ANNUAL FINANCIAL REPORT

of Mathios AD

for 2022

STATEMENT OF FINANCIAL POSITION
at 31 December 2022

	Note	2022 BGN'000	2021 BGN'000
ASSETS			
Non-current assets			
Property,plant and equipement	3.1	2,415	2,553
Right-of-use assets	3.1	88	69
Intangible assets	3.2	5	5
Total non-current assets		**2,508**	**2,627**
Current assets			
Trade and other receivables	5	445	182
Inventories	6	1,989	1,933
Cash and cash equivalents	7	185	449
Receivables from related parties	4	4	
Total current assets		**2,623**	**2,564**
Total assets		**5,131**	**5,191**
LIABILITIES AND EQUITY			
Liabilities			
Non-current liabilities			
Government funding	11.5	60	66
Lease liabilities	11.2	33	33
Deferred tax liabilities	18	69	81
Provisions for retirement income		47	37
Total current liabilities		**209**	**217**
Current liabilities			
Liabilites to related parties	11.1	3,196	2,895
Lease liabilities	11.2	37	34
Trade and other liabilities	11.3	150	114
Liabilities to personnel	11.4	163	117
Liabilities under Customer Contracts			3
Government funding	11.5	19	32
Total current liabilities		**3,565**	**3,195**
Capital and reserves			
Issued capital	8	400	400
Reserves	9	957	957
Retained earnings	10		422
Total equity		**1,357**	**1,779**
Total liabilities and equity		**5,131**	**5,191**

The statement of financial position and the corresponding notes, presented on pages 1 to 30, are inseparable part of the Annual Financial Report, which is approved and signed by the Board of Directors on 14.03.2023.

14 March 2023

Chief Accountant:
(Vanya Hristova)

Representative:
(Nikolaos Tsamourtzis)

МАТИОС АД

Registered auditor, responsible for the audit:
(Darinka Ignatova)

0377 Даринка Игнатова
Регистриран одитор

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	2022 BGN'000	2021 BGN'000
Revenue	12.1	**5,694**	**4,085**
Other gains/(losses), net	12.2	188	279
Changes in inventories of finished goods and work in progress		214	(42)
Raw materials and consumables used	13	(1,955)	(1,279)
Administrative and sales expenses	14	(1,652)	(1,061)
Employee benefits expense	15	(1,642)	(1,364)
Depreciation, amortisation and impairment of assets	3	(249)	(185)
Cost of goods sold		(1,020)	(416)
Profit from operations		**(422)**	**17**
Finance income/cost, net	17	(8)	(7)
Profit / loss before tax		**(430)**	**10**
Income tax expense	18	12	4
Profit / loss for the year		**(418)**	**14**
Items, which are not reclassified in profit or loss subsequently			
Profit from revaluation of property, plant and equipment			
Actuarial gains and losses		(4)	(4)
Tax on other comprehensive income positions			
Total comprehensive income for the year		**(422)**	**10**

		2022 BGN	2021 BGN
Earnings per share	18	**(1.05)**	**0.04**

The statement of comprehensive income and the corresponding notes, presented on pages 1 to 30, are inseparable part of the Annual Financial Report.

14 March 2023

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Representative: (Nikolaos Tsamourtzis)

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0377 Даринка Игнатова Регистриран одитор

STATEMENT OF CASH FLOWS

Using the direct method

for the year ended 31 December 2022

	2022 BGN'000	2021 BGN'000
Cash flows from operating activities		
Cash flow, related to customers	4,211	3,172
Cash flow, related to suppliers	(2,951)	(2,130)
Cash flow, related to payrolls	(1,585)	(1,306)
Cash flow, related to interests on operating loans, bank fees and others	(2)	(2)
Cash flow from positive and negative currency differences	(6)	(6)
Other incoming operating cash flows	181	528
Other outgoing operating cash flows	(62)	(35)
Net cash generated by operating activities	**(214)**	**221**
Cash flows from investing activities		
Cash flow, related to non-current assets	(10)	(24)
Net cash used in investing activities	**(10)**	**(24)**
Cash flows from financing activities		
Cash flows from loans		
Cash flows from leases	(40)	(18)
Net cash used in financing activities	**(40)**	**(18)**
Net increase/decrease in cash and cash equivalents	**(264)**	**179**
Cash and cash equivalents at the beginning of the year	**449**	**270**
Cash and cash equivalents at the end of the year	**185**	**449**

The statement of cash flows and the corresponding notes, presented on pages 1 to 30, are inseparable part of the Annual Financial Report.

14 March 2023

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(Vanya Hristova)

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Регистриран одитор

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

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	Equity capital	Reserves	Revaluation Reserves	Retained earnings	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance at 1 January 2021	**400**	**40**	**917**	**412**	**1,769**
Profit for the year				**14**	**14**
Total comprehensive income for the year				(4)	(4)
Total comprehensive income for 2021				**10**	**10**
Balance at 31 December 2021	**400**	**40**	**917**	**422**	**1,779**
Loss for the year				(418)	(418)
Other comprehensive income				(4)	(4)
Total comprehensive income for 2022	-	-	-	**(422)**	**(422)**
Balance at 31 December 2022	**400**	**40**	**917**	-	**1,357**

The statement of changes in equity and the corresponding notes, presented on pages 1 to 30, are inseparable part of the Annual Financial Report.

14 March 2023

Chief Accountant: (Vanya Hristova)

Representative: (Nikolaos Tsamourtzis)

МАТИОС

Registered auditor, responsible for the audit: (Darinka Ignatova)

0377 Даринка Игнатова
Регистриран одитор

NOTES TO FINANCIAL STATEMENTS
31 December 2022

1.General information

MATHIOS AD is a joint stock company, registered with corporate case No. 8462/2004 of the City Court of Sofia and corporate case No. 800/2005 of the District Court of Ruse. The company's head office and registered address is Dupnitsa, 9 Nikola Malashevski str., Republic of Bulgaria.

The company is governed by a three-member board of directors and is represented by an Executive Director.

The business operations of the company are production of stone veneer and sale of own production, goods and services.

The current financial statement is approved by the management on **14 March 2023.**

The management is responsible for the preparation of the annual financial statements, which give correct and honest notion of the financial position, results from operations, cash flows and changes in the shareholders' equity of the enterprise.

2. Summary of significant accounting policies

2.1. Basis for preparation of the financial statements

The financial statements of Mathios AD have been prepared in accordance with all International Financial Reporting Standards (IFRS), which comprise Financial Reporting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, approved by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the Standing Interpretations Committee (SIC) interpretations, approved by the International Accounting Standards Committee (IASC), which are effectively in force on 1 January 2021 and have been adopted by the Commission of the European Union. IFRS, endorsed by EU, is the generally accepted name of the general purpose framework – the basis of accounting equivalent to the framework introduced with the definition in § 1, p. 8 of the Additional Provisions of the Accountancy Act under the name of "International Accounting Standards" (IASs).

For the current financial year the Company has adopted all new and/or revised standards and interpretations, issued by the International Accounting Standards Board (IASB) and respectively, by the International Financial Reporting Interpretations Committee (IFRIC), which have been relevant to its activities.

Since the adoption of these standards and/or interpretations, in force for annual periods starting on 1 January 2022, there are no changes in the accounting policy of the company, except for some new and more detailed disclosures, without leading to other changes in classification or the measurement of separate reporting objects and operations.

New or/and amended standards and interpretations include:

- **Amendments in IFRS 3 Business Combinations (in force for periods beginning 01.01.2022, adopted by the EC).** These amendments update IFRS 3 and add exception to the recognition of liabilities and conditional liabilities, within the scope of IFRS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Levies, as well as an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. Amendments are applied prospectively.
- **Amendments to IAS 16 Property, Plant and Equipment (in force for periods beginning 01.01.2022, adopted by the EC).** These amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (in force for periods beginning 01.01.2022, adopted by the EC) -** specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

Annual improvements in IFRS 2018-2020 in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, Illustrative example 13 to IFRS 16 Leases and IAS 41 Agriculture (in force for periods beginning 01.01.2022, adopted by the EC). These improvements include partial changes in the following standards:

- IFRS 1 permits a subsidiary that applies IFRS 1 for the first time to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability, the contract terms of which are modified.
- The Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion

regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- IAS 41 removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset and agricultural products using a present value technique.

The management has established the amendments in IFRS do not exhibit effect on the accounting policy and the amounts, the presentation and classification of the assets, liabilities and the results of the company for 2022.

At the date of approval of the current financial statements, for the following standards, amendments and adopted interpretations, which are issued, but are not yet in force for periods beginning 01.01.2022, the management has established they would have potential effect on the accounting policy, the classification and the values of the reported objects and operations in the financial statement of the company:

- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements** (in force for periods beginning 01.01.2023 – adopted by the EC). These amendments require disclosure of material information on accounting policies instead of significant accounting policies.
- **Amendments to IAS 1 Presentation of Financial Statements** (in force for periods beginning 01.01.2024 – not adopted by the EC). These amendments target the criteria for cclassification of liabilities as current or non-current, while classifying liabilities as current or non-current in accordance with the covenants that exist at the end of the reporting period and not taking into consideration the likelihood of executing the right to defer the settlement.
- **Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors** (in force for periods beginning 01.01.2023 – adopted by the EC). The amendment includes a new definition of accounting estimates, according to which accounting estimates are values in the financial statements, subject to uncertainty with respect to their measurement.
- **Amendments to IAS 12 Income Taxes** (in force for periods beginning 01.01.2023 – adopted by the EC). The main change in Deferred Tax is related to assets and liabilities arising from a single transaction. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
- **IFRS 10 (amended) Consolidated Financial Statements and IAS 28 (amended) Investments in Associates and Joint Ventures** – with respect to sale or apport of assets between investor and its associates or joint ventures (with deferred effective date of entry into force, to be determined by the IASC. These amendments target the accounting treatment of sales or apports of assets between associates or joint ventures. They confirm the accounting treatment depends on whether the assets sold or the apported non-monetary assets are in substance "a business" under the IFRS framework.
- **Amendments to IFRS 16 Leases** (in force for periods beginning 01.01.2024 – not adopted by the EC). The amendment requires after the initial date of the lease to define "lease payments" and "revised lease payments" in a way that does not recognise profit or loss, regarding the right to use, kept by the lessor.
- **Amendments to IAS 1 Presentation of Financial Statements – non-current liabilities with covenants** (in force for periods beginning 01.01.2024 – not adopted by the EC). These amendments clarify the right of deferring settlement exists only if the entity complies with the terms towards the date of the financial statements.

2.2 Functional currency

The financial statement is prepared in Bulgarian Leva (BGN), also called functional currency and representational currency. The figures in the statement and its supplements are presented in thousands of Leva, except when explicitly stated otherwise.

2.3 Comparison data

The company presents comparable information in this financial statement for one preceding year. The comparison data is reclassified and recalculated, where necessary, in order to achieve greater comparability relative to changes in the disclosure for the current year.

The management has not adopted the amendments in IAS 1, as far it is not necessary to change the name of the Statement of Comprehensive Income with the new one – Statement of Profit or Loss and Other Comprehensive Income.

2.4Use of accounting estimates

The preparation of the financial statement in compliance with IFRS requires the management to make judgements, estimates and reasonable assumptions, which influence the reported values of the assets and liabilities, the revenues and expenses, and the disclosures of conditional receivables and payables towards the date of the statement. Those approximate estimations and assumptions are based on the information, which is available towards the date of the financial statements, thus future factual results could be different.

2.4.1 Fair value measurement

Some of the assets and liabilities of the enterprise are valued and presented and/or disclosed only at fair value for the purpose of financial reporting. These include:

- On repeating basis - bank loans received or loans from third parties, trade and other receivables and payables, financial lease receivables and payables, financial assets held for sale, and others.
- On non-repeating basis – non-current assets, held for sale.

The fair values is the price that would be received at the disposal of a given asset or paid for the transfer of a given liability in an ordinary transaction between independent market participants on the date of the valuation.

The enterprise applies different valuation techniques, which are appropriate with respect to the specific circumstances, and for which there is enough input data, while aiming to use a maximum level of publicly available information, respectively to minimise the use of unobservable information. It uses all three methods available – the marekt approach, the income approach, and the cost approach, while the first two ones are applied most.

The enterprise needs to apply fair value for measurement on repeating basis for financial assets held for sale, respectively on non-repeating basis – non-current assets, held for sale.

The fair value of all assets and liabilities, which are measured and disclosed in the financial statements, are classified under the following hierarchy of fair values:

- Level 1 - Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including when quoted prices are subject to significant corrections.
- Level 3 – Measurement techniques, using inputs that are largely not observable.

The enterprise applies mainly fair value under level 1 and level 2.

2.5 The going concern principle

The financial statement of the company is prepared according to the going concern principle, which assumes the company will continue its business operations as usual in the foreseeable future.

2.6Foreign currency transactions

Foreign currency transactions are reported at currency rates on the day of the transaction. Cash assets and liabilities in foreign currency are reported at the fixing rate of the Bulgarian National Bank towards the date of the accounting balance. Negative or positive currency differences are reported in the statement of comprehensive income.

2.7Property,plant and equipment

Property, plant and equipment (PPE) are initially measured at value that includes the price of acquisition as well as all expenses needed for bringing the asset into working condition.

The model for measurement after recognition of PPE has been the model of acquisition cost up to 31.12.2020. From 31.12.2020, the company has changed the model for measurement after recognition, as follows:

Measurement after recognition for property is based on the revaluation model by reporting the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation is performed in a period of maximum three years or when there are circumstances, implying significant change in the fair value. Increase in the value of property based on fair value revaluation are reported in equity in revaluation reserves. Decrease, up to amount of previous increases for the same asset, are reported as decrease of the same reserves. Further decrease in the asset value are reported in the statement of comprehensive income.

Measurement after recognition for plant and equipment is based on the model of acquisition cost, i.e. price of acquisition less accumulated depreciation and impairment losses. The impairment losses are reported as an expense and are recognized as such in the statement of comprehensive income for the period.

Following costs related to particular property, plant or equipment are added to the balance value of the asset when it is possible the company to have economic benefits exceeding the initial evaluated efficiency of the existing asset. All other following costs for maintenance, repairs and substitution of minor components of properties, plants and equipment are reported currently as maintenance expenses and are recognized as such for the period in which they have been made.

The non-depreciated part of the substituted components is written off the balance value of the assets and is recognized as current expense for the period of reconstruction. All other following costs are recognized as expenses for the period, in which they are made.

When the balance value of particular property, plant or equipment is higher than its refundable value, it should be devalued to its refundable value.

The company has approved a value level of **700** Leva (BGN) for recognition of Properties, plants and equipment.

Impairment of assets

The balance values of property, plant and equipment are subject to review for impairment when there are events or changes in the circumstances indicating that the balance values might differ permanently from their refundable values. If such indicators are evident, where the approximately defined refundable value is lower than the balance value, the latest is written down to the refundable value of the asset.

The refundable value of property, plant and equipment is the higher from the following two: fair value without sale costs or value in use. In order to determine the value in use of assets, future cash flows are discounted to their present value by applying the discount rate before taxes, which reflects the current market conditions and estimations of the time value of money and risks, specifically for the corresponding asset.

Impairment losses are reported in the statement of comprehensive income, except when a revaluation surplus is formed for that particular asset. Then the impairment is treated as a decrease in this surplus, except if it exceeds the surplus amount, so the exceeding value is included as an expense in the statement of comprehensive income.

2.8Depreciation

The company uses the linear method for depreciation of property, plant and equipment (**note 3**). Land is not depreciated. The useful life under groups of assets is considered with respect to the physical wear out, the specifics of the equipment, and future intensions for usage. When different parts of certain asset have different useful life, they are differentiated into independent components for the purpose of depreciation.

The useful life of the main groups of assets as of 31 December **2022**, determined by the management after review, is as follows:

	2022, years	2021, years
Property	25	25
Equipment	25	25
Plant	3,3	3,3
Automobiles	4	4
Transport vehicles (excl.automobiles)	10	10
Installations and other equipment	6,7	6,7
Computer hardware	2	2

The useful life of an asset should be reviewed at the end of each statement period, if expectations differ from previous estimates, any change is accounted prospectively.

2.9 Intangible assets

Initially assets are measured at acquisition cost. Intangible assets are recognized when it is possible for the entity to receive economic benefits in the future as a result from possessing the asset and when the cost of the asset could be valued fairly.

After the initial recognition, the intangible assets are valued at acquisition cost less accumulated amortisation and impairment losses. Intangible assets are amortised for the period of their useful life using the linear method as follows:

	2022 years	2021 years
Software	2	2
Patents, rights of usage and other rights	25	25
Others,contractual terms of usage	3	3

2.10 Investments

The company does not have investments under the meaning of IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investment in Associates and Joint Ventures.

2.11Inventories

The main components of inventories are production ready for sale, goods and materials (**note 6**). They are measured at the lower value from acquisition cost and net realizable value.

The expenses, made in order to bring a product to its current condition and location, are included in the acquisition cost as follows:

- Raw materials and materials ready for use – all supply costs, including price, duties and fees, transportation costs, non-refundable taxes, and other costs, which contribute to bringing the materials in ready for use condition.
- Production ready for sale and work in progress – the direct cost of materials and labour, and the corresponding part of the production indirect costs, except the administration costs, currency differences,

and the cost of borrowed financial resources. The distribution of the permanent general production expenses in the cost of production is made on the basis of recalculated volume of production compared to a single unit produced (difficulty coefficient).

The method of average-weighted price (cost), calculated on monthly basis, is used for the inventories usage (sale).

The net realizable value is the approximate sale price of a given asset in the course of normal commercial activities, less the approximately determined costs for bringing this asset in commercial condition and the approximately determined costs for realisation.

There is a pledge on inventories of the company with balance value of BGN 750 thousand.

2.12Trade and other receivables

Trade receivables **(note 5)** are reported in the financial statement at fair value on the basis of original invoice (cost), less the value of impairments, in compliance with IFRS 9.

An approximate measurement of losses from suspicious or uncollectable receivables is made when there is high uncertainty for the collectability of the whole or partial amount. The impairment of receivables is accounted by the corresponding corrective account for every type of receivables under article "Depreciation and amortisation expense" on the front side of the statement of comprehensive income.

The uncollectable receivables are recognised as expenses for the period, in which they have been acknowledged **(note 5)**.

2.13 Cash and cash equivalents

Cash funds in Leva (BGN) are measured at their nominal value, and those in foreign currency – at the fixing rate of the Bulgarian National Bank on 31 December **2022**. The cash funds of the company are formed by cash funds in the company treasury and in bank accounts, respectively in Leva (BGN) and foreign currency. The cash funds in banks are on current and deposit accounts (**note 7**). The company does not have any blocked cash funds.

- Cash receivables from clients and cash payables to suppliers are presented gross with VAT included (20%);
- Cash flows related to fixed assets are presented net, without VAT;
- The interest rate for investment loans received are included as payment for financial operations, while interest rate, related to operating loans, is included under operating activities.

2.14 Loans and other borrowed financial resources

2.14.1 Interest bearing loans

Interest bearing loans and other borrowed financial resources

All loans as well as other borrowed financial resources are initially recognised and measured at cost (nominal value), which is accepted as fair value of what is received from the transaction, net from the direct expenses related to those loans and borrowed resources. After initially recognised, the interest bearing loans and other borrowed resources are then measured by amortisation value, determined by applying the method of effective interest. The amortisation value is calculated by taking into consideration all types of fees, commissions and other expenses, including discount or premium, associated with those loans. The profits and losses are recognised in the comprehensive income statement as financial revenues or expenses (interest) for the period of amortisation or when the liabilities are written off or reduced. Current liabilities are not discounted.

Interest bearing loans and other financial resources are classified as current unless the company has the explicit right to pay off its liability in terms longer than 12 months from the statement date.

The long-term and current liabilities in Leva (BGN) are measured by the cost of their origination, and those denominated in foreign currency – by the fixing rate of the Bulgarian National Bank at 31 December **2022.**

2.14.2 Leases

According to the new standard IFRS 16, a contract includes lease element, if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In order to establish whether control is transferred under the contractual terms for the use of a given asset, the Company examines whether it has the following rights:

- The right to obtain substantially all economic benefits from the use of the given asset;
- The right to direct how and for what purpose the underlying asset is used.

In the identification of lease contracts and the identification of the underlying assets with right-of-use, the management has applied the criteria "right to control the use" of the asset over the whole period of the contract . The management, therefore, has made judgment and has concluded that in the right-of-use scope, defined in the contracts, the Company has the right to make the decision about directing how and for what purpose the assets are used, while determining the work hours and the people with access to the assets.

The new standard establishes the principles and rules for recognition, measurement, presentation and disclosure of leases for both lessors and lessees.

Separating components of a contract

In establishing whether a contract is or contains leases, the management makes judgement, such as: whether there is a lease, including whether there is identified underlying asset; whether the contract includes non-lease components and chosen approach for separation of the price between identifiable assets and other components (non-lease components and other components) of the contract; determining the term of the lease and determining differential interest rate, implicit in the lease contracts.

Lease term

The term of the lease contract is the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option;
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Initial recognition and measurement of the right-of-use asset for the lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability.

The Company shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, it is depreciated for the term of the useful life.

The right-of-use assets are presented on a separate row in the Balance, while their depreciation on a separate row in the statement of comprehensive income.

Initial recognition and measurement of the lease liability for the lessee

The lease liabilities include the net value of the following lease payments:

- Fixed payments, less any lease incentive receivable;
- Variable lease payments that depend on an index or a rate;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Amounts expected to be payable by the lessee under residual value guarantees;
- Payments of penalties for terminating the lease.

The lease payments are discounted using the interest rate, implicit in the contract, if it can be readily determined, or an differential interest rate for the Company, which it would have paid for borrowing financial resources for comparable time period, comparable collateral and comparable economic environment.

Lease payments (instalments) contain, in certain proportions, financial costs (interest) and the deductible part of the lease liability (principal). Financial expenses are accrued in the statement of comprehensive income (in profit or loss) of the Company during the lease period on a recurring basis so as to achieve a constant interest rate on the remaining outstanding portion of the principal on the lease liability, presented as 'financial expenses' ".

Subsequent measurement

The right-of-use assets are presented in the statement of financial position under the cost model, less any accumulated depreciation, impairment losses and the adjustments for any remeasurement of the lease liability.

The Company measures, as lessee, subsequent lease liability by:

- Increasing the carrying amount to reflect interest on the lease liability;
- Reducing the carrying amount to reflect the lease payments made;
- Remeasuring the carrying amount to reflect any reassessment or lease modification of the lease contract.

Guarantees for residual value are reassessed and adjusted, if necessary, at the end of each reporting period.

Lease modifications

The lessee accounts for the modification in the lease as a separate lease, if both:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets;
- The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

In this case, the modification is reported as a separate lease, for which a right-of-use assets and lease liability are recognised in the statement of financial position at the effective date of the modification.

For a lease modification that is not accounted for as a separate lease at the effective date of the modification, the Company:

- Allocates the consideration in the modified contract;
- Determines the lease term of the modified contract;
- Remeasures the lease liability by discounted the revised lease payments using a revised discount rate, which is determined as the interest rate implicit in the lease for the remainder of the lease term, or the incremental borrowing rate at the effective date of the modification.

Short-term leases and lease for which the underlying asset is of low value and variable lease payments, related with execution

Payments related to short-term leases and leases for which the underlying asset is of low value, as well as the variable payments not included in the measurement of the lease liability are recognised directly as current expenses in the statement of comprehensive income, based on the linear method over the lease term.

2.15Provisions

Provisions are recognised if legal or constructive liability is present at the best educated guess about the possible economic benefits, which will flow when liabilities are paid off towards the date of the financial statement.

2.16 Employee benefits

Short-term income

Short term income of personnel in the form of remunerations, bonuses and social rewards (available in the 12 months after the period, in which personnel has expended work for or has fulfilled the necessary conditions) is recognised as expense in the comprehensive income statement for the period, in which the work is expended or the conditions for the receipt of this short-term income are met, and as a current liability (after deduction of all paid amounts and all applicable deductions) in the amount of the undiscounted sum. The payments due for social and health insurance are recognised as current expenses and liabilities in undiscounted amount as well for the period of accounting, the corresponding revenues are related to.

Refundable holidays

Towards the date of every financial statement the company makes evaluation of the expected expenses for accumulated refundable days off, which are expected to be paid as a result of not using the right for taking days off. The approximate estimation of the expenses for compensations and expenses for the payments for compulsory social and health insurance, which the employer owes on this amount based on the gross remuneration for the last month, in which the employees have worked at least 10 days, are included in the evaluation.

Other long-term income

The enterprise is obliged to pay income for the leave of these employees, who retire at Mathios AD, in compliance with the Social Insurance Code, article 222, paragraph 3. According to these legal and corporate requirements, at the termination of work agreement of employee that have acquired the right to pension, the company pays him/her compensation. The compensation is in the amount of four gross salaries, in case the work experience at the company is up to 6 years, and six gross salaries in case the work experience at the company is over ten years. Towards the date of each statement of the financial position, the management measures the approximate amount of the potential costs, payable at the current level of remunerations.

2.17 Income taxes

In compliance with the Bulgarian legislation, the company owes corporate tax in the amount of 10% on the taxable income. The corporate tax for the previous year has been 10% as well.

The income tax is calculated based on the result for the year, while taking into consideration deferred taxes. Deferred taxes on income reflect the net tax effect from time differences between the balance value of assets and liabilities for the purpose of the financial statements and the values for tax purposes. In order to determine the amount of assets and liabilities from deferred taxes, specific tax levels, which are expected to be valid for the period of their realisation, are applied.

Assets and liabilities on deferred taxes reflect the tax consequences from the way the company expects to fix or restore the balance value of assets and liabilities towards the date of preparation of the statement. Assets and liabilities are recognised no matter when the temporary difference will show back.

Deferred taxes, related to objects, reported as other components of the comprehensive income or capital position in the statement of financial position, are also reported directly towards the corresponding component of the comprehensive income or balance capital position.

2.18 Related parties

For the purpose of preparing the current financial statement all key management personnel and members of the governing bodies, as well as close relatives of their families, including the entities controlled by the above mentioned parties, are treated as related parties**(note 4, 11.1 and 20)**.

2.19 Financial instruments

Accounting policy, applicable after 1 January 2019

Financial instrument is every contract, establishing simultaneously a financial asset in one entity and a financial liability or equity in another entity.

2.19.1 Financial Assets

Initial recognition, classification and measurement

At their initial recognition, financial assets are classified under the three categories, according to which they are later measured at amortised cost, at fair value through other comprehensive income and at fair value through profit and loss.

The classification of financial assets at their initial recognition depends on the characteristics of the contracted cash flows of the corresponding financial asset or the business model of the company for its management.

The business model for managing financial assets reflects the way the company manages its financial assets for generating cash flows. The business model defines whether the cash flows result from the collecting contracted cash flows, sale of financial assets or both.

Valuation

The company initially recognises financial assets at fair value, while in case of financial assets, which are not recognised at fair value through profit and loss, the direct costs of the trade are added. The exception are trade receivables, which do not include significant component of financing – they are measured based on the price of trade, defined in accordance with IFRS 15 and the issued invoice.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified under four categories:

- Debt instruments, measured at amortised cost;
- Debt instruments, measured at fair value through other comprehensive income (with re-classification in profit and loss);
- Equity instruments, measured at fair value through other comprehensive income (without re-classification in profit and loss);
- Financial assets (debts instruments, equity instruments and derivatives), measured at fair value through profit and loss.

For the current period, the company classifies assets under one of these categories – financial assets at amortised cost.

Financial assets at amortised cost (debt instruments):

This is the most significant category for the company.

The company measures financial assets at amortised cost when both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The management has estimated the financial assets, comprising cash in banks accounts, trade receivables and other receivables, are held by the company with to goal to collect contracted cash flows, while these cash flows represent solely principal and interest in accordance with the business model.

The financial assets at amortised cost are subsequently measured based on the effective interest rate (EIR). They are subject to impairment. The profit and loss are recognised in statement of comprehensive income (in the profit or loss for the year), when the asset is written off, modified or impaired.

Write-off

Financial assets are written off from the statement of financial position when:

- The rights to receiving cash flows from the asset are expired, or
- The rights to receiving cash flows from the assets are transferred or the company has taken the liability to pay in full the cash flows received, without significant delay, to third party by agreement for transfer. In this case, the company also recognises the corresponding liability. The transferred asset and the corresponding liability are measured based on the rights and obligations, which the company has held.

The continued part, in the form of guaranteed on the transferred asset, is measured at the lower of: the initial balance value of the asset or the maximum amount of the payment, which could be required for the entity to pay.

Impairment of financial assets

The company recognises corrective (provision for impairment) for expected credit loss for all debt instruments, which are not reported at fair value through profit and loss. The expected credit loss are calculated as difference between the contractual cash flows, due according to the terms of the contract, and all cash flows, which the company expects to receive, discounted by the initial effective interest rate.

At each reported date, it defines whether the debt instrument is such with low credit risk, using all reasonable and established information, which is available without making undue expenses and efforts. The company reviews the idiosyncratic credit risk of the debt instrument. In addition, it makes a judgement whether there is a significant increase in credit risk, when the payment under the contract is overdue by over 30 days.

The company regards a financial instrument to have significantly increased its credit risk when the contractual payments are past due for more than 60 days. However, in certain cases, it may treat a financial asset as such when internal or external information provides an indication that it is unlikely that the company will receive the full amount of the outstanding amounts under the contract before taking into account any credit enhancements held by it. Financial assets are derecognised when there is no reasonable expectation for the collection of cash flows under the contract.

For the calculation of expected credit losses of trade receivables and assets under contract with clients, the company has adopted and applies the simplified approach based on a matrix for estimating the expected credit loss and does not follows subsequent changes in the credit risk. Under this approach, it recognises corrective (provision for impairment) based on the expected credit losses over the whole period of the receivables at each reporting date. The company has established and applies a provision matrix, which is based on the historical data with respect to credit losses, corrected by forecast ratios, specific for the counterparties and the economic environment and for which there is established correlation with the rate of credit losses.

Financial assets are derecognised when the company has no reasonable expectation of recovering the casf flows under the contract.

Accounting policy, applicable from 1 January 2020

The company classifies its financial assets under the following categories: "loans (credits) and receivables" and "assets held for sale". The classification depends on the nature and the purpose of the financial assets towards the date of their acquisition. The management determines the classification of the financial assets of the company towards the date of their initial recognition in the statement of financial position.

The company normally recognises financial assets in the statement of financial position on "the date of transaction" – the date, on which it has engaged to buy the respective financial assets. All financial assets are measured by their fair value plus the direct costs of the transaction.

Financial assets are written off the financial position statement when the right for receiving cash funds from those assets has expired or the company has transferred the essential part of the risks and benefits arising from the ownership of the asset to another entity or person.

Loans (credits) and receivables

Loans (credits) and receivables are non-derivative financial assets with fixed or definable payments, which are not quoted on an active market. They are measured in the financial position statement at their amortisation value using the method of effective interest, less the impairments made. These assets are included in the group of current assets when their maturity is up to 12 months or the usual operating cycle of the company, while the rest are included as long-term assets.

This group of financial assets includes: loans provided, trade receivables, other receivables from counterparties and third parties, cash funds and cash equivalents from the financial position statement. The interest income on "credits and receivables" is recognised on the basis of effective interest, unless they are short-term receivables less than 3 months, where the recognition of such interest is unjustified as it is not significant under the framework of usual credit terms. It is presented in the statement of comprehensive income under "net financial revenues/expenses".

At date of each financial statement, the company estimates whether there are events or conditions providing evidence of objective proof that requires impairment of the credits and receivables.

2.19.2 Financial liabilities and equity instruments

The company classifies debt instruments and equity instruments as financial liabilities or as shareholders' equity depending on the nature and the conditions in the contract with the respective counterparty with respect to these instruments.

Financial liabilities

Initial recognition, classification and measurement

All financial liabilities are initially recognised at fair value, while in the case of loans and financing and trade and other receivables, net of the direct costs related to the transaction.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below.

Financial liabilities, measured at amortised cost

This category is significant for the company. After initial recognition, the company measures interest bearing loans and financing at amortised cost by the method of the effective interest rate. Profit and loss are recognised in the statement of comprehensive income (in profit and loss for the year), when the corresponding financial liability is derecognised, as well as when by the amortisation based on the effective interest rate.

The amortised value is estimated by taking into consideration all discounts or premiums of the acquisition, as well as fees and costs, which are inseparable part of the effective interest rate. The amortisation is included as "financial expense" in the statement of comprehensive income (in the profit and loss for the year).

Write-off

Financial liabilities are derecognised when the liability is settled or terminated, or expired. When existing financial liability is replaced by another by the same credit provider at materially different terms, or the terms of the existing liabilities are materially changed, this exchange or modification is treated as derecognition of the initial liability and recognition of a new one. The difference in the balance value of the financial liability, settled or transferred to another party in cash or non-cash assets is recognised in the profit and loss for the year.

Accounting policy, applicable from 1 January 2021

Financial liabilities include debt (credits), liabilities towards suppliers and other counterparties. Initially they are recognised in the statement of financial position at fair value, net of the direct costs of the transaction, and next – at the amortisation value using the effective interest method.

2.20 Conditional assets and liabilities

Conditional assets and liabilities are not recognised in the financial statements. They are disclosed, unless the possibility of outgoing and incoming cash flows as well as the related economic benefits are not too far ahead in time.

2.21 Revenues

Accounting policy, applicable from 1 January 2020

Revenue recognition under client contracts

The general revenues of the company are from the sale of own production. The revenue is recognised when the control over the agreed in the client contract goods and/or services is transferred to the client. The control is transferred to the client when the obligations under the contract are met by transferring the agreed goods and/or services.

Measurement of customer contracts

A contract with customer is present only when it has commercial substance and motive, parties have approved it (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, and it is probable the entity will collect the consideration to which it will be entitled.

A contract, which does not meet one of the aforementioned criteria, is subject to a reassessment each reporting period. Considerations, received under such contract, are recognised as liability (liability under contract) in the statement of financial position, while all other criteria for recognition of customer contract are not met, respectively the company fulfils its obligations and receives all or almost all theconsideration (which is not subject to refund) and/or the contract is terminated and the consideration received is non-refundable.

In the initial recognition of the customer contracts, the company makes additional analysis and assessment whether two or more contracts shall be considered in their combination and be reported as one, respectively whether the agreed goods and/or services in each separate and/or combined contract shall be reported as one and/or more obligations for fulfilment. Every promise for transfer of goods and/or services, which are separable (by themselves in the context of the contract) are reported as one obligation for fulfilment.

The company recognises revenue for each separate obligation for fulfilment at individual customer level, while the terms and conditions are analysed for each contract.

When measuring the collectability, all relevant facts and conditions under the transaction are taken into consideration, including past experience, general business practices, published guidelines and announcements made by the company, guarantees and ability for settlement.

Measurement of revenue from customer contracts

The revenue is measured based on the defined for each contract price.

The price of the transaction is the amount of the consideration, which the company expects to have the right to receive, except for the amounts, collected on behalf of third parties. In the process of setting the transaction price, the company takes into consideration the terms of the contract and its common commercial practices.

Obligations for fulfilment under customer contracts

The revenue, generated by the company, is mainly from sale of own production. The company has reached conclusion that it acts as principal in its dealings with customers for the sale of goods/production, since the company controls the goods and/or services before transferring them to the customers.

Revenue from the sale of goods

The company sells own production and others. In the sale, the control of the goods is transferred to the customer at a specific point of time at specified location and the customer can dispose with it by managing its use and receive all related benefits.

Revenue from the sale of services

The services, provided by the company, include episodic services and others. The control on the services is transferred in the period of time during their execution.

Price of transaction and payment terms

The price of the transaction generally includes contracted/fixed sale price, in accordance with general or customer-specific price list.

Variable consideration

Variable consideration is included in the price only to the extent where it is highly probable that there will not be significant correction in the cumulative revenue recognised.

2.22 Expenses

Expenses in the company are recognised at the moment of their occurrence on the basis of accounting and correspondence, but to the extent that the latter does not lead to recognition of reported objects as assets and liabilities **(Notes 13-17)**.

Expenses for future periods are postponed for recognition as current expenses for the period, which the corresponding contracts are executed in.

Financial revenues and expenses are included in the comprehensive income statement when they occur. They are presented net and include: interest revenues and expenses related to provided or received loans, as well as fees and other indirect costs of credits, bank guarantees, and currency rate differences on loans in foreign currency. They are presented net, together with the financial expenses on the front side of the statement of comprehensive income.

2.23Financial risk management

The company is exposed to different types of risks in its operating activities, namely:

Credit risk - the risk the opposite side does not pay its liabilities is supervised by the company using internal rules of control of revenues and expenses, explicit clauses for payment terms and penalties in the contracts with counterparties, as well as collaterals, when appropriate.

After analyses at the end of every reporting period, the company applies policy of 100% impairment for doubtful receivables, in case at least one year has passed since their due date.

Liquidity risk - arises from time differences in the contracted and actual maturities of the cash assets and liabilities. The management maintains enough cash resources in order to support constant liquidity.

Currency risk - arises from transactions in foreign currency made by the company in the course of its business operations **(note 21).**

Interest risk – arises from the possible increase in interest rates of banks and therefore the interest on borrowed capital by the company, thus leading to increase in the interest expenses.

Statement of financial position

3. Non-current assets

3.1Property, plant and equipment

2021, BGN'000	Lands	Buildings	Machines	Equipment	Vehicles	Other LTA	*Assets under constr.*	*TOTAL*	*Right-of-use assets*
Gross carrying amount, 1 Jan 2021	738	1097	1,225	1,284	249	379		4,972	91
Accumulated depreciation, 1 Jan 2021	-	(93)	(1,167)	(487)	(235)	(305)	-	(2,287)	(31)
Balance at 1 January 2021	**738**	**1004**	**58**	**797**	**14**	**74**		**2,685**	**60**
Additions			6	7	7	8	7	35	34
Disposals							(7)	(7)	-
Current year depreciation		(47)	(34)	(52)	(6)	(22)		(161)	(25)
Eliminated depreciation on disposals of assets									
Revaluation									
Balance at 31 December 2021	**738**	**957**	**30**	**752**	**15**	**60**	**-**	**2,552**	**69**
Gross carrying amount, 31 Dec 2021	738	1,097	1,231	1,291	256	387		5,000	125
Accumulated depreciation, 31 Dec 2021		(140)	(1,201)	(539)	(241)	(327)		(2,448)	(56)
Balance at 31 December 2021	**738**	**957**	**30**	**752**	**15**	**60**	**-**	**2,552**	**69**

2022, BGN'000	Lands	Buildings	Machines	Equipment	Vehicles	Other LTA	*Assets under construction*	*TOTAL*	*Right-of-use assets*
Gross carrying amount, 1 Jan 2022	738	1,097	1,231	1,291	256	387		5,000	125
Accumulated depreciation, 1 Jan 2022		(140)	(1,201)	(539)	(241)	(327)		(2,448)	(56)
Balance at 1 January 2022	**738**	**957**	**30**	**752**	**15**	**60**	**-**	**2,552**	**69**
Additions			10					10	47
Disposals					(19)			(19)	
Current year depreciation		(46)	(22)	(52)	(5)	(22)		(147)	(28)
Written-off depreciation					19			19	
Balance at 31 December 2022	**738**	**911**	**18**	**700**	**10**	**38**	**-**	**2,415**	**88**
Gross carrying amount, 31 Dec 2022	738	1,097	1,241	1,291	237	387		4,991	172
Accumulated depreciation, 31 Dec 2022		(186)	(1,223)	(591)	(233)	(349)		(2,576)	(84)
Balance at 31 December 2022	**738**	**911**	**18**	**700**	**10**	**38**	**-**	**2,415**	**88**

At 31 December **2022**, the company has not performed a revaluation of its property, since the time cycle over which it performs such revaluation is not yet over, in accordance with the selected valuationmodel (see note 2.7).

A commission of technical experts from the company has performed an overview of the tangible assets in order to find whether there are conditions present for impairments in compliance with the requirements and the rules of IAS 36 Impairment of Assets. Based on this overview, the management has established there are no such indications for impairment as of 31 December **2022.**

In 2022, the company uses vehicles under lease. At the end of the period, the carrying amount for right-of-use assets for each class of assets is as follows:

	2022, BGN'000	2021, BGN'000
Right-of-use assets		
Transport vehicles	15	27
Plant-specific vehicles	73	42
TOTAL	**88**	**69**

3.2 Intangible assets

2021, BGN'000	Rights	Other intang. Assets	Assets under construction	Total
Gross carrying amount, 1 Jan 2021	22	15	-	37
Accumulated amortiisation, 1 Jan 2021	(16)	(15)	-	(31)
Balance at 1 January 2021	**6**	**-**	**-**	**6**
Additions				-
Disposals				-
Current year amortisation	(1)			(1)
Balance at 31 December 2021	**5**	**-**	**-**	**5**
Gross carrying amount, 31 Dec 2021	22	15	-	37
Accumulated amortisation, 31 Dec 2021	(17)	(15)	-	(32)
Balance at 31 December 2021	**5**	**-**	**-**	**5**

2022, BGN'000	Rights	Other intang. Assets	Assets under construction	Total
Gross carrying amount, 1 Jan 2022	22	15		37
Accumulated amortisation 1 Jan 2022	(17)	(15)		(32)
Balance at 1 January 2022	**5**	**-**	**-**	**5**
Additions				-
Disposals				-
Current year amortisation				
Balance at 31 December 2021	**5**	**-**	**-**	**5**
Gross carrying amount, 31 Dec 2021	22	15		37
Accumulated depreciation, 31 Dec 2021	(17)	(15)		(32)
Balance at 31 December 2021	**5**	**-**	**-**	**5**

The management has established there are no conditions for impairment of the company's intangible assets.

4. Receivables from related parties

At the reporting period, the Company has receivables from parent-companyMathios Refractories S.A., as follows:

	2022	2021
	BGN'000	BGN'000
Mathios Refractories S.A.		
IKM COMPANY LTD	4	
Total receivables from related parties	4	0

They are in BGN, interest-free, and are solely from trading deals on sales of products, goods and services.

The company has set a standard credit period of 30 days for receivables from related parties.

5.Trade and other receivables, net

Trade receivables are from trade counterparties (clients and suppliers, receivables under provided guarantees for rented assets, and deferred expenses) and tax refunds.

	2022	2021
	BGN'000	BGN'000
Receivables from trade counterparties	411	126
Pending and awarded claims	-	18
Grant financing	-	7
Tax refunds	13	15
Guarantees	-	6
Insurance	-	
Other creditors	21	10
TOTAL	**445**	**182**

5.1 At 31 December, the enterprise has the following receivables from trade counterparties:

	2022	2021
	BGN'000	BGN'000
Receivables from clients	359	91
Impairment	(2)	(2)
Prepaid expenses	54	37
TOTAL	**411**	**126**

The company applies flexible policy for its trade receivables. Policy for immediate payment is adopted for large part of the clients, while for regular clients the credit period is between 30 and 60 days, subject to individual agreement.

With the adoption of IFRS 9 from 1 January 2018, the company applies the simplified approach for impairment of receivables from customers. The management has developed and applies the model of provision matrix for expected credit loss from customers. There is no significant effect for the company from the application of IFRS 9. In particular, the effect of the new provision matrix model of receivables from customers is presented in note 21.

As of 31 December trade receivables from clients, are in the amount of BGN **357 thousand** with the following structure:

	2022	2021
	BGN'000	BGN'000
les than 30 days	259	89
from 30 to 60 days	98	
from 61 to 90 days		
from 91 to 120 days		
More than 120 days		
TOTAL	**357**	**89**

At31 December, **there are no** overdue receivables, which are not impaired. There is no write-off for overdue receivables for the period.

The deposits provided in the amount of BGN **6 thousand** are for rented assets and payment guarantees for regular supplies.

Expenses for future periods, in the amount of BGN 54 thousand, refer щд prepaid subscriptions (BGN 2 thousand), insurance (BGN 52 thousand) and others.

5.2Tax refunds are from value added tax, as follows:

	2022	2021
	BGN'000	BGN'000
VAT to collect	13	15
TOTAL	13	15

6. Inventory

The management maintains a level of raw materials and spare parts in a warehouse that ensures the normal production cycle.

At the date of the financial statement, a commission of experts from the company makes an overview of the raw materials available, as follows:

- Overview of the balance value of raw materials and comparison to the net realisable value, in order to establish whether it is necessary to impair these raw materials in the financial statements in compliance with IAS 2 Inventories. The results of the overview establish there are no conditions for impairment of products or other inventories.
- Overview of the raw materials with respect to obsolescence and working capability. The company maintains inventory of materials and specific spare parts for front and side port equipment. The inspection shows there are no conditions for write-offs or impairment of obsolete inventories.

	2022	2021
	BGN'000	BGN'000
Main and supplement materials	976	1059
Production	964	829
Goods	49	28
Advance payments	-	17
TOTAL	**1989**	**1933**

The major part of inventories comprises materials (main and packaging) for the production and matrices for moulding the products.

7. Cash and cash equivalents

The cash and cash equivalents available at 31 December **2022** are in bank current accounts in BGN and EUR and they are not interest bearing.

	2022	2021
	BGN'000	BGN'000
In BGN	86	49
In foreign currency	99	400
TOTAL	**185**	**449**

8. Equity

Mathios AD is registered in the Trade Register as a joint stock company. At **31 December 2022,** the issued equity is fully deposited in the amount of BGN 400 000 and equal to 400 000 shares with nominal value of BGN 1 each.

Shareholders are as follows:

1. Mathios Refractories S.A., Greece –	99,9975 % of capital	(399 990 shares)
2. Individuals –	0,0025 % of capital	(10 shares)

9. Reserves

There is no change in the legal reserves of the company for the year, ending on 31.12.2021.

	2022	2021
	BGN'000	BGN'000
Legal reserves	40	40
TOTAL	**40**	**40**

As a result of the change in the valuation model for property in 2022, the company forms revaluation reserves, as follows:

	2022	2021
	BGN'000	BGN'000
Profit from revaluation of non-current assets	1,018	1,018
Tax on position of other comprehensive income	(101)	(101)
TOTAL	**917**	**917**

10. Retained earnings

	2022	2021
	BGN'000	BGN'000
Retained earnings for 2009	153	153
Retained earnings for 2010	2 456	2 456
Uncovered loses for 2011	(318)	(318)
Uncovered loses for 2016	(586)	(586)
Uncovered loses for 2017	(555)	(555)
Uncovered loses for 2018	(356)	(356)
Uncovered loses for 2019	(310)	(310)
Uncovered loses for 2020	(72)	(72)
Uncovered loses for 2021	10	10
Uncovered loses for 2022	(422)	
TOTAL	-	**422**

11. Current liabilities

11.1 Liabilities to related parties

There are related party liabilities only to Mathios Refractories S.A. They are in BGN, interest free, and are solely from commercial deals on purchases of production materials, moulds, goods, services and rents of production equipment.

	2022	2021
	BGN'000	BGN'000
Mathios Refractories	3 196	2 895
TOTAL	3 196	2 895

11.2 Liabilities to financial companies

At the end the reporting period, the company does have liabilities as well as active agreements for credits and loans.

At the end of the reporting period, the company shows liabilities for leases, as follows:

	2022	2021
	BGN'000	BGN'000
Non-current	33	33
Current	37	34
TOTAL	70	67

Reconciliation of changes in liabilities from financial operations BGN`000	01.01.2021	Changes in cash flows from financial operations	Changes of non-monetary nature	31.12.2021
Liabilities to financial companies			-	-
Leases	59	8	-	**67**
Total liabilities from financial operations	**59**	**8**	-	**67**

Reconciliation of changes in liabilities from financial operations BGN`000	01.01.2022	Changes in cash flows from financial operations	Changes of non-monetary nature	31.12.2022
Liabilities to financial companies			-	-
Leases	67	3	-	**70**
Total liabilities from financial operations	**67**	**3**	-	**70**

11.3 Trade and other liabilities

	BGN'000	.BGN'000
Liabilities to suppliers	125	110
Tax payables	12	4
Other current liabilities	13	-
TOTAL	150	114

	2022 BGN'000	2021 BGN'000
Liabilities under client contracts		3
TOTAL	-	3

As of 31 Decemberp the company has liabilities to the following suppliersof raw materials, transportation services, and non-current assets:

Supplier	2022 BGN`000	2021 BGN`000
DALKAFIKI IOAN MARIA	15	10
Bonev EOOD	3	2
Lobby Car Trans	8	
Promstoy Commers	16	
Kammarton Bulgaria EOOD	8	7
Sika Bulgaria EOOD	6	
Marvi Trans EOOD	18	8
CEZ Trade Bulgaria EAD	28	38
Timber Commerce	20	
Stroycem	0	29
Others	3	16
TOTAL	**125**	**110**

Tax payables are for tax on income, paid to individuals in **2022**.

	2022 BGN'000	2021 BGN'000
Personnel incomes tax	12	4
Other taxes		
TOTAL	**12**	**4**

The company does not have other payables at 31.12.2022.

11.4 Liabilities to personnel

The following items are reported under the article "Liabilities to personnel":

	2022 BGN'000	2021 BGN'000
Wages and salaries	89	66
Refundable holidays	28	16
Social insurance payables	46	35
TOTAL	**163**	**117**

At the date of the statement of financial position, the management of the company has determined the potential costs, payable upon release of the staff due to retirement over the next five years: BGN 47 thousand (**2021**: BGN 37 thousand). The calculation of the amount of these liabilities assumes participation of qualified actuaries in order to determine their present value at the reporting date. At present, the company does not use actuarial services, thus the estimation of the company's management for establishing the value of potential expense could not be defined as reliable. In this respect, provisions for retirement payments are not recognised in the statement of comprehensive income.

11.4.1 Provisions for retirement income

According to the requirements of the Labour Code, upon termination of employment, after the employee acquires the right to a pension for length of service and age, the Company is obliged to pay him compensation of up to six gross salaries.

Long-term liabilities to staff at retirement include the present value of the company's liability for employee benefits at the end of the reporting period upon reaching retirement age.

The change in the present value of liabilities to retirement personnel and the determination of actuarial gains or losses have an insignificant effect, therefore the company has not reported amounts in the statement of comprehensive income of long-term retirement benefits and provisions for retirement liabilities.

The following expenses for retirement benefits are recognised in these financial statements:

	2022 BGN'000	2021 BGN'000
Present value of the liability at 01.01	37	
Expense for current work experience	14	10
Expense for past work experience	0	29
Retirement benefits paid over the period	(8)	(6)
Actuarial gain/(loss)	4	4
TOTAL	47	37

The amounts reported in the statement of comprehensive income for long-term retirement benefits are:

	2022 BGN'000	2021 BGN'000
Expenses for retirement, recognised in profit/loss	43	33
Expenses for retirement, recognised in other comprehensive income	4	4
TOTAL	**47**	**37**

The following parameters have been taken into account in the calculation of the retirement liability as of 31 December 2022:

- turnover rate, determined on the basis of different age groups and number of people leaving to the average number of staff;
- increase in salaries;
- a discount rate applied.

In determining the present value of retirement liabilities, the following actuarial assumptions have been made, while using the services of a certified actuary.

	2022	2021
Discount rate	2.85%	0.50%
Future increase in salaries	2.00%	2.00%
Staff withdrawal rate	15.00%	15.00%

As of 31.12.2022, the liabilities for retirement are BGN 47 thousand (31.12.2021: 37).

11.5 Government Grants

The company has received government grants for the year ending 31.12.2022 under different measures in the amount of BGN 131 thousand (2021: BGN 231 thousand), which include:

- Government compensation for electricity;
- Government grants for non-current assets.

The balance for government grants at 31.12.2022 is BGN 79 thousand (31.12.2021: BGN 98 thousand), of which BGN 19 thousand are current.

Statement of comprehensive income

*12.*Revenue

12.1 Revenue from contracts with customers

In the statement of comprehensive income for **2022**, the revenue from operations of the company is presented as follows:

	2022	2021
	BGN'000	BGN'000
Revenue from sale of production	4249	3441
Revenue from sale of goods	1207	497
Revenue from rendering of services	238	147
TOTAL	**5694**	**4085**

In 2022, revenue is recognised under IFRS 15 Revenue from contracts with customers – note 2.3.

Moment in time for recognition of revenue

	2022	2021
	BGN'000	BGN'000
Goods, transferred at specifed moment of time	5456	3938
Services, transferred over time	238	147
TOTAL	**5694**	**4085**

Balance under contracts

	2022	2021
	BGN'000	BGN'000
Trade receivebles from customers	357	89
Trade receivables from related parties	4	
TOTAL	361	89

12.2 Other gains/(losses), net

	2022	2021
	BGN'000	BGN'000
Gain/(loss) on a disposal of property, plant and equipment, net		
EU funds & Government grants	151	231
Revenue from sale of materials	34	23
Cost of materials sold	(29)	(22)
Sale of Property, plant and equipment	1	
Other revenue	31	47
TOTAL	***188***	***279***

The company has made the following operating expenses for **2022**:

13.Expense for raw materials and consumables

	2022 BNG'000	2021 BNG'000
Core materials	(904)	(696)
Supplementary materials and spare parts	(1,051)	(583)
TOTAL	**(1,955)**	**(1,279)**

14.Sale and administrative expenses

	2022 BGN'000	2021 BGN'000
Advertising,promotions, consulting, fees	(70)	(42)
Electicity, gas, water	(520)	(221)
Telecommunications and couriers	(8)	(9)
Rents	(520)	(451)
Trips and car expenses	(12)	(10)
Office supplies	(5)	(3)
Transport and other sales expenses	(447)	(288)
Other administrative expenses	(70)	(37)
TOTAL	**(1 652)**	**(1 061)**

15. Employee benefits expense

The expenses for wages and salaries of employees also include the salaries of the management personnel, which are subject to analysis in 19.3.

	2022 BGN'000	2021 BGN'000
Expenses for wages and salaries	(1 376)	(1 149)
Expenses for social insurance	(238)	(201)
Expenses for refundable holidays	(28)	(14)
TOTAL	**(1 642)**	**(1 364)**

The number of employees towards 31 December under labour agreements is **87**, while it was **77** for **2021**.

16. Lease expenses, recognised in the Statement of Comprehensive Income

The following lease expenses are recognised in the current financial statement:

Depreciation for right-of-use assets

	2022 *BGN`000*	2021 *BGN`000*
Transport vehicles	12	12
Others	16	11
TOTAL	**28**	**23**

Depreciation for right-of-use assets is included under Expenses for depreciation and amortisation in the statement of comprehensive income.

Interest on leases

	2022	2021
	BGN`000	BGN`000
Interest on leases	1	2
TOTAL	**1**	**2**

Lease expenses are included in finance expenses.

Expenses from short-term lease contracts (included in Sale and administrative expenses) are in the amount of BGN 45 thousand for 2022.

Expenses for leases of low value (included in Sale and administrative expenses), not included in short-term lease contracts, are in the amount of BGN 474 thousand for 2021.

There are no expenses, related to variable lease payments, in the current financial statements.

The total outgoing cash flows from lease contracts in 2022 are in the of BGN 40 thousand:

- Outgoing cash flows from finance operations – for payment of lease principals – BGN 40 thousand and for interest on leases (if reported as finance operations under IAS 7) – none;
- Outgoing cash flows from operating activities – BGN 474 thousand – for short-term lease contracts.

17. Finance revenue and expenses

	2022	2021
	BGN'000	BGN'000
Expense for Interests		
Bank fees and commissions	(2)	(3)
Net income/loss from foreign currency deals	(6)	(4)
Net finance costs	**(8)**	**(7)**

18. Tax expenses

The company completes **2022** with negative financial result before taxes – BGN (430) thousand. After transforming the financial result for tax purposes, the company again exhibits a negative result for taxation.

The main components of the expense on income tax are:

	2022	2021
	BGN'000	BGN'000
Tax effect	12	4
TOTAL	**12**	**4**

The relationship between tax and accounting profit for the period is as follows:

	2022	2021
	BGN'000	BGN'000
Accounting loss before tax	(430)	10
Corporate tax on accounting result	43	(1)
Corporate tax from permanent differences, net	(2)	5
Unrecognised deferred tax assets	(29)	
Total tax effect	**12**	**4**

After estimating the net effect from the new temporary tax differences for **2022** and the opposite effect of the temporary tax differences from previous periods the company reports change in deferred tax by forming liabilities in the amount BGN 69 thousand.

BGN'000	Revaluation reserves	Depreciation	Compensation for pensions and holidays	Physical persons income	Low capitalisation	Pension benefits	Asset impairments	TOTAL
1 January 2021	**(101)**	**8**	**1**	**3**	**2**	**-**	**3**	**(84)**
Accounted as revenue/expense in the statement of comprehensive income								
In the profit for the year		1	-	1			(2)	-
In the other comprehensive income	(101)					3		3
31 December 2021	**(101)**	**9**	**1**	**4**	**2**	**3**	**1**	**(81)**
Accounted as revenue/expense in the statement of comprehensive income								
In the profit for the year		2	1	1			7	11
In the other comprehensive income						1		1
31 December 2019	**(101)**	**11**	**2**	**5**	**2**	**4**	**8**	**(69)**

At 31.12.2022, the company has recognised a deferred tax liability in amount of BGN 69 thousand.

19. Yield per share

19.1 Earnings per share

Earnings per share are calculated as the net income available to shareholders is divided by the average number of shares outstanding during the year.
The average number of shares outstanding, used for estimating the earnings per share, as well as the net income available to shareholders, are as follows:

	2022 BGN	2021 BGN
Net income (loss), available to shareholders	(418)	14
Average number of shares	400 000	400 000
Earnings per share (BGN for share)	**(1.05)**	**0.04**

19.2 Net value per share

The net value per share is calculated by dividing the shareholders` equity by the weight average number of shares.

	2022	2021
Shareholders equity, thousands BGN	1,357	1,769
Average number of shares	400,000	400,000
Net value per share, BGN	**3.39**	**4.42**

20. Related parties

20.1 Relation type

- Mathios Refractories S.A., Greece – mother-company.
- IKM Company LTD – entity, controlled by key management personnel.
- Mathios 2014 Ltd – entity, controlled by key management personnel.
- Mathios GmbH, Germany – entity, controlled by the majority shareholder of the equity.
- IDEAL SA, Greece - entity, controlled by the majority shareholder of the equity
- BAU MARKET SA, Greece - entity, controlled by the majority shareholder of the equity
- Key management personnel:
  - Ioannis Konstantinos Mathios – Executive Director, Board of Directors;
  - Nikolaos Eftimos Tsamourtzis - Board of Directors;

- Sofia PavlosAnthonaki – Board of Directors.

20.2Transactions with related parties

Transactions with related parties are not subject to specific terms and conditions.

	Transactions type	*2022* BGN'000	*2021* BGN'000
Mother-company	sale	3423	2637
Mother-company	purchases	1863	1046
Controlled company	sales	29	84

The liabilities and receivables to related parties at the date of the financial statement are towards Mathios Refractories S.A.

	2022 BGN'000	2021 BGN'000
Receivables from related parties	4	
Liabilities to related parties	3196	2895

20.3Transactions with key management personnel

	2022 BGN'000	*2021* BGN'000
Salaries	(154)	(135)
Social insurance	(8)	(7)
Total transactions with key management peronnel	**(162)**	**(142)**

21. Financial Instruments

IFRS 9 replaced the requirements of IAS 39 with respect recognition, classification, valuation and write-off of financial assets and financial liabilities.

IFRS 9 introduces 3 primary categories for classification of financial assets: valued at amortisation cost, at fair value through other comprehensive income and at fair value through profit and loss.

The adoption of IFRS 9 changes in substance the financial reporting of impairment losses for financial assets by replacing the approach of impairment losses under IAS 39 with the oriented towards future expectations model of expected credit loss (ECL). IFRS 9 requires to recognise provision of expected credit losses for all debt instruments, which are not measured at fair value, in the profit and loss, as well as the assets under contracts.

The application of IFRS 9 Financial Instruments from 1 January 2018 has lead to certain corrections in the amounts under different items for the corresponding reporting objects. The approved new accounting policies are disclosed in note 2.19.

The company has adopted a policy for maintaining and management cash and cash equivalents in financial institutions in Bulgaria that have good reputation and high credit rating. Based on the performed assessment towards the end of the reporting period, the company does not recognise provisions for expected credit loss on cash and cash equivalents.

There are no effects for financial reporting of financial liabilities of the company, since the new requirements refer only to the financial reporting of financial liabilities, defined at fair value through profit and loss, while it does not have such liabilities. The rules for derecognising liabilities are transferred from IAS 39 Financial instruments: recognition and measurement and are not amended.

22. Financial risk management

Structure of the financial assets and liabilities at31 December by category:

Financial assets at 31 December 2022	Amortised cost BGN'000
Trade receivables and others	378
Trade receivables from related parties	4
Cash and cash equivalents	185
TOTAL	**567**

Financial liabilities at 31 December 2022	Amortised cost BGN'000
Trade payables to related parties	3,196
Trade payables and others	125
Lease liabilities	70
TOTAL	**3,391**

Financial assets at 31 December 2021	Amortised cost BGN'000
Trade receivables and others	113
Trade receivables from related parties	-
Cash and cash equivalents	449
TOTAL	**562**

Financial liabilities at 31 December 2021	Amortised cost BGN'000
Trade payables to related parties	2,895
Trade payables and others	114
Lease liabilities	67
TOTAL	**3,076**

During its business operations, the company could be exposed to different types of financial risks, most important of which are: market risk (including currency risk, risk of fair value change, and price risk), credit risk, liquidity risk and risk from interest-related cash flows. The general risk management is focused on the forecasted results from certain areas of the financial markets for achieving minimum negative effects, which could reflect on the financial results. Financial risks are currently identified, measured and watched closely with the help of different control mechanisms, so that adequate prices are determined for the products/services of the company and for the attracted landed capital. This also helps to evaluate adequately the market conditions, the investments made by the company, as well as the forms of keeping certain liquidity levels, without allowing unnecessary concentration of a given risk.

Risk management is performed currently under the direct control of the executive director, and the financial experts of the company in accordance with the policy, defined by the Board of Directors, which has developed the main guidelines for the general risk management. Based on those guidelines are developed specific procedures for managing the different types of risk like currency risk, interest-related risk, price risk, credit risk, liquidity risk, as well as for the use of derivative and non-derivative (mainly) instruments.

The different types of risk, to which the company is exposed in its business operations, as well as the adopted approach for managing those risks, are described below:

Market risk

Currency risk

The company makes its trades on the internal and external markets, but is not exposed to considerable currency risk, because all of its operations and trades are in BGN or EUR, which are exchanged at a fixed rate, set by the Bulgarian National Bank by law.

The data from the table below shows the structure of the financial assets and liabilities under types of currency:

Financial assets at 31 December 2022	in EUR EUR'000	in BGN BGN'000	*Total BGN'000*
Trade receivables and others	49	329	378
Trade receivables from related parties		4	4
Cash and cash equivalents	99	86	185
TOTAL	**148**	**419**	**567**

Financial liabilities 31 December 2022	in EUR EUR'000	in BGN BGN'000	*Total BGN'000*
Trade liabilities to related parties	3196		3196
Trade liabilities and others	14	111	125
Lease liabilities		70	70
TOTAL	**3210**	**181**	**3391**

Financial assets at 31 December 2021	in EUR EUR'000	in BGN BGN'000	*Total BGN'000*
Trade receivables and others	1	112	113
Trade receivables from related parties			0
Cash and cash equivalents	400	49	449
TOTAL	**401**	**161**	**562**

Financial liabilities 31 December 2021	in EUR EUR'000	in BGN BGN'000	*Total BGN'000*
Trade liabilities to related parties	2895		2895
Trade liabilities and others	5	109	114
Lease liabilities		67	67
TOTAL	**2900**	**176**	**3076**

Price risk

The management succeeds in minimizing price risk in regard to raw materials by keeping alternative sources of supply for large part of them. Still, there is a risk of price increase for small part of the raw materials, because they have specific production that does not have adequate substitutes. Minimizing price risk of negative changes in prices of goods and services, subject tocommercial operations, is achieved by periodic analysis and negotiation of contracted relations as well as actualising the prices towards the market changes.

The company does not keep shares or other securities, which are subject to trading, and it does not have practice to trade with financial instruments, respectively it is not exposed to risks of negative changes in financial markets.

Credit risk

The financial assets of the company are concentrated in two groups: cash (in cash and in bank accounts) and receivables from clients.

Credit risk mainly represents the risk that clients of the company are not able to fully pay and in the usually defined terms the amounts due on trade receivables.

The company does not have significant concentration of credit risk. Its policy is to negotiate credit periods over 30 days only to clients, who have long enough trade history with the company. For all other clients, payments on sales are made mostly through bank wire transfers or in cash at the moment of the sale.

The collectability and the concentration of the receivables are watched currently in accordance with the established company policy. Therefore, the accounting department presents a weekly report to the management about the sales made, payments received, and unsettled invoices with upcoming maturity dates.

Cash funds of the company and the payment operations are concentrated in one bank, which increases the risk for cash and cash equivalents.

The company has developed a model for expected credit losses, in accordance with the requirements of IFRS 9. Based on the model, it estimates a provision for its trade and other current receivables, disclosed in Provision matrix below, which includes:

a) Grouping clients and counterparties of the Company under geographical factors and under similar business and other characteristics and credit risk.
b) Provision matrix, based on historic data for percentage of default/overdue on obligations over time frame periods, corrected with additional assumptions and estimates, focused on possible changes in these levels, based on macro-economic or industry specific factors. The management judgment shows the financial component in these receivables is not significant,

At 01.01.2022

Maturity	Nominal value of receivables	Rate of credit loss	Expected credit loss
Current	91	2.00	2
Overdue 1-30 days	-	0.00%	-
Overdue 31-60 days	-	0.00%	-
Overdue 61-90 days	-	0.00%	-
Overdue 91-120 days	-	0.00%	-
Overdue over 120 days	-	50.00%	-
	91		**2**

At 31.12.2022

Maturity	Nominal value of receivables	Rate of credit loss	Expected credit loss
Current	261	2.00%	2
Overdue 1-30 days	-	0.00%	-
Overdue 31-60 days	98	0.00%	-
Overdue 61-90 days	-	0.00%	-
Overdue 91-120 days	-	0.00%	-
Overdue over 120 days	-	50.00%	-
	359		**2**

The Company has adopted a policy for maintaining and management cash and cash equivalents in financial institutions in Bulgaria with good reputation and high credit rating. Based on the currently performed preliminary evaluation, the Company does not expect provisioning a significant amount for the loss correction of cash and cash equivalents.

Liquidity risk

The liquidity risk refers to the inability of the company to meet all of its liabilities according to their maturity. It carries conservative policy regarding liquidity, through which it constantly maintains optimal liquidity reserve of cash funds and good capability of financing its commercial operations. The company uses borrowed credit resources as well.

The accounting department informs the management on monthly basis about new liabilities and follows the maturity dates of payments, analyses factual and forecasted cash flows by period, maintains balance between the maturity frames of assets and liabilities.

Maturity analysis

Below are presented financial non-derivative assets and liabilities of the company at the date of the statement of financial position, grouped under remaining maturity, determined against the stipulated maturity and cash flows. The table is prepared based on not discounted cash flows and the earliest date, on which the receivable, respectively the payable has become due. The amounts include principles and interests.

Financial assets at 31 December 2022	Up to 1 mth	1 - 3 mths	3 - 12 mths	Above 12 mths	Without maturity	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Trade receivables and others	4	358			20	382
Trade receivables from related parties						0
Cash and cash equivalents	4				181	185
TOTAL	**8**	**358**	**0**	**0**	**201**	**567**

Financial liabilities 31 December 2022	Up to 1 mth	1 - 3 mths	3 - 12 mths	Above 12 mths	Without maturity	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Trade liabilities to related parties	3196					3196
Trade liabilities and others	125					125
Lease liability		9	27	34		70
TOTAL	**3321**	**9**	**27**	**34**	**0**	**3391**

Financial assets at 31 December 2021	Up to 1 mth	1 - 3 mths	3 - 12 mths	Above 12 mths	Without maturity	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Trade receivables and others	97		16			113
Trade receivables from related parties						0
Cash and cash equivalents					449	449
TOTAL	**97**	**0**	**16**	**0**	**449**	**562**

Financial liabilities 31 December 2021	Up to 1 mth	1 - 3 mths	3 - 12 mths	Above 12 mths	Without maturity	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Trade liabilities to related parties	2895					2895
Trade liabilities and others	114					114
Lease liability		8	25	34		67
TOTAL	**3009**	**8**	**25**	**34**	**0**	**3076**

Risk of interest bearing cash flows

The company does not have considerable concentration of interest bearing assets, except the free cash funds on current and deposit bank accounts, so that the revenues and the incoming operating cash flows are in large part independent of the market interest levels.

The outgoing cash flows for **2022** are exposed to interest risk of using a bank loan in Euro with variable interest rate, based on the interbank interest rates plus premium.

For the rest of financial liabilities, the company is not exposed to interest risk as they usually are interest-free commercial payables or at fixed interest rate.

31 December 2022	Interest-free	With variable interest	With fixed interest	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Financial assets	567			567
Financial liabilities	3321		70	3391

31 December 2021	Interest-free	With variable interest	With fixed interest	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Financial assets	562			562
Financial liabilities	3009		67	3076

The funds on current accounts accumulate interest rates according to the tariffs of the respective banks, which are kept relatively constant for longer period of time.

The management of the company follows and analyses its exposition against the changes in interest levels. Different scenarios are simulated, including refinancing, renewing of existing positions and alternative financing. Estimations are made only for significant interest bearing positions.

The interest sensitivity towards 31 December **2022**, against changes in interest rate is as follows: In case the interest rate in BGN increases with 1% (100 basis points) and the influence of all other variables is ignored, the annual profit after taxation, respectively the equity, would be lower with 1 thousandLeva (BGN); in case of the opposite change, decrease of 1% (100 basis points), the effect on the profit, respectively the equity, would be increase with the same amount.

The fair value concept presumes realization of the financial instruments through sales, based on the position, assumptions and judgments of independent market participants, toa basic or most advantageous for an asset or liability market. For its financial assets and liabilities, the company accept as a basic market the direct transactions between parties. Especially for the trade receivables and payables, loans and bank deposits, it expects to realize these financial assets and liabilities or through their total refund or respectively by repayment in time. Therefore, they are presented at their amortized cost.

Also, most of the financial assets and liabilities are either short-term (bank deposits, trade receivables and payables, short-term loans) or are presented in the statement of financial position at market value (investments in securities) and their fair value approximates their carrying value.

The Company's management believes that under the circumstances presented in the statement of financial position estimates of the financial assets and liabilities are as reliable, adequate and reliable for the purposes of financial reporting.

No transfers made between level 1, 2 and 3.

23. Capital risk management

The company manages capital risk in order to support its functioning as operating company, which provides the respective return on the invested funds by the shareholders, commercial benefits to other interested parties and participants in its business, as well as to support optimal capital structure in order to reduce expenses for the capital.

The company follows closely the structure of capital based on the debt ratio. It is measurement of a company's financial leverage, calculated as the company's debt divided by its total capital. The net debt capital is defined as difference between all debt (current and noncurrent) as it is shown the financial positions statement and the cash and cash equivalents. The total capital equals the shareholders' equity plus the debt capital.

The table below presents the debt ratios based on the capital structure as of 31 December:

	2022	2021
	BGN'000	BGN'000
Total debt, Incl.		
Bank loans		
Cash and cash equivalents	(185)	(449)
Net debt	**(185)**	**(449)**
Total shareholders' equity	1,357	1,779
Total capital	1,357	1,779
Debt ratio	**(0.14)**	**(0.25)**

The company does not use external financing at 31.12.2022, thus exhibiting high financial independence.

24. Going concern

The majority shareholder of Mathios AD declares the operations of the Company are entirely in compliance with and subject to the execution of the adopted long-term Program for development of the Group Mathios Refractories S.A. and to adopted Business plan for **2022**. In this respect, the company achieves better results for 2022 – higher volume of revenue (by about 39%).

Despite the loss for the year in the amount of BGN 422 thousand, the company expects the growth in sales to continue in 2023, including by increasing price levels, thus achieving positive results for the upcoming reporting periods.

The shareholders of the Group Mathios Refractories also declare their willingness to provide financial support to the company, if necessary.

There are no other factors or events, introducing doubts for the application of the going concern principle as a basis for preparation of the financial statements. The aims of the management are for the company to continue all of its operations. Therefore, assets and liabilities are reported by applying the going concern principle. The management does not have plans or intents, which would significantly limit operations and/or transform the company in the foreseeable future for a period of minimum one year.

25. Events after the statement of financial position date

No adjusting events or significant non-adjusting events occurred in the period from 31.12.2022 to the date of approval of the financial statements, which would significantly affect the company's results for the current financial year.

The annual financial statements have been approved by the Board of Directors on 14.03.2023.

14 March 2023

Chief Accountant: (Vanya Hristova)

Representative: (Nikolaos Tsamourtzis)

„МАТИОС" АД