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Independent auditor's report

To the Shareholders , of BSB Fashion SA

Opinion

1. We have audited the accompanying financial statements of **BSB Fashion SA** (The "Company"), which comprise the balance sheet as at 31 December 2022, the statements of income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements refer to:

- Net Asset / Total Equity: 26.144.458 lei
- Net profit 3.454.798 lei

2. In our opinion, the accompanying financial statements give a true and fair value of the financial position of the Company as of December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 1802/2014 for the approval of the Accounting Regulations on separate annual financial statements and the consolidated annual financial statements, as amended ("OMFP No 1802/2014").

Basis for the Opinion

3. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements of the current period. We are independent of the Company, according to the professional ethical requirements relevant to the audit of the financial statements in Romania, and we have fulfilled our other ethical professional responsibilities, in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Highlighting some aspects

4. Without qualify as our opinion, we draw attention to Note 7 – *Participation and sources of financing*. In 2022, the company decided to reduce the share capital by 10.000.001 shares worth 10.000.001 lei. Thus, the social capital was reduced from 39.093.724 lei to 29.093.724 lei.

The decision based on the fact that the company has positive net assets and the capital that will no longer be needed to be returned it to its shareholders.

5. We draw the attention to the following non-adjusting events, according to ISA 560:
 - The risk of reduction or end of activity, due to the evolution of the international epidemiological situation as a result of the spread of SAR-CoV-2. According to the company's statement there is an insignificant risk arising from this situation with regard to the continuity of the company's business, but it must be followed, taken into account and managed prudently;
6. We draw attention to the necessity for the organisation of the internal audit activity in accordance with the legislation in force, Law no. 162/2017. The Company is currently in the process of fulfilling its obligation by organizing the internal audit activity.

Our audit approach

Overview

Materiality **261.000 lei**

7. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management and the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality

261.000 lei

How we determined it

1% from net assets(equity)

Rationale for the materiality benchmark applied

The benchmark selected (net assets/equity) together with the rule of thumb 1% (materiality) reflects our judgement on what it is considered important by the users of the financial statements.

We consider that the net assets is the most appropriate benchmark based on the following assumptions:

- the management developed a new activity by building a new revenue stream which is based on the tangible assets in progress as this moment
- access to these financial statements is limited to a small number of users, management, shareholders state authorities and creditors
- the financial statements contain a limited number of risk areas

We agreed that we would report to them misstatements identified during our audit above 130.000 lei, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

8. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in the relation to these matters.

Accordingly, our audit included the performance of the procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below provide the basis of our audit opinion on the accompanying financial statements.

The assessment of receivables (2.180.251 lei net value) to see Note 5 (*Receivables and liabilities Statement*) and note 6 (*Summary of accounting policies*) of the financial statements.

The Company is exposed to the risk of non-recovery of trade receivables and other receivables. The method provides adjustments for impairment of receivables only to customers in the litigation, insolvency, bankruptcy or similar situations.

Our response regarding the risks of material misstatement relating to the Company's management assertion, related to the evaluation of these receivables at the end of the financial year, consisted in the audit procedures which included among others:

- Discussions with the board of the Company in order to understand the method for the determination of adjustments for impairment of receivables and the grounds for the adoption of this method;
- Assessment of the accuracy of the age of the balance;
- Corroborative evidence regarding to the customers declared insolvent/bankruptcy with other audit records (e.g. Letter from the Company external lawyers);
- Obtaining balances confirmation from customers and other debtors at the end of the year;
- Assessing the suitability of the information submitted by the Company in connection with the method for the determination of the adjustments for impairment of receivables.

Expenditure recognition (69.942.629lei)

To see Note 6 (*Summary of accounting policies*) and note 10.e) (*Other Information*) of the financial statements.

We have found that there is a significant risk of material misstatement associated with the recognition of expenditure. The risk of incorrect recognition of expenditure appears from the following causes: expenditure recognition in the wrong period and recognition of withholding tax.

Our response to these risks of material misstatement materialized in conducting the audit procedure which were aimed at:

- Evaluation if the criteria for the recognition of expenses borne by the Company were in compliance with the requirements and accounting standards in force;
- Examination of the supplier' contracts, in order to understand the terms of transactions for the purchase and to reconcile the information relevant to the recognition of expenditure and the analysis of the supporting documents;
- Assessment of the recognition of expenditure in the appropriate period by selecting the transactions recorded near the end of the financial year of reporting and comparing with the relevant supporting documents;
- Examination of the register of purchases to identify unusual transactions;
- Examination of the register of purchases after the end of the financial year to identify if there are significant transactions and verification of the relevant documentation in order to assess whether the expenditure was recorded in the financial period;
- Obtaining sufficient and appropriate audit evidence in connection with the time of recognition of expenditure and with the testing of accuracy.

Other matters-Area of applicability of the audit

9. The Company has not been audited by the tax authorities and we can not identify or quantify the impact of such control of a fiscal nature.
10. The accompanying financial statements are not intended to present the financial position, results of operations and a complete set of notes to the financial statements of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Romania. Accordingly, the accompanying financial statements are not designed for those who are not informed about Romanian legal and statutory requirements including OMFP no. 1802/2014.

Other information-Administrator's Report

11. Other information includes the Administrator's Report. Administrators are responsible for preparing and presenting the Administrator's Report in accordance with OMFP no. 1802/2014, paragraphs 489-492 of the Accounting Regulations on the separate annual financial statements and the consolidated annual financial statements and for those internal controls that the administrators consider necessary to allow the drawing up and presentation of the Directors' Report that do not contain material misstatement due to fraud or error.

The Administrator's Report is presented from page 1 to 5 and is not part of the financial statements.

Our opinion on the financial statements does not cover the Administrator's Report.

With regard to the audit of the financial statements for the period ended 31 December 2022, it is our responsibility to read the Administrator's Report and, in this regard, to assess whether there are significant inconsistencies between the Administrator's Report and the financial statements if the Administrator's Report includes, in all material respects, the information requested by OMFP no. 1802/2014, paragraphs 489-492 of the Accounting Regulations on the separate annual financial statements and the consolidated annual financial statements, and if based on our knowledge and understanding gained during the audit of the financial statements about the Company and its environment, the information included in Administrator's Report are significantly erroneous. We are asked to report on these issues. Based on our activity, we report that:

- a) in Administrator's Report we have not identified information that is not consistent with all the significant aspects of the information presented in the attached financial statements;
- b) The Administrator's Report identified above includes, in all material respects, the information required by OMFP no. 1802/2014, paragraphs 489-492 of the Accounting Regulations on Separate Annual Financial Statements and Consolidated Annual Financial Statements.

In addition, based on our knowledge and understanding of the financial statements for the period ended on 31 December 2022, regarding the Company and its environment, we have not identified information that is included in the Administrator's Report that is materially misstated.

Responsibilities of the management and those responsible for governance for the financial statements

- 12. The Management of the Company is responsible for preparing the financial statements to provide a true and fair view in accordance with OMFP no. 1802/2014 and for the internal control that management deems necessary to enable the preparation of financial statements without significant misstatement, whether due to fraud or error.
- 13. In preparing the financial statements, management is responsible for assessing the Company's ability to continue its business, for presenting, if applicable, business continuity and use-of-business accounting, unless the management intends to liquidate the Society or to stop the operations, or has no other realistic alternative out of it.
- 14. The persons responsible for governance are responsible for overseeing the financial reporting process of the Company.

Auditor's responsibilities in an audit of financial statements

- 15. Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, whether due to fraud or error and to the issuance of an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISA will always detect significant misstatement, if any. Distortions may be caused either by fraud or by error and are considered significant if reasonable assurance can be given that they, individually or collectively, will influence the economic decisions of users made on the basis of these financial statements.

16. As part of an ISA audit, we exercise professional judgment and maintain professional skepticism during the audit. Also:

- We identify and evaluate the risks of material misstatement of financial statements, whether due to fraud or error, we design and execute audit procedures in response to those risks and obtain sufficient audit evidence to provide a basis for our opinion. The risk of not detecting significant misstatement caused by fraud is higher than the failure to detect a significant misstatement caused by error, as fraud may imply secret, false, deliberate omissions, false statements, and avoidance of internal control.
- We understand the internal audit relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- Formulate a conclusion as to the appropriateness of management's use of accruals based on continuity of activity, and determine, based on audit evidence obtained, whether there is significant uncertainty about events or conditions that could generate significant doubts about the ability Society to continue its activity. If we conclude that there is a significant uncertainty, we must draw attention in the auditor's report on the financial statements or, if these presentations are inappropriate, change our opinion. Our findings are based on audit evidence obtained by the date of the auditor's report. However, future events or conditions may cause the Company not to continue operating on a business continuity basis.
- We evaluate the presentation, structure and content of financial statements, including disclosures, and the extent to which the financial statements reflect the transactions and events underlying them in a manner that results in a fair presentation.

17. We communicate to those responsible with governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any significant internal control deficiencies that we identify during the audit.

18. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

19. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of separate financial statements of the current period and therefore the key audit matters. We described these matters in our auditors' report unless law or other regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

20. This independent auditor's report is made solely to the Company's shareholders as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by the law we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report or for the opinion we have formed.

Refer to the original signed Romanian version.

On behalf of TAXGATE S.R.L.

registered with the Authority for Public Supervision of the Statutory Audit Activity (ASPAAS)
with No FA1405

Auditor:

Domocos Alexandra Nicoleta

registered with the Authority for Public Supervision of the Statutory Audit Activity (ASPAAS)
with No AF1748

Date: 28.04.2023



BSB FASHION SA

Financial Statements

**Drafted according to the
Order of the Minister of Public Finance no. 1802/2014**

31 December 2022

BSB FASHION SA

Notes to the financial statements

For the financial year ended on 31 December 2022

General information

BSB FASHION SA is a Romanian joint stock company, with the office in Bucharest, Splaiul Unirii nr 108, et 2, ap 3, registered with the Trade Register under the no. J40/16927/2003, sole registration code 15985244 fiscal attribute RO. The company was incorporated in 2003, having as main object of activity: Retail sale of clothing in specialised stores, NACE code - 4771.

In 2022 the company has also carried out a second activity, code 4120 - Construction of residential and non-residential buildings.

The company has prepared the financial statements according to the Order of the Minister of Public Finance no. 1802/2014 for the approval of the accounting regulations on individual annual financial statements and consolidated annual financial statements, as amended and supplemented.

On 31.12.2022 the company exceeds the limits of at least two criteria provided by the OMFP 1802/2014 for Medium and large entities, i.e.:

- total assets: over lei **17.5** million (equivalent of euro 8,391,612);
- net turnover: over lei **31** million (equivalent of euro 6,493,000);
- average number of employees during the financial year: **173**

Reason for auditing the financial statements.

NOTE 1. Fixed assets

Name of the asset*)	Gross value **)				Value adjustments***) (amortizations and allowances for doubtful debts or loss of value)				Net book value	
	Balance at the beginning of the financial year	Increases****)	Assignments, transfers and other discounts	Balance at the end of the financial year	Balance at the beginning of the financial year	Adjustments recorded during the financial year	Discounts or resummptions	Balance at the end of the financial year	Balance on 1 Jan. 2022	Balance on 31 Dec. 2022
	1	2	3	4 = 1+2-3	5	6	7	8 = 5+6-7	9	10
Intangible assets	388,511.00	52,287.00	57,744.00	383,054.00	337,817.00	52,761.00	57,744.00	332,834.00	50,220.00	50,694.00
	0			0.00	0			0.00	0.00	0.00
Lands	0			0.00	0			0.00	0.00	0.00
	0			0.00	0			0.00	0.00	0.00
Buildings	111,532.00	161088		272,620.00	100,396.00	28,006.00		128,402.00	144,218.00	11,136.00
	0			0.00	0			0.00	0.00	0.00
Plant and machinery	12,416,543.00	1,651,355.00	90,847.00	13,977,051.00	6,129,113.00	2,718,118.00	90,847.00	8,756,384.00	5,220,667.00	6,287,430.00
	0			0.00				0.00	0.00	0.00
Other plant, tools and furniture	0			0.00				0.00	0.00	0.00
	0			0.00				0.00	0.00	0.00
Advance payments and tangible assets in progress	0			0.00				0.00	0.00	0.00
	0			0.00				0.00	0.00	0.00
Financial assets	5,922,385.00	572,808.00	3,110,500.00	3,384,693.00				0.00	3,384,693.00	5,922,385.00
				0.00				0.00	0.00	0.00
TOTAL	18,838,971.00	2,437,538.00	3,259,091.00	18,017,418.00	6,567,326.00	2,798,885.00	148,591.00	9,217,620.00	8,799,798.00	12,271,645.00

Fixed assets of the company on 31.12.2022 amount to RON 8,799,798.00 (net value)

BSB FASHION SA

Notes to the financial statements

For the financial year ended on 31 December 2022

Intangible assets of RON 50,694 (net value) represent licenses and IT software.

Tangible assets are represented by vehicles and equipment.

Decreases recorded in 2021 represent the application of accounting policies according to 1802/2014.

Financial assets consist of rented premises guarantees, of RON 767,768, long term loans to affiliates amounting to lei 2,616,925 of which related interests of ron 1,931,338,

The company has concluded an agreement with Vista bank for the issue of letters of guarantee – amounting to euro 605 000.

Letters of guarantee have been issued to store owners.

NOTE 2. Provisions for risks and expenses

In 2022 the company has recorded the provisions below:

- provision for untaken holidays – amounting to lei 253,751
- provision for depreciated merchandise lei 14,848

NOTE 3. Profit distribution

In 2022 the company has recorded a profit of lei 3,454,798, which, according to the Decision of the shareholders, has been approved and appropriated.

NOTE 4. Review of operating profit/loss

On 31.12.2022 company's operating activity resulted into a profit of lei 4,057,822, as follows:

NAME OF INDICATOR	2021	2022
Net turnover	61,911,014.00	72,854,852.00
Cost of materials used and of services delivered	-60,143,594.00	-68,299,975.00
Gross profit/loss related to net turnover	1,767,420.00	4,554,877.00
Other operating expenses	-464,377.00	-506,014.00
Revenue related to production cost in progress	1,646,695.00	838,130.00
Expenses related to production cost in progress	-1,646,695.00	-838,130.00
Subsidies	-	-
Other operating revenues	554,628.00	8,959.00
Operating profit/loss	1,857,671.00	4,057,822.00

Company's turnover recorded an increase of approximately 17% in 2022 compared to 2021 - due to the increased sales of the retail network.

NOTE 5. Statement of Receivables and Debts

On 31 December 2022 the statement of receivables and debts of the company is as follows:

Receivables	Balance on	Balance on	Liquidity term	
	31.12.2021	31.12.2022	< 1 year	> 1 year
	col. 2+3)	col. 2+3)	2	3
	1	1		
Trade receivables (acc. 4092+411+418)	2,239,883.00	1,679,599.00	1,679,599.00	-
Of which, with affiliates:	425,707.00	425,707.00	425,707.00	
Employee-related receivables			-	-
State budget and social insurance related receivables	346,771.00	500,652.00	500,652.00	-
State budget and social insurance related receivables			-	-
Other affiliated entities receivables			-	
Other receivables (of acc. 461, 471)	-	-	-	-
TOTAL RECEIVABLES	2,586,654.00	2,180,251.00	2,180,251.00	-

Company's receivables are recognized in the balance sheet at fair value and the foreign currency receivables have been revalued at the NBR reference rate as of 31.12.2022.

Receivables from affiliated parties are detailed at Note 10, item C

Debts	Balance on	Balance on	Liquidity term		
	31.12.2021	31.12.2022	< 1 year	1-5 years	> 5 years
	(col. 2+3+4)	(col. 2+3+4)	2	3	4
	1	1			
Bank loans			-	-	-
Leasing debts	5,156.00	161,811.00	161,811	-	
Trade payables (acc. 401+408+419)	1,263,898.00	1,526,341.00	1,526,341.00	-	0

BSB FASHION SA

Notes to the financial statements

For the financial year ended on 31 December 2022

Employee-related debts (acc. 421+4281)	794,726.00	776,165.00	776,165.00	-	-
State budget and social insurance related debts	1,180,144.00	1,787,072.00	1,787,072.00	0	-
Trade payables with non-resident affiliates	5,849,036.00	8,450,654.00	8,450,654.00	-	-
Trade payables with resident affiliates			-		
Other debts (acc. 45*+462)	-	-	-		
Loans from affiliates	-	-	-	-	-
TOTAL DEBTS	9,092,960.00	12,702,043.00	12,702,043.00	-	-

Company's debts are recognised in the balance sheet, being certain and liquid, and they have been recorded at fair value. The total amount of such debts is of RON **12,702,043.00** of which RON **12,702,043.00** are current debts.

The greatest weight is represented by trade payables to the parent company B&F COMMERCIAL AND GARMENTS SA. They represent purchases of goods and were made for the current activity of the company and represent more than 70% of the total debts.

Name	Debts
	RON
B&F COMERCIAL AND GARMENTS SA	8,450,654.00
TOTAL	8,450,654.00

Transactions in foreign currency are converted in Romanian leu, at the exchange rate of the date of the transaction. Receivables and debts denominated in foreign currency at the balance sheet date are converted in RON at the exchange rate at the end of the period. Gains and losses resulting from the currency exchange are registered in the profit and loss account.

On 31 December 2022 exchange rates used for conversion were those published by the National Bank of Romania:

1 EUR = 4.9474 RON

1 USD = 4.6346 RON

NOTE 6. Summary of accounting policies**a) Basis of drafting the financial statements**

These are the individual financial statements of SC BSB FASHION SA drafted according to:

- Accounting Law 82/1991(republished, as amended and supplemented).
- Provisions of the Order of the Minister of Public Finance no. 1802/2014 ("OMF 1802/2014") as subsequently amended and supplemented
- Accounting policies manual in force on 31/12/2022

The financial statements only refer to SC BSB FASHION SA.

The company has not subsidiaries to require the consolidation but is included in the consolidation of financial statements at the level of B&F COMMERCIAL AND GARMENT SA group, of which it is party.

BSB FASHION SA

Notes to the financial statements

For the financial year ended on 31 December 2022

The accounting entries based on which these financial statements have been prepared are made in lei (RON) based on the historical cost principle, except for those situations where the fair value has been used, in accordance with the Company's accounting policies and OMF 1802/2014.

These financial statements are presented in lei ("RON") unless another currency to be used is expressly provided.

Financial statements include:

1. balance sheet (code 10);
2. profit and loss account (code 20);
3. statement of changes in equity
4. statement of treasury flows
5. explanatory notes to annual financial statements.

They are accompanied by the form "Informative data" (code 30) and by form "Statement of fixed assets" (code 40).

Use of accounting estimates

The preparation of Company's financial statements in accordance with the provisions of OMF 1802/2014, as amended, requires the Company's management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the presentation of contingent liabilities and assets at the end of the period.

However, the inherent uncertainty that exists regarding these estimates and assumptions could result into a significant future adjustment to the book value of assets and liabilities recorded.

Going concern

The nature of Company's activity may cause unpredictable variations as to the future cash entries. The management has analysed the opportunity of drafting the financial statements based on the going concern principle.

On 31 December 2022 the company has registered a profit of lei 3,454,798.

The profit was approved and acknowledged by shareholders' meeting.

Projections made by the Management showed that the business is profitable in the long term.

During this period, the Company is independent, having the financial means necessary to carry out its activities.

Currency conversions

Transactions in foreign currency are converted in Romanian RON, at the exchange rate of the date of the transaction.

Exchange rates used to convert the balances expressed in foreign currency on 31 December 2022 were 1 EUR = **4.9474 RON** (31 December 2021: 1 EUR = 4.9481 RON), respectively 1 USD = 4.6346 RON (31 December 2021: 1 USD = 3.3707 RON).

Monetary assets and liabilities denominated in foreign currency (cash and cash equivalents, such as bank deposits, receivables and payables in foreign currency) must be measured and reported by using the exchange rate communicated by the National Bank of Romania valid at the end of the financial year.

Positive or negative foreign exchange differences between the exchange rate at the date of registration of receivables or debts in foreign currency, or at the rate at which they are recorded in previous financial statements and the exchange rate at the end of the financial year are registered as financial revenues or expenses, as applicable.

Comparative statements

If the figures for the previous period are not comparable with those for the current period, this is presented and explained in the explanatory notes, without changing the comparative figures for the previous year.

The accounting policies have been developed depending on the specifics of the activity and in compliance with the basic accounting concepts, i.e.:

BSB FASHION SA

Notes to the financial statements

For the financial year ended on 31 December 2022

- accrual accounting principle
- going concern principle
- consistency principle
- prudence concept
- principle of separate valuation of components of asset and liability items
- the accounting registration and presentation of balance sheet and profit and loss items considers the economic background of the transaction or concerned commitment
- the acquisition or production cost valuation principle
- materiality principle
- opening balance principle, and
- offsetting principle.

In 2022 there were no deviations from accounting principles and policies, valuation methods and other provisions of accounting regulations.

b) Fixed assets and depreciation**Intangible assets****Set-up costs**

Set-up costs are recorded as expense in the profit and loss account when made.

IT programs

Intangible assets consist of set-up costs, programs, licenses; they are depreciated within 12 months, less anti-virus programs, which are depreciated depending on their validity term. They are recorded at purchase cost.

Tangible assets**Cost/Measurement**

Tangible assets are assets that:

- a) are held by an entity for use in the production or supply of goods or services, for lease to third parties or for administrative purposes; and
- b) are used for more than one year

The initial cost of tangible assets consists of the purchase price, including import duties or non-recoverable purchase charges, transport, handling expenses, commissions, notary fees, costs of obtaining permits and other non-recoverable expenses directly attributable to the tangible asset, and any direct costs attributable to bringing the asset to its operating place and condition.

Expenditure on the maintenance and repair of fixed assets is included in the profit and loss account as incurred. Investments in tangible assets are recognised as a component of the asset in the form of subsequent expenditure. To be capitalised, they must have the effect of improving their initial technical parameters and lead to future economic benefits additional to those initially estimated.

When the Company determines that an item of tangible assets is held for sale or is improved for sale, the asset is transferred from the tangible assets category to inventories at the time the decision is made to change its use. The transfer value shall be the undepreciated value at the date of the transfer.

If the tangible asset has been revalued, the revaluation reserve account is closed at the same time as the reclassification of the asset.

If an item of the tangible assets is revalued, all other assets in the group to which it belongs must be revalued, except where there is no active market for that asset. If the fair value of a tangible asset can no longer be established by reference to an active market, the value of the asset presented in the balance sheet must be its revalued value at the date of the last revaluation, minus accumulated value adjustments.

Depreciation

The economic useful life is the period during which an asset is expected to be available for use by an entity.

The amortization is calculated by using the straight-line method over the lifetime of the asset and is entirely deducted.

The useful life of categories of tangible assets are in accordance with the Catalogue of Classification and Normal Useful Lives of Fixed Assets.

Amortization charges on tangible assets are recorded in the profit and loss account.

Depreciation of fixed assets

For asset items, any shortfall between the inventory value and the net book value of the asset item is recorded in the accounts as additional depreciation in case of depreciable assets for which the depreciation is irreversible.

The book value of fixed assets is represented by their acquisition cost less the accumulated depreciation to that date and accumulated impairment losses.

c) Inventories

Small inventory

Small inventory is recorded into the expenses account at the purchase date.

Consumables

Consumables are of the type used and managed by the company according to the legislation in force.

Goods and packaging materials

The main categories of inventories are goods.

The cost of inventories includes all costs related to the purchase, as well as other costs borne to bring the inventories to the shape and place in which they are now.

Stock accounts are kept by using the perpetual inventory, quantity by value.

The company carries out periodically, depending on the size of the management, - a factual inventory of the stocks of goods in stores.

The determination of stock exits during the period is based on the tax receipts issued and on the actual inventory at the end of the period.

The company uses the FIFO (first in, first out) method to determine the cost of sales and stocks are kept at historical cost.

At the balance sheet date, stocks are valued at the lower value between the cost and the net realisable value. The net realisable value is the estimated sale price expected to be realised during the activity, less the estimated costs to complete the asset, where applicable, and estimated costs necessary to sell.

Where appropriate, value adjustments are made for obsolete, slow-moving or defective inventories.

Packaging is represented by paper bags offered to customers at the time of purchase of the products.

For packaging, the legislation on the recovery of wastes placed on the domestic market is complied with, by means of the buy-back contract concluded with Ecologic 3R.

Production in progress - represents the value of investments made by the company to develop residential buildings.

The company has real estate development projects in its own name.

d) Receivables

Trade receivables are recognised and recorded at the original invoiced amount less the impairment losses for non-collectible

amounts.

Impairment losses are established when there is evidence that the Company will not be able to collect the receivables when originally agreed. Uncollectible receivables are registered as expenses when identified.

e) Cash and other treasury assets

Cash and cash equivalents include cash and current bank accounts on 31 December 2021.

The value of bank accounts in foreign currency is presented in RON at the exchange rate communicated by the NBR on the last day of 2021.

f) Trade payables

Trade payables are recorded at cost, which represents the amount of the obligation to be paid in the future for goods and services received, whether or not invoiced to the Company. Debts are registered at their value recorded in documents or contracts.

g) Loans offered

Short-term and long-term loans are registered at the amount given. Interest income is registered in the interest income account.

h) Leasing agreements

Financial leasing

Financial leasing agreements, which transfer to the Company all the risks and benefits of the ownership of the leased fixed assets are capitalised at the date of commencement of the leasing, at the purchase value of the leased fixed assets. Lease payments are separated between the interest expense and the decrease in lease debt. Interest expense is directly registered into the profit and loss account.

Assets capitalised under a financial leasing agreement are depreciated consistent with the normal amortization policy for similar assets.

Operational leasing

Payments related to an operational leasing agreement are recognized as expenses into the profit and loss account, on a straight-line basis, throughout the leasing agreement.

i) Provisions

Provisions are recognised when the Company has a present obligation (legal or implicit) because of a past event; it is probable that an outflow of resources will be required to settle the obligation, and the liability can be measured reliably.

Provisions for taxes are established for amounts due to the State budget, provided that these amounts are not reflected as a liability in the relationship with the State.

Provisions are reviewed at each balance sheet date and adjusted to reflect management's best current estimate in this regard. If an outflow of resources is no longer probable for the settlement of a liability, the provision must be reversed through a write-back.

j) Pensions and post-employment benefits

As part of the current activity carried out, the Company makes payments to the Romanian State for the benefit of its employees. All employees of the Company are included in the pension plan of the Romanian Government. The Company has no other pensions scheme or post-retirement benefits plan and, therefore, has no obligation as to the pensions. Moreover, the Company does not have the obligation to offer additional benefits to former or current employees.

k) Taxes and charges

The current income tax is calculated in accordance with the Romanian tax regulations and is reported through the tax return. The income tax rate is applied to the taxable profit, resulting from the adjustment of the accounting profit with non-taxable and/or non-deductible items, at a rate of 16%. The fiscal loss is reported during a period of 7 years.

The value added tax due to the state budget is established monthly, by settlement, as the difference between the amount of the tax due for goods supplied or services rendered (output VAT) and the amount of the input charge for purchases of goods and services (input VAT).

The tax difference, excess or shortfall, between the output VAT and the input VAT is recorded in separate accounts (VAT payable and VAT receivable) and is settled in accordance with the law.

l) Recognition of revenues and expenses

Revenues and expenses refer to the reporting period and are recorded per revenues and expenses items.

The opening balance principle and the offsetting principle have also been complied with, i.e. assets have not been offset with liabilities, nor revenues with expenses.

Revenues are recorded when significant risks and advantages for holding the ownership of goods are transferred to the client. The amounts representing revenues are free from any sale charges (VAT), but include the commercial discounts offered. Financial discounts given to customers (discounts) are registered as financial expenses of the period, without changing the value of Company's revenues.

m) Indebtedness costs

Interest expenses are recognized into the profit and loss account in the period to which they refer.

n) Affiliated parties

According to OMF 1802/2014 an entity is affiliated to a company if it is under the control of that company.

Control means when the parent company fulfils one of the following criteria:

- a) holds most voting rights of shareholders or stockholders into another entity, hereinafter referred to as the subsidiary;
- b) is shareholder or stockholder of a company and has the right to appoint or revoke most members of the administration, management or supervisory bodies of that subsidiary;
- c) is shareholder or stockholder of a subsidiary and has the right to exercise a major influence on that subsidiary, based on an agreement concluded with the concerned entity or another term of the articles of incorporation or charter if the law applicable to the company allows such agreements or terms;
- d) is shareholder or stockholder of an entity and most members of the administration, management and supervisory bodies of that entity (subsidiary) that have occupied such positions during the financial year, during the previous financial year and until the consolidated annual financial statements are drafted, were appointed as result of exercising the voting rights only; or
- e) is shareholder or stockholder of an entity and has individual control of most of the voting rights of the shareholders or stockholders of that entity (subsidiary), as result of an agreement concluded with other shareholders or stockholders of that subsidiary.

An entity is "related" to another entity if:

- a) the entity and the reporting entity are members of the same group (which means that each parent company, subsidiary and subsidiary in the same group is related to the others);
- b) an entity is an associated or jointly controlled entity of the other entity (or an associated or jointly controlled entity of a member of the group to which the other entity belongs)
- c) both entities are jointly controlled entities of the same third party;

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For the financial year ended on 31 December 2022

- d) an entity is a jointly controlled entity of a third entity and the other is an associated entity of the third entity;
- e) the entity is a post-employment benefit plan for the benefit of employees of the reporting entity or an entity related to the reporting entity. If the reporting entity itself is such a plan, the sponsoring employers are also related to the reporting entity;
- f) the entity is controlled or jointly controlled by a person identified in item 474 (of OMFP 1802/2014)
- g) a person identified in item 474 subitem (i) has significant influence over the entity or is a key management personnel of the entity (or of the entity's parent company);
- h) the entity or any member of a group of which it is a party provides the reporting entity or the reporting entity's parent with services related to key management personnel of that entity.

k) Accounting errors

The correction of errors relating to previous financial years does not result into a change in the financial statements of those years. In case of errors relating to previous financial years, the correction of such errors does not involve any adjustment to the comparative information presented in the financial statements.

Any impact on the comparative information relating to the financial position and financial performance, respectively the change in the financial position is presented in the notes to the financial statements and adjusted in retained earnings during the year.

l) Events after the balance sheet date

Events after the balance sheet date that provide additional information about Company's position at the balance sheet date (events leading to an adjustment to the financial statements) are reflected in the financial statements. Events after the balance sheet date that do not result into an adjustment to the financial statements are presented in the notes, if significant.

NOTE 7. Contribution and sources of funding

On 31.12.2022 the share capital amounts to RON 29,093,724.

Company's share capital is divided into 29,093,724 shares with a nominal value of 1 RON each.

The contribution to the share capital and the structure thereof are as follows:

	Number of shares	Amount	Percentage
<u>2022.</u>	(thousand)	(lei)	(%)
	number of shares	amount	
B&F COMMERCIAL AND GARMENT INDUSTRIES SA	29,020,175	29,020,175	99.7472%
OTHERS - natural persons	73.549	73.549	0.25%
Total	29,093,724	29,093,724	

	Number of shares	Amount	Percentage
<u>2021.</u>	(thousand)	(lei)	(%)
	number of shares	amount	
B&F COMMERCIAL AND GARMENT INDUSTRIES SA	38,994,895	38,994,895	99.7472%
OTHERS - natural persons	98.830	98.830	0.25%

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For the financial year ended on 31 December 2022

Total 39,093,725 39,093,725

The contribution to company's benefits and losses is pro-rata to the shares held by each shareholder.

Company's obligations are guaranteed by the share capital.

Such capital has been recorded in company's accounts and is pointed out in the accounting balance sheet on 31.12.2022 according to the articles of incorporation.

	Balance on		Discounts/	Balance on
Statement of equity changes	1 January	Increases	Distributions	31 12 2022
<u>Equity item</u>	2022			
	(lei)	(lei)	(lei)	(lei)
	open account	increase	decrease	Closing
	1	2	3	4
Subscribed capital (note 7) - capital	39,093,725.00		10,000,001.00	29,093,724.00
Capital premiums	-			
Revaluation reserves	-			
Legal reserves	750,223.00	201,295.00		951,518.00
Other reserves	-			
Retained earnings representing	-8,841,625.00	1,740,671.00		-7,100,954.00
non-distributed profit or uncovered loss	-			
Retained earnings from the	-53,333.00			-53,333.00
correction of accounting errors	-			
Profit or loss of the financial year	1,740,671.00	3,454,798.00	1,941,966.00	3,253,503.00
Profit distribution				-
Total equities	32,689,661.00	5,396,764.00	11,941,967.00	26,144,458.00

NOTE 8. Information on employees, directors and managers

Overall staff expenses were as follows:

Description of indicators	2021	2022
Average number of employees	177	173
Gross salaries of the year	10,947,086.00	12,008,162.00
Vouchers given to employees	714,475.00	945,950.00
Social insurances	383,731.00	509,516.00
Health insurances	-	-
Unemployment expenses	-	-
Total staff expenses	12,045,292.00	13,463,628.00

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Notes to the financial statements

For the financial year ended on 31 December 2022

The amount due at the end of 2022 of RON 480,399 , from the balance of the account 421 is the balancing for December due on the first days of the year, when the debt to the employee has been paid completely.

Salary obligations were withheld, calculated and paid according to the law in force, always on time.

In 2022 the company was managed by Mr. Bitharas Vasileios, Greek citizen, domiciled in Greece.

On the date of drafting the financial statements for 2022 financial year the company is managed by Mr. Bitharas Vasileios.

The director term of office is valid for 4 (four) years as of the signing of company's articles of incorporation.

No loans or compensations were given to the director and there are no future obligations in the form of guarantees undertaken by the company on their behalf.

NOTE 9. Economic-financial ratios

The main economic-financial ratios of the company are as follows:

1. Liquidity ratios 2022:

$$\begin{array}{r} \text{Current assets: } 29,362,727 \\ \text{a) Current liquidity ratio} = \frac{\text{Current assets}}{\text{Current debts}} = \frac{29,362,727}{12,702,043} = 2.31 \\ \text{(Working capital ratio) Current debts: } 12,702,043 \end{array}$$

The acceptable recommended value of such ratio is above 2;
This ratio guarantees the coverage of current debts from current assets,

$$\begin{array}{r} \text{Current assets - Inventories: } 29,362,727 - 17,870,012 \\ \text{b) Immediate liquidity ratio} = \frac{\text{Current assets - Inventories}}{\text{Current debts}} = \frac{11,492,715}{12,702,043} = 0.9 \\ \text{(Acid test ratio) Current debts: } 12,702,043 \end{array}$$

Liquidity ratios 2021:

$$\begin{array}{r} \text{Current assets: } 28,790,197 \\ \text{a) Current liquidity indicator} = \frac{\text{Current assets}}{\text{Current debts}} = \frac{28,790,197}{9,092,960} = 3.17 \\ \text{(Working capital ratio) Current debts: } 9,092,960 \end{array}$$

The acceptable recommended value of such ratio is above 2;
This ratio guarantees the coverage of current debts from current assets,

$$\begin{array}{r} \text{Current assets - Inventories: } 28,790,197 - 19,770,269 \\ \text{b) Immediate liquidity ratio} = \frac{\text{Current assets - Inventories}}{\text{Current debts}} = \frac{9,019,928}{9,092,960} = 0.99 \\ \text{(Acid test ratio) Current debts: } 9,092,960 \end{array}$$

2, Risk indicators 2022:

a) Indebtedness degree ratio:

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 \quad \text{or} \quad \frac{\text{Borrowed capital: } 0}{\text{Invested capital: } 29,994,894} \times 100 = 0$$

where:

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For the financial year ended on 31 December 2022

- borrowed capital = credits above one year;
- invested capital = borrowed capital + equity,

b) The interest cover indicator - determines how many times the legal entity can pay interest expenses; the lower the value of the indicator, the riskier the position of the legal entity

$$\begin{array}{r} \text{Profit before payment of the interest and corporate tax: } 3,454,798+1,152+571,094 \\ \hline \text{Interest expenses:} \qquad \qquad \qquad 1.152 \\ \hline \end{array} = 3.495$$

2, Risk indicators 2021:

a) Indebtedness degree ratio:

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 \quad \text{or} \quad \frac{\text{Borrowed capital: } 0}{\text{Invested capital: } 39,994,895} \times 100 = 0$$

where:

- borrowed capital = credits above one year;
- invested capital = borrowed capital + equity,

b) The interest cover indicator - determines how many times the legal entity can pay interest expenses; the lower the value of the indicator, the riskier the position of the legal entity

$$\begin{array}{r} \text{Profit before payment of the interest and corporate tax: } 1,862,106 \\ \hline \text{Interest expenses:} \qquad \qquad \qquad 3.499 \\ \hline \end{array} = 419.86$$

3. Activity indicators (management index) - provides information on:

- the speed of inflow or outflow of the legal entity's cash flows;
- the ability of the legal entity to control the working capital and its main commercial activities,

3.1 Stock turnover - approximates the turnover of the stock during the financial year

2022:

$$\frac{\text{Cost of sales: } 30,509,498}{\text{Average inventory: } 17,870,012} = 1.70 \text{ (times)}$$

2021:

$$\frac{\text{Cost of sales: } 27,906,623}{\text{Average inventory: } 19,705,023} = 1.42 \text{ (times)}$$

Or

- Number of storage days - indicates the number of days in which assets are stored with the unit

2022:

$$\frac{\text{Average inventory: } 17,870,012}{\text{Cost of sales: } 30,509,498} \times 365 = 214 \text{ days}$$

2021:

$$\text{Average inventory: } 19,705,023$$

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For the financial year ended on 31 December 2022

----- x 365 = 257 days
 Cost of sales: 27,906,623

3.2 Turnover speed for client debit items - calculates the efficiency of the legal entity in collecting its debts; expresses the number of days until the date the debtors pay their debts to the legal entity,

2022:

Average client balance 1,048,976
 ----- x 365 = 5.26 days
 Turnover: 72,854,852

2021:

Average client balance 1,252,350
 ----- x 365 = 7.37 days
 Turnover: 61,911,014

3.3 Fixed assets' turnover - assess the effectiveness of fixed assets by analysing the turnover in relation to fixed assets

2022.

Turnover: 72,854,852
 ----- = 8.28
 Fixed assets: 8,799,798

2021.

Turnover: 61,911,014
 ----- = 5.05
 Fixed assets: 12,271,645

3.4 Total assets turnover ratio**2022**

Turnover: 72,854,852
 ----- = 1.88
 Total assets: 38,846,501

2021

Turnover: 61,911,014
 ----- = 1.48
 Total assets: 41,782,620

3.5 Suppliers turnover ratio**2022**

Supplier average balance	=	$\frac{8,372,201}{72,854,852}$	* 365	= 41.94 days
Turnover				

2021

Supplier average balance	=	$\frac{5,691,719}{61,911,014}$	* 365	= 33.54 days
Turnover				

4. Profitability ratios - express the efficiency of the legal entity in obtaining profit from available sources:

a) Return on capital employed - is the profit that the legal entity obtains from the investment into the business:

2022.

Profit before the payment of interest, exchange rate difference, corporate tax: 3,454,798+1,152+571,094
 ----- =0.134

Invested capital: 29,994,894

2021.

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For the financial year ended on 31 December 2022

Profit before the payment of interest, exchange rate difference, corporate tax: 2,196,861

----- =0.055

Invested capital: 39,994,895

b) Sales gross margin**2022:**

Sales gross profit:	4,057,822	
		----- x 100 = 5.57
Turnover:	72,854,852	

2021:

Sales gross profit:	1,826,555	
		----- x 100 = 2.95
Turnover:	61,911,014	

Note 10. Other information**a) Overview**

S.C. BSB FASHION SA is a Romanian joint stock company incorporated in 2003, with entirely private share capital, entirely paid, amounting to RON 29,994,894.

Company's share capital consists of 29,994,894 shares with a nominal value of 1 RON each.

In 2018 the company was taken over by B&F COMMERCIAL AND GARMENTS SA with the office in Greece by the incorporation of capital of a supplier debt

In April 2018 the company has opened the online store.

In 2022 it represented 10% of the total sale of garments.

In 2022 the company had 37 stores, of which 2 were opened in 2022.

On 05.02.2019, a transaction contract was signed, ending the joint venture between Bsb Fashion SA and Bdg Real Estate Investment, as a result of which Bsb Fashion SA is obliged to pay to BDG the amount of lei 966,472 (VAT excluded) and Bdg Real Estate Investment is obliged to pay the expenses related to the project, accounted up to the closing date, in the amount of lei 1,150,102 (VAT included).

Related amounts were offset by this contract.

On 28 March 2019 the Pantelimon Saturn project and the land in Pantelimon field 74, plot 753/1 Ilfov were sold to BDT SUPPORT SA after a market evaluation carried out by REI Evaluari. On 28.03.2020 the real estate project returned to the property of Bsb Fashion SA due to not having been paid at the deadline.

b) Transactions in foreign currency

Transactions in foreign currency are converted in Romanian RON, at the exchange rate of the National Bank of Romania ("NBR") at the date of the transaction.

Receivables and debts denominated in foreign currency at the balance sheet date are converted into RON by using the exchange rates valid at the end of the period. Gains or losses resulting from currency translations are included in the profit and loss account, under financial income or financial expenses, as appropriate.

c) Transactions with affiliates

The company has concluded a consultancy contract with S.C. BPD SMART REAL ECONOMY S.R.L, for the 2 fields of activity of the company – sale of garments and footwear and real estate development. The contractual value is of euro 25,000/month. Transactions with affiliates are presented in the table below, detailed per categories of transactions, purchases and sales.

The company has sold an apartment to Mr. Evangelos Poulis for lei 295,610, entirely paid.

a. Purchases:

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Notes to the financial statements

For the financial year ended on 31 December 2022

NAME OF AFFILIATED PARTY:	TRANSACTION TYPE	Balance at the beginning of the year - RON	TRANSACTIONS DURING THE YEAR	BALANCE ON 31/12/2022
			AMOUNT IN RON	AMOUNT IN RON
B&F COMMERCIAL AND GARMENTS SA	Purchase of goods	4,645,810	28,131,224	7,100,804
B&F COMMERCIAL AND GARMENTS SA	Consumables	653.460	683.328	683.328
B&F COMMERCIAL AND GARMENTS SA	Royalties	561.258	906.756	332.953
BDG REAL ESTATE INVESTMENT	Purchase of goods	0	0	0
TOTAL		5,860,528	29,721,308	8,117,085

b. Sales:

NAME OF AFFILIATED PARTY:	TRANSACTION TYPE	Balance at the beginning of the year - RON	TRANSACTIONS DURING THE YEAR	BALANCE ON 31/12/2022
			AMOUNT IN RON	AMOUNT IN RON
B&F COMMERCIAL AND GARMENTS SA	Management fee	425.589	0	425.589
BDT SUPPORT	Sales of Goods	94.861		94.861
BDG REAL ESTATE INVESTMENT	Sales of Goods	0		0
TOTAL		520.450	0	520.450

c. Interest receivable:

NAME OF AFFILIATED PARTY:	TRANSACTION TYPE	Balance at the beginning of the year - RON	TRANSACTIONS DURING THE YEAR	BALANCE ON 31/12/2022
			AMOUNT IN RON	AMOUNT IN RON
BDT SUPPORT	loan interest	611,214.00	48,769.00	659,983.00
BDG REAL ESTATE INVESTMENT	loan interest	127,859.00	129,158.00	1,271,355.00
TOTAL		739,073.00	177,927.00	1,931,338.00

d. Loans to affiliated entities and other related parties:

NAME OF AFFILIATED PARTY:	Interest rate	Balance at the beginning of the year - RON	BALANCE ON 31/12/2022
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Notes to the financial statements

For the financial year ended on 31 December 2022

		RON	RON
BDG REAL ESTATE INVESTMENT	5%	2,273,086.00	668,086.00
BDT SUPPORT SA	5%	1,523,000.00	17,500.00
Total		3,796,086.00	685,586.00

In 2016 the company has given a loan to BDG of lei 5,665,626, for a period of 1 year. It was extended until 31.12.2024. The annual interest complies with the NBR provisions for non-financial companies. It is calculated and notified each month and is paid at the end of the period.

In 2017 the company has given a loan to BDT SUPPORT SA of lei 2,810,000, for a period of 1 year. It was extended until 31.12.2023. The annual interest complies with the NBR provisions for non-financial companies. It is calculated and notified each month and is paid at the end of the period.

e) Corporate tax

The reconciliation of the tax result to the accounting profit/loss is presented in the table below:

Name of Indicator	Period	Period
	01.01.21-31.12.21	01.01.21-31.12.22
Operating incomes	64,112,337	73,701,941
Operating expenses, corporate tax excluded	62,285,782	69,644,119
Operating result	1,826,555	4,057,822
Financial incomes	370.308	266.580
Financial expenses	339.192	298.510
Financial result	31.116	-31.930
Accounting profit/loss	1,857,671	4,025,892
Items similar to revenues	-	-
Result after including the items similar to revenues	1,857,671	4,025,892
Set up of legal reserves (deductible expense)	117.000	201.295
Non-deductible revenue	208.231	
Non-deductible expenses		
Corporate tax established		571094
Expenses on non-deductible provisions		
Penalties		
Sponsorship expenses		190.331
Non-deductible amortizations		35.913
Other non-deductible expenses	704.666	410.834
Total: Non-deductible expenses	704.666	1,208,172
Loss to be recovered from previous years	-1,768,064	
Taxable income	469.042	4,461,675

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Notes to the financial statements

For the financial year ended on 31 December 2022

Corporate tax - 16% of the taxable profit	75.047	713.868
Sponsorship deduction	75.047	142.774
Final tax	-10.000	571.094

f) Operational leasing

The company has not concluded any operational leasing contracts.

g) Financial leasing

The company has concluded 3 financial leasing agreements of RON 161,811 to purchase 3 vehicles. The agreements expire: one in 2023 and 2 in 2026.

Short-term cat. - long-term cat.**h) Guarantees**

The company has received no guarantees.

i)

The company has signed 2 joint venture contracts with Bdg Real Estate Investment SA for the development of 2 real estate projects. Both contracts ended by the purchase by Bsb fashion of the lands object of the joint venture.

j) Contingencies**Taxation**

All amounts due to the Government as charges and taxes were paid or registered at the balance sheet date. The Romanian fiscal regime is pending consolidation and harmonization with the European law, and there may be different interpretations of authorities related to the tax law, which can result into taxes, charges and additional penalties.

Should Government authorities discover breaches of Romanian legal provisions, these may result, as applicable, into the forfeiture of those amounts, into additional fiscal obligations, into fines, delay penalties (applied to outstanding amounts). Therefore, fiscal sanctions resulting from breaches of legal provisions may reach important amounts to be paid to the State.

The Company considers that it has timely paid all its taxes, charges, penalties and default interests, to the extent necessary.

Romanian fiscal authorities have not carried out any controls referring to the calculation of corporate tax by this date.

In Romania, the right of the fiscal body to establish fiscal debts is limited to 5 years, unless otherwise provided by the law. The limitation period starts on 1 July of the year following the year for which the tax liability is due unless the law provides otherwise.

Transfer price

Under the relevant tax law, the tax assessment of a related party transaction is based on the concept of the market price of that transaction. Based on this concept, transfer prices must be adjusted to reflect the market prices that would have been established between entities between which there is no affiliation relationship, and which act independently, on an arm's length.

It is likely that checks on transfer prices be carried out in the future by the tax authorities to determine whether those prices comply with the arm's length principle and that the Romanian taxpayer's tax base is not distorted.

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Notes to the financial statements

For the financial year ended on 31 December 2022

Legal claims (including estimated value).

There are no significant situations to be presented.

Interest rate risk

The company has no loans, therefore no risks caused by changes in the interest rate.

Currency risk

The company has no loans in foreign currency, therefore no risks resulting from the exchange rate variation.

Purchases are mostly made in EUR.

Payments are made periodically by purchasing the necessary currency on the market.

Credit risk

The company has trade relationships only with natural persons and does not provide credit financing.

Management has complied with current market conditions and believes that, based on the measures taken, the company will continue to operate under optimal conditions.

k) Commitments

Capital commitments - There are no significant situations to be presented.

l) Securities to third parties

The Securities of RON 767,768 (2021 RON 396,179) are given as cash deposit to store owners.

m) Securities received

There are no situations to be presented.

NOTE 11. Inventories

Inventories held by the company on 31.12.2022 are:

	31-Dec-21	31-Dec-22
Goods	2,692,811	2,557,464
Production in progress	4,528,463	2,622,255
production - Petricani 50D	628.898	628.898
production - pantelimon saturn	3,856,702	4,515,611
Goods on stock	8,001,814	7,548,681
Total inventories	19,708,688	17,872,909

On 31.12.2022 the company has established adjustments for the depreciation of goods of lei 14,848, depreciated goods

NOTA 12 Cash and cash equivalents

Cash and bank accounts on 31.12.2022 are as follows:

	31-Dec-21	31-Dec-22
Cash at bank - in RON	6,011,632	8,491,551
Cash at bank - in foreign currency	170.610	510.675
Cash on hand - RON	123.775	158.619
Total cash	6,306,017	6,306,017

Cash in RON and foreign currency was entirely confirmed by bank units where the company has accounts.

	<i>RON</i>	<i>RON</i>
Indicator	From 1.1 to 31.12.2022	From 1.1 to 31.12.2021
profit before taxation	3,454,798.00	2,883,915.48
Amortization	2,720,974.77	1,449,144.00
Net changes in working capital		
inventory changes	1,900,258.44	1,359,527.29
changes in receivables	243,845.25	3,843,878.72
debt changes	1,549,276.16	25,336,655.65
	9,869,152.61	34,873,121.14
<i>Minus:</i>		
Corporate tax paid	0.00	-729,609.00
Partial total	9,869,152.61	35,602,730.14
Investment activity		
Changes in assets	4,855,125.62	-32,456,570.94
Total from the Investment Activity	4,855,125.62	-32,456,570.94
Financial		
Leasing payments	-63,462.00	-62,882.24
Dividend payment	-10,000,001.00	

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Notes to the financial statements

For the financial year ended on 31 December 2022

Total inflows / (outflows) from financing activities (c)	-10,063,463.00	-62,882.24
Total - Changes	4,660,815.23	3,083,276.96
Cash & cash equivalent at the beginning of the period	4,645,770.96	1,562,494.00
Cash & cash equivalent at the end of the period	9,306,586.19	4,645,770.96
Difference 2022 - 2021	4,660,815.23	3,083,276.96

NOTE 13. Financial result

	2021	2022
Financial incomes		
Interest income	219.707	177.006
Other financial revenues	150.601	89.574
Total	370.308	266.580
Financial expenses		
Adjustment of financial assets' value	-	-
Interest expenses	3.500	1.153
Supplier provision	-	-
Loss from exchange rate differences	335.692	297.357
Total	339.192	298.510
Financial profit/loss	31.116	-31.930

The positive financial profit/loss relates to interests for loans granted.

Note 14.**Real estate development activity.**

The company is developing several real estate projects in its own name.

The project in Pantelimon Locality, str Saturn, value of production in progress: RON 4,067,453. The project was sold on 28.03.2019 to Bdt Support SA. On 28.03.2020 the project became property of BSB FASHION again due to non-payment at due date according to the contract, following to be built and sold on the real estate market. In 2022 the company has continued to invest in this project, the value of investments being of lei 6,611,170.

The project in Bucharest Locality, str Petricani nr 42 - was sold in 2022

The project in Bucharest Locality, str Drumeagului - was sold in 2022

The project in Bucharest Locality, str Gura Calitei, value of production in progress: RON 515,858 – project pending the obtaining the building permit. We estimate that the project will end within one year.

The project in Bucharest Locality, str Petricani nr 50, value of construction to be sold (basement and one apartment) is RON 1,078,941.

The status of investments in real estate projects is:

No	Name	Bookkeeping account	Balance 31.12.2021	Increase	Decrease	Balance 31.12.2022

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Notes to the financial statements

For the financial year ended on 31 December 2022

1	land gura calite	371150	1,141,051.00	0.00	0.00	1,141,051.00
2	Construction in progress gura calitei	331100	296,598.00	219,260.00		515,858.00
3	land pantelimon saturn	371150	737,621.00	0.00	135,347.00	602,274.00
4	Construction in progress pantelimon Saturn	331100	4,231,865.00	608,032.00	2,296,180.00	2,543,717.00
5	Construction in progress pantelimon Saturn	345300	3,856,702.00	2,296,180.00	2,085,429.00	4,067,453.00
6	land pantelimon T 74, p753/1	371150	364,096.00	0.00	0.00	364,096.00
7	land petricani 50 D	371150	450,043.00	0.00	0.00	450,043.00
8	Construction Petricani 50d	345200	628,898.00	0.00	0.00	628,898.00
Total			11,706,874.00	3,123,472.00	4,516,956.00	10,313,390.00

Note 15.

The company has registered online sales of lei 7,726,189 of the total turnover of the stores of lei 69,264,720, representing 11.15%.

16. Events after the balance sheet date

Does not exist

DIRECTOR,**BITHARAS VASILEIOS****DRAFTED BY****Carabas George****Auditor****TAXGATE SRL, 134004/17.05.2022****Domocos Alexandra**

Subsemnata **GHEORGHE ANA MARILENA**, traducător autorizat cu nr. **14002/2009**, certific exactitatea traducerii actului prezentat din limba română în limba engleză, care a fost vizat de mine.

I, the undersigned **GHEORGHE ANA MARILENA**, authorized translator registered under no. **14002/2009**, do hereby certify the accuracy of the English translation of the Romanian document, which has been endorsed by me.

Authorized translator
GHEORGHE ANA MARILENA

