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Translation from Bulgarian!

Annual Management Report
Independent auditors' report
Financial statements

House Market Bulgaria EAD

31 December 2024

ПРО ТРАНС ГРУП ООД * СОФИЯ * PRO TRANS GROUP LTD * SOFIA

Contents

Annual Management Report

1. General information. Ownership and governance

The primary business of House Market Bulgaria EAD is trade on the territory of the Republic of Bulgaria using a unique system for the sale of furniture, household goods and related interior furnishing products with the design and quality of IKEA, Sweden ("IKEA Sales System"). The Company is registered in the Commercial Register and Register of Non-Profit Legal Entities as a joint-stock company under UIC 200204065 and it does not have any branches in the country and abroad.

The Company has no research and development activities.

The seat and address of management of the Company is in the Republic of Bulgaria, Sofia, Vitosha Region, 216, Ring Road str.

The Company has a one-tier management system and as at 31 December 2024 its Board of Directors is composed of the following individuals

- Panayotis Katiforis;
- Dimitrios Valahis;
- Dafni Fourlis;
- Ioannis Zakopoulos;
- Maria Teodoliu.

By virtue of resolution of the sole owner of 10 June 2024 Apostolos Petalas was discharged as member of the Board of Directors and Maria Teodoliu was appointed as his replacement. This circumstance was entered in the Commercial Register and Register of Non-Profit Legal Entities on 3 July 2024.

The Company is represented jointly by any two members of the Board of Directors.

The Company has three Procurators - Nokolaos Ifantidis, Milena Dimanova and Nikolaos Sfiroeras, whereby jointly any two of them have the right to represent the Company.

The registered capital of the Company comprises 9 788 927 fully paid ordinary shares with a par value of BGN 1 each. All shares entitle their holders to a dividend and liquidation share and give the right to one vote in the General Assembly of the shareholders of the Company.

As at 31 December 2024 Housemarket S.A. - a company registered in Greece - is the sole shareholder of the Company. The ultimate controlling parent is Fourlis Holdings S.A., registered in Greece, the equity instruments of which are listed on the Athens Stock Exchange.

The Company does not own any treasury shares and therefore has not carried out any such transactions.

During the year 2024 the members of the Board of Directors of the Company have not acquired, owned or transferred Company’s shares, nor did they have rights to acquire Company’s shares.

In 2024 no remuneration was owed and paid to the members of the Board of Directors. The remuneration of the Procurators are disclosed in Note 23.3 to the financial statements.

No contracts under art. 240b of the Commercial Act were signed during the year.

The Procurators do not hold any interests in the management or ownership in other entities.

None of the members of the Board of Directors are unlimited liable partners and they do not hold more than 25 percent of the capital of another company.

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As at 31 December 2024 the participations of the members of the Board of Directors in the management of other entities or cooperatives as procurators, general managers or Board members are as follows:

Panayotis Katiforis:

- Housemarket S.A., Peania, Attica, Greece - Executive Director and member of the Board of Directors;
- Trade Logistics S.A., Kifissia, Attica, Greece - member of the Board of Directors.

Dimitrios Valahis:

- Fourlis Holdings S.A., Kifissia, Attica, Greece - Executive Director, executive member of the Board of Directors;
- Housemarket S.A., Peania, Attica, Greece - member of the Board of Directors;
- Sportswear Market Single Member S.A., Kifissia, Attica, Greece – member of the Board of Directors;
- Trade Logistics S.A., Kifissia, Attica, Greece - Chairman of the Board of Directors.
- Wellness Market Single Member S.A., Kifissia, Attica, Greece – Deputy Chairman of the Board of Directors.

Dafni Fourlis:

- Fourlis Holdings S.A., Kifissia, Attica, Greece - Vice President, executive member of the Board of Directors;
- Housemarket S.A., Peania, Attica, Greece - Chairperson of the Board of Directors;
- Sportswear Market Single Member S.A., Kifissia, Attica, Greece – Deputy Chairperson of the Board of Directors.

Ioannis Zakopoulos:

- Trade Logistics S.A., Kifissia, Attica, Greece - member of the Board of Directors.

Maria Teodoliu:

- Housemarket S.A., Peania, Attica, Greece - member of the Board of Directors;
- Sportswear Market Single Member S.A., Kifissia, Attica, Greece – member of the Board of Directors;
- HM Housemarket (Cyprus) Ltd, Nicosia, Cyprus – member of the Board of Directors;
- S.M. Sportswear Market Ltd, Nicosia, Cyprus – member of the Board of Directors;
- Trade Status S.A., Kifissia, Attica, Greece - Deputy Chairperson of the Board of Directors.
- Genco Bulgaria EOOD, Sofia, Bulgaria - General Manager;
- Wyldes Limited, Nicosia, Cyprus – member of the Board of Directors;
- Vyner Limited, Nicosia, Cyprus – member of the Board of Directors;
- Sofia South Ring Mall EAD, Sofia, Bulgaria - member of the Board of Directors.

The Procurators do not hold any interests in the management or ownership in other entities.

No contracts under art. 240b of the Commercial Act were signed during the year.

2. Major risks the Company is facing Financial instruments used by the Company. Risk management objectives and policies applied by the management

The Company is exposed to different types of risks in relation to its financial instruments. The most significant financial risks the Company is exposed to include market risk, credit risk and liquidity risk.

The Company's risk management is carried out by the management with a priority to ensure the short- and medium-term cash flows while reducing its exposure to financial markets.

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In 2024 the Company did not use any derivative financial instruments. The key financial instruments include trade and other receivables, non-current financial assets, lease liabilities, trade and other payables.

In 2024 the Company suffered direct effects of its operational risks resulting from its activities where at the end of November 2024 it was subject to hacker attack, which was manifested in serious disruptions in the functioning of the Company's IT systems and its overall transactions. As a result of the efficient efforts of the engaged specialists in this area, the normal functioning of the systems was recovered in February 2025. Activities aimed at strengthening the level of protection and more reliable security of the processes continue.

Further information regarding the significant financial risks the Company is exposed to is provided in Note 29 to the financial statements.

3. Financial position, performance, ecology and personnel

In 2024 the Company reports growth in the gross profit by BGN 8 391 thousand (12.6%) due to an increase in revenue by BGN 3 370 thousand on one hand (2.1%), and due to a decrease in the cost of sales by BGN 5 021 thousand (5.5%) on the other, which is the result of the flexible pricing policy of the Company's main supplier.

The movement in the major cost items follows the growth in the operations, with distribution costs reporting an increase by BGN 3 533 thousand (7.9 %). The increase in case is also influenced by the scale of operations in 2024.

Other operating costs are up by BGN 2 680 thousand (120.7%), mainly due to the write-down of inventories as a result of the more intensive promotion campaigns of the Company.

Finance costs are up by BGN 15 767 thousand (64.8%) due to the reporting of a lower loss on the change in the fair value of an investment at fair value through the profit or loss. This, together with the increase in the gross profit, is reflected in an after-tax operating profit in 2024 at the amount of BGN 14 038 thousand, compared to a loss of BGN 2 351 thousand in 2023.

The indexation of lease payments on lease contracts is reflected in an increase in the right-of-use assets and lease liabilities.

As at 31 December 2024 the Company also reports positive net working capital of BGN 9 047 thousand. As at 31 December 2024 the general liquidity ratio is logically up to 1.44 compared to 0.98 at the end of the comparative period.

Detailed information regarding income, costs and balance sheet items of the Company during the current and the past period is presented in the financial statements for the year ended 31 December 2024.

As at the date of preparation of the financial statements the management has assessed the Company's ability to continue its operations as a going concern within the foreseeable future based on the available information. Following the investigations carried out the Board of Directors reasonably expects that the Company has sufficient resources to continue its operations in the foreseeable future. Accordingly, it continues to apply the going concern principle in the preparation of the annual financial statements.

The number of the employees of the Company as of 31 December 2024 is 509.

With respect of environment-related issues Fourlis Group consists of companies focused on their commitments and vision for a better present and an even better future for people, society and environment. The recycling and energy saving programmes are applied in all Group companies, including within the Company.

The main intangible resources of the Company include franchise fees and software. They are fundamental for the operation of its business and are the foundation of the creation of value, generation of revenue and profitability, having in mind that the franchise fees are related to the Company's rights to apply a unique system for selling furniture, household goods and related interior products with the design and quality of IKEA, Sweden ("the IKEA Sale System"). Software serve the overall operations of the Company

4. Future development

The management plans to enhance the competitive advantages of the Company in areas such as:

- customer trust;
- experienced sales personnel in order to offer a better service compared to the competition;
- financial stability;
- visibility and credibility of representing the brand name and establishing a long term commitment to the brand and loyalty from our customers;
- experience in managing retail chains and the market position of IKEA.

Improvement and training of the Company's human capital, the constant and fair evaluation at all levels, as well as dedication to the values of the Company - "Integrity", "Respect" and "Efficiency" - continue to compose the key priorities, aiming to achieve its goals.

An expansion of the operations in Bulgaria is envisaged and part of this strategy is the opening of a new shop of the Company in Pernik in March 2025 (see point 5 of this management report).

No transactions of significance for the Company's operations are envisaged, except the potential ones related to its future development.

5. Events after the end of the reporting period

No adjusting events or significant non-adjusting events have occurred between the date of the financial statements and the date the accompanying financial statements were authorised for issue, except for the following non-adjusting events:

- After the hacker attack against the IT systems of Fourlis Group at the end of 2024, the Group system recovery process, including those of the Company, has started actively in January 2025 and continues until February 2025. Activities aimed at improving the protection levels and more reliable flow of the processes continue.
- On 4 February 2025 the Company sold all shares of Trade Estates REIC which it holds (see Note 8 to the financial statements) for the amount of BGN 43 164 thousand.
- On 28 February 2025 the sole owner of the Company made a decision for the distribution of dividends at the amount of BGN 33 249 thousand against the retained earnings accumulated until 31 December 2023.
- As part of the expansion of Fourlis Group on 8 March 2025 the Company opened a new IKEA store in the town of Pernik. The store has 350 sq.m. of sales area and is specialised in kitchen, wardrobe and bathroom solutions.

1 April 2025
city of Sofia

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Nikolaos Ifantidis
Procurator

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Milena Dimanova
Procurator

INDEPENDENT AUDITOR'S REPORT

To the sole shareholder of
HOUSE MARKET BULGARIA EAD
Sofia, 216, Okolovrasten pat Str.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of House Market Bulgaria EAD (the Company), which comprise the statement of financial position as at 31 December 2024 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU and Bulgarian legislation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *"*Auditor's Responsibilities for the Audit of the Financial Statements*"* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code)*,* together with the ethical requirements of Bulgarian Independent Financial Audit and Assurance of Sustainability Reporting Act*,* and we have fulfilled our other 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.

Other Matter

The financial statements of the Company for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 10 July 2024.

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent otherwise stated. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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SOFIA

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Financial Statements and Auditor's Report Thereon", regarding annual management report, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act.

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Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

(a) the information in the management report is consistent with the financial statements for the same reporting period;

(b) the management report is prepared in accordance with the applicable legal requirements; and

(c) as a result of the acquired knowledge and understanding of the activities of the Company and the environment in which it operates, we have found no cases of material misrepresentation in the management report.

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Mariy Apostolov
Managing partner

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Slavena Valchanova
Registered auditor responsible for the audit

Grant Thornton OOD
Audit firm, reg. №032

23 April 2025
Bulgaria, Sofia, 26, Cherni Vrah Blvd.

Translation from Bulgarian

Statement of profit or loss and other comprehensive income

	Note	2024 BGN'000	2023 BGN'000
Revenue from contracts with customers	17	161 238	157 868
Cost of sales	19	(86 110)	(91 131)
Gross profit		**75 128**	**66 737**
Other income	0	3 221	3 339
Distribution expenses	0	(47 990)	(44 457)
Administrative expenses	19	(4 224)	(4 124)
Net effect of impairment of receivables	11	434	-
Other operating expenses	0	(4 900)	(2 220)
Operating profit		**21 669**	**19 275**
Finance costs	21	(8 561)	(24 328)
Finance income	21	2 303	2 376
Profit / (loss) before tax		**15 411**	**(2 677)**
Income tax (expense) / income	22	(1 373)	326
Profit / (loss) for the year		**14 038**	**(2 351)**
Other comprehensive income / (other comprehensive loss):			
Items not reclassified in the profit or loss:			
Revaluation of defined benefit plan liabilities	14.3	165	(47)
Income tax related to items not reclassified in the profit or loss	9	(16)	5
		149	**(42)**
Items reclassified in the profit or loss:			
Cash flow hedges	4.12.6	-	(93)
Income tax related to items reclassified in the profit or loss	9	-	9
		-	**(84)**
Other comprehensive income / (other comprehensive loss): for the year, net of tax		**149**	**(126)**
Total comprehensive income / (comprehensive loss) for the year		**14 187**	**(2 477)**

Preparer: signature illegible
(Desislava Hristova)

Procurator: signature illegible
(Nikolaos Ifantidis)

Procurator: signature illegible
(Milena Dimanova)

Date: 1 April 2025

Auditor's report issued on 23 April 2025

Grant Thornton OOD, Audit firm, reg. № 032 signature illegible
Mariy Apostolov, General Manager

Slavena Valchanova, Registered Auditor in Charge of the Audit signature illegible

The notes to the financial statements on page 1 to 32 form an integral part thereto.

Statement of financial position

Assets	Note	31 December 2024 BGN'000	31 December 2023 BGN'000
Non-current assets			
Property, plant and equipment	5	11 652	11 011
Right-of-use assets	6	126 730	124 832
Intangible assets	7	1 743	2 291
Non-current financial assets	8	47 423	50 646
Deferred tax assets	9	2 569	1 725
Non-current assets		**190 117**	**190 505**
Current assets			
Inventories	10	18 605	22 988
Trade and other receivables	11	987	5 768
Cash and cash equivalents	12	10 126	4 999
Current assets		**29 718**	**33 755**
Total assets		**219 835**	**224 260**
Equity and liabilities			
Equity			
Share capital	13	9 789	9 789
Share premium reserve		9 767	9 767
Stock option plan reserve		442	300
Revaluation reserve of defined benefit plan liabilities		238	89
Retained earnings		47 211	40 996
Total equity		**67 447**	**60 941**
Liabilities			
Non-current liabilities			
Retirement benefits liabilities	14.3	601	656
Non-current lease liabilities	15	131 116	128 051
Non-current liabilities		**131 717**	**128 707**
Current liabilities			
Retirement benefits liabilities	14.3	9	10
Current lease liabilities	15	3 988	3 666
Trade payables and other liabilities	16	16 674	30 936
Current liabilities		**20 671**	**34 612**
Total liabilities		**152 388**	**163 319**
Total equity and liabilities		**219 835**	**224 260**

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(Desislava Hristova)

Procurator: signature illegible
(Nikolaos Ifantidis)

Procurator: signature illegible
(Milena Dimanova)

Date: 1 April 2025
Auditor's report issued on 23 April 2025

Grant Thornton OOD, Audit firm, reg. № 032 signature illegible
Mariy Apostolov, General Manager
Slavena Valchanova, Registered Auditor in Charge of the Audit signature illegible

The notes to the financial statements on page 1 to 32 form an integral part thereto.

Statement of changes in equity

All amounts are in thousands of Bulgarian lev	Share capital	Share premium reserve	Share-based payments reserve	Revaluation of defined benefit plans	Retained earnings	Total equity
Balance at 1 January 2024	**9 789**	**9 767**	**300**	**89**	**40 996**	**60 941**
Dividends	-	-	-	-	(7 823)	**(7 823)**
Stock options as employee benefits	-	-	142	-	-	**142**
Transactions with the owners	**-**	**-**	**142**	**-**	**(7 823)**	**(7 681)**
Profit for the year	-	-	-	-	14 038	**14 038**
Other comprehensive income	-	-	-	149	-	**149**
Total comprehensive income	**-**	**-**	**-**	**149**	**14 038**	**14 187**
Balance at 31 December 2024	**9 789**	**9767**	**442**	**238**	**47 211**	**67 447**

All amounts are in thousands of Bulgarian lev	Share capital	Share premium reserve	Share-based payments reserve	Hedging reserves	Revaluation of defined benefit plans	Retained earnings	Total equity
Balance at 1 January 2023	**9 789**	**9 767**	**205**	**84**	**131**	**53 126**	**73 102**
Dividends	-	-	-	-	-	(9 779)	**(9 779)**
Share options as employee benefits	-	-	95	-	-	-	**95**
Transactions with the owners	**-**	**-**	**95**	**-**	**-**	**(9 779)**	**(9 684)**
Loss for the year	-	-	-	-	-	(2 351)	**(2 351)**
Other comprehensive loss	-	-	-	(84)	(42)	-	**(126)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(84)**	**(42)**	**(2 351)**	**(2 477)**
Balance at 31 December 2023	**9 789**	**9 767**	**300**	**-**	**89**	**40 996**	**60 941**

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(Desislava Hristova)

Procurator: signature illegible
(Nikolaos Ifantidis)

Procurator: signature illegible
(Milena Dimanova)

Date: 1 April 2025
Auditor's report issued on 23 April 2025
Grant Thornton OOD, Audit firm, reg. № 032 signature illegible
Mariy Apostolov, General Manager
Slavena Valchanova, Registered Auditor in Charge of the Audit signature illegible

The notes to the financial statements on page 1 to 32 form an integral part thereto.

Statement of cash flows

	Note	2024 BGN'000	2023 BGN'000
Operating activities			
Profit / (loss) before tax		15 411	(2 677)
Adjustments:			
Amortisation of non-financial assets		7 686	7 068
Dividend income		(2 302)	(2 376)
Change in the fair value of financial assets at fair value in the profit or loss		3 223	18 624
Interest expense		4 134	4 595
Other movements		(36)	1 197
Income tax payments		(1 944)	(1 573)
Net changes in working capital:			
Changes in inventories		4 383	(3 115)
Changes in trade and other receivables		4 781	668
Changes in trade and other payables		(10 350)	2 452
Net cash flows from operating activity		**24 986**	**24 863**
Investing activities			
Acquisition of property, plant and equipment		(2 363)	(3 363)
Acquisition of intangible assets		(52)	(173)
Dividends received	21	2 302	2 376
Net cash flows from investing activity		**(113)**	**(1 160)**
Financing activities			
Dividends paid		(11 735)	(5 867)
Payments on lease contracts		(7 973)	(7 559)
Payments of bank loan interest		(38)	(604)
Payments on bank loans		-	(12 059)
Proceeds from borrowings		-	5
Net cash flows from financing activity		**(19 746)**	**(26 084)**
Net change in cash and cash equivalents		**5 127**	**(2 381)**
Cash and cash equivalents at the beginning of the year		4 999	7 380
Cash and cash equivalents at the end of the year	12	**10 126**	**4 999**

Preparer: signature illegible
(Desislava Hristova)

Procurator: signature illegible
(Nikolaos Ifantidis)

Procurator: signature illegible
(Milena Dimanova)

Date: 1 April 2025

Auditor's report issued on 23 April 2025

Grant Thornton OOD, Audit firm, reg. № 032 signature illegible
Mariy Apostolov, General Manager

Slavena Valchanova, Registered Auditor in Charge of the Audit signature illegible

The notes to the financial statements on page 1 to 32 form an integral part thereto.

ПРО ТРАНС ГРУП ООД * PRO TRANS GROUP LTD * СОФИЯ SOFIA

Notes to the financial statements

1. General information and object of activity

The primary business of House Market Bulgaria EAD is trade on the territory of the Republic of Bulgaria using a unique system for the sale of furniture, household goods and related interior furnishing products with the design and quality of IKEA, Sweden ("IKEA Sales System"). The Company is registered in the Commercial Register and Register of Non-Profit Legal Entities with UIC 200204065.

The Company is registered as a joint-stock company in the Republic of Bulgaria. The seat and address of management of the Company is in Sofia, Vitosha Region, 216, Ring Road str.

The Company has a one-tier management system and as at 31 December 2024 its Board of Directors is composed of the following individuals:

– Panayotis Katiforis;
– Dimitrios Valahis;
– Dafni Fourlis;
– Ioannis Zakopoulos;
– Maria Teodoliu.

By virtue of resolution of the sole owner of 10 June 2024 Apostolos Petalas was discharged as member of the Board of Directors and Maria Teodoliu was appointed as his replacement. This circumstance was entered in the Commercial Register and Register of Non-Profit Legal Entities on 3 July 2024.

The Company is represented jointly by any two members of the Board of Directors.

The Company has three Procurators - Nokolaos Ifantidis, Milena Dimanova and Nikolaos Sfiroeras, whereby jointly any two of them have the right to represent the Company.

The number of the employees of the Company as of 31 December 2024 is 509.

Housemarket S.A. - a company registered in Greece - is the sole shareholder of the Company. The ultimate controlling parent is Fourlis Holdings S.A., registered in Greece, the equity instruments of which are listed on the Athens Stock Exchange.

2. Statement of compliance with IFRS and application of the going concern principle

2.1. Statement of compliance with IFRS adopted by the EU

The financial statements of the Company have been prepared in accordance with IFRS accounting standards, prepared and issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (IFRS accounting standards, endorsed by EU). In the meaning of paragraph 1, item 8 of the Additional provisions of the Accountancy Act, applicable in Bulgaria, these include the International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

The management is responsible for the preparation and fair presentation of the information in the accompanying financial statements.

2.2. Application of the going concern principle

As at the date of preparation of these financial statements the management has assessed the Company's ability to continue its operations as a going concern within the foreseeable future based on the available information. Following the investigations carried out the Board of Directors reasonably expects that the Company has sufficient resources to continue its operations in the foreseeable future. Accordingly, it continues to apply the going concern principle in the preparation of the annual financial statements.

3. New or amended standards and interpretations

3.1. New standards, amendments and interpretations to existing standards as at 1 January 2024

The Company has adopted the following new IFRS standards, amendments and interpretations issued by the International Accounting Standards Board and endorsed by the EU, which are relevant and effective for the Company's financial statements for the annual period beginning on 1 January 2024, but which do not have material effect on the Company's financial performance or position.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current, effective as of 1 January 2024, endorsed by the EU.
- Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants, effective as of 1 January 2024, endorsed by the EU.
- Amendments to IFRS 16 Lease: Lease Liability in a Sale and Leaseback, effective not earlier than 1 January 2024, endorsed by the EU.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements, effective as of 1 January 2024, endorsed by the EU.

3.2. Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Company

As at the date the accompanying financial statements were approved for issue certain new standards, amendments and interpretations to existing standards were issued but have not yet become effective or have not been endorsed by the EU for the financial year beginning on 1 January 2024 and which have not been early adopted by the Company. These are not expected to have a material effect on the Company's financial statements. The management expects all standards and amendments to be adopted as part of the Company's accounting policies during the first period beginning after the date they become effective. A list of the amendments to the standards is provided below:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability, effective as of 1 January 2025, not yet endorsed by the EU.
- Annual Improvements, effective as of 1 January 2026, not yet endorsed by the EU.
- Amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7), effective as of 1 January 2026, not yet endorsed by the EU.
- IFRS 18 Presentation and Disclosure in Financial Statements, effective as of 1 January 2027, not yet endorsed by the EU.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective as of 1 January 2027, not yet endorsed by the EU.

4. Significant information regarding the accounting policies

4.1. General information

The most significant information regarding the accounting policies applied during the preparation of these financial statements is presented below.

The financial statements were prepared based on the accruals and the historical cost principles, except in the case of revaluation of investments. The measurement bases are described in more detail in the accounting policies below.

The accompanying financial statements are presented in Bulgarian lev, which is the functional currency of the Company. All amounts are in thousands of Bulgarian lev (BGN’000) (including the comparative information for 2023), unless otherwise stated.

It should be pointed out that accounting estimates and assumptions were used in the preparation of the accompanying financial statements. Although these were based on information provided to the management as at the date of preparation of the financial statements, the actual results may differ from the estimates and assumptions used.

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4.2. Presentation of the financial statements

The financial statements were prepared in accordance with IAS 1 Presentation of Financial Statements.

The Company has presented the statement of profit or loss and the other comprehensive income in a single statement.

Two comparative periods are presented in the statement of financial position, when the Company has applied the accounting policies retrospectively, has restated retrospectively financial statement items or has reclassified financial statement items and when this has had a material effect on the information in the statement of financial position at the beginning of the prior period.

In the cases when there were adjustments related to the classification of the financial statement elements, the respective comparative data has also been reclassified in order to ensure comparability between the reporting periods, whereby for the purpose of presentation in the financial statements giving more relevant information regarding the effects of transactions and other events or conditions on the Company's financial position, certain elements were presented differently compared to the 2023 financial statements. The change is related to the following items in the statement of financial position, the statement of profit or loss and other comprehensive income and the statements of cash flows:

- Loss due to changes in the fair value of financial assets carried at fair value through the profit or loss amounting to BGN 18 624 thousand is reclassified to line item Other operating expenses in the Finance costs in the statement of profit or loss and other comprehensive income;
- Dividend income amounting to BGN 2 376 thousand are reclassified from the line item Other income to the line item Finance income in the statement of profit or loss and other comprehensive income;
- Reserve related to remeasurement of defined benefits plans amounting to BGN 89 thousand is reclassified from retained earnings to the line item Defined benefit plans revaluation reserve in the statement of financial position;
- Employee retirement benefit liability amounting to BGN 10 thousand is reclassified from non-current to current liabilities in the statement of financial position;
- BGN 1 995 thousand are reclassified from the line item Depreciation of property, plant and equipment and intangible assets and BGN 5 073 thousand are reclassified from the line item Depreciation of right-of-use assets and the line item Depreciation of non-financial assets in the statement of cash flows;
- BGN 2 376 thousand are reclassified from the line item Investment (income), including revaluation (gain)/loss to the line item Dividend income in the statement of cash flows;
- BGN 18 624 thousand are reclassified from the line item Investment (income), including revaluation (gain)/loss to the line item Changes in the fair value of financial assets at fair value through the profit or loss in the statement of cash flows;
- BGN 88 thousand are reclassified from the line item Changes in the employee retirement benefits liability, BGN 5 thousand from the line item Foreign exchange costs, and BGN 1 104 thousand from the line item Other finance costs to the line item Other changes in the statement of cash flows;
- Payment of interest on bank loans amounting to BGN 604 thousand are reclassified from operating to financing activity in the statement of cash flows.

The changes for the prior reporting period have effect only on the presentation of the elements of the statement of financial position, the statement of profit or loss and other comprehensive income and the statement of cash flows as at 31 December 2023 and do not impact their initial and / or subsequent measurement.

4.3. Foreign currency transactions

Transactions in foreign currencies are reported in the Company's functional currency using the official exchange rate at the date of the transaction (the fixing quoted by the Bulgarian National Bank). Foreign exchange difference gains and losses arising upon the settlement of such transactions and the translation of monetary items in foreign currencies at the end of the reporting period are recognised in the profit or loss.

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Non-monetary items carried at historical cost in foreign currency are reported using the exchange rate at the transaction date (not restated). Non-monetary items carried at fair value in foreign currency are reported using the exchange rate on the date when fair value is measured.

The Bulgarian lev is pegged to the Euro at an exchange rate of EUR 1 = BGN 1.95583.

4.4. Revenue from contracts with customers

The major revenue generated by the Company is related to the sales of goods, including goods in the restaurants in its stores. The Company reports other revenue as well, mainly transport, design, and installation services for kitchens, assembly of the goods purchased by its customers, etc.

The Company is applying the following 5 steps to determine whether and how to recognise the revenue:

1. Identifying the contract with the customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocation of the transaction price to the performance obligations
5. Recognition of the revenue when the performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, when or while the Company is satisfying the performance obligations transferring the promised goods or services to its customers.

The Company recognises consideration received with respect of unsatisfied performance obligations as contract liabilities and presents them as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises in the statement of financial position either a contract asset or a receivable, depending on whether something else is required except the passing of time in order to receive the consideration.

4.4.1. Revenue recognised over time

Sales of services

The Company reports other revenue as well, mainly transport, design, and installation services for kitchens, assembly of goods purchased by its customers, etc.

Revenue is measured based on the transaction price set out in each contract. When the Company determines the transaction price it takes into account the terms and conditions of the contract and its ordinary trading practices.

The transaction price is the consideration that the Company expects to be entitled to in exchange of transferring the promised goods or services to the customer, except any amount collected on behalf of third parties (such as value added tax). The consideration promised in the contract with the customer may include fixed, variable amounts or both.

When (or as) the performance obligation is satisfied the Company recognises as revenue the transaction price (which excludes estimates of the contingent variable consideration), which is related to this performance obligation.

The Company assesses whether the contract contains other promises which represent separate performance obligations to which a portion of the transaction price needs to be allocated.

The definition of the transaction price takes into account the effects of the variable consideration, the existence of significant financing components, the non-monetary consideration or the consideration due to the customer (if any).

Principal or agent

When a third party is involved in the provision of goods or services to a customer, the Company determines whether the promise of the third party is a performance obligation related to the provision of the specific goods or services (a principal) or with an arrangement for the third party to provide these goods or services (an agent).

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The Company is principal when it controls the promised goods or services before they are transferred to the customer. Nevertheless, the Company does not necessarily act as a principal if it received the title over an asset only temporarily, before the title is transferred to the customer.

The Company is an agent if its performance obligation is to arrange the provision of the goods or services by a third party. When an agent entity satisfies a performance obligation it recognises revenue at the amount of the fee or commission it expects to be entitled to in exchange of arranging the goods and services to be provided by a third party. The Company's fee or commission may be the net amount of the consideration the Company retains after payment to the third party of the consideration received in exchange for the goods or the services which should be provided to this party.

The Company usually acts as a principal under its contracts with customers.

4.4.2. Revenue recognised at a point in time

Sales of goods

Sales of goods include the sale of furniture, household goods, electronics, foodstuff, etc. Revenue is recognised when the Company transfers to the customer the control over the provided goods. It is deemed that control is transferred to the customer when the latter has accepted the goods without objection.

When sales of goods include loyalty incentives these are allocated over the transaction price and are recognised as contract liabilities. The consideration received is allocated between the separate performance obligations included in the sales contract based on the stand-alone selling prices / residual amount. Revenue from such sales is recognised when the customer exchanges the incentives received for products supplied by the Company.

Net sales revenue excludes amounts collected by third parties, such as value added tax, as these are not included in the transaction price. Future discounts related to customer loyalty programs of the Company create a right which must be recognised when exercised or expired, only if it is considered substantial and the customer would not acquire it if the initial transaction has not occurred. The Company provides discounts to its customers based on the points gathered from transactions made by using the customer loyalty program card. Discounts are settled within 12 months. According to the requirements of the standard, the Company estimates that these discounts represent substantial right for customers, create performance obligation and therefore a portion of the income of each transaction which corresponds to this right will be recognized when exercised (upon performance of the obligation) or when it expires.

4.4.3. Assets and liabilities arising from contracts with customers

The Company recognises contract assets and / or liabilities when one of the parties under the contract has performed its obligations, depending on the relation between the entity's operations and the payment of the customer. The Company presents separately as a receivable every unconditional right to receive consideration. A receivable is the unconditional right of the entity to receive consideration.

Contract liabilities are recognised in the statement of financial position, if a customer pays consideration or if the Company is entitled to receive consideration which is unconditional before control over the goods or services is transferred.

The Company recognises contract assets when the performance obligations are satisfied and payment is not due by the customer. A contract asset is the right of the entity to receive consideration in exchange for goods or services transferred to the customer.

Subsequently the Company determines the impairment of the contract asset in accordance with IFRS 9 Financial Instruments.

4.5. Interest and dividend income

Interest income is related to interest charged on the Company's bank accounts. It is reported currently using the effective interest rate method.

Dividend income is recognised when the right to receive payment arises.

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4.6. Operating costs

Operating costs are recognised in the profit or loss upon the use of the services or on the date they arise.

The Company reports two types of costs related to the performance under the contracts to provide services/goods/with customers: costs to sign / achieve the contract and costs to perform the contract. When costs do not meet the conditions to be deferred in accordance with the requirements of IFRS 15, these are recognised as current as they arise, i.e. when these are not expected to be recovered or when they can be deferred over a period of up to one year.

The following operating costs are always reported as current when they arise:

- General and administrative expenses (if they are not at the expense of the customer);
- Expenses related to the scrapping of inventories;
- Expenses related to the performance of the obligation;
- Expenses for which the Company is unable to determine whether they are related to a satisfied or unsatisfied performance obligation.

4.7. Interest expense and borrowing costs

Interest expense is reported currently using the effective interest rate method.

Interest expense is mainly interest charged on the loans received by the Company. All borrowing costs which can be attributed directly to the purchase, construction or manufacturing of a qualifying asset are capitalised during the period in which the asset is expected to be completed and ready for use or sale. The remaining borrowing costs are to be recognised as an expense in the period during which they arise, in the statement of profit or loss and other comprehensive income on the line item Finance costs.

At the end of the two comparative periods the Company is party to a bank overdraft and amounts have been received and repaid on this bank overdraft, which are presented net in the statement of cash flows due to the high turnover of the amounts thereon. The term of the loan is 31 August 2025 (2023: 31 August 2024). The latter was extended in Euro with a limit up to EUR 2 500 and interest rate of 1-month EURIBOR + margin. The loan is secured with a letter of comfort from Fourlis Holdings.

In 2023 the Company was also party to a syndicated bank loan charging interest rate of 3-month EURIBOR + margin which was secured with assets of the Company and related parties as well as pledge of receivables. The loan was fully repaid as at 31 December 2023.

4.8. Intangible assets

Intangible assets include software and franchise fees. They are reported at acquisition price, including all customs duties paid, non-refundable taxes and all direct costs to bring the asset to a condition suitable for use. Capitalised expenses are amortised using the straight-line amortisation method over the estimated useful life of the assets. The useful lives of the assets are deemed to be finite.

Subsequently intangible assets are measured at cost, less the accumulated amortisation and impairment losses. Impairment is reported as an expense and is recognised in the statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenses arising in relation to the intangible assets following their initial recognition are recognised in the statement of profit or loss and other comprehensive income in the period when they are incurred, except when as a result of these expenses the asset is able to generate higher than the originally envisaged future economic benefits and when these expenses may be measured reliably and attributed to the asset. If these conditions are met, the expenses are capitalised in the cost of the asset.

Residual amounts and the useful lives of the intangible assets are estimated by the management at each reporting date.

Amortisation is charged using the straight-line amortisation method over the estimated useful lives of the assets as follows:

- Software - 2 - 7 years
- Franchise fees - 20 years

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Amortisation expenses are included in the statement of profit or loss and other comprehensive income on the line items Distribution expenses and Administrative expenses.

The gain or loss from the disposal of intangible assets is the difference between the proceeds from the disposal and the carrying amount of the assets and is reported in the statement of profit or loss and other comprehensive income on the line item Gain / (loss) on disposal of non-current assets.

The materiality threshold adopted by the Company for its intangible assets is BGN 700.

4.9. Property, plant and equipment and right-of-use assets

Property, plant and equipment are initially measured at cost, including the acquisition price and all direct costs to bring the asset to a condition suitable for its use.

Subsequently property, plant and equipment are measured at cost, less any accumulated depreciation and impairment losses. Impairment is reported as an expense and is recognised in the statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenses related to a specific item of property, plant and equipment are included in the asset's carrying amount, when it is probable that the Company will receive economic benefits in excess of the initially estimated efficiency of the existing asset. All other subsequent costs are recognised as an expense in the period when they are incurred.

Residual amounts and the useful lives of property, plant and equipment are estimated by the management at each reporting date.

Items of property, plant and equipment acquired under the terms and conditions of lease contracts are depreciated based on their estimated useful lives determined through comparison with similar own assets of the Company or based on the lease contract if its term is shorter. Right-of-use assets of the Company are depreciated over a period between 5 years (motor vehicles) and 20 years (buildings).

Depreciation of property, plant and equipment is charged using the straight-line depreciation method over the estimated useful lives of the separate groups of assets as follows:

- Improvements to leased assets and installations - 4 - 40 years
- Plant and equipment - 4 - 7 years
- Motor vehicles - 9 years
- Fixtures and fittings and equipment 4 - 40 years

Depreciation expenses are included in the statement of profit or loss and other comprehensive income on the line items Distribution expenses and Administrative expenses.

The gain or loss from the disposal of property, plant and equipment is the difference between the proceeds from the disposal and the carrying amount of the asset and is reported in the statement of profit or loss and other comprehensive income on the line item Gain / (loss) on disposal of non-current assets.

The materiality threshold adopted by the Company for its property, plant and equipment is BGN 700.

4.10. Lease

4.10.1. The Company as a lessee

The Company assesses whether each newly signed contract is or contains a lease. Lease is defined as "a contract or part thereof which conveys the right to use an asset (the underlying asset) over a period of time in exchange for consideration". In order to apply this definition the Company carries out three key assessments:

- whether the contract contains an identified asset which is either explicitly stated in the contract or is implicit in the contract at the time when the asset is made available for use.
- The Company has the right to receive substantially all of the economic benefits from the use of the asset throughout the period of its use, within the scope set under the contract with respect of its right to use the asset.
- The Company has the right to direct the use of the identified asset throughout the period of its use.

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The Company assesses whether it has the right to direct "how and for what purpose" the asset will be used throughout the entire period of the use.

Measurement and recognition of a lease by the Company as a lessee

On the lease inception date the Company recognises a right-of-use asset and lease liability in the statement of financial position. A right-of-use asset is measured at cost which includes the initial measurement of the lease liability, the initial direct costs incurred by the Company, estimate of the costs that the lessee will incur for the dismantling and removal of the underlying asset at the end of the lease contract and any lease payments made prior to the lease inception date (less any lease incentives received).

The Company depreciates right-of-use assets using the straight-line depreciation method as of the lease inception date until the earlier of: the end of the right-of-use asset's useful life or expiry of the term of the lease contract. The Company also subjects right-of-use assets to impairment tests, which indications that such impairment exist.

At the inception date of the lease contract, the Company measures the lease liability at present value of the lease payments outstanding as of that date, discounted using the interest rate implicit in the lease, and if that rate cannot be readily determined, the Company uses its incremental borrowing rate.

In order to determine its incremental borrowing rate the Company uses, where possible, the applicable interest rate of the most recent third party financing, adjusted to reflect the changes in the borrowing terms occurred after that most recent financing, or depending on the specifics of the lease the Company may use an interest rate comprising the risk free interest rate plus a margin reflecting the credit risk related to the Company and adjusted additionally for the specific terms and conditions of the lease contract.

Lease payments included in the measurement of the lease liability include fixed payments (including substantially fixed payments), variable payments based on an index or rate, amounts that are expected to be due by the lessee on residual value guarantees and option-related payments, if it is probable that the Company will exercise these options.

After the inception date the lease liability is reduced by the amount of payments made and is increased by the amount of the interest. The lease liability is remeasured to reflect any revaluations or changes in the lease contract or to reflect the adjusted substantially fixed lease payments.

Whenever the lease liability is remeasured a corresponding adjustment in the right-of-use asset is made or is taken to the profit or loss if the carrying amount of the right-of-use asset was written down to zero.

The accounting policies used by the Company to report its right-of-use assets recognised in accordance with IFRS 16 are disclosed in Note 4.9.

The Company has elected to report its short-term lease contract and leases of low-value assets using the practical experiences set out in the standard. Instead of recognising right-of-use assets and lease liabilities, payments related thereto are recognised as an expense in the profit or loss using the straight-line method over the term of the lease contract.

Right-of-use assets and lease liabilities are presented as a separate line-item in the statement of financial position.

4.11. Impairment tests of intangible assets and property, plant and equipment

When the Company estimates the impairment it defines the smallest identifiable group of assets for which independent cash flows can be determined (cash generating unit). As a result certain assets are tested for impairment individually, while others - based on the cash generating unit they belong to.

All assets and cash generating units are tested for impairment at least once a year. All other individual assets or cash generating units are tested for impairment when events or changes in circumstances indicate that their carrying amount cannot be recovered.

The amount recognised as impairment is the amount by which the carrying amount of an asset or a cash generating unit exceeds the recoverable amount, which is the higher of the fair value, less the costs to sell an asset and the assets value in use. In order to determine value in use the Company's management

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calculates the expected future cash flows for each cash generating unit, and determines an appropriate discount factor in order to calculate the present value of these cash flows. The data used in the impairment tests is based on the most recent approved budget of the Company, adjusted as necessary to eliminate the effect of future reorganisations and significant improvements of assets. Discount factors are determined for each cash generating unit and they reflect the respective risk profile assessed by the Company's management.

Impairment losses for cash generating units decrease the carrying amount of the assets in this unit. For all assets the Company's management subsequently assesses whether indications exist that previously recognised impairment loss may no longer exist or may have decreased. Previously recognised impairment is reversed if the recoverable amount of the cash generating unit exceeds its carrying amount.

4.12. Financial instruments

4.12.1. Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual terms and conditions of the financial instrument.

Financial assets are derecognised when the contractual rights on the cash flows from the financial asset expire or when the financial asset or substantially all risks and rewards from it are transferred.

Financial liabilities are derecognized when the liability under the contract is discharged, terminated or expired.

4.12.2. Classification and initial measurement of financial assets

Financial assets are initially recognised at cost, adjusted to reflect the transaction costs, except for financial assets at fair value through profit or loss and trade receivables which do not contain a material financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for the transaction costs, which are reported as current expenses. The initial measurement of trade receivables which do not contain a material financing component is the transaction cost in accordance with IFRS 15.

Depending on the subsequent reporting financial assets are classified in one of the following categories:

- Debt instruments carried at amortised cost;
- Financial assets at fair value through profit or loss;
- Financial assets at fair value through the other comprehensive income with or without reclassification in the profit or loss depending on whether they represent debt or equity instruments.

The classification of financial assets is determined based on the following two conditions:

- The Company's business model for managing its financial assets;
- The characteristics of the contractual cash flows from the financial asset.

All financial asset-related income and expenses, recognised in the profit or loss are included in the finance costs or finance income, except the impairment of trade receivables which is presented on the line-item Effect of impairment of receivables in the statement of profit or loss and other comprehensive income.

4.12.3. Subsequent measurement of financial assets

The estimation and calculation of the expected impairment losses is based on the repayment terms of the Company's receivables and taking into account the respective historical credit losses over the past 36 months prior to the reporting date (when such data is available and relevant for the analysis of the respective counterparty). Having in mind the specific of the Company's operations it has receivables from a small number of counterparties and at the end of the periods under review, an individual review of the nature, specifics, collectability and other relevant factors and circumstances for each of them is carried out in order to achieve better accuracy in the definition of the expected impairment losses.

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Financial assets at amortised cost

Financial assets are measured at amortised cost if they meet the following criteria and if they are not designated as financial assets measured at fair value through profit or loss:

- The Company manages the assets as part of a business model the objective of which is to hold the financial assets and to collect the contractual cash flows thereof;
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets such as loans and receivables with fixed or determinable payments that are not quoted in an active market. Following initial recognition they are measured at amortised cost using the effective interest rate method. They are not discounted when the effect of it is not material. The Company designates cash and cash equivalents, trade and other receivables in this category.

- **Trade receivables**

Trade receivables are amounts due by customers for goods or services sold in the ordinary course of business. Their settlement is usually due in a short period of time and therefore they are classified as current. Trade receivables are initially recognised at the amount of the unconditional consideration, except when they contain significant financing component. The Company holds it trade receivables in order to collect the contractual cash flows and therefore it measures them at amortised cost, using the effective interest rate method. They are not discounted when the effect of it is not material.

Financial assets at fair value through profit or loss

Financial assets to which the business model "hold to collect the contractual cash flows" or the business model "hold to collect and sell" are not applicable, as well as financial assets the contractual cash flows of which are not solely payments of principal and interest, are carried at fair value through profit or loss. All derivative financial instruments are taken to this category, except for derivatives designated as effective hedging instruments and derivatives to which the hedge reporting is required (see below).

This category also includes investment in equity instruments. The Company reports this investment at fair value through profit or loss and has not made irrevocable choice to report the investment in Trade Estates REIC (a company registered in Greece, the equity instruments of which are listed on the Athens Stock Exchange) at fair value through the other comprehensive income.

The changes in the fair value of the assets in this category are taken to the profit or loss. The fair value of financial assets in this category is determined through prices quoted in an active market or, in the absence of an active market, using valuation techniques.

4.12.4. Impairment of financial assets

IFRS 9 impairment requirements utilise forward-looking information so as to recognise expected credit losses - the "expected credit loss" model.

Instruments falling within the scope of the new requirements include loans and other debt financial assets at amortised cost, trade receivables, contract assets recognised and measured in accordance with the requirements of IFRS 15, as well as loan commitments and certain finance guarantee contract (at the issuer), which are not carried at fair value through the profit or loss.

Recognition of credit losses no longer depends on the occurrence of credit loss event. Instead, when assessing credit risk and estimating expected credit losses the Company reviews a broader spectrum of information, including past events, existing conditions, reasonable and supportable projections, which influence the expected collectability of the instrument's future cash flows.

In the application of this forward-looking approach distinction is made between:

- Financial instruments the credit quality of which has not deteriorated significantly compared to the time of their initial recognition or which have low credit risk (Phase 1) and
- Financial instruments the credit quality of which has deteriorated significantly compared to the time of their initial recognition or the credit risk of which is not low (Phase 2)

- "Phase 3" includes financial assets for which objective evidence for impairment exist at the reporting date.

12-month expected credit losses are recognised for the first category, while expected credit losses over the entire life of the financial instruments are recognised for the second category. Expected credit losses are determined as the difference between all contractual cash flows due to the Company and the cash flows the Company expects to actually receive ("cash shortfall"). This difference is discounted applying the original effective interest rate (or the loan adjusted effective interest rate).

Calculation of expected credit losses is determined based on the probability weighted estimated credit losses over the expected life of the financial instruments.

Trade and other receivables, contract assets

The Company uses a simplified approach to reporting trade and other receivables, as well as contract assets and recognises impairment loss as lifetime expected credit losses. They represent the expected shortfall in the contractual cash flows taking into account the default probability at any time during the life of the financial instrument. Receivables outstanding up to 30 days are not deemed past due and no expected credit losses are calculated for them.

Significant increase in credit risk

IFRS 9 does not provide a definition of significant increase in credit risk. In assessing whether the credit risk of an asset has increased significantly the Company takes into account the qualitative and quantitative reasonable and supportable future information.

4.12.5. Classification and measurement of financial liabilities

The Company's financial liabilities include lease liabilities, trade and other financial liabilities.

Financial liabilities are initially measured at fair value, and where applicable, they are adjusted to take into account transaction costs, unless the Company has designated a financial liability as such at fair value through profit or loss.

Financial liabilities are subsequently measured at amortised cost, applying the effective interest rate method, except for derivatives and financial liabilities designated as such measured at fair value through profit or loss (except derivative financial instruments which are designated as effective hedging instruments).

All costs related to interests and, if applicable, all changes in the fair value of the instrument that are taken to the profit are included in the finance costs or finance income.

4.12.6. Derivative financial instruments and hedge accounting

Derivative financial instruments are carried at fair value through the profit or loss, except for derivatives designated as hedging instruments in cash flow hedges for which specific accounting is required. To meet the requirements for hedge accounting the hedging relationship should meet all of the requirements listed below:

- There should be economic relation between the hedged item and the hedging instrument;
- The effect of credit risk should not represent significant portion of the movements in the value resulting from this economic relationship;
- The hedging ratio of the hedging relationship should be the same as the one resulting from the quantity of the hedged item, which the Company is actually hedging, and the quantity of the hedging instrument which the Company is actually using in order to hedge this quantity of hedged items.

The Company uses derivative financial instruments such as interest rate swaps and caps to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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Any gains or losses arising from changes in fair value of derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the profit and loss.

The fair value of interest rate swap and cap contracts is determined by reference to market values for similar instruments. If no market values are available, the interest rate swap contracts are valued through valuation techniques.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when an exposure to the volatility of cash flows due either to a specific risk related to the recognised asset or liability, or to a probable forecast transaction, or foreign currency risk related to unrecognised commitments are hedged.

The changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in the other comprehensive income and are included in the cash flow hedge reserve in equity to the extent the hedging is effective. Any ineffectiveness in the hedging relationships is recognised immediately in the profit or loss.

At the time when the hedging item impacts the profit or loss, the profit or loss previously recognised in the other comprehensive income is reclassified from the equity to the profit or loss and is presented as a reclassification adjustment in the other comprehensive income. However, if a non-financial asset or liability was recognised as a result of the hedged transaction, any gain and loss previously recognised in the other comprehensive income, are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related profit or loss recognised in the other comprehensive income is transferred immediately to the profit or loss. If a hedging relationship no longer meets the requirements for effectiveness, hedge accounting is cancelled and the related profit or loss is taken as a reserve to the equity until the forecast transaction is completed.

In 2023 gain amounting to BGN 93 thousand was recognised in the other comprehensive income, whereby the Company was party to an interest rate swap contract signed in prior periods in relation to a bank loan that was repaid in 2023. At the end of the two comparative periods the Company has no derivative financial instruments.

4.13. Inventories

Inventories include goods. The cost of inventories includes the direct costs for their purchase or manufacturing, processing and other direct costs related to their delivery, as well as a portion of the overhead expenses determined on the basis of the normal production capacity. Finance costs are not included in the cost of inventories.

At the end of each reporting period inventories are measured at the lower of their cost and their net realisable value. Any write-down of inventories to their net realisable value is recognised as an expense in the period of the impairment.

The Company determines the cost of inventories using the average weighted cost method.

Upon sale the carrying amount of inventories is recognised as an expense in the period when the respective income was recognised.

The net realisable value is the expected selling price of the inventories less any expected costs to make the sale.

If inventories have already been written down to their net realisable value and in a subsequent period it turns out that the conditions resulting in the impairment no longer exist, the new net realisable value is adopted. The reversal may be only up to the amount of the inventories carrying amount prior to the impairment. The reversal amount of the cost of inventories is reported in decrease of the expenses on inventories during the period of the reversal.

4.14. Income taxes

Tax expenses recognised in the profit or loss include deferred and current tax amounts, which are not recognised in the other comprehensive income or directly in the equity.

Current tax assets and / or liabilities are liabilities to or receivables from the tax authorities related to current or prior reporting periods which have not been paid as at the date of the financial statements.

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Current taxes are due on the taxable income, which is different from the profit or loss in the financial statements. Current tax calculations are based on the tax rates and tax laws effective at the end of the reporting period.

Deferred taxes are calculated under the liability method for all temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred taxes are not provided upon the initial recognition of an asset or liability, unless the respective transaction affects the taxable or accounting profit.

Deferred tax assets and liabilities are not discounted. Tax rates that are expected to apply in the period of their utilisation are used to calculated deferred taxes, provided at the end of the reporting period they have become effective or have substantially become effective.

Deferred tax liabilities are recognised in full.

Deferred tax assets are recognised only if it is probable that they will be utilised against future taxable income. For the management assessment of the probability for availability of future taxable income against which deferred tax assets may be utilised, see note 4.20.

Deferred tax assets and liabilities are offset only if the Company has the right and intends to offset current tax assets or liabilities to the same tax authority.

Changes in deferred tax assets or liabilities are recognised as a component of the tax income or expense in the profit or loss, unless they are related to items recognised in the other comprehensive income or directly in the equity, which is when the respective deferred tax is recognised in the other comprehensive income or in the equity.

4.15. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank accounts.

4.16. Equity, reserves and dividend distribution

The share capital of the Company is the reflection of the par value of shares issued.

Share premium includes premiums received upon the initial issue of equity. All transaction costs related to the issue of shares are deducted from the capital paid in, net of any tax relief.

Other reserves include:

- Stock options plan reserve (see Note 4.18);
- Hedge reserve - related to interest rate swap (see Note 4.12.6);
- Defined benefits plans revaluation reserve - includes actuarial gains or losses from change in the demographic or financial assumptions and experience.

Retained earnings include the current year financial result and the accumulated profits and uncovered losses from prior years.

Dividend liability to the sole owner is included on the line item Payables to related parties in the statement of financial position, when dividends are approved for distribution with a resolution of the sole shareholder before the end of the reporting period.

All transactions with the owners of the Company are presented separately in the statement of changes in equity.

4.17. Retirement and short-term employee benefits

The Company reports current compensated leave liabilities resulting from unused paid annual leaves, when it expects the leaves to be used within 12 months as of the date of the reporting period, during which the employees have provided the services related to these leaves. Current employee benefits liabilities include wages, salaries and social security contributions.

In accordance with the requirements of the Labour Code upon termination of the employment after the employee's right to pension for socially secured length of service and age has vested, the Company is obliged to pay benefits amounting up to six gross salaries. The Company has accrued a legal obligation to pay benefits to the employees upon retirement in accordance with the requirements of IAS 19

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Employee Benefits, based on the projected payments over the next five years, discounted to present value using a long-term interest rate on risk-free securities.

The Company owes retirement benefits to its employees under defined benefit plans and defined benefit plans.

Defined benefit plans are pension plans according to which the amount that the employee will receive after retirement is determined in relation to the length of service and the last remuneration.

The liability recognised in the statement of financial position for defined benefit plans represents the present value of the obligation to pay defined benefits as at the end of the reporting period, reduced by the fair value of the plan assets.

The management of the Company estimates the defined benefits liability once a year using an independent actuary. The liability is estimated based on standard inflation rate, expected salary increases and mortality rates. Discount factors are determined at the end of each year taking into account an index based on Aon Eurozone Yield Curve.

Actuarial gains or losses are recognised in the other comprehensive income and are not reclassified in the profit or loss thereafter.

Net interest expense related to the benefit liabilities are included in the statement of profit or loss and other comprehensive income on the line item Finance costs. Service costs are included on the line items Distribution expenses and Administrative expenses.

Short-term employee benefits, including related leaves, are included at the undiscounted amount which the Company expects to pay in the current liabilities on the line item Trade payables and other liabilities.

4.18. Share-based employee benefits

The Company has share-based payment plans as a form of employee benefits. The Company intends to attract, retain and incentivise the executives of the Company, as through the Stock Options plan, the participants have a direct equity interest in the ultimate parent which links their performance to the Group's future performance and the increase of shareholder value. This program relates to equity shares transactions.

The cost of equity settled transactions is measured by reference to the fair values at the date on which they are granted and is recognized as an expense over the period from grant date to the maturity date of the options with a concurrent increase in equity.

The programme takes into account the exercise price, the share price at the grant date, the instrument grant date, the maturity date(s) of rights, the expected share price volatility, the dividend yield, the risk free rate.

All goods and services received in exchange for the share-based payment are measured at fair value. When the employees receive benefits in the form of share-based payment the fair values of their services are indirectly measured at the fair value of the granted financial instrument. This fair value is measured on the date the financial instrument is granted and does not take into account the influence of non-market vesting conditions thereon (i.e. targets such as profitability level set and sales increase).

All share-based payments are recognised as an expense in the profit or loss and as an increase in the share options plan reserve.

4.19. Provisions, contingent liabilities and contingent assets

Provisions are recognised when it is probable that current liabilities resulting from past events to result in an outflow of resources and when the liability can be measured reliably. It is possible that the timing or amount of the outflow to be uncertain. A current liability results from a legal or constructive obligation as a result of past events. Restructuring provisions are recognised only if a formal restructuring plan has been developed and implemented or if the management has announced the key aspects of the restructuring plan to those that might be affected by it. No future operating loss provisions are recognised.

The amount recognised as a provision is calculated based on the most reliable estimate of the costs required to settle the current liability as at the end of the reporting period, taking into account the risks

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and uncertainty related to the current liability. When a number of such liabilities exist the probability for the need of an outflow to settle the liability is determined taking into account the group of liabilities as a whole. Provisions are discounted when the effect of the time value of money is material.

Compensations from third parties in relation to a liability which the Company is certain that it will receive are recognised as a separate asset. This asset cannot exceed the amount of the respective provision.

Provisions are reviewed at the end of each reporting period and are adjusted in order to reflect the best estimate.

No liability is recognised when it is considered that it is highly unlikely for an outflow of economic benefits to occur as a result of a current obligation. Contingent liabilities are measured subsequently at the higher of the comparable provision described above and the initially recognised amount less any accumulated amortisation.

Probable inflows of economic benefits which do not yet meet the asset recognition criteria are considered contingent assets.

4.20. Significant judgements made by the management in the application of the accounting policies

The significant judgements made by the management in the application of the Company's accounting policies that have the most significant impact on the financial statements are set out below: The main sources of uncertainty in the accounting estimates are set out in Note 4.21.

4.20.1. Deferred tax assets

The assessment of the probability for future taxable income to utilise deferred tax assets is based on the latest approved budget forecast, adjusted for significant non-taxable revenue and expenses, and specific restrictions on the carry-forward of unused tax losses or benefits. If a reliable forecast of a taxable income presupposes the potential utilisation of a deferred tax asset, especially in cases when the asset may be utilised without time restrictions, then the deferred tax asset is recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic restrictions or uncertainty is determined by the management for each individual case based on the specific facts and circumstances.

4.20.2. Lease contract term

In determining the term of the lease contracts the management takes into account all facts and circumstances creating economic incentives to exercise an extension option or not to exercise a cancellation option. Extension options (or the periods after the cancellation options) are included in the lease term only if there is sufficient certainty that the lease contract will be extended (or will not be terminated).

The factors listed below are usually relevant for the leasing of stores:

- Significant termination (or non-extension) penalties, the Company is usually certain that it will extend (or it will not terminate);
- If it is expected that enhancements of the lease rights will have material residual value there is usually reasonable certainty that the Company would extend the term of the contract (or it will not terminate the contract);
- In order cases the Company reviews other factors as well, including the historical duration of the lease and the costs and changes in the business required to replace the leased asset.

Most options to extend the contracts for the stores are included in the lease liabilities as the Company would not be able to replace the assets without significant costs or changes in the business.

The lease term is reassessed if the option is actually exercised (or not exercised) or the Company is obliged to exercise it (or not exercise it). The assessment of the reasonable certainty is reassessed only if a significant event or significant change in the circumstances occur, which affect this assessment and this is under the control of the lessee.

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4.21. Uncertainty of accounting estimates

During the preparation of the financial statements the management makes a number of assumptions, estimates and judgements in relation to the recognition and measurement of the assets, liabilities, income and expenses.

The actual results may differ from the assumptions, estimates and judgements of the management and rarely match fully the previously estimated results.

Information regarding the significant assumptions, estimates and judgements that have the most material impact on the recognition and measurement of the assets, liabilities, income and expenses is presented below.

4.21.1. Impairment of non-financial assets

The amount recognised as impairment is the amount by which the carrying amount of an asset or a cash generating unit exceeds the recoverable amount, which is the higher of the fair value, less the costs to sell an asset and the asset's value in use. In order to determine value in use the Company's management calculates the expected future cash flows for each cash generating unit, and determines an appropriate discount factor in order to calculate the present value of these cash flows (see Note 4.11). In estimating the expected future cash flows the management makes assumptions regarding the future gross profits. These assumptions are related to future events and circumstances. The actual results may differ and may require material adjustments to the assets of the Company during the next reporting year.

In most cases in the definition of the applicable discount factor an estimate is made of the relevant adjustments related to market risk and the asset-specific risk factors.

In both comparative periods the Company has reported impairment loss on non-current assets.

4.21.2. Useful life of depreciable assets

The management reviews the useful lives of the depreciable assets at the end of each reporting period.

As at 31 December 2024 the management has determined the useful lives of the assets which is the expected period over which the assets will be used by the Company. The carrying amounts of the assets were analysed in Notes 5, 6 and 7. The actual useful lives may differ from the estimate due to the technical wear and tear and obsolescence, mainly for software and computer equipment.

4.21.3. Inventories

Inventories are measured at the lower of the cost and the net realisable value. In determining the net realisable value the management considers the most reliable information available as at the date of the estimate. The future realisation of the carrying amount of inventories of BGN 18 605 thousand (2023: BGN 22 988 thousand) is influenced by the dynamic at the market on which the Company operates.

4.21.4. Measurement of the expected credit losses

Credit loss is the difference between the total contractual cash flows due to the Company and the total cash flows the Company expects to receive. Expected credit losses are the probability-weighted estimate of credit losses that require the Company’s judgement. The Company estimates and determines expected credit losses taking into account the entire reasonable and supportable information, including for future periods.

4.21.5. Liability to pay defined benefits

Once a year, with the assistance of an independent actuary, the management estimates the Company's liability to pay defined benefits. The actual amount of the liability may differ from the estimate due to its uncertainty. The estimated liability to pay defined benefits at the amount of BGN 610 thousand (2023: BGN 666 thousand) is based on statistic indicators on inflation, healthcare costs and mortality. Another factor that influences the estimate is the future salary increases envisaged by the Company. Discount factors are determined at the end of each year against an index based on Aon Eurozone Yield Curve. An estimation uncertainty exists with respect to the actuarial assumptions which may vary and may have material effect on the amount of the liability to pay defined benefits and the related costs.

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4.21.6. Fair value measurement

The management is using valuation techniques to measure the fair value of financial instruments that have quoted prices at an active market. In applying the valuation techniques the management uses as much as possible market data of the respective active market quotes as at the end of the reporting period, which is considered to be the best estimate of the actual prices that would be determined in an arm's length transaction between knowledgeable and willing parties at the end of the reporting period (see Note 8).

4.21.7. Lease contracts - definition of a suitable discount rate to measure lease liabilities

When the Company is unable to readily determine the interest rate implicit in the lease, it is using its incremental borrowing rate (IBR) to measure its lease liabilities. IBR is the borrowing rate that the Company would pay in order to take a loan over a similar term with similar guarantee, in order to obtain the funds necessary to acquire an asset having similar value and characteristics to the right-of-use asset, in a similar economic environment. Therefore the IBR reflects what the Company "would have to pay", which requires estimation, when observable borrowing rates are not available (for example for subsidiaries which do not have financing transactions) or when they have to be adjusted to reflect the terms and conditions of the lease. The Company determines the IBR using available data (such as market interest rates), when available and certain entity-specific estimates have to be made (such as credit rating of the entity).

5. Property, plant and equipment

The Company's property, plant and equipment include improvements to leased assets, installations, machinery, facilities, motor vehicles, fixtures and fittings, equipment and assets under construction. The carrying amounts can be analysed as follows:

	Improvements to leased assets and installations BGN'000	Plant and equipment BGN'000	Motor vehicles BGN'000	Fixtures and fittings and equipment BGN'000	Assets under construction BGN'000	Total BGN'000
Gross carrying amount						
Balance at 1 January 2024	9 633	2 590	566	12 639	10	**25 438**
Additions, acquired	507	120	-	1 015	721	**2 363**
Disposed assets	-	-	-	(156)	-	**(156)**
Balance at 31 December 2024	**10 140**	**2 710**	**566**	**13 498**	**731**	**27 645**
Depreciation						
Balance at 1 January 2024	(2 295)	(2 009)	(544)	(9 579)	-	**(14 427)**
Depreciation charged during the period	(664)	(100)	(5)	(951)	-	**(1 720)**
Depreciation of disposed assets	-	-	-	154	-	**154**
Balance at 31 December 2024	**(2 959)**	**(2 109)**	**(549)**	**(10 376)**	**-**	**(15 993)**
Carrying amount						
As at 31 December 2024	**7 181**	**601**	**17**	**3 122**	**731**	**11 652**

	Improvements to leased assets and installations BGN'000	Plant and equipment BGN'000	Motor vehicles BGN'000	Fixtures and fittings and equipment BGN'000	Assets under construction BGN'000	Total BGN'000
Gross carrying amount						
Balance at 1 January 2023	7 794	2 333	567	11 735	-	**22 429**
Additions, acquired	245	257	-	1 257	1 604	**3 363**
Disposed assets	-	-	(1)	(353)	-	**(354)**
Transfers	1 594	-	-	-	(1 594)	**-**
Balance at 31 December 2023	**9 633**	**2 590**	**566**	**12 639**	**10**	**25 438**
Depreciation						
Balance at 1 January 2023	(1 757)	(1 925)	(541)	(8 968)	-	**(13 191)**
Depreciation charged during the period	(538)	(84)	(4)	(964)	-	**(1 590)**
Depreciation of disposed assets	-	-	1	353	-	**354**
Balance at 31 December 2023	**(2 295)**	**(2 009)**	**(544)**	**(9 579)**	**-**	**(14 427)**
Carrying amount						
As at 31 December 2023	**7 338**	**581**	**22**	**3 060**	**10**	**11 011**

Assets under construction are related mainly to the improvement of the site in Pernik which was opened in March 2025.

All depreciation expenses are included in the statement of profit or loss and other comprehensive income on the line items Distribution expenses and Administrative expenses.

As at 31 December 2024 there have been no material contractual liabilities related to the acquisition of property, plant and equipment.

The Company has not pledged any of its property, plant and equipment as collateral on its liabilities.

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6. Right-of-use assets

The carrying amounts of right-of-use assets can be presented as follows:

	Buildings BGN'000	Motor vehicles BGN'000	Total BGN'000
Gross carrying amount			
Balance at 1 January 2024	145 365	491	**145 856**
Increase due to indexation of rents	7 223	41	**7 264**
Balance at 31 December 2024	**152 588**	**532**	**153 120**
Depreciation			
Balance at 1 January 2024	(20 733)	(291)	**(21 024)**
Depreciation charged during the period	(5 298)	(68)	**(5 366)**
Balance at 31 December 2024	**(26 031)**	**(359)**	**(26 390)**
Carrying amount			
As at 31 December 2024	**126 557**	**173**	**126 730**

	Buildings BGN'000	Motor vehicles BGN'000	Total BGN'000
Gross carrying amount			
Balance at 1 January 2023	141 474	390	141 864
Increase due to indexation of rents	3 891	101	3 992
Balance at 31 December 2023	**145 365**	**491**	**145 856**
Depreciation			
Balance at 1 January 2023	(15 736)	(215)	(15 951)
Depreciation charged during the period	(4 997)	(76)	(5 073)
Balance at 31 December 2023	**(20 733)**	**(291)**	**(21 024)**
Carrying amount			
As at 31 December 2023	**124 632**	**200**	**124 832**

All depreciation expenses are included in the statement of profit or loss and other comprehensive income on the line items Distribution expenses and Administrative expenses.

The lease liabilities corresponding to the right-of-use assets are presented in Note 15 Lease liabilities.

7. Intangible assets

The intangible assets of the Company include franchise fees and software. The carrying amounts for the reporting periods presented can be analyses as follows:

	Franchise fees BGN'000	Software BGN'000	Total BGN'000
Gross carrying amount			
Balance at 1 January 2024	2 173	2 691	**4 864**
Additions, acquired	-	52	**52**
Balance at 31 December 2024	**2 173**	**2 743**	**4 916**
Amortisation			
Balance at 1 January 2024	(669)	(1 904)	**(2 573)**
Amortisation charged during the period	(290)	(310)	**(600)**
Balance at 31 December 2024	**(959)**	**(2 214)**	**(3 173)**
Carrying amount as at 31 December 2024	**1 214**	**529**	**1 743**

	Franchise fees BGN'000	Software BGN'000	Total BGN'000
Gross carrying amount			
Balance at 1 January 2023	2 173	2 618	**4 791**
Additions, acquired	-	173	**173**
Disposed assets	-	(100)	**(100)**
Balance at 31 December 2023	**2 173**	**2 691**	**4 864**
Amortisation			
Balance at 1 January 2023	(615)	(1 653)	**(2 268)**
Amortisation charged during the period	(54)	(351)	**(405)**
Amortisation of disposed assets	-	100	**100**
Balance at 31 December 2023	**(669)**	**(1 904)**	**(2 573)**
Carrying amount as at 31 December 2023	**1 504**	**787**	**2 291**

The franchise fees are related to the Company's rights to apply a unique system for selling furniture, household goods and related interior products with the design and quality of IKEA, Sweden ("the IKEA Sales System").

As at 31 December 2024 or 2023 the Company does not have material contractual liabilities to acquire intangible assets.

All amortisation expenses are included in the statement of profit or loss and other comprehensive income on the line items Distribution expenses and Administrative expenses.

The Company has not pledged any of its intangible assets as collateral on its liabilities.

8. Non-current financial assets

At the end of the two comparative periods the Company has an investment in Trade Estates REIC, an entity registered in Greece, the equity instruments of which are listed on the Athens Stock Exchange. The Company is member of the Fourlis Group.

The amounts recognised in the statement of financial position are related to financial assets at fair value through the profit or loss:

	2024 BGN'000	2023 BGN'000
Investment in shares - listed instruments	47 423	50 646
	47 423	**50 646**

Gains and losses are recognised in the statement of profit or loss and other comprehensive income on the line item Finance costs and on the line item Finance income.

During the year the following amounts are recognised in the profit or loss and the other comprehensive income:

	2024 BGN'000	2023 BGN'000
Dividends	2 302	2 376
Loss on changes in the fair value	(3 223)	(18 624)

Financial assets and liabilities carried at fair value in the statement of financial position are grouped in three levels based on the fair value hierarchy. This hierarchy is determined based on the materiality of the input information used in the measurement of the fair value of the financial assets and liabilities as follows:

- Level 1: market prices (unadjusted) quoted in active markets for similar assets or liabilities;
- Level 2: input information other than market prices at 1 level, which may be observed for an asset or liability, either directly (i.e. prices) or indirectly (i.e. price base); and
- Level 3: input information for an asset or liability which is not based on observable market data.

A financial asset or liability is classified at the lowest level of material input information used to determine its fair value.

The Company's investment in listed securities is classified at Level 1 in the fair value hierarchy at the end of both comparative periods.

The valuation methods and techniques used to determine the fair value have not been changed compared to the prior reporting period.

The investment in shares is measured at fair value determined based closing stock exchange quotes as at the reporting date.

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9. Deferred tax assets and liabilities

Due to the volume of the business of Fourlis Group (an entity registered in Greece), which the Company is member of, it is not subject to taxation with an additional corporate tax in accordance with the amendments of the Corporate Income Tax Act in effect as of 1 January 2024. However, the Company and the Group it belongs to are in process of analysing the requirements published by the Organisation for Economic Cooperation and Development (OECD) and adopted by the national governments.

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

Deferred tax liabilities / (assets)	1 January 2024	Recognised in the profit or loss	Recognised in the other comprehensive income	31 December 2024
	BGN'000	BGN'000	BGN'000	BGN'000
Assets				
Intangible assets	75	(27)	-	48
Property, plant and equipment	208	9	-	217
Right-of-use assets	12 462	211	-	12 673
Non-current financial assets	(691)	(322)	-	(1 013)
Inventories	(289)	(326)	-	(615)
Trade and other receivables	(65)	65	-	-
Liabilities				
Lease liabilities	(13 172)	(338)	-	(13 510)
Trade payables and other liabilities	(253)	(132)	16	(369)
	(1 725)	**(860)**	**16**	**(2 569)**
Deferred tax assets	(14 470)			(15 507)
Deferred tax liabilities	12 745			12 938
Recognised as				
Deferred tax liabilities / (assets), net	**(1 725)**			**(2 569)**

Deferred taxes for the comparative period 2023 can be summarised as follows:

Deferred tax liabilities / (assets)	1 January 2023	Recognised in the profit or loss	Recognised in the other comprehensive income	31 December 2023
	BGN'000	BGN'000	BGN'000	BGN'000
Assets				
Intangible assets	75	-	-	75
Property, plant and equipment	182	26	-	208
Right-of-use assets	12 569	(107)	-	12 462
Non-current financial assets	1 171	(1 862)	-	(691)
Inventories	(123)	(166)	-	(289)
Trade and other receivables	-	(65)	-	(65)
Liabilities				
Lease liabilities	(13 129)	(43)	-	(13 172)
Trade payables and other liabilities	(136)	(112)	(5)	(253)
Cash flow hedges	9	-	(9)	-
	618	**(2 329)**	**(14)**	**(1 725)**
Deferred tax assets	(13 388)			(14 470)
Deferred tax liabilities	14 006			12 745
Recognised as:				
Deferred tax liabilities / (assets), net	**618**			**(1 725)**

Amounts recognised in the other comprehensive income are related to the remeasurement of defined benefit plans (see Note 14) and cash flow hedges (in 2023).

All deferred tax assets have been taken to the statement of financial position.

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10. Inventories

Inventories recognised in the statement of financial position can be analysed as follows:

	2024 BGN'000	2023 BGN'000
Goods	24 278	25 876
Impairment of inventories	(5 673)	(2 888)
Inventories	**18 605**	**22 988**

In 2024 inventories at a total of BGN 90 874 thousand are reported as an expense in the profit or loss (2023: BGN 93 351 thousand). This amount includes impairment of inventories amounting to BGN 2 785 thousand (2023: BGN 1 642 thousand).

No decrease in the expenses resulting from the reversal of impairments recognised in prior period has been made in 2023 or 2024.

As at 31 December 2024 no inventories have been provided as collateral on liabilities.

11. Trade and other receivables

	2024 BGN'000	2023 BGN'000
Receivables from related parties	197	197
Receivables on credit cards and other counterparties	262	5 444
Expected credit losses and impairment losses	-	(652)
Financial assets	**459**	**4 989**
Prepaid expenses and advances	515	657
Other non-financial assets	13	122
Non-financial assets	**528**	**779**
Trade and other receivables	**987**	**5 768**

All receivables are current. The net carrying amount of trade and other receivables is deemed as a reasonable approximation to their fair value.

All trade and other financial receivables of the Company have been reviewed for events of default, and a simplified approach to determine the expected credit losses at the end of the period was applied for all trade receivables. In 2024, based on an agreement signed with a counterparty, the Company has derecognised impairment amounting to BGN 218 thousand and reported reversal of impairment loss amounting to BGN 434 thousand recognised in the statement of profit or loss and other comprehensive income on the line item Net effect of impairment of receivables. In 2023 no indications and grounds for impairment of trade and other financial receivables of the Company have been found.

The change in the adjustment for expected credit losses on trade receivables can be presented as follows:

	2024 BGN'000	2023 BGN'000
Balance at 1 January	(652)	(652)
Reversed impairment loss	434	-
Amounts written off (uncollectible)	218	-
Balance at 31 December	**-**	**(652)**

Analysis of the trade and other financial receivables is presented in Note 29.2.

12. Cash and cash equivalents

Cash and cash equivalents include the following elements:

	2024 BGN'000	2023 BGN'000
Cash at banks and on hand:		
- in BGN	5 064	4 614
- in EUR	5 062	385
Cash and cash equivalents	**10 126**	**4 999**

There are no blocked cash and cash equivalents.

The Company has estimated the expected credit losses on its cash and cash equivalents. The estimated amount is immaterial compared to the gross amount of cash, deposited with financial institutions, therefore it was deemed as immaterial and was not accrued in the Company's financial statements.

13. Share capital

The registered capital of the Company comprises 9 788 927 fully paid ordinary shares with a par value of BGN 1 each. All shares entitle their holders to a dividend and liquidation share and give the right to one vote in the General Assembly of the shareholders of the Company.

As at 31 December of both comparative periods sole shareholder of the Company is Housemarket S.A. - an entity registered in Greece.

14. Employee benefits

14.1. Expenses on personnel

Expenses on employee benefits include:

	2024 BGN'000	2023 BGN'000
Salary expenses	(12 847)	(12 079)
Social security contributions	(2 079)	(1 792)
Social benefits, pensions and other	(579)	(419)
Pensions - defined benefit plans, net	(86)	(68)
Expenses on personnel	**(15 591)**	**(14 358)**

14.2. Share-based payments

The Company's ultimate parent Fourlis Holdings S.A. has a stock option plan, formed by two programmes covering the period 2023 - 2028 for a total number of shares of 2 149 999. The programmes include key executives of the ultimate parent and its subsidiaries.

A total of BGN 142 thousand of expenses on employee benefits, related to share-based payments, is included in the profit or loss for 2024 (2023: BGN 95 thousand) and is recognised in the stock-options plan reserve.

As at 31 December 2024 the stock options plan reserve amounts to BGN 442 thousand (2023: BGN 300 thousand).

The average weighted option price on the exercise date was BGN 1.96 (2023: BGN 5.30).

The following major assumptions were used in the valuation:

Grant date	22/11/2021
Share price on the grant date	EUR 1
Volatility	27.11%
Dividend yield	2.101%
Risk-free investment rate	0%
Exercise price on the grant date	EUR 1
Exercisable from/to	15/12/2028

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No options have been forfeited or have expired during the two periods presented.

In 2024 key management personnel of the Company has exercised BGN 73 thousand options (2023: 18 thousand).

The fair value of the options was determined using a Monte Carlo simulation that takes into account specific factors such as weekly volatility, yield, average return.

The key expected volatility is determined based on historical data about the shares of the Company's ultimate parent over the period since their issue on the Athens Stock Exchange. No specific features of these options were taken into account in the calculation of the fair value.

14.3. Retirement employee benefits liabilities

Retirement employee benefits recognised in the statement of financial position include the following amounts:

	2024 BGN'000	2023 BGN'000
Non-current:		
Liability to pay defined benefits	601	656
Non-current retirement employee benefits liabilities	**601**	**656**
Current:		
Liability to pay defined benefits	9	10
Current retirement employee benefits liabilities	**9**	**10**

In accordance with the requirements of the Labour Code upon termination of the employment after the employee's right to pension for socially secured length of service and age has vested, the Company is obliged to pay benefits amounting up to six gross salaries. The Company has accrued a legal obligation to pay benefits to the employees upon retirement in accordance with the requirements of IAS 19 Employee Benefits, based on the discounted projected payments over the next years.

The liabilities to pay defined employee benefits at the end of the presented reporting periods are as follows:

	2024 BGN'000	2023 BGN'000
Liability to pay defined benefits at 1 January	666	531
Interest expense	23	20
Current service costs	100	80
Retirement benefits paid during the period	(14)	(12)
Remeasurement - (gain)/loss due to changes in:		
Financial assumptions	(121)	24
Demographic assumptions	(124)	-
Experience	80	23
Liability to pay defined benefits at 31 December	**610**	**666**

The following actuarial assumptions were used to determine retirement benefits liabilities:

	2024	2023
Discount rate	3.43%	3.37%
Future salary increases	3.00%	3.70%
Inflation rate	2.00%	2.20%
Plan term, in years	18.55	19.39

The management of the Company estimates the defined benefits liability once a year using an independent actuary. The liability is estimated based on standard inflation rates, expected salary increases and mortality rates. Discount factors are determined at the end of each year taking into account an index based on Aon Eurozone Yield Curve. The yield curve uses Euro bonds data from Marikit iBoxx.

The other assumptions are determined based on current actuarial assumptions and the past experience of the management. The present value of the defined benefit plans liabilities is measured applying the Projected Unit Credit Method.

These assumptions are used to determine the liability to pay defined benefits for the reporting periods and are deemed to be the management's best estimate.

The total expenses on the Company's defined benefits plans recognised in the profit or loss can be presented as follows:

	2024 BGN'000	**2023 BGN'000**
Current service costs	100	80
Net interest expense	23	20
Total expenses recognised in the profit or loss	**123**	**100**

Current and past service costs are included on the line items Distribution expenses and Administrative expenses. Net interest expenses are included in the statement of profit or loss and other comprehensive income on the line item Finance costs (see Note 21).

The total expenses on the Company's defined benefits plans recognised in the other comprehensive income can be presented as follows:

	2024 BGN'000	**2023 BGN'000**
Actuarial gains/(losses) due to changes in:		
- the demographic assumptions	121	(24)
- the financial assumptions	124	-
- experience	(80)	(23)
Total income / (expenses) recognised in the other comprehensive income	**165**	**(47)**

Based on past experience in 2025 the Company expects to pay contributions to the defined benefits plan amounting to BGN 1 292 thousand.

The significant actuarial assumptions used in the definition of the defined benefit plans liabilities are related to the discount rate, the expected salary increase rates, etc. The table below provides a sensitivity analysis and summarises the effects of the changes in these actuarial assumptions on the defined benefit plans liabilities as at 31 December 2024 and 31 December 2023.

	Changes in the significant actuarial assumptions			
	2024		**2023**	
Discount rate	**Increase by 0.5%**	**Decrease by 0.5%**	**Increase by 0.5%**	**Decrease by 0.5%**
Increase/(decrease) in the defined benefit plan liabilities	(48)	54	(58)	65
Salary increase rate	**Increase by 0.5%**	**Decrease by 0.5%**	**Increase by 0.5%**	**Decrease by 0.5%**
Increase/(decrease) in the defined benefit plan liabilities	54	(49)	65	(58)

The sensitivity analysis is based on a change in only one of the assumptions. It may differ from the actual change in the defined benefits liabilities as the changes in the assumptions are often interrelated.

15. Lease liabilities

15.1. Lease contracts recognised in the statement of financial position

	2024 BGN'000	2023 BGN'000
Lease liabilities - non-current portion	131 116	128 051
Lease liabilities - current portion	3 988	3 666
Lease liabilities	**135 104**	**131 717**

To carry out its retail activities the Company leases stores with attached sites. Each lease is included in the statement of financial position as a right-of-use assets and lease liability, except short-term leases and leases of low-value assets. Variable lease payments which are not dependent on an index or variable rates (such as lease payments based on a percentage of the Company's sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets consistently in Note 6.

Each lease usually provides for a restriction that the right-of-use assets may only be used by the Company, unless the Company has a contractual right to sub-lease the asset to third parties. Lease contracts either cannot be terminated, or can be terminated only in case of payment of early termination penalties. Specific clauses are envisaged with contract renewal and termination options. The Company is not allowed to sell or pledge the leased assets as collateral. The Company is obliged to maintain the leased properties in good condition and to restore the properties to their original condition after expiry of the lease contract. The Company is obliged to pay maintenance fees in accordance with the lease contracts.

As at 31 December 2024 the future minimum lease payments are as follows:

	Minimum lease payments due						
	Up to 1 year BGN'000	1 - 2 years BGN'000	2 - 3 years BGN'000	3 - 4 years BGN'000	4 - 5 years BGN'000	More than 5 years BGN'000	Total BGN'000
31 December 2024							
Lease payments	7 968	7 948	7 932	7 891	7 929	149 903	**189 571**
Finance costs	(3 980)	(3 858)	(3 734)	(3 606)	(3 475)	(35 814)	**(54 467)**
Net present value	**3 988**	**4 090**	**4 198**	**4 285**	**4 454**	**114 089**	**135 104**
31 December 2023							
Lease payments	7 646	7 623	7 613	7 604	7 583	151 103	**189 172**
Finance costs	(3 980)	(3 863)	(3 752)	(3 634)	(3 513)	(38 713)	**(57 455)**
Net present value	**3 666**	**3 760**	**3 861**	**3 970**	**4 070**	**112 390**	**131 717**

15.2. Lease contracts not recognised as a liability

The Company has chosen not to recognise lease liability if the contracts are short-term (leases with expected terms of 12 months or less) or if they are related to the lease of low-value assets. Payments made under these lease contracts are recognised applying the straight-line method. Furthermore, certain variable lease payments cannot be recognised as lease liabilities and are recognised as an expense as incurred.

Expenses related to payments that are not included in the measurement of the lease liabilities are as follows:

	2024 BGN'000	2023 BGN'000
Variable lease payments	(1 200)	(1 207)
	(1 200)	**(1 207)**

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At 31 December, the end of the two comparative periods the Company has no commitments to make payments on short-term lease contracts.

Expenses on variable lease payments that are not recognised in the lease liabilities, include rents based on the revenue generated through the use of the underlying asset. Variable lease payments are recognised as an expense in the period when they are incurred.

As at 31 December 2024 the Company has commitments related to future lease contracts that have not commenced yet at that date, but the costs thereon are based on variable payments and cannot be measured as at the date of the financial statements.

Interest expense on lease contracts included in the finance costs for the year ended 31 December 2024 amount to BGN 4 096 thousand (2023: BGN 3 991 thousand).

The total cash outflow related to lease contracts for the year ended 31 December 2024 amounted to BGN 7 073 thousand (2023: BGN 7 559 thousand).

Further information regarding the types of right-of-use assets is presented in Note 5.

16. Trade payables and other liabilities

	2024 BGN'000	2023 BGN'000
Current:		
Trade payables to third parties	9 213	19 121
Payables to related parties - trade payables and dividends	226	4 154
Other financial liabilities	80	80
Financial liabilities	**9 519**	**23 355**
Advances from customers	1 173	1 279
Tax payables, except corporate tax	1 078	2 157
Corporate tax payables	674	385
Payables to personnel, including	3 488	3 095
Salaries, vouchers and other	2 895	2 567
Social security contributions	276	269
Unused leaves	317	259
Liabilities under contracts with customers - loyalty programme	742	655
Other liabilities	-	10
Non-financial liabilities	**7 155**	**7 581**
Current trade and other payables	**16 674**	**30 936**

The net carrying amount of current trade and other receivables is deemed as a reasonable approximation to their fair value.

Contract liabilities are related to the loyalty programme in place. They will be recognised as income upon utilisation of the points collected by the customers. Revenue recognised in 2024 which have been included in the balance of liabilities under contracts with customers amounted to BGN 655 thousand (2023: BGN 567 thousand).

17. Revenue from contracts with customers

	2024 BGN'000	2023 BGN'000
Revenue from sales of household goods	152 108	150 147
Revenue from foodstuff	9 130	7 721
	161 238	**157 868**

The Company presents revenue from the transfer of goods (at a point in time) and services (over time).

The services rendered by the Company are provided over short periods of time, therefore the timing of the revenue recognition is close to the timing of the input of resources in the performance of the service, reporting of a receivable from the customers and the falling due of the latter.

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The Company has not identified amounts which have not been recognised as revenue due to the lack of expected consideration.

Balances related to contracts with customers (following impairment) amounting to BGN 459 thousand (2023: BGN 4 989 thousand) are disclosed in Note 11.

18. Other income

	2024 BGN'000	2023 BGN'000
Revenue from services rendered	3 174	3 309
Other	47	30
	3 221	**3 339**
including:		
Recognised over time in accordance with IFRS 15	3 174	3 309
Outside the scope of IFRS 15	47	30

19. Nature of expenses

	2024 BGN'000	2023 BGN'000
Expenses on materials	(1 013)	(1 027)
Expenses on hired services	(27 589)	(25 628)
Expenses on personnel	(15 591)	(14 358)
Expenses on depreciation of non-financial assets	(7 686)	(7 068)
Cost of goods sold	(86 110)	(91 131)
Other expenses	(335)	(500)
Total cost of sales, distribution expenses and administrative expenses	**(138 324)**	**(139 712)**

The fee for independent financial audit for 2024 amounts to BGN 39 thousand, and for other services - BGN 14 thousand. No tax consultations were received during the year. This disclosure is in accordance with the requirements of art. 30 of the Accountancy Act.

20. Other operating expenses

	2024 BGN'000	2023 BGN'000
Impairment of inventories	(2 785)	(1 642)
Shortages, scrapping of inventories and other	(2 115)	(578)
	(4 900)	**(2 220)**

21. Finance income and costs

	2024 BGN'000	2023 BGN'000
Interest expense on loans	(38)	(604)
Interest expense on lease liabilities	(4 096)	(3 991)
Total interest expense on financial liabilities which are not carried at fair value through the profit or loss	**(4 134)**	**(4 595)**
Change in the fair value of financial assets at fair value through the profit or loss	(3 223)	(18 624)
Credit card fees	(1 051)	(941)
Other bank charges	(118)	(143)
Interest on defined benefit plans	(23)	(20)
Foreign exchange loss	(12)	(5)
Finance costs	**(8 561)**	**(24 328)**

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	2024 BGN'000	2023 BGN'000
Dividend income	2 302	2 376
Foreign exchange gain	1	-
Finance income	**2 303**	**2 376**

22. Income tax (expense) / income

The expected tax expenses based on the applicable tax rate in Bulgaria of 10% (2023: 10%) and the actually recognised tax expenses in the profit or loss may be reconciliated as follows:

	2024 BGN'000	2023 BGN'000
Profit / (loss) before tax	15 411	(2 677)
Tax rate	10%	10%
Expected income tax expense	**(1 541)**	**-**
Tax effect of:		
Increases of the financial result for tax purposes	(2 177)	(3 585)
Decreases of the financial result for tax purposes	1 485	1 314
Current income tax expense	**(2 233)**	**(2 003)**
Deferred tax income:		
Origination and reversal of temporary differences	860	2 329
Income tax (expense) / income	**(1 373)**	**326**
Deferred tax (expense)/income recognised directly in the other comprehensive income	(16)	14

Information regarding the deferred tax assets and liabilities, including amounts recognised directly in the other comprehensive income is provided in Note 9.

23. Related party transactions

The Company's related parties include the sole owner, the companies under its control, key management personnel.

Unless explicitly stated transactions with related parties have not been carried out under special terms and conditions, and no guarantees have been provided or received, except those already disclosed in these financial statements.

23.1. Transactions with the owners

	2024 BGN'000	2023 BGN'000
Fourlis Holdings S.A.		
- services received	(1 007)	(926)
Housemarket S.A.		
- services received	(121)	(121)
- dividends distributed	(7 823)	(9 779)

Dividends

In 2024 the Company has distributed and paid to the sole shareholder dividends amounting to BGN 7 823 thousand. In 2023 the Company has distributed to the sole shareholder dividends amounting to BGN 9 779 thousand, BGN 5 867 thousand of which were paid in 2023, and the remaining BGN 3 912 thousand - in 2024.

23.2. Transactions with other related parties under common control

	2024 BGN'000	2023 BGN'000
- sale of goods and services	139	143
- purchase of goods and services	(2)	(3)
- dividends	2 302	2 376

23.3. Transactions with the key management personnel

The key management personnel of the Company includes the members of the Board of Directors and the Procurators. During the two periods presented no remuneration was owed and paid to the members of the Board of Directors. The remuneration of the remaining members of the key management personnel include the following expenses:

	2024 BGN'000	2023 BGN'000
Short-term benefits:		
Salaries, including bonuses	(543)	(462)
Company cars	(17)	(16)
Social security contributions	(15)	(15)
Total short-term benefits	**(575)**	**(493)**
Long-term (retirement) benefits		
Define benefits retirement plans, net	8	(4)
Total long-term (retirement) benefits:	**8**	**(4)**
Share-based payments	(142)	(95)
Total benefits	**(709)**	**(592)**

24. Balances with related parties at the end of the year

	2024 BGN'000	2023 BGN'000
Current receivables from		
- owners - Housemarket S.A. Greece	187	187
- other related parties under common control	10	10
Total current receivables from related parties	**197**	**197**
Total receivables from related parties	**197**	**197**
Current payables to:		
- owners		
Fourlis Holdings S.A. - trade payables	196	200
Housemarket S.A., Greece - trade payables and dividend	31	3 952
- key management personnel - salaries, bonuses, leaves, social security contributions	172	143
Total current payables to related parties	**399**	**4 295**
Non-current payables to:		
- key management personnel - defined benefits plans	29	37
Total non-current payables to related parties	**29**	**37**
Total payables to related parties	**428**	**4 332**

Balances with related parties are mainly of commercial nature and such with key management personnel. As at 31 December 2023 the Company also reports dividend liability to the sole shareholder at the amount of BGN 3 912 thousand, paid in 2024.

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In addition to the transactions and balances set out above, at the end of the two comparative periods the Company is lessee under lease contract with a related party under which it reports the following amounts:

	2024 BGN'000	2023 BGN'000
Right-of-use assets, book value	143 377	137 155
Depreciation expenses on right-of-use assets	(4 839)	(4 597)
Lease liabilities	127 204	124 421
Interest expense	(3 854)	(3 767)
Billed rent	(9 215)	(8 798)

All receivables are current. The net carrying amount of receivables from related parties is deemed as a reasonable approximation to their fair value.

All trade and other financial receivables of the Company from related parties have been reviewed for events of default, and a simplified approach to determine the expected credit losses at the end of the period was applied for all trade receivables. No indications for impairment were found during the two reporting periods.

25. Reconciliation of the liabilities resulting from financing activities

The changes in the Company's liabilities resulting from financing activities can be classified as follows:

	Bank loans BGN'000	Lease liabilities BGN'000	Total BGN'000
1 January 2024	**-**	**131 717**	**131 717**
Cash flows:			
Payments	(38)	(7 973)	(8 011)
Non-monetary changes:			
Recognition of lease liabilities	-	7 264	7 264
Interest expense	38	4 096	4 134
31 December 2024	**-**	**135 104**	**135 104**

	Bank loans BGN'000	Lease liabilities BGN'000	Total BGN'000
1 January 2023	**12 054**	**131 293**	**143 347**
Cash flows:			
Payments	(12 663)	(7 559)	(20 222)
Proceeds	5	-	5
Non-monetary changes:			
Recognition of lease liabilities	-	3 992	3 992
Interest expense	604	3 991	4 595
31 December 2023	**-**	**131 717**	**131 717**

26. Non-cash transactions

During the reporting periods presented the Company carried out the following investment and financial transactions for which no cash or cash equivalents were used and which are not included in the statement of cash flows, except for the reported indexation of rents on lease contracts, reflecting in an increase in the right-of-use assets and lease liabilities amounting to BGN 7 264 thousand (2023: BGN 3 992 thousand).

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27. Contingent assets and contingent liabilities

Lawsuits

The Company is not party to material lawsuits in the capacity as defendant.

Guarantees

As at 31 December 2024 bank guarantees are issued on behalf of the Company from its servicing banks in favour of the owners of the stores leased by the Company at the total amount of EUR 319 thousand and terms between July and September 2025.

Tax payables

The management of the Company does not believe that material risks as a result of the dynamic fiscal and regulatory environment in Bulgaria exist that might require adjustments in the financial statements for the year ended 31 December 2024.

28. Financial asset and liability categories

The carrying amounts of the Company's financial assets and liabilities can be presented in the following categories:

Financial assets	**Note**	**2024 BGN'000**	**2023 BGN'000**
Debt instruments carried at amortised cost:			
Trade and other receivables	11	459	4 989
Cash and cash equivalents	12	10 126	4 999
		10 585	**9 988**
Financial assets at fair value through the profit or loss:			
Equity instruments	8	47 423	50 646
		47 423	**50 646**

Financial liabilities	**Note**	**2024 BGN'000**	**2023 BGN'000**
Financial liabilities carried at amortised cost:			
Lease liabilities	15	135 104	131 717
Trade payables and other liabilities	16	9 519	23 355
		144 623	**155 072**

See Note 4.12 for information regarding the accounting policies for each financial instrument category. The methods used to measure the fair values of financial assets and liabilities at fair value are described in Note 8. Description of the Company's risk management policy and objectives regarding its financial instruments is provided in Note 29.

29. Risks related to financial instruments

Risk management objectives and policies applied by the management

The Company is exposed to different types of risks in relation to its financial instruments. Further information regarding the Company's financial assets and liabilities by category is provided in Note 28. The most significant financial risks the Company is exposed to include market risk, credit risk and liquidity risk.

Risk management of the Company is carried out by its headquarters in cooperation with the Board of Directors. It is the priority of the management to secure short- and medium-term cash flows. Long-term financial investments are managed so as to generate long-term return.

In 2024 the Company suffered direct effects of its operational risks resulting from its activities where at the end of November 2024 it was subject to hacker attack, which was manifested in serious disruptions in the functioning of the Company's IT systems and its overall transactions. As a result of the measures undertaken, the normal functioning of the systems was recovered in February 2025. Activities aimed at strengthening the level of protection and more reliable security of the processes continue.

The most significant financial risks the Company is exposed to are described below.

29.1. Market risk analysis

As a result of the use of financial instruments the Company is exposed to market risk, and more specifically to the risk of changes in the foreign exchange rates, as well as risk of changes in specific prices, which is due to the operating and investing activities of the Company.

29.1.1. Foreign currency risk

Most of the Company's transactions are carried out in Bulgarian lev and Euro. Foreign currency transactions denominated mainly in US dollars and Swedish crowns expose the Company to foreign currency risk.

In order to mitigate its foreign currency risk the Company monitors cash flows denominated in currencies other than the Bulgarian lev.

Financial assets and liabilities denominated in foreign currencies and translated to Bulgarian lev at the end of the reporting period are presented as follows:

	Short-term risk exposure	
	US dollars	**Swedish crowns**
	BGN'000	**BGN'000**
31 December 2024		
Financial liabilities	(4)	(24)
Total risk exposure	**(4)**	**(24)**
31 December 2023		
Financial liabilities	(2)	(24)
Total risk exposure	**(2)**	**(24)**

The tables presented below show the sensitivity of the annual net after-tax financial result and the equity to a potential movement in the exchange rates of the Bulgarian lev to the Swedish crown +/- 0.2% (for 2023: +/-0.2%). The effect of the exposure to the US dollar is less than BGN 1 thousand.

All other parameters are deemed to be constant.

These percentages are determined based on the average foreign exchange rates during the past 12 months. The sensitivity analysis is based on the Company's investments in financial instruments denominated in foreign currency, held at the end of the reporting period.

31 December 2024	**Increase in the exchange rate of the Bulgarian lev**		**Decrease in the exchange rate of the Bulgarian lev**	
	Net financial result	**Equity**	**Net financial result**	**Equity**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Swedish crown (+/-0.2%)	(4)	(4)	4	4

31 December 2023	**Increase in the exchange rate of the Bulgarian lev**		**Decrease in the exchange rate of the Bulgarian lev**	
	Net financial result	**Equity**	**Net financial result**	**Equity**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Swedish crown (+/-0.2%)	(4)	(4)	4	4

The exposure to the risk of changes in the exchange rates varies during the year depending on the volume of international transactions carried out. Nevertheless, it is believed that the analysis provided above presents the Company's exposure to foreign currency risk.

29.1.2. Interest rate risk

The Company's policy is aimed at minimising interest rate risk upon financing. As at 31 December of both comparative periods the Company is exposed to the risk of changes in the market interest rates in relation to its bank loan which charges variable interest rates. Having in mind the lack of exposure at the end of the comparative periods and the amount of interest expenses, interest rate risk is deemed to be minimal. All other financial assets and liabilities of the Company charge fixed interest rates.

29.1.3. Other price risks

The Company is exposed to other prices risks related to the publicly traded shares it holds (see Note 8). The value of the financial instruments listed for trade in a regulated market is determined by the demand and supply and their price may increase or decrease. Prices may suffer sharp fluctuations and may drop below the price at which the investors have acquired them. Stock exchange prices are influenced by publicly announced corporate events and financial results which may turn out to be lower than the market expectations. Macroeconomic data, overall market trends, yield on alternative investments and other material factors relevant for the Company's operations in particular and the economies in general may influence the price.

In 2024 an average volatility of 2.90% (2023: 0.89%) is observed with respect to the publicly traded shares held by the Company. If the quoted price of these shares increases or decreases by this amount the financial result and the equity will increase by BGN 93 thousand (2023: BGN 165 thousand).

29.2. Credit risk analysis

Credit risk is the risk that a counterparty may fail to discharge its liability to the Company. The Company is exposed to this risk in relation to various financial instruments, such as upon origination of receivables from customers, depositing of funds, investments and other. The Company's exposure to credit risk is limited to the carrying amount of the financial assets recognised at the end of the reporting period as set out below:

Groups of financial assets - carrying amounts:	**2024 BGN'000**	**2023 BGN'000**
Debt instruments carried at amortised cost:		
Trade and other receivables	459	4 989
Cash and cash equivalents	10 126	4 999
	10 585	**9 988**
Financial assets at fair value through the profit or loss:		
Equity instruments	47 423	50 646
	47 423	**50 646**
Total carrying amount	**58 008**	**60 634**

The Company monitors regularly the non-performance of the obligations of its customers and other counterparties, established individual or by groups and uses this information to control credit risk. It is the policy of the Company to only carry out transaction with customers having good credit ratings. The management believes that all financial assets set out above that have not been impaired and have matured during the presented reporting periods are financial assets with high credit ratings.

The Company has not provided any of its financial assets as collateral on transactions.

As at the date of the financial statements some of the unimpaired trade and other receivables are past their due date. The ageing structure of unimpaired past due financial assets is as follows:

	2024 BGN'000	**2023 BGN'000**
Over 1 year	190	190
Total	**190**	**190**

The Company is not exposed to material credit risk with respect to its trade and other receivables from any individual counterparty or group of counterparties with similar characteristics. Trade receivables include a small number of counterparties in various industries in the same geographic area. Based on

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historical data the management believes that the credit assessment of trade receivables that are not past due is good.

Credit risk related to cash and cash equivalents is considered immaterial as the counterparties are banks with good reputation and high external credit ratings.

The carrying amounts set out above represent the Company's maximum possible exposure to credit risk in relation to these financial instruments.

The Company is applying the simplified model in IFRS 9 for the recognition of assets lifelong expected credit losses for all trade receivables as they do not have a material financing component.

When the Company determines the amount of the expected credit losses trade receivables are assessed individually due to the fact that the exposures are limited to a small number of counterparties, taking into account the number of days past due. Receivables up to 30 days are not considered past due.

Trade receivables are written off when there is no reasonable expectation to recover the amounts due. Non-payment within 360 days as of the date of the invoice and the failure of the Company to negotiate an alternative payment arrangement, amongst others, is deemed an indication of the lack of reasonable expectation for recovery of the funds.

Information regarding the movements and balance of expected credit losses on trade receivables is presented in Note 11.

29.3. Liquidity risk analysis

Liquidity risk is the risk that the Company may fail to discharge its obligations. The Company meets its needs for liquid funds while monitoring diligently the payments on the repayment schedules of its non-current financial liabilities, as well as the inflows and outflows of cash arising in the course of its operating activities. Liquid funds needs are monitored over different time periods - daily and weekly, as well as based on 30-day forecasts. Liquid funds needs over the long term - for periods of 180 and 360 days are determined on a monthly basis. The needs of cash are matched to the available loans in order to find any surplus or deficit. This analysis determines whether loans available will be sufficient to cover the needs of the Company during the period.

The Company has cash on hand and at bank accounts in order to meets its liquidity needs up to 30 days.

As at 31 December 2024 the maturities of the Company's contractual obligations (including interest payments, as applicable) are summarised as follows:

	Current		Non-current	
31 December 2024	**Up to 6 months**	**between 6 and 12 months**	**between 1 to 5 years**	**Over 5 years**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Lease liabilities	3 984	3 984	31 700	149 903
Trade payables and other liabilities	9 519	-	-	-
Total	**13 503**	**3 984**	**31 700**	**149 903**

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During the prior reporting period maturities of the Company's contractual liabilities are summarised as follows:

31 December 2023	Current		Non-current	
	Up to 6 months	between 6 and 12 months	between 1 to 5 years	Over 5 years
	BGN'000	BGN'000	BGN'000	BGN'000
Lease liabilities	3 823	3 823	30 423	151 103
Trade payables and other liabilities	23 355	-	-	-
Total	**27 178**	**3 823**	**30 423**	**151 103**

Amounts disclosed in this analysis of maturities of liabilities represent the undiscounted contractual cash flows which may differ from the carrying amount of the liabilities as at the reporting date.

Financial assets as a tool to manage liquidity risk

When the Company assesses and manages its liquidity risk it takes into account the expected cash flows from financial instruments, in particular available cash and trade receivables. Available cash and trade receivables exceed the current needs of cash outflows. In accordance with the contracts signed all cash flows from trade and other receivables are due within a time range of up to thirty days.

30. Capital management policy and procedures

The Company's objectives in relation to capital management are as follows:

- to enable the Company to continue its operations as a going concern; and
- to ensure adequate returns to the owners by setting the prices of its products and services in line with the risk levels.
- to meet the requirements imposed to the Company by third parties in relation to third party financing or licensing (banks, bond holders, etc.), if such exist, which the Company does not have at the end of the presented comparative periods.

The Company monitors its capital based on the adjusted capital to total assets ratio.

The Company determines its adjusted capital based on the carrying amount of its equity.

The objective of the Company is to maintain the ratio of the capital to the total assets within reasonable thresholds.

The capital during the presented reporting periods may be analysed as follows:

	2024 BGN'000	2023 BGN'000
Equity	67 447	60 941
Total assets	219 835	224 260
Equity to total assets ratio	**31%**	**27%**

The increase in the ratio in 2024 is mainly due to the decrease in the assets and the increase in the equity as a result of the reported profit.

The Company manages its capital structure and adjusts it as necessary in line with the changes in the economic environment and the risk characteristics of the respective assets. In order to maintain or adjust its capital structure the Company may change the amount of dividends paid to the sole owner, to repay capital, to issue new shares or sell assets in order to decrease its liabilities.

The Company has not changed its capital management objectives, policies and processes, as well as the methods for definition of the capital during the presented reporting periods.

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31. Events after the end of the reporting period

No adjusting events or significant non-adjusting events have occurred between the date of the financial statements and the date the accompanying financial statements were authorised for issue, except for the following non-adjusting events:

- After the hacker attack against the IT systems of Fourlis Group at the end of 2024, the Group system recovery process, including those of the Company, has started actively in January 2025 and continues until February 2025. Activities aimed at improving the protection levels and more reliable flow of the processes continue.
- On 4 February 2025 the Company sold all shares of Trade Estates REIC which it holds (see Note 8) for the amount of BGN 43 164 thousand.
- On 28 February 2025 the sole owner of the Company made a decision for the distribution of dividends at the amount of BGN 33 249 thousand against the retained earnings accumulated until 31 December 2023.
- As part of the expansion of Fourlis Group on 8 March 2025 the Company opened a new IKEA store in the town of Pernik. The store has 350 sq.m. of sales area and is specialised in kitchen, wardrobe and bathroom solutions.

32. Approval of the financial statements

The financial statements as at 31 December 2024 (including the comparative information) were approved for issue by the Board of Directors on 1 April 2025.

The undersigned Kalinka Georgieva Naydenova, hereby certify the correctness of the translation made by me from Bulgarian into English of the document herewith enclosed Financial statements. The translation consists of 50 pages.

Translator: ________________
Kalinka Georgieva Naydenova

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