Translation from Bulgarian

Annual Management Report
Independent Auditor's Report
Financial statements

Genco Bulgaria EOOD

31 December 2024

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Annual Management Report

1. General information. Ownership and corporate governance

The principal scope of business activity of Genco Bulgaria EOOD is the import and retail trading of sports goods bearing the Intersport trademark. At the end of 2024, the Company became a trade representative also of another brand – Foot Locker. Genco Bulgaria EOOD is a Bulgarian limited liability company registered with the Commercial Register and the Register of Non-profit Legal Entities under UIC 121177930. The Company has no branches in the country and abroad.

The Company does not perform research and development activities.

The head office and registered address of the Company is 216 Okolovrasten Pat Street, Sofia City, Sofia Metropolitan Municipality, Republic of Bulgaria.

The Company has two Managing Directors, Evangelos Batris and Maria Theodoulidou, and each represents the Company independently.

The Company's registered capital comprises 2,023,100 fully paid shares with a nominal value of BGN 10 each.

As of 31 December 2024, the sole owner of Genco Bulgaria EOOD as of 31 December 2024 is Intersport Athletics S.A. The ultimate controlling parent company is the Company Fourlis Holdings S.A., registered in Greece, whose equity instruments are listed on the Athens Stock Exchange.

In 2024, the sole equity owner of the Company decided to increase the capital from BGN 20,123 thousand to BGN 20,231 thousand through the issuance of 10,800 new shares, each with a value of BGN 10, for a total cash amount of BGN 108 thousand.

The Company does not hold treasury shares nor trades in such.

The remuneration of the Managing Directors is disclosed in note 19.3 to the financial statements.

Contracts under Article 240b of the Commercial Act were not concluded during the year.

2. Main risks faced by the Company. Financial instruments used by the Company. Risk management objectives and policies

The Company is exposed to various risks associated with financial instruments. The most significant financial risks to which the Company is exposed are market risk, credit risk and liquidity risk.

The Company's risk management is carried out by management, whose priority is to ensure short to medium-term cash flows by minimising exposure to financial markets.

The Company did not use derivative financial instruments in its operations in 2024. The main financial instruments include trade and other receivables, lease liabilities, trade and other payables.

In 2024, the Company experienced the immediate effects of operational risks in its business operations, becoming the target of a hacking attack in late November 2024 that resulted in a material disruption to the Company's IT systems and overall operations. Thanks to the active efforts of professionals engaged in the field, their normal functioning was restored in February 2025, with ongoing activities aimed at increasing the levels of protection and securing processes more reliably.

More information on the most significant financial risks to which the Company is exposed is disclosed in Note 25 to the financial statements.

3. Financial performance, operating results, ecology and personnel

In 2024, the Company reported a growth in gross profit by BGN 207 thousand (2 %) as a result of, on the one hand, a growth in revenue by BGN 969 thousand (5 %) and, on the other hand, the decline in cost of sales by BGN 762 thousand (6 %) thanks to the flexible pricing policy of the key supplier of the Company.

The movement in the main cost items follows the growth in activities, with the distribution expenses reporting an increase of BGN 697 thousand (8%). The decrease in cash available is also impacted by the scope of activities in 2024, as the Company heavily invested in the modernisation and equipment of its stores at the end of the period.

Administrative costs also increased by BGN 394 thousand (66%), primarily due to the expansion of the Company's activities.

Finance costs increased by BGN 230 thousand (95 %) due to the significant interest expenses related to the right-of-use assets under IFRS 16.

Considering the investments in modernising and equipping the existing and new stores, as well as the latest investments in the Company's new brand, the loss for the period increased from BGN 662 thousand in the previous year to BGN 1,794 thousand by the end of 2024. Thus, the loss increased by BGN 1,132 thousand (171%).

The rentals indexation and the newly rented sites reported as leases increased the right-of-use assets and lease liabilities.

As of 31 December 2024, the Company reported a negative working capital of BGN 7,929 thousand. The general liquidity ratio decreased to 0.62 as of 31 December 2024 compared to 0.72 at the end of the comparative period.

More information on the Company's income, expenses, and balance sheet items for the current and comparable periods is disclosed in the financial statements for the year ended 31 December 2024.

As of the date of preparation of the financial statements, management has assessed the Company's ability to continue operating as a going concern in the foreseeable future based on the available information. After the studies undertaken and a letter of intent by the parent company, management has a reasonable expectation that the Company has sufficient resources to continue operating in the foreseeable future. Accordingly, the Company continues to apply the going concern concept in preparing the annual financial statements.

As of 31 December 2024, the Company had 154 employees.

Regarding ecology, the Fourlis Group is a group of companies dedicated to upholding its commitments and a vision for a better present and an even better future for people, society, and the environment. All Group companies, including the Company, implement recycling and energy-saving programs.

The key intangible resources of the Company are the software it has and operates. The software is essential for conducting business, creating value, generating income, and achieving returns. The software serves the overall activity of the Company.

4. Future development

Management intends to improve the competitive advantages of the Company in areas such as:

- Customer trust;
- Experienced sales staff to provide better services compared to competitors;
- Financial sustainability;
- Visibility upon presenting the trade name and approbation of the long-lasting long-term brand attachment and consumer loyalty;
- Experience in managing retail trade chains and market position of the brands "Intersport "and "Foot Locker ".

The improvement and training of human capital, continuous and fair assessment at all levels, together with dedication to the Company's values – "Integrity," "Respect," and "Efficiency" – continue to be the key priorities through which it aims to achieve its goals.

Plans are in place to expand operations in Bulgaria, which includes opening new Company retail stores in 2025 and developing the new Foot Locker brand.

No transactions of material significance to The Company's operations are anticipated beyond those potentially concerning its future development.

5. Events after the end of the reporting period

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

- Following a hacking attack on the IT systems of Fourlis Group at the end of 2024, the process of restoring the Group's systems, including those of the Company, commenced actively in January 2025 and continued until February 2025. Ongoing activities are carried out to enhance the levels of protection and secure processes more reliably
- The company is planning to open new stores in 2025 in the territory of the Republic of Bulgaria, aiming at expanding and promoting the new brand „Foot Locker".

17 June 2025
Sofia city

Minko Stoykov Semerdzhiev
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Minko Semerdzhiev
/Managing Director/
(Authorised to represent Evangelos Batris)

Milena Emilova Dimanova
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Milena Dimanova
/Finance Manager/

Statement of Financial Position

Assets	Note	31 December 2024 BGN'000	31 December 2023 BGN'000
Non-current assets			
Property, plant and equipment	5	4 940	3 226
Right-of-use assets	6	6 659	2 596
Intangible assets	7	92	120
Deferred tax assets	18	49	40
Non-current assets		**11 740**	**5 982**
Current assets			
Inventories	8	10 818	7 059
Trade and other receivables	9	528	491
Cash	10	1 854	2 858
Current assets		**13 200**	**10 408**
Total assets		**24 940**	**16 390**
Equity and liabilities			
Equity			
Share capital	11	20 231	20 123
Reserve from revaluation under defined benefit plans		19	16
Accumulated loss		(22 039)	(20 245)
Total equity		**(1 789)**	**(106)**
Liabilities			
Non-current liabilities			
Long-term lease liabilities	12	5 528	2 026
Retirement employee benefit liabilities	14	72	61
Non-current liabilities		**5 600**	**2 087**
Current liabilities			
Short-term lease liabilities	12	1 473	823
Trade payables and other liabilities	13	19 656	13 586
Current liabilities		**21 129**	**14 409**
Total liabilities		**26 729**	**16 496**
Total equity and liabilities		**24 940**	**16 390**

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/ Desislava Hristova /

Date: 17 June 2025

Managing Director: Minko Stoykov Semerdzhiev
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Certified by an Auditor‘s Report date 17 June 2025

Grant Thornton Ltd, Audit Firm, Reg. No 032
Mariy Apostolov, Managing Director

Emiliya Marinova,
Registered auditor responsible for the audit

Statement of Profit or Loss and Other Comprehensive Income

	Note	2024 BGN'000	2023 BGN'000
Revenue from sales of goods	15	22 104	21 135
Cost of goods sold		12 796	12 034
Gross profit		**9 308**	**9 101**
Other operating income		33	60
Distribution expenses	**Error! Reference source not found.**	(9 667)	(8 970)
Administrative expenses	**Error! Reference source not found.**	(993)	(599)
Other operating expenses		(11)	(10)
Operating loss		**(1 330)**	**(418)**
Finance costs	17	(473)	(243)
Loss before taxes		**(1 803)**	**(661)**
Income tax (expense)/benefit	18	9	(1)
Loss for the year		**(1 794)**	**(662)**
Other comprehensive income/(loss):			
Actuarial gain/loss	14	3	(7)
Other comprehensive income/(loss) for the year, net of taxes		**3**	**(7)**
Total comprehensive income/ (loss) for the year		**(1 791)**	**(669)**

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Statement of Changes in Equity

All amounts are presented in BGN'000	**Share capital**	**Revaluation under defined benefit plans**	**Accumulated loss**	**Total equity**
Balance as of 1 January 2024	**20 123**	**16**	**(20 245)**	**(106)**
Loss for the year	-	**-**	(1 794)	(1 794)
Other comprehensive income	-	3	-	**3**
Total comprehensive loss	**-**	**3**	**(1 794)**	**(1 791)**
Capital issue	108	-	-	108
Owner's transactions	**108**	**-**	**-**	**108**
Balance as of 31 December 2024	**20 231**	**19**	**(22 039)**	**(1 789)**

All amounts are presented in BGN'000	**Share capital**	**Revaluation under defined benefit plans**	**Accumulated loss**	**Total equity**
Balance as of 1 January 2023	**19 047**	**23**	**(19 583)**	**(513)**
Loss for the year	**-**	-	**(662)**	**(662)**
Other comprehensive loss	-	(7)	-	(7)
Total comprehensive loss	**-**	**(7)**	**(662)**	**(669)**
Capital issue	1 076	-	-	1 076
Owner's transactions	**1 076**	**-**	**-**	**1 076**
Balance as of 31 December 2023	**20 123**	**16**	**(20 245)**	**(106)**

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Emiliya Marinova,
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Statement of Cash Flows

	Note	2024 BGN'000	2023 BGN'000
Operating activity			
Loss before taxes		(1 803)	(661)
Adjustments:			
Amortisation of non-financial assets		2 110	1 930
Movement in retirement employee benefit liabilities		14	11
Foreign currency translation expenses		8	9
Interest expenses and bank charges		324	234
Net changes in working capital:			
Movement in inventories		(3 759)	(800)
Change in trade and other receivables		(37)	(38)
Change in trade and other payables		5 867	(697)
Interest and bank charges paid		(351)	(133)
Net cash flow from operating activity		**2 391**	**(145)**
Investing activity			
Acquisition of property, plant and equipment and intangible assets		(2 574)	(615)
Net cash flow from investing activity		**(2 574)**	**(615)**
Financing			
Capital issue		108	1 076
Proceeds from loans		988	51
Payments on loans		(783)	(51)
Lease payments		(1 134)	(1 205)
Net cash flow from financing activity		**(821)**	**(129)**
Net change in cash and cash equivalents		**(1 004)**	**(889)**
Cash at the beginning of the year		2 858	3 747
Cash at the end of the year	10	**1 854**	**2 858**

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Notes to the financial statements

1. Corporate information

Genco Bulgaria EOOD is a limited liability company registered with the Commercial Register under UIC 121177930. The head office of the Company is located in Sofia, 1797, Sofia Region, Bulgaria, with a registered address at 216 Okolovrasten Pat Street.

The principal scope of business activity of Genco Bulgaria EOOD is the import and retail trading of sports goods bearing the Intersport trademark. The Company established a chain of Intersport stores around Bulgaria. As of 31 December 2024, the Company managed eleven stores located in the following trade malls: Paradise Mall, Sofia South Ring Mall, Serdika Center, Hermes Park, and Sofia Mall, Burgas Plaza, Grand Mall Varna, Mall Galeria Burgas, Mall Galeria Stara Zagora, Plovdiv Plaza, and Veliko Tarnovo Mall. In December 2024, the Company also became a representative of the „Foot Locker“ brand. At the end of 2024, the Company successfully commissioned two stores operating under the new brand, located in the Mall Galeria Burgas and Hermes Park trade centres. The Company also conducts sales through an online store.

The Company is managed severally by two Managing Directors, Evangelos Batris and Maria Theodoulidou.

As of 31 December 2024, the Company had 154 employees (2023: 111 employees).

The sole owner of the Company is Intersport Athletics S.A. – a company registered in Greece. The ultimate controlling parent company is the Company Fourlis Holdings S.A., registered in Greece, whose equity instruments are listed on the Athens Stock Exchange.

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

2.1. Statement of compliance with IFRS, adopted by the EU

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards, as elaborated and issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) (IFRS Accounting Standards). Within the meaning of paragraph 1, item 8 of the Additional Provisions of the Accountancy Act, applicable in Bulgaria, they comprise International Accounting Standards (IAS), adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

Management is responsible for the preparation and fair presentation of the information in these financial statements.

2.2. Application of the going concern concept

The Company reports a loss for the year of BGN 1,794 thousand (2023: BGN 662 thousand). The current liabilities exceed the current assets by BGN 7,929 thousand (2023: BGN 4,001 thousand), and the equity is a negative figure of BGN 1,789 thousand (2023: minus BGN 106 thousand).

These circumstances indicate the existence of material uncertainty that may cast significant doubt on the Company's ability to continue operating as a going concern without the support of its owners and other sources of financing. Management has taken the following more significant measures to improve the Company's financial condition:

- The registered capital was increased by BGN 108 thousand (2023: BGN 1,076 thousand), and the contributions of the newly issued shares were entirely paid by the sole owner of the Company.
- The ultimate parent company Fourlis Holding S.A. has expressed its willingness and commitment to provide adequate financial and operational support to the Company, and to provide guarantees to creditors when necessary.

As of the date of these financial statements, management has made an assessment of the Company's ability to continue as a going concern based on the information available for the foreseeable future. Management believes that based on the forecasts for the future development of the Company and the measures taken, as well as due to the continued financial support from the owners, the Company will be able to continue its operations and repay its liabilities without selling assets and making significant changes to its operations. Accordingly, it continues to apply the going concern concept in preparing the annual financial statements.

3. New or amended standards and interpretations

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

The Company has adopted the following new standards, amendments and interpretations of IFRS, issued by the International Accounting Standards Board and approved by the EU, which are applicable and effective for the financial statements of the Company for the annual period commencing on 1 January 2024, but do not have a material impact on the financial performance and position of the Company:

- Amendments to IAS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, effective from 1 January 2024, adopted by the EU;
- Amendments to IAS 1, Presentation of Financial Statements: Non-current Liabilities Linked to Financial Ratios, effective from 1 January 2024, adopted by the EU
- Amendments to IFRS 16, Amendments to IFRS 16 Lease: Lease Liability in a Sale and Leaseback, effective from 1 January 2024, adopted by the EU;
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements, effective from 1 January 2024, adopted by the EU;

3.2. Standards, amendments and interpretations not yet effective and not early adopted by the Company

As of the date of approval of these financial statements, new standards, amendments, and interpretations of existing standards have been issued but are not yet effective or have not been adopted by the EU for the financial year commencing on 1 January 2024 and have not been early applied by the Company. It is not expected that they will have a material impact on the Company's financial statements. Management expects all standards and amendments to be incorporated into the Company's accounting policy within the first period commencing after the date of their entry into force. Follows a list of the amendments to standards:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: lack of exchangeability, effective 1 January 2025 г., not yet adopted by the EU;
- Annual Improvements, effective from 1 January 202., not yet adopted by the EU;
- Changes in Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7), effective from 1 January 2026, not yet adopted by the EU;
- IFRS 18 Presentation and Disclosure in Financial Statements, effective from 1 January 2027, not yet adopted by the EU;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027, not yet adopted by the EU.

4. Significant information on the accounting policy

4.1. General provisions

The most significant information regarding the accounting policies applied in preparing these financial statements is presented below.

The financial statements have been prepared on an accrual basis and in compliance with the historical cost convention. Measurement bases are described in detail in the accounting policies below.

The financial statements have been prepared in Bulgarian leva, which is the functional currency of the Company. All amounts have been presented in thousands of Bulgarian leva (BGN’000) (including the comparatives for 2023) unless stated otherwise.

It should be noted that in preparing the accompanying financial statements, accounting estimates and assumptions have been used. Although these are based on information provided to management as of the date of preparation of the financial statements, the actual results may differ from the estimates and assumptions used.

4.2. Presentation of the financial statements

The financial statements have been presented in accordance with IAS 1 Presentation of Financial Statements.

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

Two comparative periods are presented in the statement of financial position, where the Company has applied retrospectively the accounting policy, restated retrospectively items in the financial statements or reclassified items in the financial statements, and this has had a significant impact on the information in the statement of financial position as of the beginning of the previous period.

4.3. Foreign currency transactions

Foreign currency transactions are presented in the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate of the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates at the transaction date (not retranslated). Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when fair value was determined.

The exchange rate of the Bulgarian lev is pegged to the Euro in a ratio EUR = BGN 1.95583.

4.4. Revenue from sale of goods

The main revenue generated by the Company originates from the sale of sports goods. The Company also reports other income, primarily from transport services.

To determine whether and how to recognise revenue, the Company follows the five steps described below:

1. Identification of a contract with a customer;
2. Identification of performance obligations in the contract;
3. Determining the transaction price;
4. Allocation of the transaction price to the performance obligations of the contract and
5. Satisfaction of performance obligations under the contract

Revenue is recognised at a point in time or over time when or until the Company fulfils its performance obligations by transferring the promised goods or services to its customers.

The Group recognises as contractual obligations a remuneration received in respect of unfulfilled performance obligations and represents them as other liabilities in the statement of financial position. At the same time, if the Company satisfies a performance obligation before receiving the remuneration, it recognises in the statement of financial position either a contract asset or a receivable, depending on whether anything other than a certain time for obtaining remuneration is required.

4.4.1. Revenue recognised at a point in time

Sale of goods

The sale of goods consists of the sale of sports goods. Revenue is recognised when the Company has transferred control of the goods to the buyer. Control is considered to be transferred to the buyer when the customer has accepted the goods without objection.

Net sales revenue excludes amounts collected from third parties, such as value added tax, as these are not included in the transaction price. Future discounts related to the Company's customer loyalty programs give rise to a right that must be recognised when exercised or expires only if it is considered significant and the customer would not have received it had the initial transaction not occurred. Discounts are settled within 12 months. According to the requirements of the Standard, the Company estimates that these discounts represent a significant right for customers; they give rise to a performance obligation and, therefore, part of the revenue from each transaction corresponding to this right will be recognised when it is exercised (upon the performance of the obligation) or when it expires.

4.4.2. Revenue recognised over time

Provision of services

The Company also reports other income, mainly originating from transport services.

Measurement

Revenue is measured based on the transaction price specified in the contract. When determining the transaction price, the Company considers the terms and conditions of the contract, as well as its customary business practices.

The transaction price represents the amount of consideration that the Company expects to receive in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (e.g., value added tax). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

When (or as) a performance obligation is satisfied, the Company recognises as revenue the amount of the transaction price (excluding any estimated variable consideration subject to constraint) that is allocated to that performance obligation.

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

When determining the transaction price, the Company considers the impact of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Right of Return

Some contracts provide customers with the right to return goods within a specified period. The Company applies the expected value method to estimate the amount of goods that will not be returned, as this method provides the best estimate of the variable consideration to which the Company will be entitled.

The requirements of IFRS 15 relating to the constraint on estimates of variable consideration are also applied to determine the amount of variable consideration that may be included in the transaction price. For goods expected to be returned, the Company recognises a refund liability instead of revenue. A right-of-return asset (and a corresponding adjustment to the cost of sales) is also recognised in relation to the right to recover the products from the customer.

Refund Liabilities

The refund liability represents the obligation to refund part or all of the consideration received (or receivable) from the customer and is measured at the amount the Company expects to return to the customer ultimately. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Expenses are recognised in profit or loss when incurred.

- Advertising expenses: Advertising costs are recognised as an expense when incurred and are included within distribution expenses.
- Borrowing costs: Insurance costs, legal fees, and other directly attributable costs incurred during the origination of long-term borrowings are deducted from the carrying amounts of the borrowings and are recognised in the statement of comprehensive income over the loan term using the effective interest rate method.

4.4.3. Contract Assets and Contract Liabilities

The Company recognises contract assets and/or contract liabilities when one of the parties to the contract has performed its obligations depending on the relationship between the entity’s activities and the customer’s payment. The Company separately presents an unconditional right to consideration as a receivable. A receivable is the entity’s unconditional right to receive consideration.

Contract liabilities are recognised in the statement of financial position if the customer has paid consideration, or the entity has an unconditional right to consideration before control of the goods or services has been transferred.

The Company recognises contract assets when performance obligations have been satisfied, and payment is not yet due from the customer. A contract asset represents the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer.

Subsequently, the Company measures the impairment of contract assets in accordance with IFRS 9 Financial Instruments.

4.5. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

The Company reports two types of expenses associated with the performance of contracts for the supply of services/goods/with customers: costs of concluding/achieving the contract and costs of performing the contract. When the expenses do not meet the conditions for deferral under IFRS 15, they are recognised as current at the time they arise, for example, if they are not expected to be recovered or their deferral period is up to one year.

The following operating expenses are always reported as a current expense when incurred:

- General and administrative expenses (unless covered by the customer);
- Expenses on scrap of inventories;
- Expenses associated with a performance of the obligation;
- Expenses for which the entity cannot determine whether they relate to a satisfied or unsatisfied performance obligation.

4.6. Interest expenses and borrowing costs

Interest expenses are reported currently under the effective interest rate method.

Borrowing costs primarily comprise the interest on the Company's loans. All borrowing costs that are directly attributable to the acquisition, construction, or production 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 other borrowing costs are expensed in the period in which they are incurred, in the statement of profit or loss and other comprehensive income, and reported in Finance costs.

4.7. Intangible assets

Intangible assets comprise software. Intangible assets are measured at cost, including duties paid, irrecoverable taxes, and direct costs incurred in preparing the asset for use; the capitalised expenses are amortised under the straight-line method over the estimated useful life of the assets as it is deemed to be limited.

Subsequent measurement is carried out at cost less accumulated amortisation and impairment losses. Impairments incurred are expensed and recognised in the statement of profit or loss and other comprehensive income for the relevant period.

Subsequent costs arising from intangible assets after initial recognition are recognised in the statement of profit or loss and other comprehensive income for the period in which they occur unless the asset can generate more than the projected future economic benefits and when these costs can be reliably estimated and attributed to the asset. If these conditions are met, the costs are added to the cost of the asset.

The residual amount and useful life of intangible assets are assessed by management at each reporting date.

Amortisation is calculated using the straight-line method over the estimated useful life of the assets, as follows:

- software 2 - 7 years

Amortisation charges are included in the statement of profit or loss and other comprehensive income as „Distribution expenses" and „Administrative expenses".

The gain or loss on disposal of intangible assets is the difference between the sales proceeds and the asset's carrying amount and is recognised in the statement of profit or loss and other comprehensive income as „Gain/(Loss) on disposal of non-current assets".

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

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

Property, plant and equipment are measured initially at cost, which includes the purchase price and all direct costs for bringing the asset into working condition.

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

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. Any other subsequent expenditure is expensed in the period in which it is incurred.

The residual amount and useful life of property, plant and equipment are assessed by management at each reporting date.

Property, plant and equipment acquired under lease agreements are depreciated based on their expected useful life, determined by comparison with similar assets owned by the Company, or based on the lease agreement if its term is shorter. Respectively, the Company’s right-of-use assets are depreciated over a period ranging from 5 years (for vehicles) to 20 years (for buildings).

Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful life of individual asset groups, as follows:

- Buildings and stores 5 - 7 years
- Equipment and motor vehicles 6.67 years
- Vehicles 5 years
- Other equipment 4 years

Depreciation charges are included in the statement of profit or loss and other comprehensive income as „Distribution expenses” and „Administrative expenses“.

The gain or loss on disposal of property, plant and equipment is the difference between the sales proceeds and the asset’s carrying amount and is recognised in the statement of profit or loss and other comprehensive income as „Gain/(Loss) on disposal of non-current assets”.

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

4.9. Leasehold improvements

Leasehold improvements are measured on initial recognition at cost. Following initial recognition, such improvements are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of leasehold improvements are assessed to be finite, and are estimated in connection to period of the lease agreement, usually 10 years.

Leasehold improvements are amortised over the useful life and assessed for impairment whenever there is an indication that the asset may be impaired. Useful lives and the amortisation method for leasehold improvements with a finite useful life are reviewed at each financial year end. Any changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on assets with finite lives is recognised in the profit or loss in the expense category consistent with the purpose (function) of the asset.

Gains or losses arising from derecognition of leasehold improvements are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

4.10. Lease

4.10.1. The Company as a lessee

For each new contract, the Company assesses whether a contract is or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” To apply this definition, the company makes three main judgments:

- Whether the contract contains an identified asset that is either explicitly identified in the contract or is implicitly specified by being identified at the time that the asset is made available for use;
- The company has the right to receive substantially all economic benefits from the use of the asset throughout the period of use, within the defined scope of its right to use the asset under the contract;
- The company has the right to manage the use of the identified asset throughout the period of use.

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

Lease measurement and recognition by the company as a lessee

At the lease inception date, the Company recognises a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which comprises the amount of the initial measurement of the lease liability, the initial direct costs incurred by the Company, an estimate of the costs that the lessee will incur to dismantle and relocate the underlying asset at the end of the lease, and any lease payments made before the lease commencement date (less any lease incentive received).

The Company depreciates right-of-use assets using the straight-line method, from the lease inception date to the earlier of the following two dates: the end of the useful life of the right-of-use asset or the end of the lease term. The Company also conducts an impairment testing of the right-of-use assets if there are such indications.

At the lease inception date, the lease liability is measured by the Company at the present value of the lease payments that are not paid at the lease inception date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Company’s incremental borrowing rate.

To determine the incremental borrowing rate, the Company applies, where possible, the applicable interest rate of the most recent third-party financing, adjusted to reflect any changes in the terms and conditions of financing that have occurred after that financing; or applies an interest rate consisting of the risk-free interest rate and a margin reflecting the credit risk associated with the Company and further adjusted to take into account the specific terms and conditions of the lease.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments (including fixed in substance); variable lease payments that depend on an index or a rate; amounts expected to be payable by the lessee under residual value guarantees; and payments originating from options, if the Company is reasonably certain to exercise these options.

After the lease inception date, the lease liability is measured by reducing the carrying amount to reflect any lease payments made and increasing the carrying amount to reflect interest on the lease liability. The lease liability is remeasured to reflect any reassessment or lease modifications, or to reflect adjusted, fixed in substance, lease payments.

When a lease liability is revalued, the corresponding adjustment is recognised in the right-of-use asset or in profit or loss if the carrying amount of the right-of-use asset has already been reduced to zero.

The accounting policies, used by the Company to account for its right-of-use assets recognised in accordance with IFRS 16, are disclosed in Note 4.8.

The Company has chosen to account for short-term leases and leases of low-value assets, using the practical expedient under the Standard. Instead of recognising right-of-use assets and lease liabilities, the payments made in respect of them are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

In the statement of financial position, the right-of-use assets are included under the heading of property, plant and equipment, and the lease liabilities are presented on a separate line.

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

When calculating the amount of the impairment, the Company defines the smallest identifiable group of assets that generates independent cash inflows (a cash-generating unit). As a result, some of the assets are tested for impairment individually, while others – on the basis of a cash-generating unit.

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

An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. To determine the value in use, the Company's management calculates the estimated future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. The data used in the impairment testing are based on the most recent approved budget of the Company, adjusted if necessary to eliminate the effect of any future reorganisations and significant asset improvements. The discount factors are determined for each individual cash-generating unit and reflect their respective risk profile, assessed by the Company's management.

Impairment losses on a cash-generating unit are allocated in decrease of the carrying amount of the asset attributable to that unit. For all assets of the Company management subsequently assesses whether there are any indications that an impairment loss recognised in prior years may no longer exist or may have decreased. An impairment loss recognised in a prior period 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 a party to the contractual provisions of the financial instrument

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

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.12.2. Classification and initial measurement of financial assets

Financial assets are initially measured at fair value adjusted for transaction costs, except for the financial assets at fair value through profit or loss and trade receivables without a significant financial component. The initial measurement of financial assets at fair value through profit or loss through profit or loss is not adjusted for transaction costs, which are expensed as current expenses. The initial measurement of trade receivables without a significant financial component is the price of the transaction according to IFRS 15.

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

- debt instruments at amortised cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income with or without classification through profit or loss depending on whether they are debt or equity instruments.

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

- the Company’s business model for managing financial assets;
- the financial asset’s contractual cash flow characteristics.

Income and expenses associated with financial assets that are recognised in profit or loss are included in financial expenses or financial income, except for the impairment of trade receivables, which is presented as Other expenses in the statement of profit or loss and other comprehensive income.

4.12.3. Subsequent measurement of financial assets

The assessment and calculation of expected impairment losses are based on the maturity dates of the Company's receivables and consider the relevant historical credit losses over the last 36 months preceding the reporting date (where such data is available and appropriate to the analysis of the respective counterparty). Given the specific nature of the Company's activities, it generates receivables from a small number of counterparties, and at the end of the periods under review, an individual review is carried out of the nature, specificity, collectability, and other accompanying factors and circumstances for each of them to achieve greater accuracy in determining the expected impairment losses.

Financial assets at amortised cost

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

- The Company manages the assets within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows at specific dates that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company’s cash and cash equivalents, trade and other receivables fall into this category.

- **Trade receivables**

Trade receivables refer to amounts owed by customers for goods or services sold in the ordinary course of business. Usually, these are due for settlement within a short term and, therefore, are classified as current. Trade receivables are initially recognised in the amount of unconditional consideration unless they contain significant financing components. The Company holds its trade receivables to collect contractual cash flows and, therefore, measures them at amortised cost using the effective interest rate method. Discounting is omitted where the effect of discounting is immaterial.

4.12.4. Impairment of financial assets

IFRS 9’s new impairment requirements use more forward-looking information to recognise expected credit losses – the ‘expected credit loss’ (ECL) model.

Instruments that fall within the scope of the new requirements include loans and other debt financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15, and credit commitments and some financial collateral agreements (at the issuer), which are not carried at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the occurrence of a credit loss event. Instead the Company considers a broader range of information when measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Trade and other receivables, contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. Receivables of up to 30 days are not considered past due and expected credit losses are not calculated for them.

Significant increase in credit risk

IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether an asset's credit risk has increased significantly, the Company considers qualitative and quantitative reasonable and supportable forward-looking information.

4.12.5. Classification and measurement of financial liabilities

The Company’s financial liabilities comprise lease liabilities, trade and other financial liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value through profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

4.13. Inventories

Inventories include goods. The cost of inventories includes all expenses directly attributable to the purchase or manufacturing process, as well as recycling and other direct expenses connected to their delivery, and suitable portions of related production overheads based on normal operating capacity. Finance costs are not included in the cost of the inventories.

At the end of every reporting period, inventories are carried at the lower of the cost and net realisable value. The amount of impairment of inventories to their net realisable value is recognised as an expense in the period the associated income is recognised.

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

Upon sale of the inventories, their carrying amount is recognised as an expense in the period in which the associated income is recognised.

Net realisable value is the estimated selling price of the inventories less any applicable selling expenses.

In cases where inventories have already been impaired to their net realisable value, and the impairment conditions are no longer present in the following period, the new net realisable value is adopted. The reversal amount can only be up to the carrying amount of the inventories before they are impaired. The reversal of the impairment is accounted for as a decrease in inventory expenses for the period in which the reversal takes place.

4.14. Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current tax assets and/or liabilities represent those amounts payable to or receivable from tax authorities relating to current or prior accounting periods that are unpaid at the date of the financial statements. Current tax is payable on taxable income that differs from profit or loss in the financial statements. The computation of the income tax is based on the tax rates and tax laws enacted or substantively enacted at the end of the reporting period.

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

Deferred tax assets and liabilities are not discounted. They are calculated using tax rates that are expected to apply to the period in which they are realised, provided that they have been enacted, or are expected to be enacted, by the end of the reporting period.

Deferred tax liabilities are recognised in full.

Deferred taxes are recognised only if it is probable that they will be utilised against future taxable profits. Regarding the management’s judgement of the probability of occurrence of future taxable profits through which the deferred tax assets are to be utilised, see Note 4.19.

Deferred tax assets and liabilities are offset only if the Company has a right and intention to set off current tax assets against current tax liabilities by the same taxation authority.

The change in deferred tax assets or liabilities is recognised as a component of the tax income or expense in profit or loss unless it is related to items recognised in other comprehensive income or directly in equity, in which case the corresponding deferred tax is recognised in other comprehensive income or equity.

4.15. Cash

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

4.16. Equity and reserves

The Company's share capital represents the nominal (par) value of shares that have been issued.

Other reserves consist of a Reserve from the revaluation of defined benefit plans, including actuarial gains or losses resulting from changes in demographic or financial assumptions and experience.

Accumulated loss includes the current financial result and prior years' uncovered losses.

All transactions with the Company's owners are recorded separately within the statement of changes in equity.

4.17. Retirement benefits and short-term employee benefits

The Company reports short-term payables relating to compensated leave, which have occurred due to unutilised paid annual leave that is expected to be used within 12 months after the end of the reporting period during which the hired persons have performed the work related to that leave. The short-term payables to personnel include wages, salaries and related social insurance contributions.

Under the Labour Code requirements, upon termination of the employment relationship, after the employee has acquired the legal right to a pension due to years of service and age, the Company is obliged to pay them compensation in the amount of up to six gross wages. If an employee has worked for the Company for 10 years, they receive six gross monthly salaries upon retirement, and if they have worked for less than 10 years, they receive two. The Company has reported a legal obligation for the payment of retirement compensation in accordance with IAS 19, Employee Benefits, based on estimated costs for the next five years, discounted at the long-term interest rate of risk-free securities.

The Company provides retirement benefits to its employees through defined benefit plans as well as defined contribution plans.

A defined benefit plan is a pension plan that determines the amount an employee will receive after retirement based on the length of service and final salary.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets.

The Company's management estimates the defined benefit obligation annually, with the assistance of an independent actuary. The estimate of the obligations is based on standard rates of inflation, expected salary growth, and mortality rates. Discount factors are determined close to each year-end.

Actuarial gains or losses are recognised in other comprehensive income and are not subject to subsequent reclassification in profit or loss.

Net interest expense related to pension obligations is included in 'Finance costs' in the statement of profit or loss and other comprehensive income. Service costs are included in 'Distribution expenses' and 'Administrative expenses'.

Short-term employee benefits, including paid leave entitlement, are current liabilities included in 'Trade payables and other liabilities', measured at the undiscounted amount that the Company expects to pay.

4.18. Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations, as a result of a past event, are probable to lead to an outflow of economic resources from the Company, and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, such as product warranties granted, legal disputes, or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. When there are a number of similar obligations, the likelihood of an outflow required for settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the best current estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised. Contingent liabilities are measured at the higher of a comparable provision, as described above, and the amount initially recognised less any amortisation.

Possible inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.19. Significant management judgement in applying accounting policies

The significant judgements made by management in applying the accounting policies of the Company that have the most significant effect on the financial statements are described below. The main sources of uncertainly in using accounting estimates are described in Note 4.20.

4.19.1. Deferred tax assets

The estimate of the probability of future taxable income for the utilisation of deferred tax assets is based on the most recently approved budget forecast, adjusted for significant non-taxable income and expenses and specific limitations on the carry forward of unused tax losses or credits. If reliable estimates of taxable income indicate that it is probable that a deferred tax asset will be utilised, particularly in cases where the asset can be utilised without a time limit, then the deferred tax asset is recognised in full. The recognition of deferred tax assets subject to specific legal or economic restrictions or uncertainties is assessed by management on a case-by-case basis, considering the particular facts and circumstances.

4.19.2. Lease term

When determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a renewal option or not to exercise a termination option. Renewal options (or periods following termination options) are included in the lease term only if it is reasonably certain that the lease will be renewed (or not terminated).

For store leases, the following factors are usually most relevant:

- Significant penalties for termination (or non-renewal), usually the Company is certain to renew (or not terminate).
- If improvements to the leasehold are expected to have significant residual value, the Company will usually extend the lease term (or not terminate it) with reasonable certainty.
- In other cases, the Company reviews other factors, including the historical duration of the lease and the costs and changes in the business necessary to replace the leased asset.

Most renewal options of store leases are included in lease liabilities because the Company cannot replace the assets without incurring significant expenses or making changes to the business.

The lease term is reassessed if the option is actually exercised (or not exercised) or the Company is obligated to exercise it (or does not exercise it). The assessment of reasonable certainty is reviewed only if a significant event or significant change in circumstances occurs that affects this assessment and is within the control of the lessee.

4.20. Estimation uncertainty

In preparing the financial statements, management makes a number of assumptions, estimates and judgements about the recognition and measurement of assets, liabilities, income and expenses.

Actual results may differ from these assumptions, estimates, and judgements of management, and in rare cases, these may conform fully to previously estimated results.

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

4.20.1. Impairment of non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value, less costs to sell, and its value in use. To determine the value in use, the Company's management calculates the estimated future cash flows for each cash-generating unit and determines the appropriate discount factor to calculate the present value of those cash flows (see Note 4.11). In calculating estimated future cash flows, management makes assumptions regarding future gross profits. These assumptions relate to future events and circumstances. The actual result might differ and necessitate significant adjustments to the Company's assets in the next reporting year.

In most cases, when determining the applicable discount factor, an assessment is made of the appropriate adjustments to reflect market risk, as well as the risk factors specific to the individual assets.

4.20.2. Useful lives of depreciable assets

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

As of 31 December 2024, management assessed the useful lives of the assets, representing the expected utility of these assets to the Company. The carrying amounts are analysed in Notes 5, 6 and 7. Actual useful lives, however, may differ from the assessed lives due to technical and moral obsolescence, particularly in the case of software and hardware.

4.20.3. Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating the net realisable value, management takes into account the most reliable information available at the time the estimates are made. The future realisation of the carrying amounts of inventories, amounting to BGN 10,818 thousand (2023: BGN 7,059 thousand), is influenced by the dynamics of the market in which the Company operates.

4.20.4. Measurement of expected credit losses

Credit losses represent the difference between all contractual cash flows due to the Company and all cash flows that the Company expects to receive. Expected credit losses are a probability-weighted estimate of credit losses that require the Company's judgment. The Company estimates and determines expected credit losses by taking into account all reasonable and supportable information, including forward-looking information.

4.20.5. Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries. The actual amount of the liability may differ from the preliminary estimate due to estimation uncertainty. The estimate of the defined benefit liability of BGN 72 thousand (2013: BGN 621 thousand) is based on statistical rates of inflation, medical cost trends and mortality rates. Another factor that has an impact is the rate of salary increases envisaged by the Company. Discount factors are determined close to each year-end. Estimation uncertainty exists particularly with regard to actuarial assumptions, which may vary and significantly impact the defined benefit obligations and the associated expenses.

4.20.6. Lease agreements - determining the appropriate discount rate for measuring lease liabilities

When the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure the lease liability. The IBR is the interest rate that the Company would have to pay to borrow for a similar term and with similar collateral to obtain the funds necessary to acquire an asset with comparable 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 an estimate when observable interest rates are not available (e.g., for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the term and conditions of the lease. The Company estimates the IBR using available data (such as market interest rates) when available and is required to make certain enterprise-specific estimates (such as a company's credit rating).

5. Property, plant and equipment

The Company's property, plant and equipment comprise furnishing and store equipment, office equipment and leasehold improvements. The carrying amount may be analysed as follows:

	Store equipment BGN'000	Other equipment BGN'000	Leasehold improvements BGN'000	Total BGN'000
Gross carrying amount				
Balance as of 1 January 2023	**1 856**	**1 089**	**5 846**	**8 791**
Additions, acquired	111	256	176	**543**
Disposals	(58)	-	-	**(58)**
Balance as of 31 December 2023	**1 909**	**1 345**	**6 022**	**9 277**
Additions, acquired	1 027	112	1 422	**2 561**
Disposals	-	-	-	**-**
Balance as of 31 December 2024	**2 936**	**1 457**	**7 444**	**11 837**
Depreciation				
Balance as of 1 January 2023	**(1 508)**	**(559)**	**(3 248)**	**(5 315)**
Depreciation charges for the year	(136)	(186)	(472)	**(794)**
Disposals	58	-	-	**58**
Balance as of 31 December 2023	**(1 586)**	**(745)**	**(3 720)**	**(6 051)**
Depreciation charges for the year	(136)	(208)	(501)	**(855)**
Balance as of 31 December 2024	**(1 722)**	**(953)**	**(4 221)**	**(6 896)**
Net book value				
Balance as of 1 January 2023	**348**	**530**	**2 598**	**3 476**
Balance as of 31 December 2023	**323**	**600**	**2 302**	**3 225**
Balance as of 31 December 2024	**1 214**	**504**	**3 222**	**4 940**

All depreciation charges are included in the statement of profit or loss and other comprehensive income, lines „Distribution expenses" and „Administrative expenses".

As of 31 December 2024, there were no significant contractual obligations related to the acquisition of property, plant and equipment.

The Company has not pledged any properties, plant and equipment as collateral for its liabilities.

6. Right-of-use assets

The carrying amount of the right-of-use assets may be presented as follows:

	Buildings BGN'000	Vehicles BGN'000	Total BGN'000
Carrying amount			
Balance as of 1 January 2023	**3 423**	**14**	**3 437**
Additions, acquired	234	4	**238**
Disposals	(1)	-	**(1)**
Depreciation charges for the period	(1 063)	(15)	**(1 078)**
Balance as of 31 December 2023	**2 593**	**3**	**2 596**
Additions, acquired	5 201	85	**5 286**
Depreciation charges for the period	(1 207)	(16)	**(1 223)**
Balance as of 31 December 2024	**6 587**	**72**	**6 659**

All depreciation charges are included in the statement of profit or loss and other comprehensive income, lines „Distribution expenses" and „Administrative expenses".

Lease liabilities corresponding to the right-of-use assets are presented in Note **Error! Reference source not found.**, Lease liabilities.

7. Intangible assets

The Company's intangible assets comprise software. The carrying amounts for the presented reporting periods may be analysed as follows:

	Software BGN'000
Gross carrying amount	
Balance as of 1 January 2023	**746**
Additions, acquired	71
Balance as of 31 December 2023	**817**
Additions, acquired	15
Balance as of 31 December 2024	**832**
Amortisation	
Balance as of 1 January 2023	**(640)**
Amortisation charges for the year	(57)
Balance as of 31 December 2023	**(697)**
Amortisation charges for the year	(42)
Balance as of 31 December 2024	**(739)**
Carrying amount	
Balance as of 1 January 2023	**106**
Balance as of 31 December 2023	**120**
Balance as of 31 December 2024	**92**

The Company has no significant contractual liabilities to acquire intangible assets as of 31 December 2024 or 2023.

All depreciation charges are included in the statement of profit or loss and other comprehensive income in lines „Distribution expenses" and „Administrative expenses".

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

8. Inventories

	31.12.2024 BGN'000	31.12.2023 BGN'000
Goods	10 818	7 059
Inventories	**10 818**	**7 059**

In 2024, inventories in the amount of BGN 12,796 thousand were reported as an expense in the profit or loss (2023: BGN 12,034 thousand).

In 2023 and 2024, there was no decrease in expenses due to the reversal of impairments not recognised in previous periods.

As of 31 December 2024, no inventories were provided as collateral for liabilities.

9. Trade and other receivables

	31.12.2024 BGN'000	31.12.2023 BGN'000
Trade receivables and credit card receivables	132	251
Related party receivables	5	8
Financial assets	**137**	**259**
Prepayments and advances	283	232
Other non-financial assets	108	-
Non-financial assets	**391**	**232**
Trade and other receivables	**528**	**491**

All receivables are short-term. The net carrying amount of trade receivables is deemed a reasonable estimate of their fair value.

All trade receivables of the Company have been reviewed for default events that have occurred, and a simplified approach for determining expected credit losses at the period-end has been applied. In 2024 and 2023, no indications and grounds for reporting an impairment for the Company's trade and other financial receivables were found.

An analysis of the financial receivables is presented in Note 25.2.

10. Cash

	31.12.2024 BGN'000	31.12.2023 BGN'000
Cash on hand	78	176
Cash in bank accounts	1 776	2 682
Cash and cash equivalents	**1 854**	**2 858**

The Company has no restricted cash and cash equivalents.

The Company has assessed expected credit losses on cash and cash equivalents. The estimated value is immaterial compared to the gross amount of cash placed with financial institutions, and therefore, it was considered insignificant and not charged to the Company's financial statements.

11. Share capital

The Company's registered capital consists of 2,023,100 fully paid shares with a nominal value of BGN 10 each.

	2024 Number of shares	2023 Number of shares
Number of shares with a nominal value of BGN 10 each as of 01 January	2 012 300	1 904 700
Newly issued shares during the year	10 800	107 600
Number of shares with a nominal value of BGN 10 each as of 31 December	2 023 100	2 012 300
Share capital	**20 231 000**	**20 123 000**

As of 31 December 2024, the sole owner of Genco Bulgaria EOOD was Intersport Athletics S.A.

In 2024, the sole equity owner of the Company decided to increase the capital from BGN 20,123 thousand to BGN 20,231 thousand through the issuance of 10,800 new shares with a nominal value of BGN 10 each, totalling BGN 108 thousand. The new shares were fully paid as of 31 December 2024.

In 2023, the sole equity owner of the Company decided to increase the capital from BGN 19,047 thousand to BGN 20,123 thousand through the issuance of 107,600 new shares with a value of BGN 1,076 thousand, each with a nominal value of BGN 10. The shares were fully paid as of 31 December 2023.

12. Lease liabilities

12.1. Leases recognised in the statement of financial position

	31.12.2024 BGN'000	31.12.2023 BGN'000
Lease liabilities – non-current portion	5 528	2 026
Lease liabilities – current portion	1 473	823
Lease liabilities	**7 001**	**2 849**

Lease liabilities and related right-of-use assets primarily comprise store premises and adjacent sites from which the Company conducts its principal business.

Except for short-term leases and leases of low-value assets, each lease is recognised in the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments that do not depend on an index or variable interest rates (such as lease payments based on a percentage of the Company's sales) are excluded from the initial measurement of lease liabilities and lease assets. The Company classifies consistently its right-of-use assets in Note 6.

Usually, each lease restricts the right-of-use assets to be used only by the Company unless the Company has a contractual right to sublet the asset to a third party.

Lease agreements cannot be terminated except after paying penalties for early termination. There are specific clauses providing options for renewal and termination of the contracts. The Company is prohibited from selling or pledging the leased assets as collateral. The Company must use the leased property in good condition and return the property to its original condition upon expiration of the lease. The Company is required to pay maintenance fees in accordance with the lease agreements.

The future minimum lease payments as of 31 December 2024 are as follows:

	Minimum lease payments due						
	Within 1 year BGN'000	1-2 years BGN'000	2-3 years BGN'000	3-4 years BGN'000	4-5 years BGN'000	After 5 years BGN'000	Total BGN'000
31 December 2024							
Lease payments	1 566	1 671	1 663	888	799	649	**7 236**
Finance costs	(93)	(76)	(33)	(10)	(6)	(17)	**235**
Net present value	**1 473**	**1 595**	**1 630**	**878**	**793**	**632**	**7 001**
31 December 2023							
Lease payments	1 116	809	658	389	210	216	**3 398**
Finance costs	(293)	(114)	(76)	(33)	(11)	(22)	**(549)**
Net present value	**823**	**695**	**582**	**356**	**199**	**194**	**2 849**

13. Trade payables and other liabilities

	31.12.2024 BGN'000	31.12.2023 BGN'000
Current:		
Trade payables to related parties	14 806	12 036
Trade payables to third parties	3 055	670
Short-term loans (overdraft)	205	-
Financial liabilities	**18 066**	**12 706**
Accrued expenses	1 030	413
Payables to personnel	224	150
Tax liabilities	212	249
Payables under insurance premiums	81	57
Advances from customers	43	11
Non-financial liabilities	**1 590**	**880**
Current trade and other liabilities	**19 656**	**13 586**

The net carrying amount of the current trade and other liabilities is deemed a reasonable estimate of their fair value.

The Company has a bank loan contract (of an overdraft type) dated 03 December 2020, signed with Eurobank Bulgaria AD. The total amount of the loan is EUR 3,267,000, and the Company uses it as working capital to cover its current needs, utilising only a portion thereof as needed. As of 31 December 2024, the regular principal was BGN 205 thousand (31 December 2023: BGN 0), and the other portion remains unutilised.

The deadline for utilising the loan funds is 29 June 2025, and the maturity date of the loan is 30 December 2026. The loan currency is the euro.

The loan interest is equal to the 3M Euribor plus a 3% annual interest rate, but no less than 3%. For a principal past due, a yearly interest rate equal to the 3M Euribor plus 13%, but no less than 13%, is charged. As of 31 December 2024, the Company had no past due interest and charges associated with the loan.

Collateral was not provided under the loan.

14. Retirement employee benefit liabilities

	31.12.2024 BGN'000	31.12.2023 BGN'000
Non-current:		
Defined benefit liabilities	72	61
Non-current retirement employee benefit liabilities	**72**	**61**

Under the Labour Code requirements, upon termination of the employment relationship, after the employee has acquired the legal right to a pension due to years of service and age, the Company is obliged to pay them compensation in the amount of up to six gross wages. The Company has reported a legal obligation for the payment of retirement compensation in accordance with IAS 19, Employee Benefits, based on the discounted estimated costs for the next years.

Defined benefit liabilities to personnel at the end of the presented reporting periods are as follows:

	31.12.2024 BGN’000	31.12.2023 BGN’000
Defined benefit liabilities as of 1 January	61	50
Interest expenses	2	2
Current service costs	12	10
Paid retirement benefits during the period	-	(7)
Financial assumptions	(15)	1
Demographic assumptions	8	-
Experience	4	5
Defined benefit liabilities as of 31 December	**72**	**61**

For determination of the pension obligation, the following actuarial assumptions were used:

	2024	2023
Discount rate	3.57%	3.37%
Expected rate of salary increases	3.00%	3.70%
Inflation rate	2.00%	2.20%
Plan term in years	24.21	24.88

The Company's management estimates the defined benefit obligation annually, with the assistance of an independent actuary. The estimate of the obligations is based on standard rates of inflation, expected salary growth, and mortality rates. Discount factors are determined close to each year-end by reference to an index formed based on the Aon Eurozone Yield Curve. The yield curve uses Eurobond data published by Markit iBoxx.

Other assumptions are based on current actuarial benchmarks and management's historical experience. The present value of the defined benefit liabilities was measured using the projected unit credit method.

These assumptions have been used to determine the amount of defined benefit liabilities for the reporting periods and are considered the best possible assessment by management.

The total defined benefit plan expenses of the Company recognised in profit or loss may be presented as follows:

	2024 BGN’000	2023 BGN’000
Current service costs	12	10
Net interest expenses	2	(6)
Total expenses recognised in profit or loss	**14**	**4**

The current service cost and the past service cost are included in „Distribution expenses” and „Administrative expenses“. Net interest expenses are included in the statement of profit or loss and other comprehensive income, line „Finance costs” (see Note **Error! Reference source not found.**).

The total defined benefit plan expenses of the Company recognised in other comprehensive income may be presented as follows:

	2024 BGN'000	2023 BGN'000
Actuarial gains /(losses) on changes in:		
- demographic assumptions	4	(1)
- financial assumptions	3	(1)
- experience	(4)	(5)
Total income/(expenses) recognised in other comprehensive income	**3**	**(7)**

15. Revenue from sales of goods

	2024 BGN'000	2023 BGN'000
Revenue from retail sales of goods	21 915	20 934
Revenue from wholesales of goods	189	201
	22 104	**21 135**

The Company recognises revenue from the transfer of goods (at a point in time).

The Company conducts its commercial activities only within the country.

The Company has not identified any amounts that are not recognised as income due to the absence of expected consideration.

The balances related to contracts with customers (after impairment) in the amount of BGN 137 thousand (2023: BGN 259 thousand) are disclosed in Note 9.

16. Distribution expenses and administrative expenses

16.1. Distribution expenses

	2024 BGN'000	2023 BGN'000
Costs of hired services	(4 275)	(4 268)
Employee benefit expenses (Note 16.3)	(3 252)	(2 745)
Depreciation expenses for non-financial assets	(2 074)	(1 880)
Other expenses	(66)	(77)
Total distribution expenses	**(9 667)**	**(8 970)**

16.2. Administrative expenses

	2024 BGN'000	2023 BGN'000
Costs of hired services	(891)	(530)
Employee benefit expenses (note 16.3)	(61)	(12)
Depreciation expenses for non-financial assets	(36)	(50)
Other expenses	(5)	(7)
Total administrative expenses	**(993)**	**(599)**

16.3. Employee benefit expenses

	2024 BGN'000	2023 BGN'000
Salaries and wages	(2 532)	(2 194)
Social insurance contributions	(453)	(405)
Fringe benefits, pensions and other	(314)	(154)
Pensions – defined benefit plans, net	(14)	(4)
Employee benefit expenses	**(3 313)**	**(2 757)**

17. Finance costs

	2024 BGN'000	2023 BGN'000
Interest expenses on lease liabilities	(310)	(101)
Bank charges	(154)	(133)
Foreign exchange losses	(8)	(9)
Interest expenses on loans	(1)	-
Finance costs	**(473)**	**(243)**

18. Income tax (expenses)/benefits

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

	2024 BGN'000	2023 BGN'000
Loss before taxation	(1 803)	(661)
Tax rate	10%	10%
Estimated income tax expense	-	-
Tax effect of:		
Increases of the financial result for tax purposes	2 616	2 273
Decreases of the financial result for tax purposes	(2 342)	(2 062)
Current income tax expense	-	-
Deferred tax (expenses)/income:		
Occurrence and reversal of temporary differences	9	(1)
Income tax (expenses)/benefits	**9**	**(1)**

Deferred taxes occur as a result of temporary differences and may be presented as follows:

	31.12.2024 BGN'000	31.12.2023 BGN'000
Deferred tax assets:		
Right-of-use assets and lease liabilities under IFRS 16	49	40
Total deferred tax assets	**49**	**40**

The Company has not recognised deferred tax assets in connection with tax losses and interest on thin capitalisation. According to the Bulgarian Corporate Income Tax Act, tax losses may be carried forward for setting them off against taxable profits in the following five years after the year of the tax loss:

	Thin capitalisation and others BGN'000	Tax loss BGN'000	Expiry date
Financial year:			
2019	(201)	(163)	2024
2020	(163)	(1 438)	2025
2021	(111)	(796)	2026
2022	(40)	(253)	2027
2023	(5)	(450)	2028
As of 31 December 2023	**(520)**	**(3 100)**	
Unrecognised deferred tax asset as of 31 December 2023	**(52)**	**(310)**	
2024	(1)	(1 529)	
Expired	201	163	
As of 31 December 2024	**320**	**4 466**	
Unrecognised deferred tax asset as of 31 December 2024	**(32)**	**(447)**	

As regards the amendments to the Corporate Income Tax Act related to the imposition of a global minimum tax of 15% effective from 1 January 2024, these do not apply to the Company, as the annual revenue in the consolidated financial statements of the ultimate parent company of the Group in at least two of the four tax periods before the current tax period, do not exceed EUR 750 million.

19. Related party transactions

The Company's related parties are the sole owner, companies under the sole owner's control, and the key management staff.

If not stated expressly, the related party transactions have not been carried out under special terms and conditions, and guarantees were not provided or received besides those already disclosed in the current financial statements.

19.1 Owner's transactions

	2024 BGN'000	2023 BGN'000
Intersport Athletics S.A.		
- goods acquired	(14 245)	(12 197)
- services acquired	-	(186)
Fourlis Holdings S.A..		
- services receives	(225)	(195)

19.2 Transactions with other related parties under common control

	2024 BGN'000	2023 BGN'000
Purchases of goods and services:		
Genco Trade SRL	(182)	(304)
House Market Bulgaria EAD	(135)	(121)
Sofia South Ring Mall EAD	(494)	(491)
Total:	**(811)**	**(916)**

19.3 Transactions with key management staff

The key management staff of the Company comprises the Managing Directors. The remuneration of the key management staff includes the following expenses:

	2024 BGN'000	2023 BGN'000
Short-term remuneration:		
Salaries, including bonuses	(110)	(91)
Social insurance contributions	(22)	(18)
Total short-term remuneration	**(132)**	**(109)**

20 Related party balances at the year-end

	31.12.2024 BGN'000	31.12.2023 BGN'000
Current receivables from:		
- owners – Intersport Athletics S.A.- trade	5	5
- other related parties under common control	-	3
Total current related party receivables	5	8
Total related party receivables	**5**	**8**
Current payables to:		
- sole owner – Intersport Athletics S.A.- trade	14 656	12 007
Ultimate owner - Fourlis Holdings S.A.– trade	23	10
- other related parties under common control:		
Genco Trade SRL	110	-
House Market Bulgaria EAD	10	10
Sofia South Ring Mall EAD	7	9
Total current payables to related parties	**14 806**	**12 036**
Total payables to related parties	**14 806**	**12 036**

All receivables are short-term. The net carrying amount of trade receivables is deemed a reasonable estimate of their fair value.

All trade receivables of the Company have been reviewed for default events that have occurred, and a simplified approach for determining expected credit losses at the period-end has been applied. In the two reporting periods, no grounds for impairment were found.

The payables to related parties primarily have a trade nature and relate to purchases of goods.

21 Reconciliation of the liabilities originating from financing activity

The changes in the Company's liabilities originating from financing activity may be classified as follows:

	Bank loans BGN'000	Lease liabilities BGN'000	Total BGN'000
1 January 2024 г.	**-**	**2 849**	**2 849**
Cash flows:			
Proceeds	988	-	**988**
Payments	(783)	(1 134)	**(1 917)**
Non-cash changes:			
Recognition of lease liabilities	-	4 976	**4 976**
Interest expenses	-	310	**310**
31 December 2024	**205**	**7 001**	**7 206**

	Bank loans BGN'000	Lease liabilities BGN'000	Total BGN'000
1 January 2023	**-**	**3 715**	**3 715**
Cash flows:			
Proceeds	51	-	**51**
Payments	(51)	(1 205)	**(1 256)**
Non-cash changes:			
Recognition of lease liabilities	-	238	**238**
Interest expenses	-	101	**101**
31 December 2023	**-**	**(2 849)**	**(2 849)**

22 Non-cash transactions

During the reporting periods presented, the Company's transactions, where cash or cash equivalents have not been used and that have not been reported in the statement of cash flows for the concluded lease agreements, amount to BGN 4,976 thousand (2023: BGN 238 thousand).

23 Contingent assets and contingent liabilities

Legal claims

The Company is not a party to legal claims either as a defendant or a claimant.

Guarantees

As of 31 December 2024, bank guarantees were issued on behalf of the Company by its servicing banks to the benefit of the tenants of the stores rented by the Company, totalling EUR 570 thousand and maturing from June to September 2025.

Tax liabilities

The Company's management believes that there are no material risks as a result of the dynamic fiscal and regulatory environment in Bulgaria, which would require adjustment to the financial statements for the year ended 31 December 2024.

24 Categories of financial assets and liabilities

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

Financial assets	**Note**	**31.12.2024 BGN'000**	**31.12.2023 BGN'000**
Financial assets at amortised cost:			
Trade receivables	**Error! Reference source not found.**	137	259
Cash	**Error! Reference source not found.**	1 854	2 858
		1 991	**3 117**

Financial liabilities	**Note**	**31.12.2024 BGN'000**	**31.12.2023 BGN'000**
Financial liabilities at amortised cost:			

Lease liabilities	**Error! Reference source not found.**	7 001	2 849
Trade payables and other financial liabilities	0	18 066	12 706
		25 067	**15 555**

See Note 4.12 for more information about the accounting policy applicable to each category of financial instruments. A description of the risk management policy and objectives of the Company concerning financial instruments is presented in Note 25.

25 Risks related to financial instruments

Risk management objectives and policy of management

The Company is not exposed to significant risks related to its financial instruments. For more information on the Company's financial assets and liabilities by category, see Note 24. The most significant financial risks to which the Company is exposed are credit risk and liquidity risk.

The Company's central administration oversees the Company's risk management in collaboration with management. Management's priority is to secure short-term and medium-term cash flows.

25.1 Market risk analysis

of the Company's operating and investing activities.

25.1.1 Currency risk

The Company's transactions are carried in Bulgarian leva and Euro, which does not expose the Company to currency risk.

25.1.2 Interest rate risk

The Company's policy is aimed at minimising interest rate risk in financing. As of 31 December 2024, the Company had a liability under a short-term loan (overdraft) in the amount of BGN 205 thousand. Given the immateriality of the exposure at the end of 2024 (there was no exposure at the end of 2023) and the amount of interest expenses, the interest rate risk is considered minimal. All other financial assets and liabilities of the Company bear fixed interest rates.

25.2 Credit risk analysis

Credit risk is the risk that a counterparty will not pay its liability to the Company. The Company is exposed to this type of risk in connection with various financial instruments, such as receivables from customers, depositing of funds, investments and others. The exposure of the Company to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period, as set out below:

Groups of financial assets – carrying amounts:	**31.12.2024 BGN'000**	**31.12.2023 BGN'000**
Financial assets at amortised cost:		
Trade and receivables	137	259
Cash	1 854	2 858
Total carrying amount	**1 991**	**3 117**

The Company has not provided its financial assets as collateral under transactions.

Regarding trade receivables, the Company is not exposed to significant credit risk from an individual counterparty or a group of counterparties with similar characteristics. Trade receivables consist of a small number of counterparties operating in various industries and the same geographic area. Based on historical indicators, management believes that the credit assessment of trade receivables that have not yet matured is favourable.

Credit risk associated with cash and cash equivalents is considered immaterial, as the counterparties are banks with good reputations and high external credit ratings.

The carrying amounts described above represent the maximum possible exposure to credit risk of the Company with respect to these financial instruments.

The Company applies the simplified model of recognising lifelong expected credit losses under IFRS 9 to all trade receivables as they have no significant financial component.

When determining the amount of expected credit losses, trade receivables are assessed on an individual basis, as 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 of recovering the amount. Failure to make payments within 360 days of the invoice date, along with the Company's inability to negotiate an alternative payment agreement, among other factors, are considered indicators of a lack of reasonable expectation of recovery.

Information on the change and balance of expected credit losses on trade receivables is presented in Note 9.

25.3 Liquidity risk analysis

Liquidity risk is the risk that the Company may not be able to pay its liabilities. The Company satisfies its liquidity needs by carefully monitoring payments under the repayment schedules of its long-term financial liabilities and cash inflows and outflows arising from its operating activities. Liquidity needs are monitored for various periods – on a daily or weekly bases, as well as based on 30-day forecasts. Long-term liquidity needs, for periods of 180 and 360 days, are determined monthly.

The Company holds cash on hand and in bank accounts to meet its liquidity needs for periods of up to 30 days.

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

	Current		Non-current	
31 December 2024	**Within 6 months**	**Between 6 and 12 months**	**From 1 to 5 years**	**Over 5 years**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Lease liabilities	783	783	5 021	649
Trade payables and other liabilities	18 066	-	-	-
Total	**18 849**	**783**	**5 021**	**649**

In the previous reporting period, the maturities of the Company's contractual obligations are summarised as follows:

	Current		Non-current	
31 December 2023	**Within 6 months**	**Between 6 and 12 months**	**From 1 to 5 years**	**Over 5 years**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Lease liabilities	558	558	2 066	216

Trade payables and other liabilities	12 706	-	-	-
Total	**13 264**	**558**	**2 066**	**216**

The amounts disclosed in this liability maturity analysis are the undiscounted cash flows under the contracts, which may differ from the carrying amounts of the liabilities as of the reporting date.

Financial assets as a means to manage the liquidity risk

In assessing liquidity risk management, the Company reports the estimated cash flows from financial instruments, in particular, available cash and trade receivables. The available cash and trade receivables do not significantly exceed current cash outflow needs. According to the concluded contracts, all cash flows from trade and other receivables are due within thirty days.

26 Capital management policy and procedures

The capital management objectives of the Company are as follows:

- to ensure the Company's ability to continue to exist as a going concern; and
- to ensure adequate returns for the owners by pricing its products and services in consideration of its risk appetite.

The Company monitors the capital based on the ratio of adjusted capital to net debt. The net debt includes the sum of all liabilities less the carrying amount of cash and cash equivalents. The capital for the presented reporting periods may be analysed as follows:

	31.12.2024 BGN'000	31.12.2023 BGN'000
Equity	(1 789)	(106)
Total liabilities	26 729	16 496
Debt ratio (liabilities to equity)	**(15%)**	**(156%)**

The Company manages its capital structure and makes the necessary adjustments in line with changes in the economic environment and the risk characteristics of the relevant assets. To maintain or adjust its capital structure, the Company may return capital, issue new shares, or sell assets to reduce its liabilities.

The Company has not changed its capital management objectives, policies, and processes, nor has it altered the method of determining capital during the presented reporting periods.

27 Events after the end of the reporting period

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

– Following a hacking attack on the IT systems of Fourlis Group at the end of 2024, the process of restoring the Group's systems, including those of the Company, commenced actively in January 2025 and continued until February 2025. Ongoing activities are carried out to enhance the levels of protection and secure processes more reliably.
– In 2025, the Company plans to open new sites in the territory of the Republic of Bulgaria to expand and promote the new „Foot Locker" brand.

28 Authorisation of the financial statements

The financial statements for the year ended 31 December 2024 (including comparative information) were authorised for issue by the Managing Director on 17 June 2025.

I, the undersigned Dobrinka Petrova Krasteva, holder of a Letter of Confirmation No. 00336-1 of 19 March 2018, issued by the Consular Relations Directorate of the Ministry of Foreign Affairs, certify the accuracy of my translation from Bulgarian into English of the attached document (Financial statements of Genco Bulgaria EOOD for the year ended 31 December 2024 and an Independent Auditor's Report thereon). The translation consists of 42 /forty-two/ pages.

Translator: Dobrinka Petrova Krasteva