7.2021). 	<p><i>IFRS 1 First-Time Application of International Financial Reporting Standards</i> - A Subsidiary as a First-Time Adopter; <i>IFRS 9 Financial Instruments</i> - Fees at the "10 per cent" threshold for derecognition of financial liabilities; <i>IAS 41 Agriculture</i> - Taxation at Fair Value Measurement <i>IFRS 16 Leasing</i> - Lease Incentives</p>	<p>The companies should apply the amendments at the latest from the starting date of their first financial year, which starts on or after 1 January 2022.</p>

*NOTES TO THE INDIVIDUAL
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022*

Unless otherwise stated, all amounts are in BGN thousand.

2.2.3. Standards and clarifications issued by IASB awaiting adoption by the EU Commission

<i>Standard or clarification, date of amendment and enforcement</i>	<i>Scope of the amendment</i>	<i>Adoption status by EU Commission</i>
IFRS 17 Insurance Contracts	The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.	Waiting for adoption. Date of application no earlier than 1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.	Waiting for adoption. Date of application no earlier than 1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.	Waiting for adoption. Date of application no earlier than 1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	Waiting for adoption. Date of application no earlier than 1 January 2023
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.	Waiting for adoption. Date of application no earlier than 1 January 2024
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.	Waiting for adoption. Date of application no earlier than 1 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions.	Waiting for a date for adoption

2.3. Accounting principles

The individual financial statements of the Company have been prepared in accordance with the going concern principle. The latter assumes that the Company will continue to exist in the foreseeable future.

NOTES TO THE INDIVIDUAL
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

Unless otherwise stated, all amounts are in BGN thousand.

During the last reporting period the continuing COVID-19 pandemic did not cause any negative effect on the business activities of Allterco and its subsidiaries. In February 2022 a military conflict between Russia and Ukraine started. To the extent that the Company does not have business relations with companies or organizations from those two countries, the management believes that this event is not expected to have a direct or indirect impact on the financial results and financial position of the company

The Management has no plans or intentions to sell the business or discontinue the operations, which could significantly change the book value or classification of the assets and liabilities recognized in the financial statements.

The valuation of assets and liabilities and the measurement of income and expenses are carried out in compliance with the principle of historical cost. This principle has been modified in certain cases by revaluing certain assets and / or liabilities to their fair value at 31 December of current year and 31 December of previous year, as set out below.

2.4. Subsidiaries. Consolidation.

A subsidiary is a company that is controlled by the parent company. Control is the power to govern the financial and operating policies of a subsidiary so as to obtain benefits from its activities. As of 31st December 2022, the Company has three subsidiaries registered in Bulgaria, two subsidiaries abroad and one associated company abroad. In these individual financial statements, investments in subsidiaries are reported at acquisition cost and these statements do not constitute consolidated financial statements within the meaning of *IFRS 10 Consolidated Financial Statements*.

In order to gain a complete picture of the financial position, results of operations, and changes in the financial position of the group as a whole, users of these individual financial statements need to read it together with the consolidated financial statements of the company for the period ending on 31 December 2022. The company prepares consolidated financial statements, which according to regulatory requirements in Bulgaria are presented after the individual financial statements are approved.

2.5. Functional and reporting currency

Functional currency is the currency of the main economic environment in which a company operates and in which most of its revenues and costs are incurred. The functional currency reflects the main deals, events and term significant for the company.

The Company reports the transactions in the accounting and prepares its financial statements in the national currency of the Republic of Bulgaria - the Bulgarian lev, adopted by the Company as a functional currency.

The present individual financial statements are prepared in thousand BGN, unless something different is stated.

NOTES TO THE INDIVIDUAL
FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

Unless otherwise stated, all amounts are in BGN thousand.

Income per share is presented in BGN.

2.6. Foreign currency

The transactions in foreign currencies are booked initially as the amount in foreign currency is translated in reporting currency by applying the currency fixing of Bulgarian National Bank as of the date of the transaction. Currency exchange differences that arise at settlement of foreign currency open positions or at time of reporting such positions when the currency exchange rate is different than the initial exchange rate reported in the profit, loss or other comprehensive income for the respective period. The cash positions in foreign currencies as of 31 December 2021 and 31 December 2022 are evaluated in the current financial statements at the closing exchange rate of Bulgarian National Bank. As of 31st December 2021- 1.72685 BGN for 1 USD; 1,95802 BGN for 10 NOK and 1,95583 BGN for 1 EUR, and as of 31st December 2022 - 1,83371 BGN for 1 USD; 1,86025 BGN for 10 NOK; and 1,95583 BGN for 1 EUR)

2.7. Use of estimates and judgements

The application of IAS stipulates that management of the Company should use some accounting assumptions and estimates in the process of preparing financial statements in order to the value of some assets, liabilities, revenues, costs and of balance sheet assets and liabilities. This is done on the basis on best judgment by management based on historic experience and analysis of all relevant factors as of the date of preparing the financial statements. Actual values may differ from the management estimates presented in the financial statements.

2.8. Comparative data

Bulgarian accounting legislation stipulates that the financial year ends on 31 December and all companies are obliged to prepare and present financial statements as of this date together with comparative data for the same period of previous year. If necessary, the comparative data for the previous year is amended in order to achieve better comparability between the two periods.

3. Definition and determination of the elements of the financial report

3.1. Property, plant and equipment

Property, plant and equipment (non-current tangible assets), except for land, are presented in the financial statements at acquisition price (cost) less the accumulated depreciation and eventual impairment losses.

Initial acquisition

Upon their initial acquisition, the properties, plant and equipment are valued at acquisition price (cost), which includes the purchase price, incl. customs duties and any direct costs necessary to bring the asset to working condition. The direct costs are: costs for site preparation, costs for initial delivery and processing, installation

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Unless otherwise stated, all amounts are in BGN thousand.

costs, costs for fees of persons related to the project, non-refundable taxes, etc.

The Company has set a value threshold of BGN 700, below which the acquired assets, regardless of the fact that they have the characteristics of a non-current asset, are treated as a current expense at the time of their acquisition.

Subsequent expenses

The expenses for repair and maintenance are recognized as current expense in the period in which they are incurred. Subsequent expenses related to property, plant and equipment, which have the characteristics of replacement of some key parts or reconstruction and that meet the criteria for recognition as a long-term asset are capitalized increasing the book value of the corresponding asset. Also, the remaining useful life of the asset is reassessed at the time of capitalization. At the same time, the undepreciated part of the substituted parts is written off from the book value of the assets and is recognized as current expense for the period.

Depreciation of property, plant, equipment and intangible assets

The depreciation of properties, plant, equipment and intangible assets is calculated using the straight-line method. The depreciation periods are determined by the management of the Company based on estimated useful life of assets.

No depreciation is recognized on land, fully depreciated assets and assets that are in process of acquisition as well as on assets held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations.

The following depreciation rates are applied by asset groups:

	2022	2021
Vehicles	4	4
Computers, peripherals and software	2	2
Office equipment	5 - 6.67	5 – 6.67
Other	6.67	6.67
Intangible assets	6.67	6.67

3.2. Impairment of properties, plant, equipment and intangible assets

At the end of each year a review of the book value is made on all long-term assets that are not reported at fair value in order to determine if there are evidences of impairment. If such evidences exist the Company estimates the recoverable amount of each asset and determines the resulting loss from impairment.

When is impossible to calculate the recoverable value of an asset the Company estimates the recoverable value of the cash generation object of which the asset is part. If the so calculated recoverable value of the asset (that

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generates cash flows) is lower than its book value, the book value is decreased to the level of recoverable amount of the asset (that generates cash flows). The loss from impairment is recognized in the statement of comprehensive income in the year of occurrence.

In case the loss of impairment is subsequently recovered the book value of the asset (that generates cash flows) is increased up to the revalued recoverable amount but not higher than the value of the asset if no impairment was recognized.

Recovered impairment loss is recognized as a revenue in the statement of comprehensive income in the year when it the recovery was incurred, unless the revaluation of corresponding asset is reported in the revaluation reserve. In this case the revaluation reserve is amended.

3.3. Investments in subsidiaries and associated companies

The long-term investments in shares of daughter and associated companies are presented in the individual financial statements at acquisition cost, which is the fair value of amount paid, including direct costs incurred for the acquisition of the investment, less the accumulated impairment.

The investments in daughter and associated companies are subject to annual assessment for impairment. In case there are evidences for impairment it is recognized in the statements of comprehensive income. In case of sale or purchase of investments in daughter or associated companies the effective date of the deal is the date of closing.

The investments are written off when the rights associated with them are transferred to another party when the legal requirements for such transfer are met and the control over the investments is lost. The profit (loss) from the sale of investments is reported as part of financial income or financial expenses in the statement of comprehensive income for the year.

3.4. Other long-term capital investments

Other long-term financial investments are non-derivative financial assets in the form of shares and stakes of other companies (minority interest) held with a long-term perspective.

Initial evaluation

Initially, equity investments are recognized at acquisition price, which is the fair value of the consideration paid, including direct expenses of the investment acquisition (the financial asset). All purchases and sales of equity investments are recognized on the “settlement date” of the transaction.

Subsequent evaluation

The capital investments held by the company are subsequently measured at fair value. The effects of the subsequent measurement to fair value are presented in the statement of comprehensive income (in other

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components of comprehensive income) and respectively in the reserve related to financial assets at fair value, through the other comprehensive income. These effects are transferred to retained earnings on the disposal (sale) of the respective investment.

3.5. Non-current assets held for sale

Non-current assets are classified as held for sale if their book value will be recovered through sale rather than through continuing use in the Company's operations. This condition is considered to exist only when the sale is highly secure and the relevant non-current assets are available for immediate sale in their present condition.

Non-current assets classified as held for sale are measured at the lower value between the fair value and the book value less the costs to sell.

3.6. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one enterprise and a financial liability or equity instrument in another enterprise. Financial assets and liabilities are recognized in the statement of financial position when the company becomes a party to the contractual provisions of the financial instrument that gave rise to the asset or liability. Financial assets are derecognized from the statement of financial position after the contractual rights to receive cash flows have expired or the assets have been transferred and their transfer meets the derecognition requirements in accordance with IFRS 9 *Financial Instruments*.

Financial liabilities are written off from the statement of financial position when and only when they are repaid - i.e., the obligation specified in the contract has been canceled, annulled or its term has expired.

The activity of the company does not presuppose the existence of various financial instruments. The main financial instruments included in the statement of financial position of the company are presented below.

Trade and other receivables

Trade receivables are amounts owed by customers for goods and services sold in the ordinary course of business. They are usually due for short-term settlement and are therefore classified as current. Trade receivables are initially recognized in the amount of unconditional remuneration due, unless they contain significant financing components.

The Company holds trade receivables for the purpose of collecting contractual cash flows and therefore measures them at depreciated cost using the effective interest method. Discounting is not performed when its effect is insignificant.

As of the date of preparation of the financial statements, the company assesses whether there is objective

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evidence of impairment of trade receivables that are individually significant. An impairment loss is recognized whenever there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable.

The amount of impairment is the difference between the book value and the recoverable amount. The latter represents the present value of the expected cash flows, discounted with the effective interest rate. The amount of impairment of trade receivables during the current period is reported as an expense. When a receivable is expected to be collected within one year, it is reported as a current asset. In other cases, receivables are reported as non-current assets.

Future cash flows designated for a group of financial assets that are collectively measured for impairment are determined based on historical information about financial assets with credit risk characteristics similar to those of the reviewed financial assets group. Assets that are individually impaired are not included in an impairment group.

The Company uses a simplified approach in accounting the impairment of trade and other receivables and recognizes an impairment loss as expected credit losses for the entire term. They represent the expected shortfall in contractual cash flows, given the possibility of default at any time during the term of the financial instrument.

Significant financial difficulties of the debtor, probability of bankruptcy and liquidation, financial restructuring or inability to repay the debt (more than 30 days) are considered as indicators that the trade receivable should be impaired.

In estimating expected credit losses on trade receivables, the company uses a provision matrix as well as its past experience with losses on trade receivables to estimate the expected credit losses for the entire term of the financial assets.

The significant part of the contracts with clients and additional cash installments are with daughter companies and because of this the Management assesses the possibility of occurrence of credit losses as rather minimal.

Cash and cash equivalents

Cash and cash equivalents in BGN are valued at their nominal value, and cash in foreign currency - at the closing exchange rate of the BNB at the end of each reporting period.

Cash for the purposes of compiling the statement of cash flows are monetary funds in cash and in bank accounts.

Loan liabilities

Interest-bearing loans are initially recognized at fair value formed from the received cash receipts less the costs to sell. After initial recognition, interest-bearing loans are measured at depreciated value, with any difference

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between the original value and the maturity value being recognized in profit or loss for the period of use of the loan based on the effective interest rate method. Received interest loans, at the occurrence of which no expenses related to the transaction have been incurred, are not amortized. The received bank overdrafts are treated in the same way, where the recipient has the right to repeatedly utilize or repay the loan within the pre-agreed limit.

The financial expenses, including direct borrowing costs, are included in profit or loss using the effective interest rate method, except for transaction costs on bank overdrafts, which are recognized in profit or loss on a straight-line basis over the period, for which the overdraft is agreed.

Interest-bearing loans are classified as current when they are to be settled within twelve months of the end of the reporting period.

Payables to suppliers, other current payables and advances received

Trade and other payables arise as a result of goods or services received. Short-term payables are not depreciated.

Trade payables are recognized initially at fair value and subsequently at amortized cost using the effective interest rate method.

3.7. Registered share capital

The registered capital of the company is presented at the nominal value of issued shares and it corresponds to the value in the last court registration.

Redeemed shares are presented in the statement of financial position at their cost of acquisition after the gross purchase value is reducing the company's equity.

3.8. Reserves

As reserves in the statement of financial position of the company are presented the accumulated financial results from previous years, the reserves from premiums, related to the issue of shares, reserves from investments reported at fair value through other comprehensive income, as well as statutory reserves required by the Commercial Law and the Articles of the Company. The shareholders of the company may dispose capital reserves after a decision of the General Meeting.

3.9. Lease

On the date of entry into force of the contract, the Company assesses whether the contract represents or contains a lease. In particular, whether the contract transfers the right to control the use of the identified asset for a certain period of time.

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The company as a lessee

The Company applies a unified approach to the recognition and assessment of all leases, except for short-term leases (i.e., leases with a lease term of up to 12 months) and leases of low-value assets. The Company recognizes lease liabilities for the payment of lease installments and assets with the right of use, representing the right to use the assets.

Assets with the right of use

The Company recognizes assets with a right of use from the date of the lease (i.e., the date on which the main asset is available for use). Assets with the right of use are assessed at the acquisition price less the accumulated depreciation and impairment losses and adjusted for any revaluation of lease obligations.

The acquisition price of the assets with the right of use includes the sum of the recognized lease obligations, the initial direct costs incurred and the lease payments made on or before the start date of the lease, an estimate of the costs to be incurred by the lessee in dismantling and relocating the asset, the restoration of the site on which it is located or the restoration of the asset to the condition required under the terms of the lease, reduced by any incentives received under the lease. The assets with the right of use are depreciated on a straight-line basis over the lease term.

If at the end of the lease term the ownership of the leased asset is transferred to the Company, or the acquisition price reflects the exercise of a purchase option, the depreciation is calculated using the expected useful life of the asset.

Lease liabilities

From the starting date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments that will be made during the lease term. Lease payments include fixed installments (including fixed payments on the merits) less any eligible lease incentives, variable lease payments that depend on an index or interest rate, and amounts that are expected to be paid under guarantees for residual value. Lease payments also include the price of exercise of a purchase option about which it is reasonably certain that it will be exercised by Company, as well as penalties for termination of the lease if the lease term reflects the Company's exercise of an option of termination.

Variable lease payments that do not depend on an index or interest rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the intrinsic interest rate on loans at the start date of the lease, as the interest rate set in the lease cannot be reliably determined. After the starting date, the amount of the lease liabilities increases with the interest and decreases with the lease payments made. In

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in addition, the book value of leased liabilities is revalued if there is a modification, change in the lease term, change in lease payments (for example, changes in future payments as a result of a change in the index or interest rate used to determine those lease payments) or a change in the valuation of the option to purchase the main asset.

Short - term leases and leases of low-value assets

The Company applies the exemption from recognition of short-term leases in respect of its short-term leases of buildings (for example, leases with a lease term of 12 months or less from the starting date and which do not contain a purchase option). The Company also applies the exemption from recognizing leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are stated as an expense on a straight-line basis over the term of the lease.

3.10. Liabilities to employees

Defined contribution plans

The government of the Republic of Bulgaria undertakes the liability to ensure pension payments on the basis of defined contribution plans. The liability of the Company to pay the amounts booked under the defined contribution plans for the employees is recognized in the statement of comprehensive income at the time of occurrence of the liability.

Paid annual leave

The Company recognizes as a liability undiscounted amount of estimated cost of annual paid leave, in accordance with the Labor Code and its internal rules, which is expected to be paid to employees in return to their labor for the past reporting period.

Defined income for retirement

In compliance with the requirements of the Labor Code, upon termination of the employment contract of an employee who has acquired the right to a pension, the company pays a compensation in the amount of two gross salaries, if the accumulated length of service in the company is less than ten years, or six gross salaries, in case of accumulated service in the company over ten consecutive years.

By their characteristics, these schemes are defined benefit plans.

The measurement of long-term employee benefits is carried out using the projected unit credit method, and the estimate at the date of the statement of financial position is made by licensed actuaries. The amount recognized in a statement of financial position is the present value of the liabilities. Revaluations of the defined benefit plan liability (actuarial gain or loss) arising from gained experience and changes in actuarial financial and demographic assumptions are recognized in the other comprehensive equity benefits as a reserve for liabilities on retirement. The amounts released from this reserve are transferred through other comprehensive income into retained earnings.

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3.11. Recognition of revenue and expenses**Revenue form services and other revenue**

Revenue from sales and operating costs are accrued at the time of their occurrence, regardless of the timing of monetary receipts and payments. The reporting and recognition of income and expenses are applied in compliance with the requirements for casual connection between them.

Revenue is measured at the fair value of the consideration received or receivable, less the amount of any discounts granted.

The Company recognizes revenues when the amount of the revenue can be measured reliably, when it is possible for the company to obtain future economic benefits and when it meets specific criteria for each activity of the company specified here below.

The amounts collected on behalf of third parties, such as sales taxes, as value added tax is, are excluded from revenue.

Revenue form services

Revenues from services (administrative or other) are recognized on a monthly basis in the month when the services were performed.

Revenue from participations (Dividends)

Dividend income is recognized in the period when the Company become aware of the right to receive dividend. The dividend income is recognized as other revenue in the statement of comprehensive income.

The *government donations or help* which are received by the Company as a compensation for expenses made are recognized in the profit or loss for the period during which the expenses were made.

The revenue from *government donations*, representing compensation for investment expenses for acquiring assets, are recognizes in the current profit and loss for the whole period of useful life of the assets, which usually is equal to the amortization period of each asset.

The *profit (loss) from sales of plant, machinery, equipment and intangible assets* is recognized as other revenue (expenses).

When assets are *exchanged* the Company recognizes revenue (expenses) from the transaction at the amount equal to the difference between the fair value of the assets received and book value of asset exchanged.

When economic benefits are expected to be spread over several financial periods and their relation to the revenues could be determined only in general or indirectly, the expenses are recognizing in the profit and loss on the basis of procedures for systematic and rational distribution.

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Financial income and expenses

The expenses related to a loan, which can be linked to an asset for which the process of acquisition, construction or production, before it is ready for the intended use, takes a significant amount of time, should be capitalized as part of this asset.

All other financial income and expenses are reported in the profit or loss for all instruments held at amortization value though use of the effective interest rate method.

The effective interest rate method is a method of calculating of the amortized value of a financial assets or liability in order to distribute the interest income or expenses over the respective period of time. The effective interest rate is the rate that is used for discounting the expected future cash income or expense throughout the expected useful life of the financial instrument, or in certain cases for a shorter period of time, to the net book value of the financial assets or liability. When calculating the effective interest rate, the Company assess the cash flows by considering all contractual terms of the financial instrument but without including any potential future losses or impairments. The calculation includes taxes, transaction costs, premiums or discounts paid or received by the contractual parties, which are inseparable part of the effective interest rate.

Expenses

The expenses in the Company are recognized at the moment of their occurrence and on the basis of the principles of accrual and comparability. Expenses are recognized when there is a decrease in future economic benefits associated with a decrease in an asset or an increase in a liability that can be measured reliably. Recognition of expenses for the current period is performed when their corresponding income is accrued. An expense is recognized immediately in the statement of comprehensive income when the expense does not create a future economic benefit or when and to the extent that the future economic benefit does not meet the requirements or ceases to meet the requirements for recognition of an asset in the statement of financial position. Expenses are reported on the principle of current accrual and comparability with the reported revenues. They are measured at the fair value of the remuneration paid or payable.

3.12. Income tax expenses

Income tax expense represents the sum of the current income taxes and the tax effect on temporary tax differences. Current income tax is determined on the basis of the taxable profit for the period, applying the tax rate according to the tax legislation as of the date of the financial statements. Deferred tax assets and / or liabilities are the amounts of recoverable and payable income taxes for future periods in respect of deductible and taxable temporary tax differences.

Temporary tax differences are established by comparing the book value of an asset or liability presented in the Statement of financial position with its tax base when applying the tax rules.

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Deferred income taxes are calculated using the balance sheet liability method. Deferred tax liabilities are calculated and recognized for all taxable temporary differences, while deferred tax assets are recognized only if it is probable that they will be recovered and if the company will be able to generate sufficient profit in the future from which they to be deducted.

The effect of recognizing the deferred tax assets and / or liabilities is reflected where the effect of the event that gave rise to them is presented.

For events that affect the statement of profit or loss and other comprehensive income, the effect of deferred tax assets and liabilities is also recognized in the statement of comprehensive income.

For events that are initially reported in equity (revaluation reserve) and deferred tax assets and liabilities are recognized at the expense of equity.

In the Statement of financial position, deferred tax assets and / or liabilities are presented as compensation, as they are subject to a single taxation regime.

According to the Bulgarian tax legislation, the company pays corporate profit tax, which is set at 10% of the taxable profit for the respective year. The corporate tax rate for 2023 remains at 10%.

3.13. Judgments that are crucial in applying the accounting policy of the Company. Key high uncertainty estimates and assumptions.

In the process of applying the accounting policy, the management of the Company makes judgments that have a significant effect on these financial statements. Such judgments are by definition rarely equal to actual results.

As a result, they are subject to constant review and updating and summarize historical experience and other factors, including expectations of future events that management believes are reasonable in the current circumstances.

The estimates and assumptions that carry a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

3.13.1. Impairment of investments in subsidiaries

The Management analyzes and evaluates the existence of indicators for impairment of its investments in subsidiaries. The main indicators of impairment are: significant reduction of the volume or cessation of the activity of the Company in which the investment is made; reporting losses for a longer period of time, as well as reporting negative net assets or assets below the registered share capital.

Management's tests and judgments for impairment of investments are made through the prism of its plans and intentions regarding the future economic benefits that are expected to be received by the subsidiaries, incl.

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trade and production experience, securing positions in foreign markets, expectations for future sales, etc.

For this purpose, variants of forecasts are developed, which take into account the various assumptions about risks, uncertainties and probabilities for the future realization of cash flows and income from these investments. Each of the options is carefully analyzed by the management and the results are weighed when calculating the recoverable amount of the respective investment.

3.13.2. Employees income on retirement

The liability for employee's income on retirement is determined by actuarial valuation. This assessment requires assumptions to be made about the discount rate, future wage growth, employees' turnover and mortality rates. Due to the long-term nature of employee's income on retirement, these assumptions are subject to significant uncertainty.

The company has prepared an actuarial assessment of its retirement obligations and reflected them in its financial statements as of the end of 2022.

3.13.3. Useful life of property, plant and equipment and intangible assets

The financial reporting of property, plant and equipment and intangible assets includes the use of estimates of their expected useful lives and carrying amounts, which are based on judgments by the management of the Company.

3.13.4. Impairment of receivables

The Management estimates the amount and period of expected future cash flows related to receivables based on experience and considering current circumstances. Due to the inherent uncertainty of this estimate, actual results may differ from those expected. The management of the Company reviews the estimates from previous years and compares them with the actual results.

3.13.5. Lease

Determining the term of the lease for contracts with options for renewal and termination - the Company as a lessee

The Company defines the lease term as the irrevocable lease term, together with any periods covered by the option to extend it, if it is reasonably certain that the option will be exercised, or any periods covered by the option of termination of the lease if it is reasonably certain that the option will not be exercised.

3.14. Determination of fair values

Some of the Company's accounting policies and disclosures require a fair value measurement of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the company uses observable data as far as possible.

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Fair values are categorized at different levels in the fair value hierarchy based on the inputs to the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for similar assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that, directly (i.e., as prices) or indirectly (i.e., derived from prices), are available for monitoring for the asset or liability.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input data).

If the inputs used to measure the fair value of an asset or liability can be categorized at different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety at that level of the fair value hierarchy whose input information is relevant to the overall assessment.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

More information on the assumptions made in measuring fair values is included in the relevant notes.

3.15. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period to be distributed among the shareholders holding ordinary shares by the weighted average number of ordinary shares held for the period.

The weighted average number of shares represents the number of ordinary shares held at the beginning of the period, adjusted by the number of repurchased ordinary shares and the number of newly issued shares during the period multiplied by the average time factor. This factor expresses the number of days during which the specific shares were held, compared to the total number of days during the period.

Earnings on impaired shares is not calculated as no impaired shares have been issued.

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NOTES TO THE FINANCIAL STATEMENTS

4. Notes to the Statement of financial position

4.01. Property, plant and equipment

	Vehicles	Computer equipment	Office equipment	Others	Total
January 01, 2021					
Acquisition value	6	5	1	57	69
Depreciation	(2)	(5)	(1)	(57)	(65)
Book value	4	-	-	-	4
Written off during the period	(6)	-	-	-	(6)
Depreciation for the period	(1)	-	-	-	(1)
Changes in depreciation	(3)	-	-	-	(3)
December 31, 2021					
Acquisition value	-	5	1	57	63
Depreciation	-	(5)	(1)	(57)	(63)
Book value	-	-	-	-	-
January 01, 2022					
Acquisition value	-	5	1	57	63
Depreciation	-	(5)	(1)	(57)	(63)
Book value	-	-	-	-	-
Written of during the period	-	-	-	-	-
Depreciation for the period	-	-	-	-	-
Changes in depreciation	-	-	-	-	-
December 31, 2022					
Acquisition value	-	5	1	57	63
Depreciation	-	(5)	(1)	(57)	(63)
Book value	-	-	-	-	-

4.01.01 Assets with right to use

	Vehicles
1.1.2021	
Acquisition value	-
Amortization	-
Book value	-
Acquisitions	-
Amortization for the period	-
Book value at the end of period	-
31.12.2021	
Acquisition value	-
Amortization	-
Book Value	-
01.01.2022 г.	
Acquisition value	-
Amortization	-
Book Value	-
Acquisitions	34
Amortization for the period	(17)
Book value at the end of period	17

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30.09.2022 г.	
Acquisition value	34
Amortization	(17)
<u>Book Value</u>	<u>17</u>

As of the end of reporting period the Company is a party in active leasing contracts for vehicles. In relation with those contracts, it has recognized in its statement of financial position assets with right to use. The book value of the assets is 34 thousand BGN and its present value as of 31st December 2022 is at the amount of 17 thousand BGN, which is comprised of current portion at the full amount of 17 thousand BGN.

The average term of the leasing contracts is 2 years. The discount rate applied is 1,35%.

During 2022, the interest expense related to leasing contract liabilities were at the amount of 359 BGN.

4.02. Intangible assets

	Intellectual property rights
January 01, 2021	
Acquisition value	4
Depreciation	(2)
Book value	2
Acquisitions during the period	5
Depreciation for the period	(2)
Book value	2
December 31, 2021	
Acquisition value	9
Depreciation	(4)
<u>Book value</u>	<u>5</u>
January 01, 2022	
Acquisition value	9
Depreciation	(4)
Book value	5
Acquisitions during the period	-
Depreciation for the period	(2)
Book value	3
December 31, 2021	
Acquisition value	9
Depreciation	(6)
<u>Book value</u>	<u>3</u>

4.03. Investment in subsidiaries

Company	Ownership %	31 December 2022 BGN'000	Ownership %	31 December 2022 BGN'000
Allterco Trading Ltd., Bulgaria	100	1	100	1

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Allterco Robotics Ltd., Bulgaria	100	7 000	100	1 500
Allterco Properties Ltd., Bulgaria	100	5 405	100	5 405
Allterco Robotics Inc., USA	100	973	100	52
Allterco Europe GMBH, Germany	100	978	100	978
Total		14 357		7 936

In 2022 Allterco Ltd increase the capital of its subsidiary Allterco Robotics Ltd by to 7 000 thousand BGN. The investment was made using entirely own funds. Also, at the end of fourth quarter of 2022 the Company increased the share capital of its wholly owned subsidiary Allterco Robotics US Inc. to 973 thousand BGN.

4.04. Investments in associated companies

During 2021 Allterco JSCo had participation in the establishment of a new company in China named Allterco Asia Ltd. with a seat at Shenzhen. The registered capital of the new company is CNY 100 000 and the participation of Allterco JSCo is 30 % (8 thousand BGN) with an option to acquire additional up to 50% and reach a controlling stake of 80%.

4.05. Other long-term capital investments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Ordinary registered shares - Link Mobility Group Holding ASA, in the beginning of the period	2 624	6 566
<i>Decrease</i>		
Carrying amount on sold financial instrument	(355)	(369)
Effect from subsequent revaluation of financial assets	(1 439)	(3 573)
Ordinary registered shares - Link Mobility Group Holding ASA, at the end of the period	830	2 624

4.06. Other long-term receivables

In September 2021 the Company sold its investments in ALLTERCO PTE, Singapore, ALLTERCO SDN Malaysia и ALLTERCO CO. LTD Thailand. The terms of the contract stipulate that 50% if the agreed price, at the amount of 1 027 thousand is due in 36 months after the date of the deal for this reason, in the current individual financial statements the receivable related to the sale of the mentioned subsidiaries which are due after 2023 are presented and long-term receivables.

The management of the company assumes that all other long-term receivables are presented in the financial individual statements as of 31 December 2022 at fair value.

4.07. Deferred tax assets

Deferred taxes arise as a result of temporary differences and can be presented as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Tax effect of accrued expenses	4	-
Tax effect from impairment of receivables	-	16
Tax effect from accruals for unused leave	4	2
Tax effect of long-term employees' benefits	6	-

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Total:	14	18
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4.08. Receivables from related companies

Receivables from related persons are presented as follows:

	December 31, 2022	December 31, 2021
Allterco Properties EOOD (Solely-owned LLC)	5	5
Allterco Trading OOD (Ltd.), including	4 001	1 764
- Funds provided for additional installments	-	1 764
- Dividends	4 001	-
Allterco Robotics US (Ltd.), including	1 843	-
- Interest for additional installments	9	-
- Funds provided for additional installments	1 834	-
Total:	5 849	1 769

In the second quarter of 2022, the Board of Directors of Allterco AD decided to provide additional financing to the US subsidiary Allterco Robotics U.S. amounting to 1.5 million USD - 0.5 million USD in the form of an increase in capital and 1 million USD in the form of an additional cash contribution.

At the end of June 2022, Allterco AD has made an additional cash contribution of 1 million. USD (1 834 thousand BGN) to its subsidiary, which is provided for a period of one year with an annual interest rate of 1.0%. In December 2022, the capital of Allterco Robotics U.S. was increased by 0.5 million. USD. (921 thousand BGN)

The receivables form related parties are in the following currencies:

	December 31, 2022	December 31, 2021
<i>By types of currency</i>		
in BGN	4 006	1769
In USD	1 843	-
Total:	5 849	1 769

4.09. Trade receivables

	December 31, 2022	December 31, 2021
Receivables from clients, including	1 046	3 477
Impairment of receivables	-	(152)
Receivables from clients, net	1 046	3 325
Total trade receivables – current portion	1 046	3 325

As at 31st December 2022 trade receivables include a receivable of 1 036 thousand BGN, representing a partial

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installment under the sale transaction of Allterco's Asian telecom business, due in March 2023 and 10 thousand BGN from suppliers in advances.

In June 2022, an agreement was made with Link Mobility Group, Norway, to pay the overdue final installment in connection with the sale of the European telecommunications business to Allterco AD, for which arbitration proceedings were opened in the International Arbitration in Vienna. As a result of the agreement, Link Mobility Group paid 2 151 thousand BGN of the due amount and the balance of 902 thousand BGN has been written off (see note 5.02).

	December 31, 2022	December 31, 2021
<i>By currency</i>		
In NOK	9	423
In EUR	1 037	2 902
Total:	1 046	3 325

The movement of impairment of trade receivables for the year is as follows:

	December 31, 2022	December 31, 2021
Impairment as of the beginning of the period	152	-
Recovered and written off impairment	(152)	-
Impairment for the period	-	152
Impairment as of the end of the period	-	152

That movement of impairment relates entirely to Link Mobility Group prior to the conclusion of the June 2022 agreement.

Ageing analysis of trade receivables is presented below:

	December 31, 2022	December 31, 2021
Current	1 046	423
Overdue up to 90 days	-	-
Overdue up to 180 days	-	3 054
Overdue up to 360 days	-	-
	1 046	3 477

4.10. Other receivables

	December 31, 2022	December 31, 2021
VAT receivable	21	35
Other	-	3
Total:	21	38

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Unless otherwise stated, all amounts are in BGN thousand.

4.11. Short-term financial assets

At the end of 2022, the Company reported current financial assets amounting to 175 thousand BGN which include costs of legal and consulting services related to the acquisition of the Slovenian company GOAP. Upon successful completion of the transaction, these costs will be added to the value of the investment.

4.12. Cash and cash equivalents

	December 31, 2022	December 31, 2021
CASH, including	7	6
Cash in BGN	7	1
Cash in foreign currency	-	5
CASH IN CURRENT BANK ACCOUNTS, including	3 572	16 428
Current bank account in BGN	2 038	11 228
Current bank account in foreign currency	1 524	5 200
Cash equivalents	10	-
Restricted cash	3 911	-
Total:	7 490	16 434

Cash equivalents consist of money that were transferred to an escrow account for the purpose of paying the purchase price for the acquisition of the Slovenian company GOAP.

<i>By currency</i>	December 31, 2022	December 31, 2021
in BGN	2 053	11 229
in USD	493	3 055
in EUR	4 341	2 150
Other	603	-
Total:	7 490	16 434

The company's cash is in bank accounts with trade banks with a stable long-term rating. The Management has assessed the expected credit losses on Cash and cash equivalents. The estimated credit losses are insignificant compared to the gross value of the cash deposited with financial institutions, therefore they are not recognized in the individual financial statements of the company as of 31 December 2022.

4.13. Prepaid expenses

The prepaid expenses disclosed in the individual statement of financial position as of 31 December 2022 are related to a subscription to information channels used for the disclosure of information through Frankfurt Stock

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Exchange for the amount of 26 thousand BGN and 20 thousand BGN for insurance.

4.14. Bank loans

	December 31, 2022	December 31, 2021
KBC Bank Bulgaria, including.:		
– to one year	293	285
– over one year	1 322	1 615
Total bank loans – non-current part:	1 322	1 615
Total bank loans – current part	293	285

The depreciable part of the bank loan is obtained under the following conditions:

Bank	KBC Bank Bulgaria
Date of the contract:	25 August 2017
Contracted credit amount:	1 620 000
Original currency	EUR
Purpose	Financing of up to 90% (VAT exclusive) of the final price of all company shares, representing 100% of the capital of the Solidary Debtor Allterco Properties EOOD, defined in an Agreement concluded between the Borrower and JFC Developments OOD for transfer of the company shares in the Final Agreement.
Repayment deadline	February 10, 2028
Collateral:	Mortgage of real estate, owned by Allterco Properties EOOD, solidary debtor - Allterco Properties EOOD, pledge of receivables from all bank accounts of Allterco JSCo with the bank

4.15. Long-term liabilities to employees

As of 31st December 2022, the Company charged obligations for a defined benefit plan upon retirement of 61 thousand BGN. The amount of the obligation is determined on the basis of an actuarial assessment based on assumptions about mortality, disability, probability of leaving, wage growth, etc.

Present value movements of defined benefit plans in retirement:

	31 December 2022
Liabilities at the beginning of the period	-
Debts paid during the period	-
Costs recognized in profits or losses	
Costs for accumulated length of service	60
Financial costs of future liabilities	1

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Actuarial losses recognized in other comprehensive income	-
Liabilities at the end of the period	61

In case of early retirement due to disability, employees shall be entitled to a benefit of up to two months' salaries, increased by 100 % in the case of a minimum period of five years' service and provided that no such benefits have been received during the last five years of service.

The demographic statistical assumptions used are based on the following:

- turnover rate of the Company's staff over the past few years;
- mortality of the population of Bulgaria in the period 2019 – 2021 according to the data of the National Statistical Institute;
- statistics of the National Center for Health Information on Disability of the Population and Early Retirement.

4.16. Liabilities to related companies

	December 31, 2022	December 31, 2021
Allterco Properties Ltd., including	17	
– up to 1 year	17	-
– Over 1 year	-	-
Total lease – non-current part:	-	-
Total lease – current portion:	17	-

During the reporting period, the company is a part of leasing contract for vehicles with subsidiary company, regarding this it has recognized in the statement of financial position right of use assets for the amount of 34 thousand BGN.

The current value of the lease liability recognized as 31 December 2022 under these contracted amounts is 17 thousand BGN.

4.17. Trade liabilities

	December 31, 2022	December 31, 2021
Suppliers	158	174
<i>By currency</i>	December 31, 2022	December 31, 2021
in BGN	74	47
in EUR	84	127
Total:	158	174

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4.18. Payables to employees and social security liabilities

	December 31, 2022	December 31, 2021
Liabilities for non-used leaves	33	15
Social security and health contributions	7	5
Social security contributions on non-used leaves	2	2
Total:	42	22

4.19. Tax liabilities

	December 31, 2022	December 31, 2021
Personal income tax	15	3
Other taxes - entertainment expenses and tax under Art. 204	-	1
Total:	15	4

4.20. Other liabilities

	December 31, 2022	December 31, 2021
Liabilities for participations, including - to one year	535	665
Total	535	665

4.21. Registered capital

Allterco JSCo was registered in 2010. The registered capital of the Company as of December 31, 2021 amounts to BGN 17,999,999 (seventeen million nine hundred ninety-nine thousand nine hundred ninety-nine) and is distributed in 17,999,999 (seventeen million nine hundred ninety-nine thousand nine hundred ninety-nine) ordinary registered shares with par value of BGN 1 each. The registered capital is fully paid in four installments:

The first issue was made upon the establishment of the Company in the form of a non-monetary contribution in the amount of BGN 50,000 by Dimitar Stoyanov Dimitrov and Svetlin Iliev Todorov.

In 2010 a second non-monetary contribution was made in the amount of BGN 5,438,000 by Dimitar Stoyanov Dimitrov and Svetlin Iliev Todorov. The subject of the non-monetary contribution was shares from the capital of Tera Communications AD.

At the end of 2015, a new issue of 8,012,000 (eight million and twelve thousand) ordinary registered voting shares was issued, with a nominal value of BGN 1 (one) each.

At the end of 2016 the capital of ALLTERCO JSCo was increased with a new issue in the amount of 1,500,000 (one million and five hundred thousand) shares on the basis of a successful initial public offering, according to the Prospectus for public offering of shares, approved by the Financial Supervision Commission with Decision № 487 – E of 08.07.2016 entered in the Commercial Register under No.20161108100414 of 08.11.2016.

In 2020 the capital of the Company was increased by cash contributions in the total amount of 2,999,999 (two

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million nine hundred ninety-nine thousand nine hundred and ninety-nine) against 2,999,999 (two million nine hundred ninety-nine thousand nine hundred and ninety-nine) subscribed and paid dematerialized ordinary registered voting shares with a nominal value of BGN 1 as a result of a procedure for Public Offering of a new issue of shares. The public offering of shares from the capital increase of Allterco JSCo was carried out in the period September 28, 2020 – October 30, 2020 on the basis of a Prospectus, together with the supplements to it, confirmed by the Financial Supervision Commission with Decision № 148- F of February 18, 2020, Decision № 405-E of June 11, 2020, Decision № 601-E of August 13, 2020 and Decision № 791-E of October 29, 2020.

As of 31 December 2022, the shareholders in the company are:

Name/business name	Number of shares:	% in the capital
Svetlin Todorov	5 847 120	32.48%
Dimitar Todorov	5 847 120	32.48%
<i>Persons possessing 5% of the capital</i>		
Other physical persons and legal entities	6 305 759	35.04%
Total	17 999 999	100.00%

On June 24 2022, the Company purchase 40,000 own shares at price 19.50 BGN per share (total amount 780 thousand BGN) representing 0.22% of the registered capital. The deal was done on the OTC market and the shares were acquired from two independent shareholders. The shares are intended to be used for paying part of the price in the acquisition of the Slovenian IoT Company GOAP d.o.o. Nova Gorica („GOAP,,)

4.22. Retained earnings

	December 31, 2022	December 31, 2021
1. Opening balance	5 232	5 322
2. Profit for the reporting period	988	3 270
3. Reclassified other comprehensive income	160	240
4. Distribution of dividends	(1 800)	(3 600)
5. Retained earnings at the end of period	4 580	5 232

On 21 July 2022 was set the start date for payment of dividend that has been voted on regular annual GMS in June 2022.

As of 31 December 2022, the company has paid in full the voted dividend.

4.23. Reserves

	December 31, 2022	December 31, 2021
Initial balance of general reserves - Reserve Fund	1 800	1 500
Transfer of reserve from share premium reserves	-	300
Closing balance of general reserves – Reserve Fund	1 800	1 800

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4.24. Share premium reserve

As of 31 December 2022, the reserves from issue of shares of the company amounts to 5 403 thousand BGN. It is formed as a difference between the issue price and the nominal value of shares issued in 2020 at the amount of BGN 6 000 thousand reduced by the issue costs which amounted to BGN 297 thousand and by BGN 300 thousand that were transferred to Reserve Fund by a decision of General meeting of shareholders held on 28 June 2021.

4.25. Other comprehensive income

	December 31, 2022	December 31, 2021
Opening balance	1 036	4 849
Reserves transferred to retained earnings	(160)	(240)
Reserve related to long term financial assets reported at fair value	(1 439)	(3 573)
Closing balance	(563)	1 036

The reserves related to long term financial assets were decreased with total of BGN 1 599 thousand representing the effect of sale and valuation of the long-term financial assets at fair value.

5. Notes to the Statement of comprehensive income

5.01. Other operating income

	Twelve months of 2022	Twelve months of 2021
Interest	15	26
Income from participations - dividends	4 001	5 000
Income from foreign exchange operations	-	67
Other	-	22
Total:	4 016	5 115

5.02. Administrative expenses

	Twelve months of 2022	Twelve months of 2021
Materials, including	3	2
<i>Office materials, equipment and consumables</i>	3	-
External services, incl.	921	826
Advisory, legal, accounting and auditing services	660	642
Membership fee, Communications Regulation Commission, Competition Protection Commission, Consumer Protection Commission, Financial Control Commission, etc.	75	91
Civil contracts	40	33
Internet infrastructure maintenance	71	30
Expenses related to rent and maintenance of assets	1	18
Advertising	61	8

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Other external services	13	4
Depreciation expenses	19	3
Wages expenses	1 193	389
Social security expenses	48	40
Other, including	769	252
<i>Written-off receivables/Revaluation of receivables</i>	767	240
<i>Other</i>	2	12
Total:	(2 954)	1 512

5.03. Other expenses

	Twelve months of 2022	Twelve months of 2021
Bank fees	19	25

5.04. Financial income

	Twelve months of 2022	Twelve months of 2021
Gain from foreign currency operations, net	161	-
Positive differences from the sale of financial assets, including		250
- <i>Share sale (investments)</i>	-	4 526
- <i>Book value of assets soled</i>		(4 276)
Total:	161	250

5.05. Financial expenses

	Twelve months of 2022	Twelve months of 2021
Bank fees on cash balances	(40)	(45)
Interest expense on bank loans	(53)	(61)
FX related expenses, net	-	(2)
Loss from operations with financial assets:	(119)	-
<i>Proceeds from sale of financial assets</i>	236	-
<i>Carrying amount of financial assets sold</i>	355	-
Total Financial expenses	(212)	(108)

5.06. Tax Savings (Expense)

	Twelve months of 2022	Twelve months of 2021
Current tax expenses	-	-
Tax effect of temporary tax differences	(4)	(421)
Total Savings (Expense):	(4)	(421)

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5.07. Average number of shares

	Twelve months of 2022	Twelve months of 2021
Net profit for the reporting period in thousand BGN	988	3 297
Number of shares	17 979 835	17 999 999
Earnings per share in BGN:	0.05	0.21

As of 31.12.2022 the company owns 40 thousand treasury shares.

6. Transactions with related parties

During the year the company has carried out transactions with the following related companies:

Company	Relationship
Allterco Trading OOD	Subsidiary
Allterco Properties EOOD	Subsidiary
Allterco Robotics US	Subsidiary

During the period the Company has carried out transactions with related companies, the data for which are presented below:

	December 31, 2022	December 31, 2021
Deliveries form related entities, including:		
Delivery of services from:		
Allterco Properties EOOD	5	5
Dividends from complicity:		
Allterco Trading EOOD	4 001	-
Provided additional installments:		
Allterco Trading EOOD	-	1764
Allterco Robotics US - principal	1 834	-
Allterco Robotics US - interest	9	-
Total:	5 849	1 769

The balances of the provided additional installments at the date of the statement are disclosed in note 4.08.

	Twelve months of 2022	Twelve months of 2021
Related party transactions, including:		
Interest from additional installments Allterco Trading EOOD	5	13
Interest from additional installments Allterco Robotics US	10	-
Total:	15	13

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In the first quarter of 2022, the subsidiary Allterco Trading EOOD returned the provided additional installment.

The obligations to related parties during the period relate to the concluded leasing contracts with Allterco Properties EOOD for vehicles, regarding this company has recognized in the statement of financial position right of use assets for the amount of BGN 34,000. The current value of the lease liability recognized as 31 December 2022 under these contracted amounts is BGN 17 000. The amount of depreciation as of 31.12.2022 is BGN 17 000.

Allterco AD has increased the capital of its subsidiary Allterco Robotics EOOD. The share capital of Allterco Robotics EOOD is increased from the current BGN 1 500 000 (EUR 766 937.82) by BGN 5 500 000 (EUR 2 579 043.16) to BGN 7 000 000 (EUR 3 579 043.16) through the subscription of 5 500 000 company shares with a nominal value of BGN 1.00 each.

In the second quarter of 2022, the Board of Directors of Allterco AD decided to provide additional financing to its US subsidiary Allterco Robotics U.S. amounting to 1.5 million USD - 0.5 million USD in the form of capital increase and 1 million USD in the form of an additional cash contribution.

At the end of June 2022, Allterco AD has made an additional cash contribution at the amount of 1 million. USD (1 834 thousand BGN) to its subsidiary, which is provided for a period of one year with an annual interest rate of 1.0%. In December 2022, the capital of Allterco Robotics U.S. was increased by 0.5 million. USD.

As of the end of 2022, Allterco AD has recognized dividend income of 4,001 thousand BGN from its subsidiary Allterco Trading EOOD.

Board of Directors

During the reporting period the gross amount of BGN 750 thousand has been paid off to the members of the Board of Directors. This disbursement has been made according to the announced Remuneration Policy and the changes in number and composition of the members of the Board of Directors, adopted at an extraordinary general meeting held on April 8, 2022.

At the General Meeting of Shareholders held on 13.12.2022, a decision was adopted to amend the remuneration policy, as well as schemes for providing the members of the Board of Directors with variable remuneration in

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shares of the company for the period 2022 – 2025.

At the end of the reporting period the company has no obligations to its key management personnel.

7. Contingent liabilities and commitments

The contingent liabilities and commitments for the reporting period include:

Contract	Annex	Creditor	Debtor	Solidary debtor / Guarantor	Amount / Limit	Financial conditions	Term	COLLATERAL provided by the borrower
Investment credit August 25, 2017	Annex No.1 October 31, 2018	KBC Bank Bulgaria	Allterco JSCo	Allterco Properties EOOD - solidary	1 620 000 EUR	Fixed interest rate for the whole period 3% per year; Management fee	10.02.2028	Mortgage on real estate owned by Allterco Properties EOOD; Pledge of receivables on bank accounts of the company in the bank. Pledge under the law for financial security contracts;
Overdraft September 30, 2019	Annex No.1 of August 28, 2020	KBC Bank Bulgaria	Allterco Robotics EOOD	Allterco JSCo - guarantor	1 000 000 EUR	One-month EURIBOR, increased by 2.5 percentage points, but not less than 2.5%; management fee; commitment fee; commission for issuing guarantees;	29.09.2023	Pledge of receivables on accounts;

On 15 June 2022 the Board of Directors of Allterco JSCo has approved financing for the operations of the subsidiary Allterco Robotics Inc, USA. with the following parameters: (1) provision of an additional cash contribution of USD 1 million, for a term of 1 year, at an annual interest rate of 1% and (2) a capital increase of USD 500 000. As of the date of the report the subsidiary company had received in full the approved financing.

On 29 July 2022 Allterco JSCo concluded with the four owners of the capital of GOAP d.o.o. ("GOAP") (one legal and three physical persons) a binding preliminary agreement (Term Sheet) on the main terms and conditions for the acquisition of the Slovenian IoT provider. The transaction was finalized on 4.01.2023 (for

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more information see note 11).

8. Financial instruments by categories

Structure of the financial assets and liabilities by categories:

	December 31, 2022					December 31, 2021				
	Cash	Financial assets reported at depreciated value	Financial assets reported at fair value through other comprehensive income	Financial assets reported at fair value through profit or loss	Total	Cash	Financial assets reported at depreciated value	Financial assets reported at fair value through other comprehensive income	Financial assets reported at fair value through profit or loss	Total
<i>Financial assets according to the Statement of financial position</i>										
Cash and cash equivalents	7 490	-	-	-	7 490	16 434	-	-	-	16 434
Long term trade receivables	-	1 027	-	-	1 027	-	2 054	-	-	2 054
Other long - term capital investments	-	-	830	-	830	-	-	2 624	-	2 624
Receivables from related companies	-	5 849	-	-	5 849	-	1 769	-	-	1 769
Trade receivables	-	1 046	-	-	1 046	-	3 325	-	-	3 325
TOTAL FINANCIAL ASSETS	7 490	7 922	830	-	16 242	16 434	7 148	2 624	-	26 206

	December 31, 2022				December 31, 2021			
	Financial liabilities reported at depreciated value	Financial liabilities reported at a specific value (aggregate category)	Financial assets reported at fair value through profit or loss	Total	Financial liabilities reported at depreciated value	Financial liabilities reported at a specific value (aggregate category)	Financial assets reported at fair value through profit or loss	Total
<i>Financial liabilities according to the Statement of financial position</i>								
Bank loans	1 615	-	-	1 615	1 900	-	-	1 900
Financial leasing	17	-	-	17	-	-	-	-
Trade liabilities	158	-	-	158	174	-	-	174
Other liabilities	535	-	-	535	665	-	-	665
TOTAL FINANCIAL LIABILITIES	2 325	-	-	2 325	2 739	-	-	2 739

The fair value of the bank loan that the company is using, is determined based on the interest rate that the Company expects to pay as of the reporting date. The management of the Company believes that these interest rates do not differ significantly from those in force at the time of concluding the bank loan agreement.

The company has no practice of working with derivative instruments.

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9. Financial risk management

The Company's activities are exposed to a number of risks related to objective conditions such as market unpredictability, general economic trends, changes in exchange rates.

To minimize the potential negative effects, the Company has adopted policies for overall risk management and assessment and establishing procedures for addressing the identified risks. The overall risk management is focused on forecasting the results of certain areas of the markets where the Company operates in order to minimize the potential negative effects that could affect the financial results. Financial risks are currently identified, measured and monitored using various control mechanisms to adequately assess market conditions and their effects on Company's and to maintaining enough liquid funds and to avoid unjustified concentration of any specific risk.

Risk management is carried out on an ongoing basis under the direct supervision of the Executive Director and the Company's financial experts in accordance with the policy set by the Board of Directors.

The risk management strategy is regularly reviewed in order to update the policies to the dynamics in the market and economic conditions. The company aims to develop discipline and a constructive control environment in which all employees understand their responsibilities through periodic training and application of established standards.

The following describes the different types of risks to which the company is exposed in carrying out its business operations, as well as the approach taken in managing these risks.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices.

a. Currency risk

The company carries out its transactions mainly on the domestic market and in the European Union. It is not exposed to significant currency risk because almost all its operations and transactions are denominated in Bulgarian levs and euros, and the latter has a fixed exchange rate against the lev by law. During the last financial year, the Company transferred part of its cash in USD in order to optimize bank fees levied on excess cash in bank accounts.

The company makes its main deliveries in BGN.

During the reporting period Allterco JSCo provided an additional cash contribution to its subsidiary in USD.

The tables below summarize the exchange rate exposure:

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	in EUR	in USD	In other foreign currency	In Bulgarian levs	Total
December 31, 2022					
Cash and cash equivalents	4 341	493	603	2 053	7 490
Long-term receivables	1 027	-	-	-	1 027
Receivables from related companies	-	1 843	-	4 006	5 849
Trade receivables	1 027	-	9	10	1 046
TOTAL ASSETS	6 395	2 336	612	6 069	15 412
Bank loans	1 615	-	-	-	1 615
Financial lease	-	-	-	17	17
Trade liabilities	84	-	-	74	158
Other liabilities	-	-	-	535	535
TOTAL LIABILITIES	1 699	-	-	626	2 325

	in EUR	in USD	In other foreign currency	In Bulgarian levs	total
December 31, 2021					
Cash and cash equivalents	2 150	3 055	-	11 229	16 434
Long term trade receivables	2 054	-	-	-	2 054
Receivables from related companies	1 764	-	-	5	1 769
Trade receivables	2 902	-	419	4	3 325
TOTAL ASSETS	8 870	3 055	419	11 238	23 582
Bank loans	1 900	-	-	-	1 900
Trade liabilities	127	-	-	47	174
Other liabilities	-	-	-	665	665
TOTAL LIABILITIES	2 027	0	0	712	2 739

Currency sensitivity analysis

The Company is not exposed to currency risk with respect to its euro exposures. In regards to positions in US dollars, it carries a risk, but insofar as they amount to 16% of all foreign exchange exposures of the company, and many of them are to related companies, management considers this risk to be negligible at least at this stage.

b. Price risk

The Company owns shares that are subject to trading on a regulated market, and during 2021 and 2022 the Company sold part of its shares and made a profit from the transactions. For the remaining number of shares, the Company is exposed to risks of negative changes in the stock market in Norway.

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c. Risk of the interest-bearing cash flows

The company does not have a significant concentration of interest-bearing assets, except for free cash on current accounts with banks, so revenues and inflows of operating cash flows are not largely dependent on changes in market interest rates.

At the same time, the outgoing cash flows of Allterco JSCo for 2021 are not exposed to interest rate risk from using a bank loan in EUR, agreed with a fixed interest rate.

Cash on current accounts with banks bear interest at interest rates according to the tariffs of the respective banks.

The management of the Company currently monitors and analyzes its exposure to changes in market interest rates. Different refinancing scenarios, renewal of existing interest-bearing positions and alternative financing are simulated. Calculations are made for significant interest-bearing positions.

	Interest-free	With floating interest %	With fixed interest %	total
	BGN'000	BGN'000	BGN'000	BGN'000
December 31, 2022				
Cash and cash equivalents	7 490	-	-	7 490
Other receivables	1 027	-	-	1 027
Receivables from related companies	4 006	-	1 843	5 849
Trade receivables	1 046	-	-	1 046
TOTAL ASSETS	13 569	-	1 843	15 412
Bank loans	-	-	1 615	1 615
Financial lease	-	-	17	17
Trade liabilities	158	-	-	158
Other liabilities	535	-	-	535
TOTAL LIABILITIES	693	-	1 632	2 325
	Interest-free	With floating interest %	With fixed interest %	total
	BGN'000	BGN'000	BGN'000	BGN'000
December 31, 2021				
Cash and cash equivalents	16 434	-	-	16 434
Long term trade receivables	2 054	-	-	2 054
Receivables from related companies	9	-	1760	1 769
Trade receivables	3 325	-	-	3 325
TOTAL ASSETS	21 822	-	1 760	23 582

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Bank loans	-	-	1 900	1 900
Trade liabilities	174	-	-	174
Other liabilities	665	-	-	665
TOTAL LIABILITIES	839	-	1 900	2 739

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligation and thereby cause a loss to the other party. The financial assets that potentially expose the company to credit risk are mainly receivables from services provided and sales of investments. The company is exposed to credit risk in the event that customers fail to meet their obligations.

The financial assets of the company are concentrated in three groups: monetary funds (cash and bank accounts), receivables from clients and additional cash contributions provided to a subsidiary.

Over 99% of trade receivables (current and non-current) are related to the sale of long-term investments in subsidiaries and part of them are secured.

The collection and concentration of receivables is monitored on an ongoing basis, according to the established policy of the company. For this purpose, the open positions by clients, as well as the received receipts, are periodically reviewed by the financial and accounting department and the management, and an analysis of the unpaid amounts is performed.

The Management follows an internal policy for assessing credit losses. For receivables from related parties and trade receivables the simplified method is applied, as the percentages are determined on the basis of past experience.

As of 31 December 2022, the Company has written off receivables of BGN 919 thousand. As of 31 December 2021, receivables at the amount of BGN 87 thousand are reported as written off and an BGN 152 are recognized as impairment of receivables.

Liquidity risk

The liquidity risk is expressed in the negative situation that the Company will not be able to meet unconditionally all its obligations, according to their maturity.

It pursues a conservative liquidity management policy, through which it constantly maintains an optimal liquidity reserve of monetary funds and a good ability to finance its business activities.

In order to control the risk, the company monitors the timely payment of the incurred liabilities.

The company monitors and controls the actual and projected cash flows for periods ahead and maintains a

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balance between the maturity limits of the assets and liabilities of the company. Currently, the maturity and timely execution of payments is monitored by the finance and accounting department, maintaining daily information on available monetary funds and upcoming payments.

December 31, 2022	to 1 m.	1-3 m.	3-6 m.	6-12 m.	1-2 y.	2-5 y.	over 5 y.	without maturity	total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	-	-	-	-	-	-	-	7 490	7 490
Long-term trade receivables	-	-	-	1 027	-	-	-	-	1 027
Receivables from related companies	-	5	4 010	1 834	-	-	-	-	5 849
Trade receivables	-	19	1 027	-	-	-	-	-	1 046
TOTAL ASSETS	-	24	5 037	2 861	-	-	-	7 490	15 412
Bank Loans	24	48	73	123	302	961	84	-	1 615
Financial lease	1	3	4	9	-	-	-	-	17
Trade liabilities	119	39	-	-	-	-	-	-	158
Other liabilities	-	-	-	535	-	-	-	-	535
TOTAL LIABILITIES	144	90	77	667	302	961	84	0	2 325

December 31, 2021	to 1 m.	1-3 m.	3-6 m.	6-12 m.	1-2 y.	2-5 y.	over 5 y.	without maturity	total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	-	-	-	-	-	-	-	16 434	16 434
Long-term trade receivables	-	-	-	-	1 027	1 027	-	-	2 054
Receivables form related companies	-	9	-	1 760	-	-	-	-	1 769
Trade receivables	4	419	-	2 902	-	-	-	-	3 325
TOTAL ASSETS	4	428	-	4 662	1 027	1 027	-	16 434	23 582
Bank loans	23	47	71	143	298	936	382	-	1 900
Trade liabilities	82	17	25	50	-	-	-	-	174
Other liabilities	10	20	30	605	-	-	-	-	665
TOTAL LIABILITIES	115	84	126	798	298	936	382	-	2 739

Capital risk management

With the capital management the Company aims to create and maintain opportunities for it to continue to operate as a going concern and to ensure the appropriate return on investment of shareholders, and to maintain optimal capital structure, to reduce capital expenses.

The company currently monitors the security and capital structure based on the debt ratio. This ratio is calculated between the net debt capital and the total amount of capital. Net debt capital is defined as the

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difference between all borrowings (current and non-current) as stated in the statement of financial position and the cash and cash equivalents. The total amount of capital is equal to the equity and net debt capital.

The table below presents the debt ratio based on the capital structure:

	December 31, 2022	December 31, 2021
Total debt capital, including:	2 443	2 765
Reduced with: cash and cash equivalents	7 490	16 434
Net debt capital	(5 047)	(13 669)
Total equity	28 440	31 471
Total capital	23 393	17 802
Debt ratio	0.00%	0,00%

As the cash is larger than the debt capital, the company has no indebtedness.

10. Fair values

For the purposes of disclosing fair value, the Company determines different classes of assets and liabilities depending on their nature, characteristics and risk and the respective level of the fair value hierarchy specified in item 3.14 from the Notes to the financial statement.

The Company's management has determined that the book values of cash and cash equivalents, receivables from affiliated companies, liabilities to affiliated companies, trade receivables and payables approach their fair values due to the short-term nature of these financial instrument.

The attached table shows the book values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. Fair value information is not included if the book value is reasonably close to the fair value.

The table below presents the hierarchy of the fair value of the Company's assets and liabilities in accordance with IFRS 13:

As of 31 December 2022,	Book value	Level 1	Level 2	Level 3
Financial assets				
Long-term trade receivables	1 027	-	-	-
Other long - term capital investments	830	830	-	-
Cash and cash in bank	7 490	-	-	-
Receivables from related companies	5 849	-	-	-
Trade receivables	1 046	-	-	-
Total:	16 242	830	-	-
Financial liabilities				
Bank loans	1 615	-	1 615	-
Financial leasing	17	-	-	-

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Trade liabilities	158	-	-	-
Other liabilities	535	-	-	-
Total:	2 325	-	1 615	-

As of December 31, 2021	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets				
Long term receivables	2 054	-	-	-
Other long - term capital investments	2 624	2 624	-	-
Cash and cash in bank	16 434	-	-	-
Receivables from related companies	1 769	-	-	-
Trade receivables	3 325	-	-	-
Total:	26 206	2 624	-	-
Financial liabilities				
Bank loans	1 900	-	1 900	-
Trade liabilities	174	-	-	-
Other liabilities	665	-	-	-
Total:	2 739	-	1 900	-

The fair value of the financial liabilities included in Level 2 in the table above is determined in accordance with the generally accepted valuation model based on discounted cash flows.

11. Events after the end of the reporting period

On 04.01.2023, Allterco AD announced the completion of the first phase of the acquisition of Slovenian IoT provider GOAP - Računalniški inženiring in avtomatizacija procesov d.o.o. Nova Gorica, ("GOAP") consisting in the acquisition of 60% of the company's capital. For the transaction, agreements for the acquisition of company shares ("SPA") have been concluded. All four shareholders of GOAP signed the transaction's agreements. The total cost of the first-phase deals amounts of 2 million EUR. The remaining 40% of the capital of GOAP, belonging to three owners – individuals, is subject to an options contract that was signed together with the acquisition agreements. Under the options contract, Allterco has an unconditional option to purchase (call option), and sellers – conditional option to sell (put option) two packages of company shares (the exercise of each of the sellers' options is conditional on achieving in the period 2023-2025 certain minimum criteria for KPI, EBITDA and revenue). One option is for the acquisition of 16% and the other for the acquisition of 24% of the capital of GOAP. The total price of the shares in the exercise of the options depends on the degree of realization of the conditions for this and may vary in the range from EUR 699 999.70 (BGN 1 369 080.41) to EUR 3 449 998.60 (BGN 6 747 610.76).

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The transactions were concluded in accordance to the decision of the General Meeting of Shareholders of Allterco AD from December 2022. With the acquisition, Allterco intends to expand its technology portfolio that will expand the product offering to both customers and professional users.

On 16.01.2023, Allterco AD announced that on the basis of preliminary data on the financial results on a consolidated basis as of the end of the fourth quarter of 2022, Allterco AD reported an annual increase of 56.1% in the consolidated annual revenues from sales of devices (including related services) for 2022, amounting to 47.5 million EUR (92.9 million BGN). Sales revenue for Shelly-branded home automation devices increased by 60.0%, reaching 45.2 million EUR (88.4 million BGN), followed by revenue from MyKi tracking device sales, which increased by 20.6% to 2.2 million EUR (4.3 million BGN). With these sales revenues, Allterco AD exceeds the projected sales revenue of 45-46 million EUR for 2022.