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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 2023, 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: 17.798.798 lei
- Net profit 1.654.341 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, 2023 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 2023, 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 29.093.724 lei to 19.093.723 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 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** **178.000 lei**

6. 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**

**178.000 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 89.000 lei, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### *Key audit matters*

7. 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 (2.054.531 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 (80.743.589 lei)*

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*

8. 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.
9. 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*

10. 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 2023, 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 2023, 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***

11. 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.
12. 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.
13. 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***

14. 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.
15. 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.

16. 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.

17. 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.

18. 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*

19. 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: 29.04.2024

**BSB FASHION SA**  
**Financial Statements**  
Drafted according to the  
**Order of the Minister of Public Finance no. 1802/2014**  
**31 December 2023**



financial year ended on 31 December 2023

### 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 31.12.2023 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: **192**

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. 2023	Balance on 31 Dec. 2023
	1	2	3	4 = 1+2-3	5	6	7	8 = 5+6-7	9	10
Intangible assets	383,054.00	25,157.00	13,800.00	394,411.00	332,834.00	68,745.00	13,800.00	387,779.00	6,632.00	50,220.00
	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	272,620.00		84,807.00	187,813.00	128,402.00	37,916.00	84,807.00	81,511.00	106,302.00	144,218.00
	0			0.00	0			0.00	0.00	0.00
Plant and machinery	13,977,051.00	3,188,226.00	1,295,055.00	15,870,222.00	8,756,384.00	3,587,979.00	1,273,943.00	11,070,420.00	4,799,802.00	5,220,667.00
	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

financial year ended on 31 December 2023

	0			0.00				0.00	0.00	0.00
Financial assets	3,384,693.00	-679,326.00	1,279,310.00	1,426,057.00				0.00	1,426,057.00	3,384,693.00
				0.00				0.00	0.00	0.00
<b>TOTAL</b>	<b>18,017,418.00</b>	<b>2,534,057.00</b>	<b>2,672,972.00</b>	<b>17,878,503.00</b>	<b>9,217,620.00</b>	<b>3,694,640.00</b>	<b>1,372,550.00</b>	<b>11,539,710.00</b>	<b>6,338,793.00</b>	<b>8,799,798.00</b>

**Fixed assets** of the company on 31.12.2023 amount to RON 6,338,793.00 (net value)

**Intangible assets** of RON 6,632 (net value) represent licenses and IT software.

**Tangible assets** are represented by vehicles and equipment.

Decreases recorded in 2023 represent the application of accounting policies according to 1802/2014.

**Financial assets** consist of rented premises guarantees, of RON 747,027.00 long term loans to affiliates amounting to RON 679,029.00 of which related interests of ron 661,529.00.

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 2023 the company has recorded the provisions below:

- provision for untaken holidays – amounting to lei 322,521.00
- provision for depreciated merchandise lei 11,727.00

## NOTE 3. Profit distribution

In 2023 the company has recorded a profit of lei 1,654,341.00 which, according to the Decision of the shareholders, has been approved and appropriated.

## NOTE 4. Review of operating profit/loss

On 31.12.2023 company's operating activity resulted into a profit of lei 2,967,012, as follows:

NAME OF INDICATOR	2022	2023
Net turnover	72,854,852.00	81,543,165.00
Cost of materials used and of services delivered	-68,299,975.00	-78,949,633.00
<b>Gross profit/loss related to net turnover</b>	<b>4,554,877.00</b>	<b>2,593,532.00</b>
Other operating expenses	-506,014.00	350,115.00
Revenue related to production cost in progress	838,130.00	1,791,446.00
Expenses related to production cost in progress	-838,130.00	-1,791,446.00
Subsidies	-	-
Other operating revenues	8,959.00	23,365.00
<b>Operating profit/loss</b>	<b>4,057,822.00</b>	<b>2,967,012.00</b>

Company's turnover recorded an increase of approximately 12% in 2023 compared to 2022 - due to the increased sales of the retail network.

financial year ended on 31 December 2023

**NOTE 5. Statement of Receivables and Debts**

On 31 December 2023 the statement of receivables and debts of the company is as follows:

Receivables	Balance on	Balance on	Liquidity term	
	31.12.2022	31.12.2023	< 1 year	> 1 year
	col. 2+3)	col. 2+3)	2	3
	1	1		
Trade receivables (acc. 4092+411+418)	1,679,599.00	1,437,197.00	1,437,197.00	-
Of which, with affiliates:	425,707.00	427,986.00	427,986.00	
Employee-related receivables			-	-
State budget and social insurance related receivables	500,652.00	581,935.00	581,935.00	-
State budget and social insurance related receivables			-	-
Other affiliated entities receivables			-	
Other receivables (of acc. 461, 471)	-	-	-	-
<b>TOTAL RECEIVABLES</b>	<b>2,180,251.00</b>	<b>2,019,132.00</b>	<b>2,019,132.00</b>	-

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 31.12.2023.

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

financial year ended on 31 December 2023

Debts	Balance on	Balance on	Liquidity term		
	31.12.2022	31.12.2023	< 1 year	1-5 years	> 5 years
	(col. 2+3+4)	(col. 2+3+4)	2	3	4
	1	1			
Bank loans			-	-	-
Leasing debts	161,811.00	904,997.00	198,200	706,797	-
Trade payables (acc. 401+408+419)	1,526,341.00	1,266,399.00	1,266,399.00	-	0
Employee-related debts (acc. 421+4281)	776,165.00	976,896.00	976,896.00	-	-
State budget and social insurance related debts	1,787,072.00	1,880,364.00	1,880,364.00	0	-
Trade payables with nonresident affiliates	8,450,654.00	8,844,354.00	8,844,354.00	-	-
Trade payables with resident affiliates			-		
Other debts (acc. 45*+462)			-		
Loans from affiliates			-	-	-
<b>TOTAL DEBTS</b>	<b>12,702,043.00</b>	<b>13,873,010.00</b>	<b>13,166,213.00</b>	-	-

Company's debts are recognized 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 **13,873,010.00** of which RON **13,166,213.00** 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 64% of the total debts.

Name	Debts
	RON
B&F COMERCIAL AND GARMENTS SA	8,844,354.00
<b>TOTAL</b>	<b>8,844,354.00</b>

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financial year ended on 31 December 2023

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 2023 exchange rates used for conversion were those published by the National Bank of Romania:

1 EUR = 4.9756 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 31/12/2023

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.

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.

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financial year ended on 31 December 2023

**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 2023 the company has registered a profit of lei 1,598,931.00.

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 2023 were 1 EUR = **4.9756 RON** (31 December 2022: 1 EUR = 4.9474 RON), respectively 1 USD = 4.5067 RON (31 December 2022: 1 USD = 4.6346 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.:

- 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 2023 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**

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financial year ended on 31 December 2023

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.

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financial year ended on 31 December 2023

**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 recognized 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.

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financial year ended on 31 December 2023

**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;
- 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;
- 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.

financial year ended on 31 December 2023

### 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 31.12.2023 the share capital amounts to RON 19,093,723.00.

Company's share capital is divided into 19,093,723 shares with a nominal value of 1 RON each.

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

	<u>Number of shares</u>	<u>Amount</u>	<u>Percentage</u>
<u>2023.</u>	(thousand)	(lei)	(%)
	number of shares	amount	
B&F COMMERCIAL AND GARMENT INDUSTRIES SA	19,045,455	19,045,455	99.7472%
OTHERS - natural persons	48,268	48,268	0.25%
Total	19,093,723	19,093,723	

	<u>Number of shares</u>	<u>Amount</u>	<u>Percentage</u>
<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	

financial year ended on 31 December 2023

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 31.12.2023 according to the articles of incorporation.

Compared to last year, the capital was reduced by 10,000,001 ron - by the decision of the shareholders - the reason being the reduction of surplus amounts available to the company

	Balance on		Discounts/	Balance on
<b>Statement of equity changes</b>	1 January			
<u>Equity item</u>	2023	<u>Increases</u>	<u>Distributions</u>	<u>31 12 2023</u>
	(lei)	(lei)	(lei)	(lei)
	open account	increase	decrease	Closing
	1	2	3	4
Subscribed capital (note 7) - capital	29,093,724.00		10,000,001.00	19,093,723.00
Capital premiums	-			
Revaluation reserves	-			
Legal reserves	951,518.00	97,841.00		1,049,359.00
Other reserves	-			
Retained earnings representing	-7,100,954.00	3,253,503.00		-3,847,451
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	3,253,503.00	1,556,500.00	3,253,503.00	1,556,500.00
Profit distribution				-
<b>Total equities</b>	26,144,458.00	4,907,844.00	13,253,504.00	17,798,798.00

financial year ended on 31 December 2023

#### NOTE 8. Information on employees, directors and managers

Overall staff expenses were as follows:

Description of indicators	2022	2023
Average number of employees	173	192
Gross salaries of the year	12,008,162.00	15,099,449.00
Vouchers given to employees	945,950.00	1,333,950.00
Social insurances	509,516.00	615,301.00
Health insurances	-	-
Unemployment expenses	-	-
<b>Total staff expenses</b>	<b>13,463,628.00</b>	<b>17,048,700.00</b>

The amount due at the end of 2023 of RON 628,206, 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 2023 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 2023:

Current assets: 24,734,240

a) Current liquidity ratio =  $\frac{24,734,240}{14,302,620} = 1.73$   
 (Working capital ratio) Current debts: 14,302,620

This ratio guarantees the coverage of current debts from current assets,

Current assets - Inventories: 24,734,240 - 16,394,965

b) Immediate liquidity ratio =  $\frac{24,734,240 - 16,394,965}{14,302,620} = 0.58$   
 (Acid test ratio) Current debts: 14,302,620

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 financial year ended on 31 December 2023
**Liquidity ratios 2022:**

Current assets: 29,362,727

$$\text{a) Current liquidity indicator} = \frac{\text{Current assets}}{\text{Current debts}} = \frac{29,362,727}{12,702,043} = 2.31$$

(Working capital ratio) Current debts: 12,702,043

The acceptable recommended value of such ratio is above 2;

This ratio guarantees the coverage of current debts from current assets,

Current assets - Inventories: 29,362,727 - 17,870,012

$$\text{b) Immediate liquidity ratio} = \frac{\text{Current assets} - \text{Inventories}}{\text{Current debts}} = \frac{29,362,727 - 17,870,012}{12,702,043} = 0.9$$

(Acid test ratio) Current debts: 12,702,043

**2, Risk indicators 2023:**

a) Indebtedness degree ratio:

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 \quad \text{or} \quad \frac{\text{Borrowed capital}}{\text{Invested capital}} \times 100 = 0$$

Borrowed capital: 0  
Invested capital: 19,994,893

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

Profit before payment of the interest and corporate tax: 1,654,341 + 11,270 + 302,481

$$\frac{\text{Profit before payment of the interest and corporate tax}}{\text{Interest expenses}} = \frac{1,654,341 + 11,270 + 302,481}{11,270} = 42,51$$

Interest expenses: 11,270

**2, Risk indicators 2022:**

a) Indebtedness degree ratio:

$$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100 \quad \text{or} \quad \frac{\text{Borrowed capital}}{\text{Invested capital}} \times 100 = 0$$

Borrowed capital: 0  
Invested capital: 29,994,894

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

Profit before payment of the interest and corporate tax: 3,454,798 + 1,152 + 571,094

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 financial year ended on 31 December 2023

Interest expenses:	1,152	=	3,495
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**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:**

$$\frac{\text{Cost of sales: } 33.701,673}{\text{Average inventory: } 16,394,965} = 2.05 \text{ (times)}$$

**2022:**

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

Or

- Number of storage days - indicates the number of days in which assets are stored with the unit **2023:**

$$\frac{\text{Average inventory: } 16,394,965}{\text{Cost of sales: } 33,701,673} \times 365 = 177 \text{ days}$$

**2022:**

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

**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,**2023:**

$$\frac{\text{Average client balance } 780,498}{\text{Turnover: } 81,543,165} \times 365 = 5.26 \text{ days}$$

**2022:**

$$\frac{\text{Average client balance } 1,048,976}{\text{Turnover: } 72,854,852} \times 365 = 5.26 \text{ days}$$

**3.3 Fixed assets' turnover** - assess the effectiveness of fixed assets by analyzing the turnover in relation to fixed assets**2023.**

$$\frac{\text{Turnover: } 81,543,165}{\text{Fixed assets: } 6,338,739} = 12.86$$

**2022.**

$$\text{Turnover: } 72,854,852$$

---

 financial year ended on 31 December 2023

----- = 8.28  
 Fixed assets: 8,799,798

**3.4 Total assets turnover ratio****2023**

Turnover: 81,543,165

----- = 2.54  
 Total assets: 32,101,418

**2022**

Turnover: 72,854,852

----- = 1.88  
 Total assets: 38,846,501

**3.5 Suppliers turnover ratio****2023**

Supplier average balance

= 8,802,924

= 39.40days

Turnover

81,543,165 \* 365

**2022**

Supplier average balance

= 8,372,201

= 41.94 days

Turnover

72,854,852 \* 365

**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:**2023.**

Profit before the payment of interest, exchange rate difference, corporate tax: 1,654,341+11,270+302,481

----- = 0.098

Invested capital:

19,994,893

**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

**b) Sales gross margin 2023:**

Sales gross profit: 2,967,012.00

----- x 100 = 3.64

Turnover:

81,543,165

**2022:**

Sales gross profit: 4,057,822

----- x 100 = 5.57

Turnover:

72,854,852



**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 19,994,893.

Company's share capital consists of 19,994,893 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 2023 it represented 10,23% of the total sale of garments.

In 2023 the company had 36 stores, of which 2 were opened in 2023.

**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.

**a. Purchases:**

NAME OF AFFILIATED PARTY:	TRANSACTION TYPE	Balance at the beginning of the year - RON	TRANSACTIONS DURING THE YEAR	BALANCE ON 31/12/2023
			AMOUNT IN RON	AMOUNT IN RON
B&F COMMERCIAL AND GARMENTS SA	Purchase of goods	7,100,804	30,618,791	8,048,870
B&F COMMERCIAL AND GARMENTS SA	Consumables	683,328	1,155,663	64,683
B&F COMMERCIAL AND GARMENTS SA	Royalties	332,953	1,347,298	730,801
BDG REAL ESTATE INVESTMENT	Purchase of goods	0	0	0
<b>TOTAL</b>		<b>8,117,085</b>	<b>33,121,752</b>	<b>8,844.354</b>

financial year ended on 31 December 2023

**b.** Sales:

NAME OF AFFILIATED PARTY:	TRANSACTION TYPE	Balance at the beginning of the year - RON	TRANSACTIONS DURING THE YEAR	BALANCE ON 31/12/2023
			AMOUNT IN RON	AMOUNT IN RON
B&F COMMERCIAL AND GARMENTS SA	Management fee	425.589	0	427,986
BDG REAL ESTATE INVESTMENT	Sales of Goods	0		0
<b>TOTAL</b>		<b>425,589</b>	<b>0</b>	<b>427,986</b>

**c.** Interest receivable:

**The company has no loans granted to affiliated companies**

**d.** Loans to affiliated entities and other related parties:

The company has no loans granted to affiliated companies

**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
	01.01.21-31.12.22	01.01.21-31.12.23
Operating incomes	73,701,941	80,414,976
Operating expenses, corporate tax excluded	69,644,119	80,447,964
<b>Operating result</b>	4,057,822	2,967,012
Financial incomes	266.580	-714,565
Financial expenses	298.510	295,625
<b>Financial result</b>	<b>-31.930</b>	<b>-1,010,190</b>

financial year ended on 31 December 2023

<b>Accounting profit/loss</b>	<b>4,025,892</b>	<b>1,956,822</b>
<b>Items similar to revenues</b>		-
Result after including the items similar to revenues	<b>4,025,892</b>	<b>1,956,822</b>
<b>Set up of legal reserves (deductible expense)</b>	201.295	97,841
Non-deductible revenue		
<b>Non-deductible expenses</b>		
Corporate tax established	571094	302481
Expenses on non-deductible provisions		
Penalties		
Sponsorship expenses	190.331	100,000
Non-deductible amortizations	35.913	126,408
Other non-deductible expenses	410.834	277,741
<b>Total: Non-deductible expenses</b>	<b>1,208,172</b>	<b>806,630</b>
<b>Loss to be recovered from previous years</b>		
<b>Taxable income</b>	<b>4,461,675</b>	<b>2,363,130</b>
<b>Corporate tax - 16% of the taxable profit</b>	<b>713.868</b>	<b>378,101</b>
<b>Sponsorship deduction</b>	<b>142.774</b>	<b>75,620</b>
<b>Final tax</b>	<b>571.094</b>	<b>302,481</b>

**f) Operational leasing**

The company has not concluded any operational leasing contracts.

**g) Financial leasing**

The company has concluded 7 financial leasing agreements of RON 904,998 to purchase 7 vehicles. The agreements expire: one in 2024, 2 in 2027 and 4 contracts in 2028.

**h) Guarantees**

The company has received no guarantees.

**i)**

The company has not signed joint venture contracts .

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financial year ended on 31 December 2023

**j) Contingencies****The company does not have signed participation association contracts****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.

**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.

financial year ended on 31 December 2023

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 747,028 (2022 RON 767,768 ) 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 31.12.2023 are:

	31-Dec-22	31-Dec-23
Goods	2,557,464	2,294,879
Production in progress	2,622,255	1,289,446
production - Petricani 50D	628.898	351,331
production - pantelimon saturn	4,515,611	5,131,173
Goods on stock	7,548,681	7,339,864
Total inventories	17,872,909	16,406,693

On 31.12.2023 the company has established adjustments for the depreciation of goods of lei 11,727, depreciated goods

### NOTA 12 Cash and cash equivalents

Cash and bank accounts on 31.12.2023 are as follows:

	31-Dec-22	31-Dec-23
Cash at bank - in RON	8,626,215	5,742,564
Cash at bank - in foreign currency	510.675	192,215
Cash on hand - RON	158.619	349,964
<b>Total cash</b>	<b>9,295,509</b>	<b>6,284,743</b>

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 financial year ended on 31 December 2023

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

<b>Indicator</b>	<b>RON</b> <b>From 1.1</b> <b>to</b> <b>31.12.2023</b>	<b>RON</b> <b>From 1.1 to</b> <b>31.12.2022</b>
profit before taxation	2,032,443	5,665,489
Amortization	<u>3,565,112</u>	2,720,975
<b>Net changes in working capital</b>		
inventory changes	1,374,247	1,900,258
changes in receivables	14,578	243,845
debt changes	<u>1,523,885</u>	1,549,276
	<b>8,481,108</b>	<b>12,079,844</b>
<i>Minus:</i>	-	-
	-	-
Corporate tax paid	<u>429,708</u>	-
<b>Partial total</b>	<b>8,051,400</b>	<b>12,079,844</b>
	-	-
<b>Investment activity</b>		
	-	-
Changes in assets	<u>277,071</u>	2,644,435
	-	-
	1,703	-
	-	-
<b>Total from the Investment Activity</b>	<b>278,774</b>	<b>2,644,435</b>
	-	-

financial year ended on 31 December 2023

**Financial**

	-	-
Leasing payments	1,017,378	-
Dividend payment	334,636	63,462
	10,000,001	10,000,001
<b>Total inflows / (outflows) from financing activities (c)</b>	<b>11,352,015</b>	<b>10,063,463</b>
<b>Total - Changes</b>	<b>3,021,842</b>	<b>4,660,815</b>
<b>Cash &amp; cash equivalent at the beginning of the period</b>	<b>9,306,586</b>	<b>4,645,771</b>
<b>Cash &amp; cash equivalent at the end of the period</b>	<b>6,284,744</b>	<b>9,306,586</b>
Difference 2023- 2022	3,021,842	4,660,815

**NOTE 13. Financial result**

	<b>2022</b>	<b>2023</b>
<b>Financial incomes</b>		
Interest income	177,006	-879,954
Other financial revenues	89,574	165,389
<b>Total</b>	<b>266,580</b>	<b>-714,565</b>
<b>Financial expenses</b>		
Adjustment of financial assets' value	-	-
Interest expenses	1,153	11,270
Supplier provision	-	-
Loss from exchange rate differences	297,357	284,355
<b>Total</b>	<b>298,510</b>	<b>295,625</b>
<b>Financial profit/loss</b>	<b>-31,930</b>	<b>-1,010,190</b>

financial year ended on 31 December 2023

The negative financial result is related to the interest canceled for the loans granted - according to the contract

**Note 14.**

**Real estate development activity.**

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

The project in the town of Pantelimon, Saturn str., ongoing production value: 656,952 RON.

In 2023, the company continued its investments in this project, the value of the investments is 6,193,241 lei.

The project in the city of Bucharest, str. Gura Calitei, production value in progress: 576,085 RON, land value of 1,141,051 - project in the stage of obtaining the construction permit. We estimate the closure of the project in one year.

The project in the city of Bucharest, 50 Petricani Street, construction value remaining for sale (a basement and an apartment) is 735,948 RON.

**The status of investments in real estate projects is:**

No	Name	Bookkeeping account	Balance 31.12.2022	Increase	Decrease	Balance 31.12.2023
1	land gura calite	371150	1,141,051.00	0.00	0.00	1,141,051.00
2	Construction in progress gura calitei	331100	515,858.00	60,227.00	0.00	576,085.00
3	land pantelimon saturn	371150	602,274.00	0.00	197,158.00	405,116.00
4	Construction in progress pantelimon Saturn	331100	2,106,397.00	1,674,810.00	3,124,255.00	656,952.00
5	Construction in progress pantelimon Saturn	345300	4,515,611.00	3,124,255.00	2,508,693.00	5,131,173.00
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	65,426.00	384,617.00
8	Construction Petricani 50d	345200	628,898.00	0.00	277,567.00	351,331.00
Total			10,324,228.00	4,859,292.00	6,173,099.00	9,010,421.00

Note 15.

The company has registered online sales of lei 7,951,484 of the total turnover of the stores of lei 77,727,124, representing 10.23%.

**16. Events after the balance sheet date**

Does not exist



**DIRECTOR,**

**BITHARAS VASILEIOS**

**DRAFTED BY**

**Carabas George**

**Auditor**

**TAXGATE SRL, 134004/30.04.2024**

**Domocos Alexandra**