ANNUAL MANAGEMENT REPORT

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

as of December 31, 2023

(Unofficial translation of the original in Bulgarian)

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Name of the Company:	**FILKAB Solar OOD**
Unified Identification Code:	203285147
Registered Office:	92 Komatevsko shosse Str., Plovdiv
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ANNUAL REPORT ON THE ACTIVITY

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1. Company's Profile

FILKAB Solar OOD (the Company) is a limited liability company, entered in the Commercial Register at the Registry Agency of the Republic of Bulgaria on November 7, 2014 under Unified Identification Code 203285147.

FILKAB Solar OOD is a leading supplier of equipment and complex solutions in the field of renewable energy sources. The Company specializes in design, construction, monitoring, maintenance, management and operation of systems and equipment for production and storage of electricity from renewable sources, autonomous power supply systems, distribution of electrical materials and equipment, construction and maintenance of network and information systems, management and control systems, development, design and production of electrical equipment, service, training and consulting activities.

The Company was established as a result of restructuring of the majority shareholder - FILKAB AD, where a portion of the engineering and design areas were separated into new subsidiaries.

The Company does not perform research and development activities and has no registered branches.

2. Share Capital of the Company

As of December 31, 2023 the registered share capital of the Company is at the total amount of BGN 50 thousand and is distributed in 5 000 shares at nominal value of BGN 10 per share. Shareholders of the Company are FILKAB AD, UIC 115328801, holding 3 500 shares and two individuals with 750 shares each.

3. Company's Structure

FILKAB Solar OOD holds shares in the following companies:

№	Name of company of investment based on latest legal registration	Number of shares	Carrying amount of the investment in thousands of BGN	% of equity participation
1	SOLAR REMUS S.R.L., Romania	2	0.008	0.04%
		Total:	**0.008**	

4. Company Management Bodies Information

The Company management bodies are the General Meeting of Shareholders and a Managing Director – Slav Ognyanov Landov.

The Managing Director represents the Company afore third parties and manages the entire business activity of the Company.

5. Financial Position

	December 31, 2023	**December 31, 2022**	**Change**
Revenue	22 794	24 080	-5.3%
Profit for the period	2 073	1 974	5.0%
Assets	13 836	6 444	114.7%
Liabilities	8 769	3 450	154.2%
Equity	5 067	2 994	69.2%
Current assets	13 497	6 381	111.5%
Current liabilities	8 656	3 450	150.9%
Current liquidity ratio	1.56	1.85	-15.7%
Quick ratio	0.40	0.87	-54.0%
Equity profitability ratio	0.41	0.66	-37.9%
Equity to debt ratio	0.37	0.46	-19.6%
Debt to equity ratio	2.73	2.15	27.0%

The financial result for the reporting period is a positive figure. The profit after corporate income tax is at the amount of BGN 2 073 thousand, and the total equity is at the amount of BGN 5 067 thousand as at December 31, 2023.

6. Financial Instruments and Financial Risk Management

The Company's activities expose it to a variety of financial risks – market risk (comprising currency risk, interest rate risk and price risk); credit risk and liquidity risk. The Company does not use derivative financial instruments to manage financial risks.

Market risk

Currency risk

The Company performs transactions denominated in foreign currency primarily originated in EUR. As the EUR is fixed to the Bulgarian Lev, the Company is not exposed to currency risk.

Interest rate risk

As the Company has no interest bearing assets and liabilities, the incomes and the expenses and operating cash flows of the Company are independent from changes in market interest rates.

Price risk

The Company does not own any assets, the prices of which are dependent on the international market prices, so it is not exposed to price risk.

Credit risk

Financial assets that potentially expose the Company to credit risk are primarily its trade receivables. The Company has no significant concentration of credit risk in certain clients. Basically, the Company is exposed to credit risk, in case the clients do not meet their payment obligations. The Company's policy is directed to sales of goods to customers having favorable credit reputation, based on assessment of the customer's credit history and creditworthiness, expected sales volumes to the client, client's reputation, reference from contactors, advance payments and others.

Liquidity risk

Liquidity risk is the risk that the Company may have difficulties in paying its financial obligations. To manage this risk the Company's management keeps an optimal level of quick liquid assets (cash and receivables).

7. Future Development Prospects for the Company

In 2023, the world continued to face considerable political-economic challenges, effecting the global economic situation and, respectively, the renewable energy sector. After the record for the Bulgarian energetics in 2022, we have also witnessed a record growth in the new photovoltaic capacities put into operation in 2023, which, according to data from the Sustainable Energy Development Agency (SEDA), exceeded 1700 MW - an increase of almost 100% within just one year. With a total volume rarely exceeding 5 300 MW, the new connected PV capacities are likely to lead to a permanent electricity price reduction during daylight hours, a trend that become visible in mid 2023.

The new realities of the electricity market had a significant impact on investor interest in key segments for FILKAB Solar – large photovoltaic systems for own consumption and medium-sized power plants for the free market. Geopolitical risks and uncertainty regarding market prices are causing many investors to reconsider their intentions to build new capacities.

Procedures for free financing of energy storage systems expected in 2024, under the National Recovery and Resilience Plan (NRRP) will boost the underdeveloped market of large rechargable systems.

For 2024 the overall implementation of photovoltaic projects will continue to be the activity with the largest revenue share for the Company, but considering the expected market changes, it is important to seek and develop opportunities to diversify the portfolio and improve B2B sales.

8. Environment Protection and Healthy and Safety Working Conditions

FILKAB Solar OOD has implemented an integrated system for quality management, environment and healthy and safety working conditions, for which the Company has the following certificates: ISO 9001:2015; ISO 14001:2015 and ISO 45001:2018, issued by the Bureau Veritas Certification. The system is oriented to customers, suppliers, employees of the Company and all other stakeholders and aims to meet customer requirements, ensure healthy and safe working conditions for employees and activities organization in a way that ensures environment protection.

9. Events after the date of preparation of the annual financial statements

There are no events after the date of the reporting period, requiring adjustment or disclosure in the financial statements.

10. Management Responsibilities

According to the Bulgarian legislation the management should prepare management report on the activity, as well as financial statements for each financial year, which give a true and fair view of the financial position of the Company as of the year-end, and its financial performance and cash flows in compliance with the applicable accounting framework.

The responsibility of the Company's management includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The management of the Company is confident that it acted in conformity with its responsibilities, and that the financial statements as at 31 December 2023 are prepared in full compliance with the National Accounting Standards (NAS). The management also confirms that in the preparation of the present annual report of the activity for 2023, it has presented truly and fairly the Company's development and results of the activity for the period, as well as its position and the main risks, which the Company may face. The management has approved for issuance the annual report of the activity and the financial statements for 2023.

Slav Ognyanov Landov
Managing Director

April 4, 2024
Plovdiv

INDEPENDENT AUDITOR'S REPORT

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in case of divergence the Bulgarian original is prevailing.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
FILKAB Solar OOD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FILKAB Solar OOD (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement, equity statement and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with National Accounting Standards (NAS) applicable in Bulgaria.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code)* together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NAS applicable in Bulgaria and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the management report, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

a) The information included in the management report referring to the financial year for which the financial statements have been prepared is consistent with those financial statements.
b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

Anda Consulting Ltd.

Dimitar Bazlyankov
Registered auditor
Managing Director

April 5, 2024
Sofia

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 128 АНДА КОНСУЛТИНГ ООД

FINANCIAL STATEMENTS

AS OF

DECEMBER 31, 2023

INCOME STATEMENT
for the year ended December 31, 2023
All amounts are in thousands of BGN, unless otherwise stated

	Note №	December 31, 2023	December 31, 2022
Revenue			
Net revenue from sales	*4*	22 794	24 080
Other income		7	1
Total operating revenue		**22 801**	**24 081**
Finance income	*10*	**-**	**11**
Total revenue		**22 801**	**24 092**
Expenses			
Change in finished goods and work in progress		5 746	671
Materials expenses	*5*	(18 812)	(13 529)
Hired services	*6*	(2 902)	(938)
Personnel expenses	*7*	(730)	(717)
Depreciaition	*14*	(42)	(13)
Cost of goods sold	*8*	(3 676)	(7 316)
Other expenses	*9*	(65)	(37)
Total operating expenses		**(20 481)**	**(21 879)**
Finance costs	*10*	(17)	**(20)**
Total expenses		**(20 498)**	**(21 899)**
Accounting profit		**2 303**	**2 193**
Income tax expense	*11*	(230)	(219)
Profit for the period		**2 073**	**1 974**

Approved for issuance by the Management of FILKAB Solar OOD on April 4, 2024.

Slav Ognyanov Landov
Managing Director

Silviya Vasileva Kostova
Compiler

Dimitar Bazlyankov
Registered Auditor
Managing Director
Anda Consulting Ltd
April 5, 2024, Sofia

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 128 АНДА КОНСУЛТИНГ ООД

(The accompanying notes from page 17 to page 36 are an integral part of these financial statements)

BALANCE SHEET
as of December 31, 2023
All amounts are in thousands of BGN, unless otherwise stated

	Note №	December 31, 2023	December 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	333	46
Deferred tax assets	*11*	6	17
Total non-current assets		**339**	**63**
Current assets			
Inventories, net	*14*	9 997	3 394
Trade and other receivables	*15*	2 083	2 590
Cash	*16*	1 416	397
Income tax refundable	*11*	1	-
Total current assets		**13 497**	**6 381**
TOTAL ASSETS		**13 836**	**6 444**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*19*	50	50
Retained earnings		2 944	970
Profit for the period		2 073	1 974
Total capital and reserves		**5 067**	**2 994**
Non-current liabilities			
Lease liabilities		113	-
Total non-current liabilities		**113**	**-**
Current liabilities			
Trade and other payables	*17*	8 577	3 450
Finance lease liabilities	*18*	79	-
Total current liabilities		**8 656**	**3 450**
TOTAL EQUITY AND LIABILITIES		**13 836**	**6 444**

Approved for issuance by the Management of FILKAB Solar OOD on April 4, 2024.

Slav Ognyanov Landov
Managing Director

Silviya Vasileva Kostova
Compiler

Dimitar Bazlyankov
Registered Auditor
Managing Director
Anda Consulting Ltd
April 5, 2024, Sofia

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 128 АНДА КОНСУЛТИНГ ООД

(The accompanying notes from page 17 to page 36 are an integral part of these financial statements)

STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2023
All amounts are in thousands of BGN, unless otherwise stated

	Share capital	Accumulated profit	Total
Balance at January 1, 2022	**50**	**1 470**	**1 520**
Changes in equity for 2022			
Profit for the period	-	1 974	**1 974**
Dividends paid	-	(500)	**(500)**
Balance at December 31, 2022	**50**	**2 944**	**2 994**
Changes in equity for 2023			
Profit for the period	-	2 073	**2 073**
Dividends paid	-	-	**-**
Balance at December 31, 2023	**50**	**5 017**	**5 067**

Approved for issuance by the Management of FILKAB Solar OOD on April 4, 2024.

Slav Ognyanov Landov
Managing Director

Silviya Vasileva Kostova
Compiler

Dimitar Bazlyankov
Registered Auditor
Managing Director
Anda Consulting Ltd
April 5, 2024, Sofia

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 128 АНДА КОНСУЛТИНГ ООД

(The accompanying notes from page 17 to page 36 are an integral part of these financial statements)

CASH FLOW STATEMENT
for the year ended December 31, 2023
All amounts are in thousands of BGN, unless otherwise stated

	December 31, 2023	December 31, 2022
A. Cash flows from operating activities		
Proceeds from customers and debtors	34 918	28 626
Cash paid to suppliers and creditors	(29 400)	(23 060)
Remuneration and related payments	(680)	(622)
Taxes and fees paid	(3 421)	(4 599)
Corporate income tax paid	(248)	(232)
Net cash generated from operating activities:	**1 169**	**113**
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(102)	(26)
Net cash, used in investing activities:	**(102)**	**(26)**
C. Cash flows from financing activities		
Pyaments of liabilities under lease contracts	(39)	-
Dividends paid	-	(493)
Fees, charges, commissions and others paid, net	(9)	(9)
Net cash, used in financing activities:	**(48)**	**(502)**
Net increase/(decrease) in cash for the period	**1 019**	**(415)**
Cash at the beginning of the period	**397**	**812**
Cash at the end of the period (note 16)	**1 416**	**397**

Approved for issuance by the Management of FILKAB Solar OOD on April 4, 2024.

Slav Ognyanov Landov
Managing Director

Silviya Vasileva Kostova
Compiler

Dimitar Bazlyankov
Registered Auditor
Managing Director
Anda Consulting Ltd
April 5, 2024, Sofia

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 128 АНДА КОНСУЛТИНГ ООД

(The accompanying notes from page 17 to page 36 are an integral part of these financial statements)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Legal status and business activity

FILKAB Solar OOD (the Company) is a limited liability company, entered in the Commercial Register at the Registry Agency of the Republic of Bulgaria under Unified Identification Code 203285147. The seat and registered office of the Company is 92, Komatevsko shosse Str., Plovdiv 4004. As of December 31, 2023 shareholders in the Company are one legal entity and two individuals (see also note 18).

The Company's main activity is design, construction, monitoring, maintenance, management and operation of systems and equipment for production and storage of electricity from renewable sources, autonomous power supply systems, trade in electrical materials and equipment, construction and maintenance of network and information systems, management and control systems, development, design and production of electrical equipment, service, training and consulting activities.

As at December 31, 2023 and 2022 the average number of employees of the Company is 10 and 6 individuals, respectively.

These financial statements have been approved for issuance by the management of the Company on April 4, 2024.

2. Basis for preparation of the financial statements and accounting principles

2.1. General

The Company keeps its accounting records and prepares its financial statements in accordance with the requirements of the Bulgarian trade and accounting legislation. Since the beginning of 2005 National Standards for Financial Reporting of Small and Medium-sized Enterprises are enforceable in Bulgaria, enacted by Ordinance of the Council of Ministers № 46 dated March 21, 2005, amended and supplemented in October, 2007. By Ordinance № 394 from December 30, 2015, adopted are changes in the name of the standards, the wording "Standards for Financial Reporting of Small and Medium-sized Enterprises" is replaced with "Accounting Standards". By the ordinance introduced are the provisions of Directive 2013/34/EU dated June 26, 2013 of the European Parliament and the Council regarding annual financial statements, consolidated financial statements and related reports of certain types of companies and regarding amendments to Directive 2006/43/EC of the European Parliament and the Council repealing Directives 78/660/EEC and 83/349/EEC. The National Accounting Standards (NAS) are enforceable from January 1, 2016. Subsequently the NAS have been amended by decrees of the Council of Ministers, published in the State Gazette issue № 3 from 2016 and № 15 from 2019.

These financial statements are prepared in accordance with NAS, applicable as of the balance sheet date.

Some items names, as well as the order of presentation of items in the balance sheet and the income statement have been changed in order to better the presentation of the Company's activity and operating results.

These financial statements are prepared on the historical cost basis.

These financial statements are prepared for a general purpose and provide information for the financial position, results and cash flows, generated by the Company for the year ended December 31, 2023.

2.2. Presentation currency

The Company keeps its records and prepares its financial statements in the national currency of the Republic of Bulgaria - the Bulgarian Lev. This is the currency, adopted as functional in the primary economic environment of the Company's operating activity. Since January 1, 1999 the Bulgarian Lev is fixed to the EUR at the rate of 1.95583 BGN/EUR.

These financial statements are presented in thousand Bulgarian Levs (BGN'000).

2.3. Foreign currency transactions

Transactions in foreign currency are initially recorded at the official rate of exchange of the Bulgarian National Bank (BNB) as of the date of the transaction. The foreign exchange rate differences, arising upon the settlement of these monetary positions or at restatement of these positions at rates, different from those when initially recorded, are reported in profit or loss for the respective period.

The monetary positions denominated in foreign currency as at December 31, 2023 and 2022 are stated at the closing exchange rate of the BNB. Since 1999 the Bulgarian Lev is pegged to the EURO at the rate of 1.95583 BGN/EUR.

2.4. Accounting estimates and reasonable assumptions

The application of the accounting standards requires management to make certain accounting estimates and reasonable assumptions to assess the value of some of the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are based on the best estimates of management, taking into account historical experience and analysis of all factors of significance in the circumstances as of the date of the financial statements. The actual results could differ from those estimates, presented in these financial statements (see also note 3.12).

3. Definition and valuation of the financial statements items

3.1. Property, plant and equipment

Property, plant and equipment are identifiable non-financial resources, acquired and owned by the Company, which:

- have physical substance;
- are held for use in the production and/or supply/sale of goods or services, for rental to others, or for administrative or other purposes;
- are expected to be used during more than one period;
- have value that is over the materiality value threshold at the amount of BGN 700, defined by the Company.

The value of property, plant and equipment is based on their acquisition price, which is the purchase price along with all costs incurred in bringing the asset in use less accumulated depreciation and subsequent impairment loss (if any) (see also note 3.2).

Any subsequent expenditure incurred is capitalized only if it increases the economic benefits of the respective asset. All other subsequent costs are reported as current expenses in the income statement.

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3.1. Property, plant and equipment (continued)

Depreciation is charged by the Company over the estimated useful life of the assets, which is set by the management of the Company for each group of assets. The Company has approved an accounting depreciation schedule upon individual depreciation rates, in accordance with the enforceable Bulgarian legislation.

The Company has adopted the straight-line method of depreciation.

The useful life of an asset is defined in terms of the asset's expected utility to the Company, and is a matter of judgment based on the experience with similar assets. The useful life of property, plant and equipment and intangibles is estimated as follows:

Useful life	**2023**	**2022**
Machines and equipment	4-8 years	4-8 years
Computers and software	2 years	2 years
Transport vehicles	4-10 years	4-10 years
Office equipment	7 years	7 years

Depreciation of an asset begins in the month, following the month in which the asset is available for use and ceases at the end of the month when the asset is derecognized.

The depreciation method applied to an asset and its estimated useful life are reviewed at least at each financial year-end, and changes are made to reflect the future usage of the asset or the expected pattern of consumption of the future economic benefits embodied in the asset. Such changes, if any, in the depreciation method and assets' useful life, are accounted for prospectively as a change in the accounting estimates in accordance with *AS 8 Net gains or losses for the period, fundamental errors and changes in accounting policies*.

Depreciation is not charged for land, assets under construction, fully depreciated assets and fixed assets which are temporarily out of use.

3.2. Impairment of property, plant and equipment and intangible assets

As of the date of preparation of the financial statements, the management of the Company reviews its property, plant and equipment and intangible assets to determine whether there is any indication for impairment of these assets. If any such indication exists, the recoverable amount of the respective asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit, to which the asset belongs.

The recoverable amount is the higher of the asset's fair value less costs to sell the asset and its value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment loss is recognized in profit or loss immediately. After depreciation, the amortized amount of the asset is adjusted for future periods, so that the new carrying amount of the asset can be allocated to the asset for the remainder of its useful life after deducting the residual value, if any.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the respective asset in prior periods. A reversal of an impairment loss is recognized in profit or loss immediately.

3.3. Inventories

Inventories are assets held for sale in the ordinary course of business of the Company, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. As direct sales are performed with inventories (excluding finished goods and work in progress), i.e. the inventories have characteristics of goods for resale, and also inventories, comprising materials, are consumed in the production process, the inventories cannot be classified as goods for resale or materials until their sale or consumption. Because the relative volume of directly sold inventory is significantly higher than that the volume of inventory input in production, the Company has adopted a policy to present inventories as goods for resale (see also note 14).

Inventories are stated at the lower of cost and net realizable value. Cost comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories in their present location and condition– transportation, customs duties and other similar costs. Net realizable value represents the estimated selling price less all estimated costs to be incurred in completing the production and selling.

The costs on conversion of inventories include costs directly attributable to the units of production. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The costs of conversion of each product, which are not separately identifiable, are allocated between the products on a rational and consistent basis.

Upon consumption, the cost of inventories is defined by application of the weighted average cost method.

3.4. Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognized in the balance sheet only when the Company becomes a party to the contractual provisions of the instrument.

Financial assets/liabilities are classified according the purpose of acquisition/ purpose when received, and when financial assets/liabilities are part of a portfolio, they are classified according the purpose that the Company has set to achieve the portfolio.

The Company classifies the financial assets and liabilities in the current and prior reporting periods into the following categories: loans and receivables granted by the Company (loans granted and trade and other receivables) and loans and liabilities, initially originating in the Company (interest bearing loans, trade and other liabilities, and liabilities under lease contracts). The classification depends on the purpose and term of the respective contract.

On initial recognition financial assets and liabilities are measured at fair value of the investment made or received for it plus transaction costs for dealing with financial instruments.

The subsequent mesurment of the financial assets and liabilities is disclosed in the notes for the separate financial instruments below.

3.4. Financial instruments (continued)

The Company derecognises all or part of its financial instruments (including those arising from collaterals) only when the contractual rights or obligations on them are repaid. Repayment (completely or partially) of contractual rights or obligations, arising from a financial instrument exists on:

- realization of the rights or settlement of the obligations;
- denial of rights or cancellation of obligations;
- expiration of the period for realization of the rights or settlement of the obligations.

The effective interest method is a method of calculating the amortized cost of a financial asset or a liability (or group of financial assets/liabilities) and of allocating the interest expense or interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability.

3.4.1. Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are originated when the Company provides cash, goods or services, having no intention to trade the receivable incurred. These receivables are stated at their amortized cost, calculated based on the effective interest rate method. For current receivables, which are expected to be settled within normal credit terms, the amortized cost is approximately equal to their nominal value.

3.4.2. Cash

For the purposes of cash flow presentation, cash represents cash on hand and cash in bank accounts of the Company and other high-liquidity investments, that could be converted in certain cash amount and are subject to insignificant changes in value. For the purposes of cash flow presentation, cash comprises unrestricted cash funds. Cash receipts from customers and cash payments to suppliers are presented in the cash flow statement as their gross amounts, including value added tax (VAT). Cash receipts and payments on revolving bank loans, overdrafts and factoring are presented net.

3.4.3. Impairment of financial assets

As of the date of preparation of the financial statements the Company's management assesses whether there is any objective evidence for impairment of the financial assets, reported at amortized cost. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset, resulting in a decrease of the estimated future cash flows. It may not be possible to identify a single, discrete event, rather than a combined effect of several events that may have caused the impairment.

Trade and other receivables

The Company recognizes impairment of trade receivables, whether there is objective evidence, that the Company would not be able to collect all amounts due at their maturity date. The Company considers as indications for potential impairment significant financial problems of the debtor, the probability that the debtor will be a subject to a bankruptcy procedure or non-fulfillment of the contract terms, as well as payment delay.

3.4. Financial instruments (continued)

3.4.3. Impairment of financial assets (continued)

Trade and other receivables (continued)

If any of these indications for impairment occurs, the impairment loss is calculated as a difference between the carrying amount and the present value of the expected future cash flows, discounted by the original effective interest rate for similar assets. Current receivables are not discounted if the discounting effect is immaterial. Impairment is recorded by using a separate impairment account, which is shown as a reduction to receivables in the balance sheet and the impairment expenses are stated as Other expenses in the income statement. If a receivable is non-collectable and there is a recognized impairment loss for it, the receivable is written off by decrease of the respective allowance account. The recovery of the loss from impairment of trade receivables is reported as a decrease of the item, in which the impairment has been previously recorded.

3.4.4. Trade and other payables

Trade and other payables incurred as a result of purchases of goods and services, which are not classified as financial liabilities measured at fair value through profit or loss, are stated in the balance sheet at amortized cost, calculated based on the effective interest rate. For current payables, which will be settled within normal credit terms, the amortized cost is approximately equal to their nominal value.

3.4.5. Borrowings

Loans are initially recorded at the fair value of the proceeds received, net of transaction costs. After initial recognition, loans are measured at amortized cost, and any difference between the initial cost and maturity cost is recognized in the profit or loss over the loan period, using the effective interest rate method. If no transaction costs have been incurred in negotiating an interest bearing loan, the loan is reported at nominal value, which is equal to its amortized cost. This also applies to bank overdrafts, where the borrower is entitled to multiple utilizations or repayments of the borrowed funds within a pre-determined overdraft limit.

Finance costs, including direct issue costs are expensed, using the effective interest rate method, except for transaction costs on bank overdrafts, which are recognized as expense on a straight line basis over the overdraft period.

Loans are classified as current liabilities, unless the Company has an unconditional right to defer repayment of the liability for at least twelve months after the end of the reporting period.

3.4.6. Share capital

The share capital of the Company is presented at historical cost as of the date of its registration.

3.5. Deferred income and prepaid expenses

In the balance sheet of the Company deferred income and prepaid expenses comprise income and expenses that are prepaid in this period, but refer to future reporting periods - guarantees, insurances, subscriptions and rents.

3.6. Income tax

Income tax expense comprises of current income tax and deferred tax.

The tax currently payable is based on the taxable profit (tax loss) for the period, by the application of the effective tax rate according to the tax legislation as of the date of the financial statements. Deferred tax is the income tax expected to be payable (recoverable) on taxable (deductible) temporary differences. Temporary difference is the difference between the carrying amount of an asset or liability and the corresponding tax basis.

Deferred income taxes are calculated using the balance sheet liability method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets are recognized for deductible temporary differences, only to the extent that it is probable that sufficient taxable profit will be generated by the Company against which the deductible temporary difference can be utilized.

Deferred tax assets/liabilities are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on the information available at the date of preparation of the financial statements. Deferred tax is recognized in profit or loss, except when it relates to items reported directly in equity, in which case the deferred tax is also reported in equity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are reported net when they are subject to a uniform tax regime.

In accordance with the tax legislation enforceable for 2023 and 2022, the tax rate applied for the calculation of the current tax liabilities of the Company is 10%. The enforceable for 2024 tax rate of 10% is applied in the calculation of the amount of deferred tax assets and liabilities as of December 31, 2023.

At the end of 2023, amendments to the Corporate Income Tax Law were adopted, which introduced a global minimum corporate tax of 15% for multinational and large national groups of enterprises, according to the conditions specified in the law, effective from January 1, 2024. These amendments implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (OECD) in accordance with the agreement at global and European level, started with the BEPS initiative (Base Erosion and Profit Shifting) of the OECD, to address the tax challenges that have arisen as a result of the digitalization of the economy. The economic group to which the Company belongs, is not subject to additional corporate tax.

3.7. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of the present value of the minimum lease payments and their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet of the Company as a finance lease obligation amounting to the total amount of the lease payments, and the difference between the value at which the assets are recognized and the total amount of the lease payments, as prepaid financial expenses.

Lease payments are allocated between principal and interest, so as to achieve a constant interest rate over the remaining liability on the principal. Interest is recognized in profit or loss.

3.7. Leasing (continued)

For assets acquired under finance leases depreciation expense is recognized as the Company's policy regarding depreciation of assets acquired under leases, is no different from the policy for other depreciable assets, owned by the Company.

Leases, whereas a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rental costs under operating lease contracts, net of any incentives received by the lessor, are recognized in profit or loss on a straight line basis over the term of the respective lease contract.

3.8. Employee benefits

Defined contributions plans

The Government of Bulgaria is responsible for the security of pensions under defined benefit plans. The expenses regarding the responsibility of the Company to pay defined social security are recognized in profit or loss at the time of their incurrence.

Unused paid annual leaves accruals

As of the end of each reporting period the Company recognizes as a liability the undiscounted amount of the estimated expenses for unused paid annual leaves, expected to be paid to employees in future reporting periods with respect of their past service.

Retirement benefits

According to the requirements of the Labour Code, upon termination of an employee labour contract at retirement, the Company is liable to indemnify the respective employee to the amount of two gross salaries, if the employee's experience in the Company is less than ten years, or six gross salaries, if the employee's experience in the Company is over ten consecutive years.

Additionally, on early retirement due to disability, the employees are entitled to benefits amounting to two gross monthly salaries, provided that their length of service is at least five years, and they have received no other such benefits during the last five years of service.

Taking into account that the Company's personnel as at December 31, 2023 and 2022 is of a few persons, the management has evaluated that the potential impact from the retirement benefits costs would be negligible, and therefore no retirement benefit obligations have been accrued in these financial statements.

3.9. Revenue and expenses recognition

Revenues and expenses are accrued when they arise, regardless of the cash receipts and payments. They are reported in compliance with the matching concept.

Revenues are carried at the fair value of the consideration received or receivable, less any discounts allowed by the entity.

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3.9. Revenue and expenses recognition (continued)

Revenue is recognized when the amount of the revenue can be reliably measured and it is probable that future economic benefits will flow to the entity as a result of the transaction, and when all specific criteria for revenue recognition are met. It is considered that the amount of the revenue is not reliably measured until all contingencies related to the contract are dealt. The Company shall exercise judgment regarding the criteria for recognition of revenue based on its previous experience and the substance of each transaction and the class of each client.

Sales of goods

The revenue from sales of goods is recognized when the following conditions have been met:

- The significant risks and rewards of the ownership over the goods are transferred to the buyer;
- The Company has not retained a continuing involvement and effective control over the management of the goods, which usually relates to the ownership of the goods;
- It is possible in the event of the transaction, the Company to receive economic benefits;
- The income and expenses directly attributable to the transaction can be reliably measured.

Income from services

Revenue, associated with a transaction involving the rendering of services, is recognized by reference to the stage of completion of the transaction at the end of the reporting period. Revenue recognition by reference to the stage of completion of the transaction is called the percentage of completion method, whereby revenue is recognized in the accounting period in which the services are rendered. In case the outcome of the transaction cannot be reliably measured, revenue is recognized to the extent the expenses incurred are recoverable.

Interest income

Interest income is accrued by application of the effective interest rate method over the outstanding principal.

Expenses

Expenses are recognized in the profit or loss, when a decrease of future economic benefits arise, regarding decrease of an asset or increase of a liability, which can be reliably measured.

When the economic benefits are expected to incur during more than one financial period and the corresponding revenue cannot be measured precisely but only indirectly, the expenses shall be recognized based on procedures for rational and systematic allocation.

Borrowing costs

The borrowing costs are recognized in profit or loss in the period in which they are incurred and are determined on the basis of the outstanding principal and the applicable effective interest rate, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount of the liability.

Other income/expenses

Profit/(loss) from sale of property, plant and equipment is presented as other income/(expenses). Compensations from third parties regarding impairment or loss of property, plant and equipment, are recognized in profit or loss, when such compensations become payable.

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3.10. Financial instruments and financial risk assessment and management

The carrying amounts of the financial assets and liabilities as of December 31, 2023 and 2022, classified by category in accordance with the requirements of *AS 32 Financial Instruments*, are presented in the table below:

Financial assets:

	December 31, 2023	December 31, 2022
Trade and other receivables, net (note 15)	2 030	2 549
Cash (note 16)	1 416	397
Total	**3 446**	**2 946**

Financial liabilities:

	December 31, 2023	December 31, 2022
Trade and other payables (note 17)	8 060	3 211
Finance lease liabilities (note 18)	192	-
Total	**8 252**	**3 211**

3.10.1. Financial risk factors

The Company's activities expose it to a variety of financial risks – market risk (comprising currency risk, interest rate risk and price risk); credit risk and liquidity risk. The Company does not use derivative financial instruments to manage financial risks.

3.10.2. Market risk

Currency risk

The Company performs transactions denominated in foreign currency primarily originated in EUR. As the EUR is fixed to the Bulgarian Lev, the Company is not exposed to currency risk.

Interest rate risk

As the Company has no interest bearing assets and liabilities, the incomes and expenses of the Company and the operating cash flows are independent from changes in market interest rates.

Price risk

The Company does not own any assets, the prices of which are dependent on the international market prices, so it is not exposed to price risk.

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3.10. Financial instruments and financial risk assessment and management (continued)

3.10.3. Credit risk

Financial assets that potentially expose the Company to credit risk are primarily its trade receivables. The Company has no significant concentration of credit risk in certain clients. Basically, the Company is exposed to credit risk, in case the clients do not meet their payment obligations. The Company's policy is directed to sales of goods to customers having favorable credit reputation, based on assessment of the customer's credit history and creditworthiness, expected sales volumes to the client, client's reputation, reference from contactors, advance payments and others.

3.10.4. Liquidity risk

Liquidity risk is the risk that the Company may have difficulties in paying its financial obligations. To manage this risk the Company's management keeps an optimal level of quick liquid assets (cash and receivables).

The Company's financial liabilities as at the end of the reporting period, are stated in the table below, classified according their contracted maturity. The amounts reported are the contracted non-discounted cash flows. The amounts due within twelve months after the end of the reporting period are approximately equal to their carrying amount, as the discounting effect for them is insignificant.

	Up to 1 year	Over 1 year	Total
December 31, 2023			
Trade and other payables (note 17)	8 060	-	8 060
Finance lease liabilities (note 18)	79	113	192
Total	**8 139**	**113**	**8 252**
December 31, 2022			
Trade and other payables (note 17)	3 211	-	3 211
Total	**3 211**	**-**	**3 211**

3.11. Capital risk management

The primary goal of the management of the Company in capital risk management is to maintain the share capital level in such limits, so that the Company could maintain its normal activities on a going concern basis, as well as to provide returns to its owners. In order to accomplish those goals the management aims to maintain an optimal capital structure, so as to reduce the cost of capital.

The capital structure is measured by the gearing ratio, which is a ratio between the net debt and equity. The net debt is calculated as the difference between interest bearing loans and finance lease obligations on one side and cash on the other side. The gearing ratio shows the extent to which the Company finances its activities with equity or with borrowings.

As of December 31, 2023 and 2022, the Company has no loans received.

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3.12. Critical accounting judgments and sources of estimation uncertainty

The application of the adopted accounting policy requires the Company's management to apply certain accounting estimates and assumptions, which have significant effect on the financial statements. Such judgments rarely are equal to the actual results. Due to their nature the estimations are permanently reviewed and updated taking into account historical experience and analysis of all factors of significance, including expected future events, which the management believes are appropriate given the factual circumstances.

Useful lives of property, plant and equipment

Financial reporting of property, plant and equipment involves the use of estimates of their expected useful life and residual values, that are based on judgments by the management of the Company.

Valuation of inventories

By the acquisition the inventories are recognized at cost comprising all costs of purchase, costs of conversion and other costs incurred in bringing the inventories in their present location and condition– transportation, customs duties and other similar costs.

At the end of each reporting period the inventories are valued at the lower of cost and net realizable value. The net realizable value represents the estimated selling price less all estimated costs to be incurred for the completing of the conversion and sale. The assessment is performed based on the best estimate of the management for the sales prices of the inventories as at the date of preparation of the financial statements.

Impairment of receivables

Allowance for impairment of trade receivables is recognized, whether there is objective evidence, that it would not be able to collect all amounts due at their maturity date. Significant financial problems of the debtor, the probability that the debtor will be subject to a bankruptcy procedure or financial reorganization, or non-fulfillment of the contract terms are considered by the management, by the determination and classification of individual amount for impairment.

Assessment of the estimated loss from doubtful and uncollectable receivables is performed on an individual basis at the end of each financial year, depending on the overdue period. All doubtful receivables, not collected as at the date of the financial statements and for which indications for impairment existed, are impaired.

Corporate income tax

For its activities the Company is subject to tax audits by the Bulgarian tax authorities. The Company recognizes liabilities for expected tax obligations from future tax audits on the basis of assessment of management whether additional taxes would be due for payment. When the finally payable taxes resulting from such events are different from the preliminary recorded taxes, these differences will be reported as short-term corporate income taxes payable and will affect the deferred taxes for the period in which this difference has occurred.

4. Revenue

	December 31, 2023	December 31, 2022
Revenue from sale of goods	4 081	8 184
Revenue from rendering of services	18 713	15 896
Total	**22 794**	**24 080**

Revenue from sale of goods, is as follows:

	December 31, 2023	December 31, 2022
Renewable energy sources	4 067	7 954
Lighting fixtures and electrical materials	10	3
Electrical and automation equipment	2	88
Cables and wires	1	139
Cable accessories	1	-
Total	**4 081**	**8 184**

5. Materials expenses

	December 31, 2023	December 31, 2022
Materials for the production process	18 719	13 469
Fuels	33	21
Furniture and fittings	30	12
Safety and protective equipment	10	12
Maintenance materials	10	6
Materials for transport vehicles	6	1
Office materials and consumables	2	1
Electricity and water consumption	1	3
Other	1	4
Total	**18 812**	**13 529**

6. Hired services

	December 31, 2023	December 31, 2022
Hired services on a subcontractor and for production process	2 592	694
Charges	123	18
Insurances	53	5
Transportation	31	118
Rents	26	23
Car rental	24	7
Consulting services	14	2
Repairs and maintenance	7	11
Advertizing and promotion	7	6
Communication	5	4
Notary and legal services	1	8
Other	19	42
Total	**2 902**	**938**

7. Personnel expenses

	December 31, 2023	December 31, 2022
Remunerations	670	671
Social security expenses	60	46
Total	**730**	**717**

8. Cost of goods sold

	December 31, 2023	December 31, 2022
Renewable energy sources	3 667	7 127
Lighting fixtures and electrical materials	5	2
Electrical equipment and automation	2	76
Cables and wires	1	111
Cable accessories	1	-
Total	**3 676**	**7 316**

9. Other expenses

	December 31, 2023	December 31, 2022
Business trips – in the country and abroad	37	16
Social expenses	19	13
Taxes, charges and other similar expenses	4	2
Representation expenses	3	2
Other expenses	2	4
Total	**65**	**37**

10. Finance income and expenses

	December 31, 2023	December 31, 2022
Exchage rate differences gain, net	-	11
Total	**-**	**11**

	December 31, 2023	December 31, 2022
Interest expenses on finance leases	7	-
Interest expenses on trade loans	-	11
Bank charges, commissions and other expenses	9	9
Foreign currency exchange rate differences	1	-
Total	**17**	**20**

11. Income tax

Income tax expense comprises current income tax expense and deferred income tax expense in accordance with *AS 12 Income Taxes*.

	December 31, 2023	December 31, 2022
Current income tax	219	228
Deferred tax	11	(9)
Total tax (benefit)/expense	**230**	**219**

Deferred tax assets arising from tax effects on the taxable and deductible temporary differences are, as follows:

	December 31, 2023	December 31, 2022
Provisions on personal income	6	17
Total assets on deferred taxes	**6**	**17**

The reconciliation of the tax expense to the accounting profit, and a recalculation of the effective tax rate as at December 31, 2023 and 2022 are provided in the table below:

	December 31, 2023	December 31, 2022
Accounting profit	2 303	2 193
Applicable tax rate	10%	10%
Income tax at the applicable tax rate	230	219
Tax effect from permanent differences	-	-
Total income tax expense	**230**	**219**
Effective tax rate	**9.99%**	**9.99%**

For 2023 and 2022, the movement of the corporate income tax liabilities is, as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the period	28	32
Corporate income tax for the period	219	228
Corporate income tax paid	(248)	(232)
Balance at the end of the period (see also note 17)	**(1)**	**28**

12. Property, plant and equipment

	Machines and equipments	Transport vehicles	Computers and other assets	Assets under construction	Total
Cost of acquisition					
Balance at December 31, 2021	**8**	**47**	**21**	**-**	**76**
Additions	7	5	14	-	26
Balance at December 31, 2022	**15**	**52**	**35**	**-**	**102**
Additions	175	123	5	28	331
Disposals	-	(3)	-	-	(3)
Balance at December 31, 2023	**190**	**172**	**40**	**28**	**430**
Depreciation					
Balance at December 31, 2021	**3**	**27**	**13**	**-**	**43**
Depreciation	2	7	4	-	**13**
Balance at December 31, 2022	**5**	**34**	**17**	**-**	**56**
Depreciation	17	18	7	-	**42**
Disposed	-	(1)	-	-	**(1)**
Balance at December 31, 2023	**22**	**51**	**24**	**-**	**97**
Carrying amount					
At December 31, 2021	**5**	**20**	**8**	**-**	**33**
At December 31, 2022	**10**	**18**	**18**	**-**	**46**
At December 31, 2023	**168**	**121**	**16**	**28**	**333**

Assets acquired in 2023 include machinery, transport vehicles and computers.

As of December 31, 2023 property, plant and equipment at cost of BGN 14 thousand (2022: BGN 12 thousand) are fully depreciated.

13. Investments in entities

As at December 31, 2023 and 2022 the Company has the following investment:

Company	Operations	December 31, 2023		December 31, 2022	
		BGN	Participation %	BGN	Participation %
Company:					
Solar Remus S.R.L., Romania	Production	8	0.04%	8	0.04%
Total		**8**		**8**	

14. Inventory, net

	December 31, 2023	December 31, 2022
Goods and materials	2 415	1 558
Work in progress	7 582	1 836
Total	**9 997**	**3 394**

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14. Inventory, net (continued)

As of December 31, 2023 and 2022, inventory at the amount of BGN 650 thousand for each of the indicated years, were pledged as a collateral on approved bank loan - overdraft.

15. Trade and other receivables

	December 31, 2023	December 31, 2022
Trade receivables	1 111	1 004
Receivables from related parties	644	810
Advances granted	275	735
Deposits and guarantees granted	12	-
Other receivables	41	41
Total current trade and other receivables, net	**2 083**	**2 590**

Receivables from related parties are disclosed in note 20.

Company's policy regarding the monitoring of receivables and indications for impairment is disclosed in note 3.4.3.

16. Cash

	December 31, 2023	December 31, 2022
Cash on bank accounts	1 415	395
Cash on hand	1	2
Total	**1 416**	**397**

17. Trade and other payables

	December 31, 2023	December 31, 2022
Advances received from customers	6 230	3 192
Payables to related parties	1 238	-
Payables to suppliers	592	19
Payables on other taxes	281	34
Payables to employees and social securities payable	236	177
Corporate income tax payable	-	28
Total	**8 577**	**3 450**

As of December 31, 2023 and 2022 in the Company there are no unutilized paid annual leaves by the personnel.

Payables to related parties are disclosed in note 20.

18. Finance lease liabilities

	December 31, 2023	December 31, 2022
Finance lease liabilities		
Up to 1 year	79	-
Between 2 and 5 years	113	-
Total	**192**	**-**

As of December 31, 2023 the Company has liabilities under signed finance lease agreements for the purchase of machines and transport vehicles.

19. Share capital

The share capital of the Company is presented at nominal value, according to the court decision for registration and as of December 31, 2023 and 2022 is distributed into 5 000 shares with a nominal value of BGN 10 each.

Shareholders in the Company are:

	December 31, 2023		December 31, 2022	
	BGN'000	Participation %	BGN'000	Participation %
FILKAB AD, UIC № 115328801	35 000	70.0%	35 000	70.0%
Atanas Ivanov Tanchev	7 500	15.0%	7 500	15.0%
Slav Ognyanov Landov	7 500	15.0%	7 500	15.0%
Total	**50 000**	**100.0%**	**50 000**	**100.0%**

Based on decisions of the General meeting of the shareholders in 2022, dividends were distributed from the profit realized in previous reporting periods at the amount of BGN 500 thousand, that were completely paid at the end of the year.

20. Related parties transactions

In 2023 and 2022 the Company performed transactions with the following related parties:

Related party	Nature of relationship
FILKAB AD	Parent company
Engineering EAD	Company under common control
Mak Kab DOO, Macedonia	Company under common control
FILKAB MIG, Serbia	Company under common control
Solar Remus S.R.L., Romania	Company under common control
FEC Orizari EOOD	Company under common control
Management of the Company	Key management personnel

Related parties transactions relate mainly to:

- Purchase-sale of goods for resale and installments performed;
- Remunerations paid.

20. Related parties transactions (continued)

During 2023 and 2022 the Company transactions with related parties are, as follows:

Related party	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Sale of goods, services and assets	Sale of goods, services and assets	Purchase of goods and services	Purchase of goods and services
Parent company	337	399	1 161	904
Companies under common control	13 480	2 396	1 504	96
Total	**13 817**	**2 795**	**2 665**	**1 000**

As of December 31, 2023 and 2022 the outstanding balances with related parties are, as follows:

Related party	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Receivables	Receivables	Payables	Payables
Parent company	-	131	853	-
Companies under common control	644	679	381	-
Key management personnel	-	-	4	-
Total	**644**	**810**	**1 238**	**-**

Dividends distributed and dividends liabilities are presented in note 19.

For 2023 and 2022 remunerations of the key management are accrued at the amount of BGN 260 thousand and BGN 196 thousand, respectively.

21. Events after the date of the financial statements

There are no events after the date of the reporting period, requiring adjustment or disclosure in the financial statements.