Annual Report
of Big Bang d.o.o.

2022

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INTRODUCTION

From a business and strategic perspective, 2022 was an exceptional year for Big Bang. We exceeded our sales targets and increased the market share in our key product groups. The results were also boosted by good sales of products purchased by digital voucher recipients. These were distributed by the government to young people in education to promote digitalisation. Big Bang was prepared for the digital vouchers with an adequate product range and stock, as well as technical support to ensure fast voucher redemption and traceability.

Even more important for the future of the company than the good result is the acquisition of the Croatian company Sancta Domenica. With this acquisition, we continue our strategy of regional presence, not only in Croatia but also in Bosnia and Herzegovina. In both companies, we have already started a number of synergy activities in the last few months of 2022, mainly on the upstream and downstream sides. We are confident that these synergies will give us further momentum for growth in 2023.

MANAGEMENT PRESENTATION

UROŠ MESOJEDEC

CEO

ROBERT SRAKA

Chief Operating Officer

GORAN JANIČIJEVIĆ

Chief Customer Officer

KEY PERFORMANCE INDICATORS

In thousands of EUR

Item	2019	2020	2020*	2021	2022
Sales revenues	139,177	106,378	77,927	101,975	122,576
Gross profit or loss	28,132	21,323	17,655	23,350	28,628
EBIT	3,197	110	-194	2,149	3,270
EBITDA	7,458	3,525	3,162	6,171	7,771
Net profit or loss	2,432	-394	-635	1,502	7,600
Balance sheet total as at 31 December	52,480	42,963	42,963	48,635	77,855
Equity as at 31 December	13,087	8,314	8,314	9,867	14,118
Return on equity - ROE (in %)	18.16%	-3.7%	-3.7%	16.5%	63.4%
Investments in fixed and intangible assets	17,640	7,740	7,740	2,182	1,608
Employees as at 31 December	409	350	350	376	380

*Split-off of the wholesale part of the business to Big Partner d.o.o. as of 1 October 2020. The items in the Income Statement represent the retail part of the business.

OVERVIEW OF SIGNIFICANT EVENTS IN 2022

The start of the 2022 financial year suggests a slightly more uncertain period ahead. Operating costs rose at the beginning of the year due to an increase in the minimum wage and, following the unexpected outbreak of war in Ukraine, a sharp rise in energy costs. The uncertainty and rising costs caused by the war have also had some impact on shoppers' reluctance to purchase consumer electronics.

Sales gradually improved after the first few months of the year, but increased significantly when the digital vouchers came into effect. These were available to schoolchildren and students and were intended for the purchase of computer equipment to promote digitisation. At Big Bang, we were well prepared for the digital vouchers, both with a good product selection and automated process support, which enabled us to redeem the digital vouchers very efficiently both in-store and online.

With increased sales in both physical stores and online, our focus in 2022 was on further improving our customer offer and customer experience. At the end of the summer, we opened a new Home & Cook store in BTC Ljubljana, dedicated to small household appliances from renowned brands. It offers appliances, utensils, cooking and baking pans, personal care products and other tools for a tidy home.

The most significant development in the autumn was the acquisition of the Croatian company Sancta Domenica, in line with our strategic objective to expand our business in the region. Sancta Domenica is very similar to Big Bang in terms of its product range and is growing rapidly and achieving excellent results in the Croatian market. The company has a very high proportion of online sales and is one of the regional leaders in this area. We expect many synergies from the joint activities of the two companies and we have already started activities in the last quarter of the year on purchasing and sales synergies.

The latter was also marked by the completion of the development of the online marketplace, which was quite a challenge as we had to combine support for Big Bang's direct online sales with those of other sellers on our online platform. With the online marketplace, we aim to significantly increase the range of products available in the Big Bang online store and create a new revenue stream for the company. By the end of the year, we had added around 30 domestic sellers to the online marketplace, and we were accelerating preparations for the launch of international sellers, where we expect to see a significantly higher number of products.
The further development of our online platform has not gone unnoticed. For the second year in a row, we were delighted to receive the Web Retailer Award as the best online retailer in Slovenia and the Adriatic region, as voted for by customers and experts.

The development of the online platform is part of Big Bang's digitalisation projects. In 2022, we successfully participated in the Digital Transformation of the Economy call for proposals. For the BIGBANG = Orchestrate.Digitalize.Transform project, we and our consortium partners have secured EUR 1.9 million in EU funding under the Slovenian Recovery and Resilience Plan, financed by the Recovery and Resilience Mechanism. The total value of the project is EUR 3.9 million. The online marketplace was the first initiative we completed in 2022 under this project, and the project includes a total of nine digital initiatives that will be implemented in phases until the end of March 2024.

Finally, the development of our employees' skills is also worth mentioning. Our focus has been on knowing our customers' needs well and providing expert advice and support. Employee training, knowledge building and proper motivation lead to the key asset of Big Bang, as this enables us to provide the best professional support to our customers. This is why they trust us and like to return to our stores. It is also the reason why we work hard every day to provide a suitable range of technology, as well as services, which upgrade the use of the devices even further. However, our work is not finished here. Big Bang is a trendsetter and it must, therefore, strive to be the first to present the latest technology to its customers in a professional way. That's why we are investing in new product categories such as healthy living products, e-mobility, connected home and others.

BUSINESS REPORT

SALES PROGRAMME AND SERVICES

In 2022, as a specialist retailer, we at Big Bang have been able to offer our customers technological innovations that follow both European and global trends and greater breadth within the categories. We added premium offers and some new categories. Already in 2021, we have demonstrated through market share growth that we are becoming one of the most important providers of consumer electronics and home appliances for our customers and new customers, and this trend has continued in 2022. Besides the core categories, such as TVs, computers, mobile technology and white goods, we continued to invest and develop our small household appliances category, which are becoming a very important pillar of Big Bang's business, gaming, e-mobility and the leisure and health categories. We have also increased the breadth of the DIY offer in the smart home category, which has already borne fruit. The development of categories is based on technologically advanced solutions, which we build on with services. These are becoming a very important part of Big Bang's user experience, as we want to offer the customer a complete UAU solution.

The start of 2022 was marked by slightly lower demand, mainly due to the outbreak of the war in Ukraine and the high energy price increases. Demand increased significantly in the middle of the year, partly thanks to digital vouchers, which made it easier for pupils and students to buy computer equipment. The key to success was the right offer, advice and immediate availability - especially in the first weeks of the digital voucher roll-out, it was clear that Big Bang had the right range of products and sufficient stock on hand. In addition to that, we made key developments in the video and mobile technology segments through the related offers and counselling of our sales assistants. In the computing segment, we managed to convince even the most demanding users, namely by increasing our range of devices in the higher price ranges, while in the category of small household appliances, we expanded our offer with new brands, both online and in-store.

Some of Big Bang's greatest values are its sales and after-sales services. Assembly, installation, delivery, insurance financing and other services, such as picking up faulty devices at all our commercial establishments around Slovenia, convince customers to return to Big Bang. The quick and high-quality resolution of complaints is of the essence to provide satisfaction to our customers. We continue to develop delivery processes that ensure delivery to the end-user within a day or even a few hours.

Big Bang's highest-selling brands in 2022 were Apple, Samsung, HP, Bosch and Philips. The fastest growth was for brands in the segments of mobile technology, white goods and small household appliances. We continued to develop special solutions and offers for small and medium-sized companies, as well as for our club members.

Due to global problems in the logistics chains, we had some deliverability problems in our business. As in the previous year, we had problems with the availability of the PlayStation PS5 and other consoles, which was problematic on a global scale. Some partners in the audio segment also had problems with equipment availability. On the other hand, there were regional surpluses in some segments of our range, which depressed prices and margins.

We build trust with suppliers and brands through the development of our multi-channel approach, sales network experts, effectively executed marketing activities, content marketing, events and efficient logistics that enable rapid delivery to the points of sale or directly to the end-consumers throughout Slovenia.

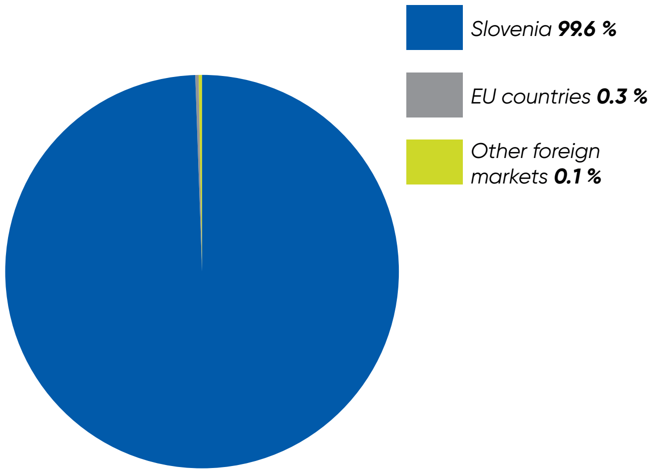
STORES

BIG BANG STORES	Address
BIG BANG CITYPARK	MOSKOVSKA ULICA 4, 1000 LJUBLJANA
BIG BANG BTC	FRANCOSKA ULICA 17, 1000 LJUBLJANA
BIG BANG ALEJA, ŠIŠKA	CELOVŠKA CESTA 182, 1000 LJUBLJANA
BIG BANG RUDNIK	JURČKOVA CESTA 228, 1000 LJUBLJANA
BIG BANG MARIBOR – TRŽAŠKA	TRŽAŠKA CESTA 7, 2000 MARIBOR
BIG BANG MARIBOR – EUROPARK	POBREŠKA CESTA 18, 2000 MARIBOR
BIG BANG SLOVENJ GRADEC	FRANCETOVA 16, 2380 SLOVENJ GRADEC
BIG BANG CELJE	MARIBORSKA CESTA 100, 3000 CELJE
BIG BANG KOPER	ANKARANSKA CESTA 3 A, 6000 KOPER
BIG BANG KRANJ	CESTA STANETA ŽAGARJA 71, 4000 KRANJ
BIG BANG NOVO MESTO	OTOŠKA 5, 8000 NOVO MESTO
BIG BANG MURSKA SOBOTA	BTC – NEMČAVCI 1 D, 9000 MURSKA SOBOTA
BIG BANG NOVA GORICA	CESTA 25. JUNIJA 1 A, 5000 NOVA GORICA
BIG BANG KAMNIK	DOMŽALSKA CESTA 3, 1241 KAMNIK
HUAWEI SHOP CITYPARK	MOSKOVSKA ULICA 4, 1000 LJUBLJANA
OUTLET BTC H11	MADŽARSKA ULICA 14, 1000 LJUBLJANA
HOME & COOK	MADŽARSKA ULICA 14, 1000 LJUBLJANA


Murska Sobota
Maribor 2x
Slovenj Gradec
Kranj
Kamnik
Celje
Ljubljana 7x
Nova Gorica
Novo mesto
Koper

SALES MARKET

Big Bang's most important market is Slovenia, which accounts for 99.6% of all sales. This is followed by the EU markets with 0.3% of total sales and other foreign markets (0.1%).



Sales market

Economic situation in 2022

	2022	2021	2020	2019	2018
Gross domestic product (real growth rate in %)	5.4	8.2	-4.3	3.5	4.5
Unemployment rate. ILO. in %	4.2	4.8	5.0	4.5	5.1
Inflation. HICP (average annual growth rate, December)	8.9	2.4	-0.3	1.7	1.9
Economic Sentiment Indicator, December	0.7	4.7	-9.5	3.1	10.1

Source: Bank of Slovenia

After years marked by COVID, 2022 was marked by the Ukraine-Russia conflict. High inflation, high energy prices, some caution in consumption.

Slovenia's gross domestic product (GDP) grew by 5.4% in 2022. GDP growth in Slovenia was thus above the EU average of 3.6%.

In the first half of 2022, growth in most GDP components was stronger than in the second half of the year.

Growth was slightly higher than expected, reflecting the resilience of the economy and the impact of the agreements and measures taken to alleviate the energy crisis. The end of the year also gives encouraging signals for next year, when growth is expected to moderate.

Both final consumption and gross investment made positive contributions to growth throughout last year, while the contribution of the external balance was negative. The foreign trade surplus fell to EUR 961 million from EUR 3.31 billion a year earlier, as imports grew faster than exports and the terms of trade were weaker in all four quarters of the year.

Strong economic growth was also reflected in the labour market, with Slovenia recording record employment figures. At the same time, inflation seems to have peaked and is expected to moderate significantly in the coming quarters.

EMPLOYMENT

The year-on-year growth in the number of people in employment continued in 2022, with the number of unemployed at the end of the year around a fifth lower than a year earlier. Average wages were lower in real terms amid the high price growth.

Employment rose by 1.6% year-on-year, or by 16,700 people. Most new jobs were created in construction and manufacturing. These sectors are also experiencing severe labour shortages.

The employment of foreigners is increasingly contributing to an overall labour force growth. The seasonally adjusted number of registered unemployed continued to fall in December. The number of long-term unemployed and unemployed over 50 has also been falling for more than one and a half years.

GROSS DOMESTIC PRODUCT

In the export sector, the situation deteriorated towards the end of the year, as already indicated by the moderation of export expectations in previous months. Value added in the manufacturing sector was lower in the fourth quarter than in the previous year, particularly in the more energy-intensive industries, with firms facing high uncertainty about energy prices, especially in the run-up to the agreement on measures at the national and EU levels.

Motor vehicle production also continued to decline. For the year as a whole, overall export growth was much lower than in 2021, as growth in merchandise exports slowed. It was also lower than import growth, contributing to the negative contribution of the external trade balance to GDP growth in 2022.

Investment activity remained relatively strong, particularly in construction, where investment in buildings and structures picked up, boosted by higher government investment activity and continued growth in residential investment; growth in investment in machinery and equipment slowed markedly towards the end of the year, influenced by the uncertainty and falling capacity utilisation. For the year as a whole, fixed capital formation grew by 7.8% and the contribution of the change in inventories to GDP growth was also very positive (1.1 percentage points).

Household consumption was 9.1% for the year as a whole, only slightly lower than in 2021. The still high growth rate was mainly due to the easing of austerity measures at the beginning of the year and continued employment growth, as well as the redemption of vouchers to support the worst affected parts of the service sector in the middle of the year; consumers also spent a smaller share of their current income on savings compared to the previous year. With consumer confidence falling in the spring, linked to the uncertainty about the energy and food crises, and household spending slowing in the face of rising inflation, household spending moderated towards the end of the year. In this context, government measures to mitigate the effects of the epidemic in the spring and the drains in the autumn prevented an even sharper fall in the average real disposable income. Consumption of services, including foreign travel, was the main driver of growth throughout the year (after two years of containment measures due to the epidemic). On the other hand, consumption of some durable goods (cars and furniture) and food and beverages was lower year-on-year.

As in the third quarter, government consumption in the fourth quarter was lower than in the previous year, mainly due to the much lower expenditure on the epidemic, and the growth of government employment is also slowing down.

MOVEMENT OF PRICES

The 12-month average inflation rate was 8.9%, compared with 2.4% in the same period last year.

The energy-intensive year of 2022, marked by Russia's war of aggression against Ukraine, is behind us. Russia's invasion of Ukraine has caused a geopolitical and energy earthquake and a very serious energy crisis in the EU.

The prices for energy products rose sharply on European stock exchanges last year, although the upward trend slowed somewhat towards the end of the year. High electricity prices reflect high energy prices, stock market speculation and the aforementioned war in Ukraine. The final price of electricity was influenced 70% by the price of natural gas, 25% by the price of coal and 5% by the price of emission allowances. The situation has become challenging both for the economy and for small household customers. Wholesale prices for some energy products fell towards the end of last year, but it may take months for this to be reflected in household bills as energy companies sell off old stocks.

The main contributor to inflation last year was food price inflation, which fell slightly year-on-year in December due to a high base effect in the previous year. The year-on-year growth in energy prices also slowed slightly towards the end of the year, as oil products became more expensive in the face of a sharp fall in world oil prices and the strengthening of the euro. The year-on-year increase in Slovenian output prices continued to decelerate gradually, remaining high at 19.7 %, but around 2 percentage points lower than in the euro area.

PUBLIC FINANCE

The deficit in the consolidated balance of public finances widened towards the end of 2022, but at EUR 0.7 billion in the first eleven months, it was significantly lower than in the same period of 2021.

This was strongly influenced by the reduction in epidemic control expenditure, which was EUR 1.9 billion lower than in the same period of 2021. At the same time, the volume of measures to mitigate the effects of the energy price increase has increased and, together with the COVID-19 measures, is estimated to have contributed EUR 0.9 billion to the deficit in the first eleven months of 2022.

The year-on-year growth in total expenditure in the first eleven months of 2022 was thus significantly lower than in 2021, reflecting lower wage supplements for civil servants and subsidies to enterprises, as well as lower growth in transfers to individuals and households related to the mitigation of the effects of the COVID-19 epidemic.

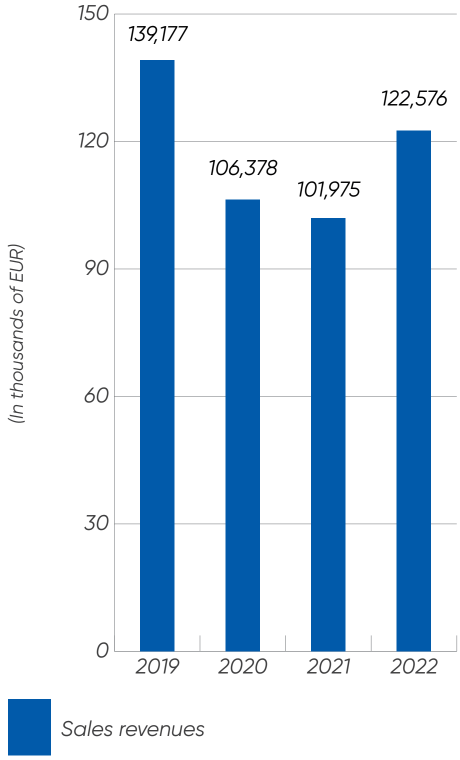
Revenues in the first eleven months of 2022 were 10% higher year-on-year. Compared with the same period in 2021, growth was lower due to lower growth in economic activity, a reduction in some tax burdens and the absence of one-off inflows from the sale of concessions in 2021.

OPERATION ANALYSIS IN 2022

SALES

In 2022, the company noted a growth in sales revenues, which were up by 21% when compared to 2021. Big Bang had a great year in terms of sales.

The government's "Digital Voucher" scheme has also helped to boost sales. Even in the absence of the scheme, the company would have recorded high sales growth.



OPERATING EXPENSES

In 2022, operating expenses amounted to EUR 119 million and were up by 20% compared to the previous year.

The majority of the structure of operating expenses in sales is accounted for by costs of goods sold, which, within the last four years, has been around 78% of total revenues, with the share in sales in 2022 being lower by 0.5% compared to the year before.

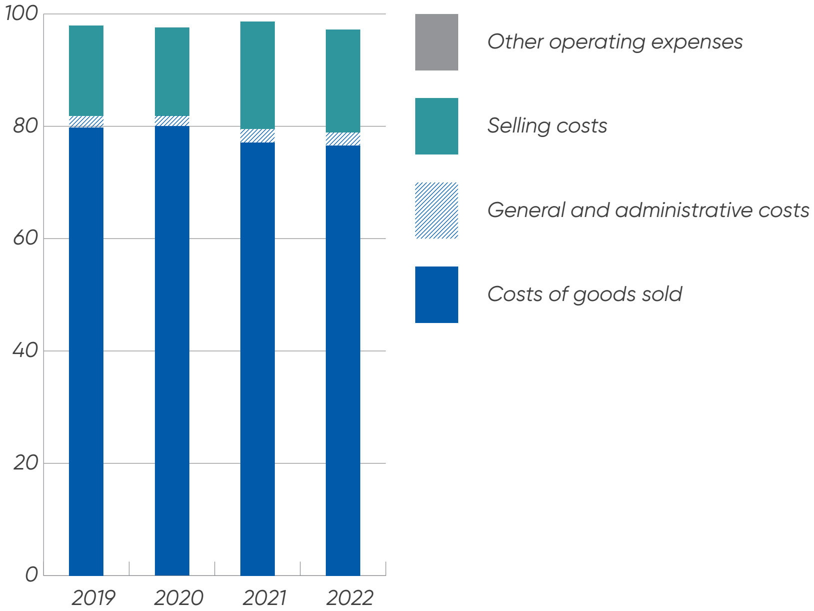
In terms of size, selling costs are the second largest item in the structure of sales-related operating expenses. Over the last four years, they have on average amounted to around 17%, and in 2022, decreased by 0.8 percentage points in the share of sales, as they accounted for 18.3% of sales compared to 19.1% in the previous year.

In 2022, the costs of general activities decreased by 0.1 percentage points in the share of sales, amounting to 2.3% of total sales.

In thousands of EUR

Operating expenses	2019	2020	2021	2022
Costs of goods sold	111,045	85,055	78,625	93,948
General and administrative costs	2,771	2,061	2,413	2,778
Selling costs	22,419	16,669	19,521	22,478
Other operating expenses	43	2	26	41

SHARES OF OPERATING EXPENSES IN SALES



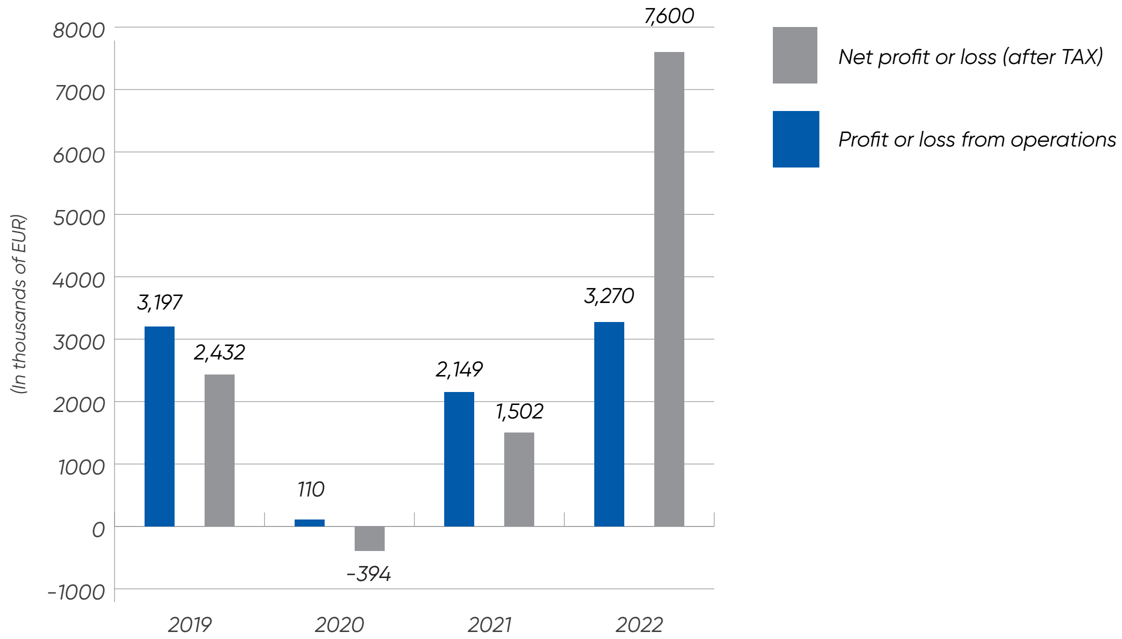
Shares of operating expenses in sales	2019	2020	2021	In thousands of EUR 2022
Costs of goods sold	79.8%	80.0%	77.1%	76.6%
General and administrative costs	2.0%	1.9%	2.4%	2.3%
Selling costs	16.1%	15.7%	19.1%	18.3%
Other operating expenses	0.0%	0.0%	0.0%	0.0%

FINANCIAL REVENUES AND EXPENSES

FINANCIAL REVENUES AND EXPENSES	2019	2020	2021	In thousands of EUR 2022
Financial revenues	6	23	35	5,451
Financial expenses	347	406	403	611
Net financial result	-341	-384	-368	-4,839

Financial revenues and expenses were affected by the operations related to the acquisition of Sancta Domenica: financial expenses grew by EUR 209 thousand compared to the previous year, a growth linked to the cost of financing the acquisition. Financial revenues include a dividend received from Sancta Domenica of EUR 5.45 million.

PROFIT OR LOSS

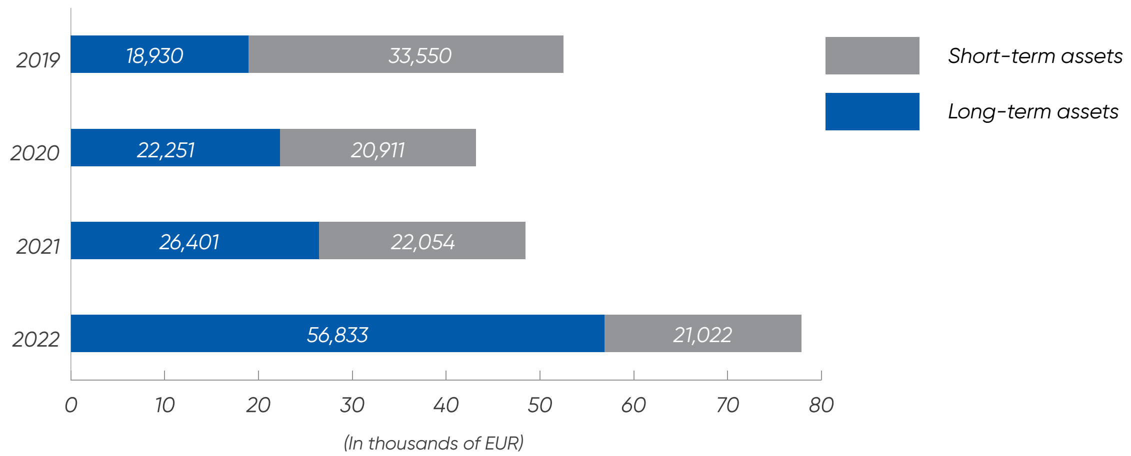


Big Bang's operating profit or loss was positive in 2022, namely, EUR 3,270 thousand. With respect to the previous year, it was higher by EUR 1.1 million, which is mainly the result of increases in sales.

The net profit is even higher thanks to the dividend of EUR 5.45 million, up by EUR 6.1 million compared to the year before.

ASSETS

At the end of 2022, the company's assets totalled EUR 77.86 million, which is EUR 29.4 million more than at the end of 2021. This results in particular from the acquisition of the Croatian company Sancta Domenica d.o.o.



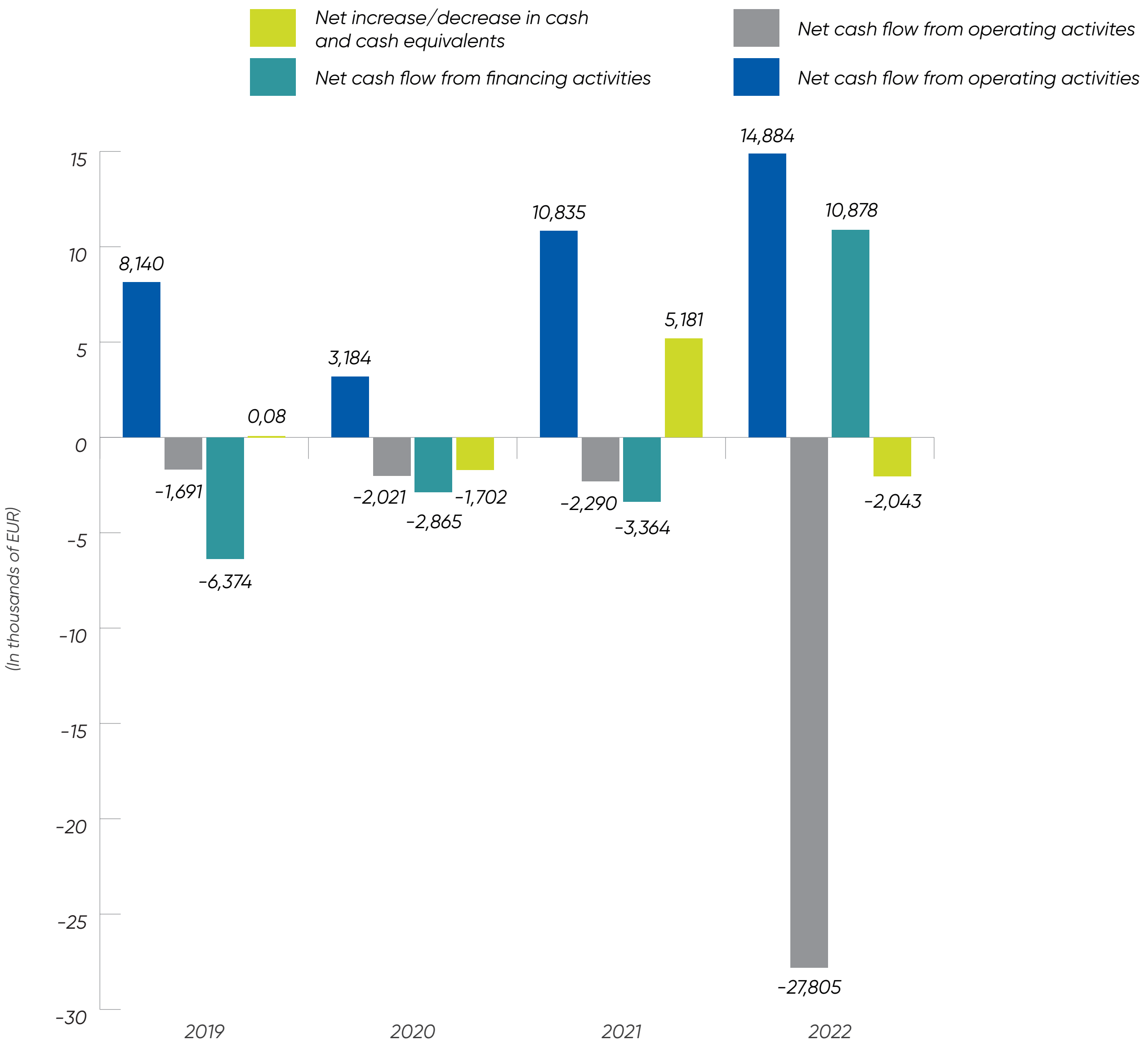
EQUITY AND LIABILITIES

Big Bang's equity was EUR 4.3 million higher than in 2021, mainly due to the net profit for the financial year. Short-term liabilities were up by 48% compared to 2021. Long-term liabilities in previous years were mainly related to the application of the IFRS 16, but from this year onwards, we have also recorded a long-term loan of EUR 17 million to finance the acquisition of Sancta Domenica. Long-term liabilities increased by EUR 14.5 million.

In thousands of EUR

Equity and liabilities	2019	2020	2021	2022
Equity	13,063	8,314	9,867	14,118
Short-term liabilities	26,453	19,900	21,855	32,342
Long-term liabilities	10,960	14,451	16,465	30,970
Provisions	2,003	498	447	425
Total liabilities	52,479	43,163	48,634	77,855

CHANGES IN CASH FLOW



PLANS FOR THE FUTURE

2023 will be a very important year for Big Bang, mainly due to the increase in the size of the company as a result of the acquisition of Sancta Domenica in Croatia. The two companies will operate as a group in 2023, maximising synergies in upstream and downstream, as well as in know-how, infrastructure and processes. We will develop a new joint strategy to further accelerate the development of both companies. By sharing best practices, we will exploit Sancta Domenica's potential in online sales and marketing, and we will transfer as much as possible of Big Bang's bricks-and-mortar knowledge to other markets. We will gradually start to use Big Bang's technological infrastructure in Sancta Domenica.

The online marketplace and the digital-first approach will be very important for us in terms of development. We will increase the number of products and partners on the marketplace and online platform. We believe that this will significantly enrich the choice for our customers. Not only will this increase traffic, it will also help to build loyalty as they will be able to find all the products they need in one place. This helps to build a solid base of loyal customers.

We will also continue with our digitalisation projects. The most important projects in 2023 will be the final roll-out of the Sales Assistant application to Big Bang stores, which has been delayed due to the development of the online marketplace, and the optimisation of logistics. If the online marketplace is the sales face of the Big Bang for online buyers, the Sales Assistant is the face for sellers within Big Bang. Both the online shop and the Sales Assistant are part of a single sales platform that Big Bang uses to break down the barriers between physical and digital sales. Most stores that have an online store in addition to their physical store keep these two sales channels completely separate - organisationally, IT-wise and process-wise. At Big Bang, digital transformation is changing our organisation and processes so that there is no difference between buying in the digital and physical worlds. For example, one of the features of the single sales platform is a single shopping basket that can be exchanged between buyer and seller. Even if the customer completes the purchase on the website, information about who advised the customer is retained so that they can be rewarded.
Optimised logistics are the cornerstone of a good customer experience, both for online purchases and for purchases in-store. At Big Bang, we have primarily relied on existing decentralised processes for ordering and supplying stores. Digital transformation aims to change this. As part of the Optimised Logistics initiative, we will implement a new warehouse management system, optimise the purchasing process, centralise the replenishment process and automate ordering. This will involve a significant change in logistics routes, as we will be sourcing the majority of goods through the central warehouse rather than directly to the stores, while at the same time transferring the bulk of the preparation of Internet and pre-order orders to the central warehouse.

As we want to offer our customers the best user experience, we will continue to expand the number of experience measurement points in 2023. The most important of these will be the introduction of service level monitoring at every step of the shopping process. This is to ensure that customers always have accurate information about when they will receive the goods they have ordered. At the same time, we will continue to develop the Big Bang Club - providing members with more advanced services and the more convenient management of devices throughout their lifecycle. We will also pay special attention to our user communities. We will add new communities to the Game Gang community to promote enthusiasm for technology and healthy lifestyles.

At Big Bang, we believe that our competitive advantage lies in our knowledge. That's why we will place a strong emphasis on employee development and empowerment as the foundation of a good customer experience. We will further develop our HR processes and introduce modern and widely accessible training. Plenty of attention will also be paid to monitoring development, performance," wellbeing and rewarding excellence, which is directly linked to our values.

MANAGEMENT OF POTENTIAL

Employee potential during changed conditions

Developing the potential of employees in the new, post-Covid environment is even more important as the labour market has reopened and revived, competition in the sector has increased and the country's economic situation has put increasing pressure on the population and, consequently, on the company's operating costs during the year. This means that we need to focus more on creating more value and competitiveness.

Knowing as much as possible about the real situation is the basis for well-informed operation and action. This is how UAU Pulse, a project to regularly measure the Employee Net Promoter Score (eNPS) every 14 days, came into being. The aim of the project is to obtain anonymised feedback on an organisation-by-organisation basis. The UAU Pulse project monitors the status of employees in the following areas:

- well-being,
- employee engagement,
- team performance,
- preventing burnout,
- learning and development, and
- job satisfaction.

Based on the information provided by our team members through UAU Pulse, and in line with our strategic directions, we have implemented a number of activities in 2022. We started the year with renewed and in-depth annual development interviews. This gave us insight into the development opportunities and gaps in the implementation of our Better Big Bang 2021 - 2025 strategy. Annual development interviews were held with all employees and, based on the feedback, a number of activities were implemented to develop employees on an individual level.

We believe in treating our employees holistically. For example, we launched an internal training competition, Big Bang Upgrades Your Skills, which enabled more than 30 employees to participate in training courses via global online platforms such as edEX, Udemy and others. Employees have gained the skills they need to do their jobs, or have deepened their knowledge of subjects that help them in their lives outside the workplace.

In June 2022, we supported the creation of the Veliki pok Sports and Cultural Association. The Association is partly funded by membership fees, but the bulk of the funding for the activities has been taken over by Big Bang as we want to improve the quality of life of our employees. Members of the Association organised numerous hikes in the hills and mountains, and also ran marathons.

Internal communication has a new place on our Intranet. We completely overhauled the format and content of our in-house newsletter, Big Bang World, where a large part of the content is dedicated to improving physical and mental well-being.

In 2022, the company continued to redesign the HR processes and digitalisation. We completely overhauled our induction process and the materials that support it. We digitised the evaluation of probationary work and, as a test company, we started using a system to easily book employees for preventive and regular health check-ups, thus concretely reducing the preparation and waiting time for referrals.

Big Bang rewards excellence! In 2022, the company included all its employees in the excellence rewarding system. The system is tailored to the functions carried out by employees:

1. Sales,
2. Sales support, and
3. Overhead services.

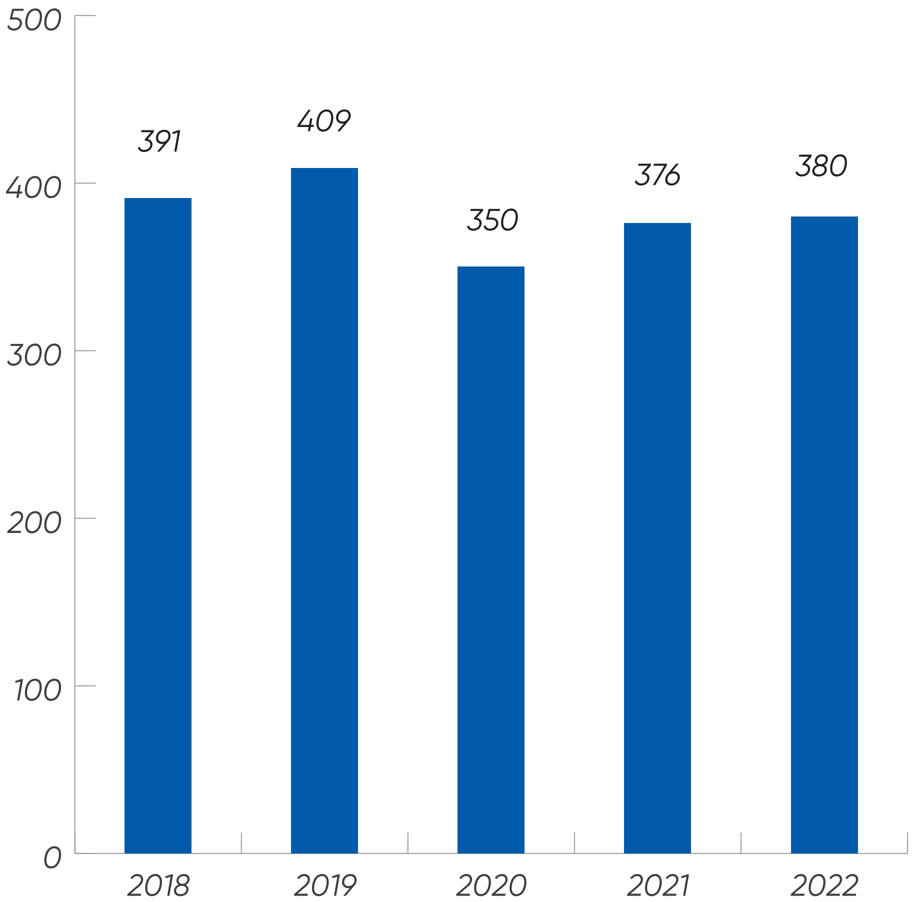
We are pleased to have established a really good and genuine relationship with the representative trade union. Our cooperation is very constructive. Open dialogue and mutual support are the result of mutual trust based on the good work of Big Bang, as well as proof that we put our employees first. As a result of good social dialogue, we increased commuting and meal allowances.

The company's compass is its values. We take great pride in knowing that, together with our employees, we have managed to establish unique values that we firmly believe in and live by.

Big Bang's values:

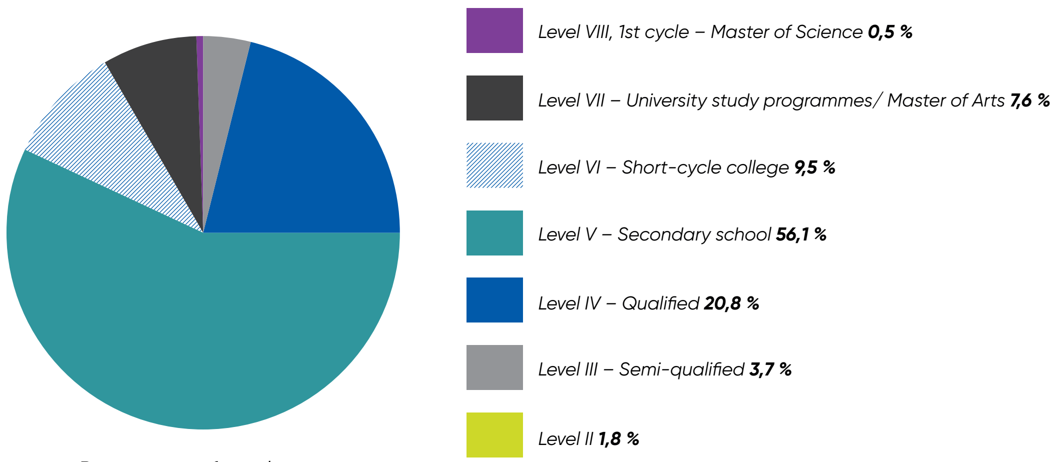
- Technology is written into our DNA.
- We are an experience for our customers.
- We are here for each other.
- We fulfil our potential.
- We live healthy lives.
- Laughter brings us together.
- We care about the world around us.

CHANGES IN THE NUMBER OF EMPLOYEES IN BIG BANG D.O.O. BETWEEN 2018 AND 2022



Big Bang is built by qualified individuals

EMPLOYEE EDUCATION STRUCTURE AS AT 31 DECEMBER 2022



Percentage of employees

Level of education as at 31 December 2022	Number of employees	Percentage of employees
Level II	7	1.8
Level III – Semi-qualified	14	3.7
Level IV – Qualified	79	20.8
Level V – Secondary school	213	56.1
Level VI – Short-cycle college	36	9.5
Level VII – University study programmes / Master of Arts	29	7.6
Level VIII, 1st cycle – Master of Science	2	0.5
TOTAL	380	100

Big Bang promotes diversity

Big Bang strives to maintain and encourage a fine balance between the number of male and female employees. In 2022, women accounted for 44% and men accounted for 56% of employees, meaning that the proportion has remained similar compared to previous years. It is important for us to appreciate the knowledge of our experienced employees and to take care of the introduction and development of our younger employees.

STRUCTURE BY GENDER AND AGE AS AT 31 DECEMBER 2022

Age	Number	Percentage	Men	Women
UP TO 20	5	1%	2	3
FROM 21 TO 30	115	30%	77	38
FROM 31 TO 40	108	28%	71	37
FROM 41 TO 50	102	27%	53	49
FROM 51 TO 60	42	11%	16	26
FROM 61 UP	8	2%	6	2
TOTAL	380	100%	225	155

RISK MANAGEMENT

Risk management is a proactive systemic approach aimed at anticipating and perceiving negative trends and occurrences (risks) and positive trends and occurrences (opportunities) in a timely manner for effective action and the exploitation of all possibilities in favour of the company. Effective risk management creates the basis for safe and profitable operations, and represents one of the most important factors of business performance. Management of various risks requires different approaches. We manage risks through sectoral services. With the timely detection of risks, we want to increase the achievement of set goals, identify deviations in a timely manner, and adopt corrective measures, and thus reduce the potential impact of negative events and better manage the resources available to the company to achieve the goals. All key functions are committed to the transfer of knowledge and good practices in the company.

The risk management system includes all areas, but emphasis is placed on those that materially affect the business and the set business goals. Also very important is the concern for the appropriate culture of the company, especially in knowledge, cooperation and open communication about risks, whereby the company's management and business compliance service play a key role.

Business risk

STRATEGIC RISK

Strategic risks are the risks of loss due to inadequate strategic decisions, the inconsistent implementation of strategic decisions, and insufficient responsiveness to changes in the business environment (including legal and regulatory risk). Strategic risks are properly managed with the established organisation and processes that enable the company to have real-time and important information necessary for the adoption of business decisions. In 2019 the company's new strategy was adopted, which was further "sharpened" in 2022 into the Better Big Bang strategy for the period until 2025. In the framework of the latter, the strategic indicators that enable the company's management to gain an appropriate and continuous overview of the implementation of the set strategic orientations and goals were also updated.

OPERATIONAL RISK

The company manages operational risks through defined work processes and both internal and external controls, the purpose of which is to reduce the probability of losses from operational risk. The company's internal measures and rules thus include the appropriate definition of work processes, an appropriate personnel policy, the separation of important functions in the company, control over the flow of information within the company, establishment of internal controls, and other relevant acts and rules governing the company's operations. In a rapidly changing environment, Big Bang needs to effectively manage changes and implement improvements. We undertake every effort to make real process improvements through a more structured and consistent approach to the entire organisation, namely, by defining key strategic measures and processes that need to be upgraded, adopted or changed, by identifying key process owners, by managing human resources in improving expertise/competencies and the number of employees needed for it, and by eliminating activities that bring no added value.

PURCHASING RISK

Risk of changes in purchase prices: Changes in purchase prices represent a strategic, business and financial risk for the company. On one hand, there is a risk that the prices of certain stocked goods may decrease on the market. The resulting adaptation to changed market conditions incurs stock revaluation costs. Moreover, if a supplier increases a certain price, this may lead to a problem of non-competitiveness, and consequently a drop in sales. The instrument for the reduction of risk associated with the movement of prices is the purchase contract, which determines the procedures for price changes. Another important instrument for the management of such risk is stock regulation, given the level of risk for an individual type or group of goods. The movement of purchase prices poses a high risk to the trading company, although exposure to this risk is moderate. However, Big Bang's exposure to this risk is moderate. Higher price volatility is expected in the future and we will pay particular attention to managing this risk.

Obsolete inventories (non-sellable or poorly sellable goods, goods with an expired shelf life, etc.) cause a longer tying up of financial resources and require sales at discounted sale prices, as well as write-offs, which affect the company's profit and loss. This type of risk is managed by the constant monitoring of such inventories in accordance with defined criteria and by taking prompt measures, whereby we include our suppliers in the solutions with regard to the obsolete inventories. The instruments for the management of such a risk are the purchase contract and effective management of the goods' sales cycle. While obsolete inventories can have a serious impact on the operations of the company, they do not represent a high risk to Big Bang, as the percentage of obsolete inventories is very low, and we have an impairment formed for them. Due to regular monitoring and the implementation of suitable activities, the likelihood of a significant increase in obsolete inventories is low.

Untimely delivery risk: this is a risk that a supplier may fail to deliver goods within the agreed time period, which poses a risk for special offers and seasonal products in particular. A consequence of an untimely delivery in this context is a failure to achieve the planned effect of the special offer and a loss of the company's goodwill. The untimely delivery of products also incurs an opportunity cost, as it may result in a low stock level of goods and thereby a loss of sales opportunities. The instrument for the management of this type of risk is the purchase contract, where contractual penalties are determined separately for the untimely delivery of special offer products and for untimely deliveries of products that are not in the special offer. Global problems in the production and logistics chains have been significantly reduced in 2022 since COVID-19. Untimely deliveries represent a moderate risk.

Risk due to the non-compliance of goods or supporting documents with legal requirements: at Big Bang we trade in a wide range of products, which must meet numerous legal requirements. There is a risk that a certain product may not entirely comply with these, thus resulting in consequences such as a prohibition of sale demanded by supervisory bodies, costs of proceedings, and high financial penalties, which have a direct negative impact on profit and loss. To limit this type of risk, we follow the current legislation and keep our employees in the sales department informed of it. The impact on operations is moderate and the probability of occurrence is low.

Logistics risk: at Big Bang, the logistics activity represents risks in the management of resources and costs. The goal of logistics activities is to ensure the constant and timely delivery of goods and their storage with the least possible deviation in the volume of stock or delivery times. In doing so, we are significantly dependent on our external partners, which is especially true for deliveries from abroad. The risks arising from this include uncoordinated large arrivals of goods, congestion of storage facilities, delays in deliveries to the central warehouse and the sub-optimal movement of goods. In order to limit these risks, logistics actively cooperates with the purchasing department, commercial establishments and external partners, and constantly improves the logistics processes. Logistics risks are assessed as moderate, while the likelihood of the occurrence of a major negative event is low.

INFORMATION RISK

The information infrastructure is becoming increasingly important for the operation of the company. The risk of information systems not being adequately set up, not functioning correctly, not being properly secured, being vulnerable to downtime and errors in collecting or processing data, or not adjusting to changes in external and internal environments, as well as to the needs of its users, are critical to us, which is why we put a strong emphasis on this area. We reduced the risks in the infrastructure area by renting the server infrastructure in the form of a hybrid cloud, whereby we are provided with a maintained and protected server environment in accordance with the contracts on the level of service provision. Our IT architecture is gradually being transformed into a micro-service architecture, with each service independently protected in terms of safety. In this way, we reduce security risks, while at the same time, the interdependence of the individual parts of the information system enables faster and easier changes. We assess information risks as moderate, as well as the likelihood of an incident.

HEALTH RISK AND SAFETY AT WORK

The company takes a comprehensive approach to ensure safe and healthy working conditions and to recognise, decrease and manage risks originating from work tasks and the work environment. We maintain such an attitude with the introduction of the envisaged standards of health and safety at work and compliance with laws. All jobs are assessed with the Safety Statement and Risk Assessment document, which anticipates and describes the possible hazards and harmful effects that may affect the health of employees, as well as foresees the measures for their mitigation. This is a process where we perform regular audits of such assessments and change measures as needed. The process also includes the employees directly. In carrying out the audits of health risk assessments we cooperate with occupational medicine professionals, which is especially important in order to manage the risks. In 2020, due to the COVID-19 epidemic, the Safety Statement and Risk Assessment document, along with the Health Risk Assessment document, were revised and adapted in order to lower the risk of transmission or to prevent SARS-CoV-2 virus infections. Based on the audited risk assessments, the company carried out planned activities for protecting the health and safety of employees, customers and other external visitors.

In accordance with the risk assessment, we regularly refer our employees for periodic medical examinations, and each new employee undergoes a legally prescribed medical examination. We pay special attention to preventive actions and the elimination of potential hazards. Employees may report any dangerous occurrence or accident at work. All reported incidents at the company are researched, and appropriate actions are taken.

With regard to fire protection, we carry out preventive measures, monitor fire safety conditions in accordance with the legal requirements, and take care of the regular training and education of employees and the constant improvement of fire safety at all business locations. The company's external contractor that is authorised to carry out fire safety also performs regular inspections of premises and work equipment.

HUMAN RESOURCES RISK

This type of risk covers a lack of adequate and specialist staff, and the health, satisfaction and engagement of existing staff. Measures to manage HR risks include the development of a reward system that encourages outstanding individuals and their achievements, the development and education of motivated individuals, and the regular monitoring and planning of the careers of key employees. We regularly monitor the education and development of employees, while at the same time increase their responsibility at work and encourage them to take on new assignments and reallocations to new job positions. In particular, by applying soft methods, we try to ensure employee motivation and a sense of initiative, as well as a sense of belonging to the company. This helps reduce the risk of staff departure. There is also information (non-)flow risk, which is mitigated by introducing measures, such as the development of human resource programmes and other IT programmes, such as working process support and mutual business communication. In addition to this, we regularly monitor how well the employees at all levels are informed through expert, commercial and weekly meetings in the retail stores. In accordance with the above-mentioned activities, we assess HR risks to be moderate and manageable.

LEGAL RISK

The legal safety and compliance of operations at Big Bang are handled by the Legal Affairs and Business Compliance Department, with the additional support of external legal advisors. Together they are involved in all areas of work where collaboration with the Legal Affairs Department is necessary, but in particular they monitor the legislation, prepare and review contracts, prepare internal acts, and direct and coordinate or cooperate in the resolution of disputes that may arise in the operations of the company.
The business compliance function assesses the risks of the company's business compliance with the regulations and other internal acts of the company and, thus, informs the company's management. In addition to that, it assesses the possible effects of legislative and other changes in the legal environment regarding the company's operations, advises on their compliance, and monitors the adequacy and efficiency of measures aimed at the harmonisation of operations with the perceived changes. An essential function of business compliance is also to assist sectoral services in detecting business risks and possible violations of regulations, as well as to establish the internal controls necessary in order to prevent violations and reduce risks. The compliance function plays an important role in striving for the fair and transparent behaviour of the company's employees.

RISK OF FRAUD AND OTHER UNLAWFUL ACTS

The risk of fraud and other unlawful acts includes administrative fraud, illegal acts, scams, fraud committed by employees and third persons, the unauthorised use of various resources, and intentional damage. Management of these risks requires continuous supervision. Some risks are also posed by the possible disposal of assets – fixed assets and merchandise. The experience gathered so far has shown that an important factor in reducing risk is the adequate technical protection of premises and merchandise, both during and outside of the operation of commercial establishments. As part of the protection of property and merchandise, we have appropriately organised technical security, a surveillance system, and an intervention service. We estimate that the risk of burglary and theft is relatively high, but the likelihood of its occurrence is moderate, especially in terms of the amount of potential loss or damage. Due to the nature of its activities, Big Bang is exposed to a higher risk of fraud and the disposal of assets, which is why we reduce it through insurance instruments, regular and extraordinary inventory of goods, internal controls and external performance audits. Big Bang has a zero- -tolerance policy when it comes to such actions.

In 2021, we began preparing the customer acceptance verification policy or the so-called "know your customer protocol" (hereinafter referred as the "policy"), which defines the basis on which Big Bang enters into business relations with new and existing customers. The policy introduces the guidelines or certain provisions of the Law on the Prevention of Money Laundering and Terrorist Financing (Official Gazette of the Republic of Slovenia No. 68/16, as amended) and the Companies Act (Official Gazette of the Republic of Slovenia No. 65/09, as amended). The policy formally entered into force in 2022. By formulating the policy, the company has defined and set out the measures that it will take to manage the risks of fraud and reputation. The policy establishes general guidelines and criteria for the acceptance of customers, defines procedures for verifying the identity of customers and carrying out an examination of customers, and sets restrictions that the company must observe in its business in order to minimise the risk of fraud and reputation.

REPUTATIONAL RISK

Reputational risk is the possibility of losing future or current business due to the negative image of the company by its employees, business partners, customers, owners, and other interested members of the public. Reputational risk is understood as the risk of potential damage done to the Big Bang trademark and its reputation, which can have a negative impact on the company's capability of maintaining established business relations or to make new ones. The basic element of the reputational risk management system is a good corporate governance system, which is monitored and supported by the company through activities that assess the attitude of employees and external stakeholders on the company. In order to manage reputational risk effectively, it is important to have an effective system for the internal flow of information and communication with employees and between them. This helps raise the awareness of employees and provides them with a sufficient understanding of the strategy, operations, plans and the current circumstances. It is also important to maintain harmonised, consistent and up-to-date information for external stakeholders regarding the company's operations and activities, thus strengthening mutual trust and long-term relations.

Financial risks

The company is exposed to liquidity, credit and market financial risks (interest rate, currency and inflation risks). Bearing the exposure to financial risks in mind, we follow the conditions on the global markets. As obtaining and managing the financial resources needed for uninterrupted operations and investments might become more demanding, we pay special attention to global events. When managing and controlling financial risks, we follow the adopted financial policy that includes the starting points for efficient and systematic financial risk management. The goals of the active risk management process are as follows:

- To achieve business stability and reduce exposure to individual risks to an acceptable level;
- To increase market value, competitiveness and creditworthiness;
- Greater predictability of cash flows and profit levels;
- Optimisation of tax liabilities and the reduction of the effects of exceptional harmful events.

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulties in raising the funds needed to meet its financial obligations. The company has been managing the indicated risk with an active liquidity management policy in order to prevent non-reconciled cash inflows and outflows. This encompasses the following:

- A system of limits determining the minimum cash and high-liquid assets the company must have available at any time,
- Credit risk management policy ensuring the envisaged payment of receivables,
- Real-time planning and monitoring of cash flow, and
- Credit line with banks intended for loan draws with regard to the current needs.

Easier management and the regulation of current liquidity also enables a constant flow from retail buyers. We assess that the insolvency risk exposure is constant and low in relation to the aforementioned protection measures and the current situation. Liquidity is not at risk at any point in time and therefore the management considers the exposure to liquidity risk to be moderate.

CREDIT RISK

Credit risk exposure depends on individual buyers and the economic conditions in the countries of the buyers' origin. At Big Bang, we have developed an active credit risk management policy that includes the ongoing monitoring of outstanding receivables, limitation of exposure to any individual buyer through a system of limits, default interest, insurance of receivables, and a receivables recovery policy. This system covers all buyers. In doing so, we take into account the awareness that an overly strict credit risk management policy could decrease the competitiveness of the company, which would, therefore, result in the loss of a certain number of customers and amount of income.

In order to limit exposure to this risk, we use a rating system, which includes the following:

- Insurance of potential future receivables upon signing of the contract and the evaluation of a credit rating of new and existing buyers,
- Determining the volume of the limit granted and its maximum amount for regular buyers given the assessed credit rating, the extent of the turnover and the previous payment discipline, depending on the amount and quality of insurance,
- Setting the limit for new buyers based on the assessed credit rating and insurance,
- A detailed trade receivable recovery procedure (including court recovery).

Big Bang generates the largest part of its sales revenue in the retail segment. In addition to cash payments, other payment instruments (cards and consumer lending) enable us to receive practically the entire revenue from this segment of sales immediately or in a few days following the sales. In other segments, we consistently implement the above-mentioned measures for risk hedging; therefore, the management believes the credit risk exposure is moderate.

OTHER FINANCIAL RISKS

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates or equity instruments, may affect the revenue or the value of financial instruments. The aim of market risk management is to manage and control the exposure to market risks within reasonable limits while simultaneously aiming for profit optimisation.

Interest rate risk is a risk that the value of a financial instrument will fluctuate due to a change in the market interest rates. Big Bang has taken out a long-term loan to part-finance the acquisition of Sancta Domenica during 2022. The loan is tied to the EURIBOR floating interest rate, which potentially exposes the business to interest rate risk. We are also seeing more interest rate rises and all indications are that the trend of high interest rates will continue at least for the next year. An increase in interest rates may have a negative impact on the bottom line, but it cannot significantly jeopardise a company's business. In light of the above facts, the management of the company assesses the exposure to interest rate risk to be significant.

Currency risk is a risk where the economic benefits of the company may decrease as a result of the changed rate of an individual currency. We assess that the company is not exposed to currency risk, as the share of foreign currency transactions in the overall operations is negligible.

Inflation risk includes all risks associated with a higher level of inflation in an economy. In 2022, inflation reached its highest level in recent years, and the high inflation rate is expected to persist for at least another year. Despite the current high inflation rate (also expected for next year), the management considers that the impact of the high inflation rate is manageable.

STATEMENT IN ACCORDANCE WITH ARTICLE 545 OF THE COMPANIES ACT (ZGD-1)

The management of Big Bang d.o.o. hereby declares that in 2022, there was no action taken or abandoned on the initiative of the controlling undertaking or its associated companies that would represent a deprivation for the company Big Bang d.o.o.

In Ljubljana, 26 May 2023

Uroš Mesojedec
CEO

Robert Sraka
Chief Operating Officer

Goran Janičijević
Chief Customer Officer

SUSTAINABLE DEVELOPMENT

Responsibility to employees

The largest contribution to a company's success in a dynamic environment comes from its employees.

Employees at Big Bang help shape a working environment that encourages team spirit, collaboration, engagement, achievements and employee empowerment to foster a culture of involvement, challenge, development and acceptance of changes. We encourage all employees to achieve their full potential and work together in the promotion of the development and growth of the company. Our organisation is aligned with a business strategy and organisational culture that is based on engaged, dynamic, responsible and highly qualified employees. Core values and competencies are part of all employee activities, as well as the company's processes. Therefore, we strive to ensure that all our activities reflect our responsibility to our employees and the values we stand for. These values guide us in setting goals, achieving results, and cooperating and working with the employees.

We pay special attention to attracting, recognising and developing talented individuals and, thus, ensures the success of the company in the future. Highly qualified staff are needed in order for the company to establish itself on the market successfully, and to develop and market new products, which is why we are creating a work environment that promotes both the professional and personal development of employees. We believe the success of an individual is founded on the desire to achieve excellence in their work and on continuous professional and personal development, and the development of interpersonal relationships.

Due to quality being important to us at every step of the work process, we encourage employees to engage in mutual cooperation, transfer relevant information and be creative. We create an environment in which the goals and needs of the individual can be linked to those of the company. This is achieved through demanding and interesting work challenges, ensuring optimal working conditions, enabling the development of skills and competencies, and cooperating in career development.

We offer our employees regular employment in a dynamic team, with incentive structures and the opportunity for professional and personal development. At Big Bang, employees also receive other non-financial benefits, such as direct contact with new technologies and digitalisation trends, the possibility of participating in innovative/development projects, an attractive working space, continuous development in sales and other skills, and a number of other benefits. We provide:

- Work in places of business furnished in a modern style,
- A pleasant working environment,
- Mentorship and ongoing support of colleagues in the department,
- An opportunity for advancement to managerial positions for ambitious colleagues,
- Besides regular payment, additional remuneration when objectives beyond those set are achieved,
- Gifts to all employees and their youngest family members at the end of the year,
- Supplementary pension insurance payment for employees,
- Investment in knowledge, as we are convinced it is the key for the progress of the entire company.

We care for the well-being of our employees

At Big Bang d.o.o., we recognise that occupational health and safety, in addition to its basic purpose, ensures a high level of staff satisfaction. The company, thus, strives continuously to decrease the risk of injuries and health impairments resulting from the implementation of work processes. This is why we are seeking solutions that are healthier and safer for our employees.

All risks are assessed periodically and kept at a level deemed acceptable by implementing security measures. Employees are trained periodically in occupational health and fire protection, as well as fighting incipient stage fires. Together with an external contractor, we periodically monitor and inspect workplaces and equipment, carry out ecological work condition inspections and measurements, and perform regular technical inspections of the hydrant network and fire-extinguishing apparatuses in order to reduce risks and provide a safe and healthy working environment for our employees.

In 2022, we carried out an inspection of premises and equipment in all places of business and performed periodical occupational health and fire protection training sessions in six retail shops. Moreover, we carry out periodic and preventive health checks of all employees in the company in accordance with the health-risk assessment.

Collective supplementary pension insurance

At Big Bang, we look after our employees by helping them create a more secure future, therefore we contribute to supplementary pension insurance with two insurance companies, namely Skupna pokojninska družba, d.d. and Prva osebna zavarovalnica, d.d.

The objective of inclusion in the supplementary pension saving is to ensure an adequate supplementary pension in order to fill the pension gap and loss of income following an employee's retirement. The company made this decision due to the benefits such an inclusion has for the employees. Specifically, it provides additional motivation for employees (enabled by the employer), lower employee inclusion costs, subsidy from the state in the case of own contribution, additional benefits offered by the insurance company, and greater financial security before and after retirement (early retirement pension). The inclusion provides certain benefits for the company as well, namely tax relief and a contribution to corporate social responsibility.

Responsibility to the owner

The basic objective of Big Bang is to achieve profitable operations and generate a positive free cash flow. Responsible behaviour towards the owner is reflected in achieving our operating goals, with suitable transparency of operations and communication with the owner.

Responsibility to customers

In 2022, we again upgraded our consumer-oriented strategy. As our brand is all about delight through fun and professionalism, we clearly defined the objectives to achieve consistent market effectiveness. Customers who decide to shop in a physical store can use the support of a special adviser in each department, and customers making an online purchase can make use of the call centre and e-support via e-mail and social networks. The after-sales service ensures customer satisfaction in cases when additional services are needed after the purchase. Given the results of external surveys, consumers recognise our professionalism and excellent recommendations, arguments and support at the time of purchase. Our guiding principle is once again the one that matters most: to provide the utmost satisfaction of the customer's shopping experience.

The company invests a great deal of time and knowledge into the provision of updated and current information with the aim of creating a better user experience, both online and in the physical stores. Our physical stores are continuously stocked with new and interesting products for our customers, while in the online shop, we ensure user-friendly, simple and transparent purchases. The webpage includes information for customers, the content "landing pages", descriptions and advantages of services, informative and entertaining video content, and information about special prices. We strive to remain the leading provider of product and service information, and in this way persuade the customers about the purchase, thus strengthening their confidence in the Big Bang brand.

Responsibility to the natural environment

A responsible attitude towards the environment is a key guideline for our company. We strive to be an environmentally friendly company and pursue this objective in all areas of our operations. In 2022, we continued our cooperation with the Vozim Institute on the "Best Phones and Headsets" campaign. The purpose of the campaign was to raise awareness among young people to avoid using their smartphones and headsets while in traffic, as the distraction of drivers can lead to the worst consequences. We are proud that we managed to carry out 20 workshops on road safety in Slovenian secondary schools together with the Vozim Institute. More than 600 students were involved in the workshops.

We make proper arrangements for the disposal of all waste produced by way of our operations. Trade activities produce different types of waste. One of the main types is packaging, but since we are a seller of entertainment electronics and household appliances, we also produce waste electric and electronic equipment. Therefore, we collect and properly dispose of both types of waste.

In the waste sector, we work with Dinos d.o.o. The company ensures payment for recycling and the reuse of our waste. Therefore, proper waste management represents a cost to us, but most of all it has a positive effect on the environment, which is a natural asset and must be properly protected.

Both types of waste are collected separately. At most of our stores, we collect packaging within the premises of shopping centres, while in two stores and in our central warehouse, we have our own containers and separate waste disposal systems. We also temporarily store the collected electric and electronic equipment at our waste collection points. For the Ljubljana region, we have a temporary collection point at the BTC Eco-Island, while in the Maribor region, such waste is temporarily stored by Europark, and our business unit in Celje also has specific premises intended for the temporary storage of such waste. Other small stores deliver waste electric and electronic equipment to contractual waste collection points.

At Big Bang, the collection of waste electric and electronic equipment is carried out in a way that is environmentally friendly and convenient for customers. We have containers for the separate collection of batteries, light bulbs, and small electric devices at all our stores, where every customer can dispose of their devices when no longer useful, regardless of where the items were purchased. Large devices (home appliances), however, can only be collected by us if a new appliance is purchased first. On the request of a customer, we can also take away old devices and appliances when we deliver new ones.

In 2022, we collected and handed to over contractual waste disposal centres the following amounts of waste electric and electronic equipment:

Light bulbs	240
Large household appliances	155,060
Refrigerators and freezers	98,860
TV screens	2,140
Small household appliances	2,170
Batteries	490
Total in kg	258,960

CORPORATEGOVERNANCESTATE-MENT OF BIG BANG D.O.O.

Pursuant to Article 70 Paragraph 5 of the Companies Act (Official Gazette of the Republic of Slovenia, No. 65/09 – officially consolidated text 33/11, 91/11, 100/11 – Order of the Constitutional Court, 32/12, 57/12, 44/13 – Decree of the Constitutional Court, 82/13, 55/15, 15/17, 22/19 – Trade Secrets Act (ZPosS), 158/20 – Integrity and Prevention of Corruption Act (ZIntPK-C), 175/20 – Act on Intervention Measures to Mitigate the Consequences of the Second Wave of the COVID-19 Epidemic (ZIUOPDVE), 18/21, 18/23 - State Administration Act (ZDU-1O) (hereinafter referred to as the "ZGD-1"), Big Bang d.o.o. (hereinafter referred to as the "Company"), hereby makes the following Corporate Governance Statement as part of its Business Report:

1. Level Referring to the Corporate Governance Code

The company's management declares that the management of the company in 2022 was carried out in accordance with the laws and other regulations, Big Bang's Articles of Association, the company's internal acts, and good business practices. The company does not have its own code, and in 2022, with regard to this, the management did not decide to follow the publicly accessible referential governance code.

In 2022, Big Bang d.o.o. made strategic decisions and timely business reactions to address the negative impact of the Covid-19 epidemic, which has affected the company since 2020, and to consolidate its position in the market and expand its business beyond its borders.

In the 2022 financial year, the management of the company remained difficult in the light of the recommendations and guidelines of the recommended corporate governance codes.

2. Main features of the internal control system and risk management in the company associated with the financial reporting process

In accordance with the provisions of the Companies Act (ZGD-1), Articles of Association, the company's internal acts, and legislative provisions, the company establishes and maintains an appropriate internal control system and risk management with effective procedures for identifying, assessing, managing and monitoring risks. The internal control system is defined as the composition of accounting and other controls, including the organisational structure, methods and procedures established by the company's management as part of their objectives in order to assist them in the economic, effective and successful implementation of activities.

Internal controls play an important role in the discovery and prevention of fraud, corrupt actions, asset protection and the company's reputation. Their purpose is to ensure the efficiency and effectiveness of operations, the correctness, completeness and reality of financial reporting, and compliance with the applicable laws and other external and internal regulations, which we seek to achieve primarily by providing and implementing the following measures and internal controls:

- Formulating clear and uniform accounting policies and their consistent use,
- Control over the regularity of accountancy data, which includes the verification of monthly adjustments of turnover, the harmonisation of items with business partners, and control over the conduct of annual inventory and asset balances,
- Protection of assets against theft, losses and inefficient use,
- Control of access restrictions – the accounting and business information system provides adequate restrictions of access to data and control over discrepancies,
- The adoption and implementation of the company's Customer Acceptability or Customer Identity Verification Policy, which sets out the company's measures to manage the risks of fraud and reputational risk; the implementation of the measures and procedures set out in this Policy enables the company to effectively defend itself against the possibility that the company may be used for fraud, deceit or other improper purposes,
- Recognition and analysis of discrepancies from planned events and the implementation of activities for their elimination,
- Checking the correctness of accountancy data within the reporting function or analysing and studying deviations from planned or previous turnovers and balances (regular monthly and occasional periodic reports on the company's operations).

In all important respects, the internal control system provides adequate guarantees for achieving the objectives with regard to the compliance of operations with laws, regulations, the company's adopted internal acts and other instructions, successful operations, the protection of assets against loss due to negligence, abusive practices, bad management, mistakes, fraud and other irregularities in order to maintain reliable accounting and other data and the correctness of data presentation in financial reports,

Risks related to financial statements are managed by directing and controlling the implementation of activities within the company's accounting function, and by performing audits of the financial statements, carried out by accredited auditors. We consider that the implementation of internal controls is effective and that they are regularly applied.

3. Information on the composition and operations of the management or supervisory bodies and their key competencies and the manner of their enforcement

The management or supervisory bodies of the company include the partner, the manager and the advisory committee.

The management of Big Bang d.o.o. in 2022 consists of the CEO and CIO/COO. The CEO, Uroš Mesojedec, manages and represents the Company independently, and the COO, Robert Sraka, also represents the Company, but jointly with the CEO.

In 2023 (from February), the management of Big Bang d.o.o. will consist of Uroš Mesojedec, Chief Executive Officer (CEO), Robert Sraka, Chief Operating Officer (COO) and Goran Janičijević, Chief Customer Officer (CCO). They validly represent the company in such a way that the company is represented jointly by at least two of the CEO, COO and CCO.

The Executive Director manages the company's operations and independently represents it in accordance with the law, Articles of Association, general acts of the company, general acts of the partner directly applicable in the partner's companies, the employment contract and the general and specific instructions and powers of the partner under the administration and management of the company. The Executive Director may grant another person written authorisation to conclude certain types of contracts and certain types of legal transactions (general authorisation), or for concluding individually specified contracts, as well as other specific legal tasks (special authorisation), by which they are not able to transfer more rights and obligations than they themselves hold under the law or the Articles of Association.

The partner decides autonomously on the:

- Adoption of the general company's acts, which are the responsibility of the partner, and of its amendments and supplements,
- Adoption of amendments to the company's Articles of Association,
- Status amendments and changes in the company form,
- Adoption of the annual balance sheet and the profit or loss statement, as well as the distribution of profit,
- Appointment and removal of directors,
- Appointment and removal of the advisory committee members,
- Appointment of a procuration holder,
- Appointment of the company's revisor,
- Enforcement of the company's claims against a director,
- Representation of the company in judicial procedures against a director and in business transactions between the company and a director,
- Changes in the nominal capital and the division and termination of the business shares,
- Entering into employment contracts with a director,
- Winding-up the company,
- Other matters that the law stipulates must be decided on at the general meeting.

The company has an advisory committee, which consists of the partner's representatives. In accordance with the provisions of the Companies Act (ZGD-1), the advisory committee is not a supervisory board of the company, but rather a specialised body of the company, established by the partner in accordance with the Articles of Association, predominately for advisory purposes and to execute the tasks of the partner. The provisions of laws with regard to the supervisory board are not used for the advisory committee unless otherwise explicitly defined in the Articles of Association. The existence of the advisory committee is the partner's right and not their duty, meaning if the partner does not appoint the advisory committee, the company's operations will not be affected by it.

The advisory committee comprises four members. The members of the advisory committee are appointed and removed by the partner upon the proposal of the partner's partners. Any member of the partner holding at least 40 percent of the partner's equity interest may put forward a proposal for the appointment of half of the members of the advisory committee. A member of the partner holding over 60 percent of the partner's equity interest has the right to request the appointment of three-fourths of the members of the advisory committee. The advisory committee members then appoint a chairman to the advisory committee from amongst the members appointed on the proposal of the majority partner.

The advisory committee's competence and decision-making method is laid down in the Rules of Procedure of the advisory committee adopted by the partner. In the Rules of Procedure of the advisory committee, the partner may determine the business transactions for which the management is required to ask for the prior consent of the partner.

In 2022, the advisory committee is composed of four members, namely, Dejan Rajbar, Robert Močnik, Tilen Klarič and Aleš Škerlak, the Chairman of the advisory committee.

In 2023, the advisory committee is still composed of four members, but with a different composition, namely Dejan Rajbar, Franci Tušek, Tilen Klarič and Aleš Škerlak, Chairman of the Advisory Board.

4. Diversity policy

The company has no formally adopted diversity policy that would be implemented in relation to representation in the company's management or supervisory bodies with regard to aspects such as gender, age or education. Notwithstanding the foregoing, the company follows the principle of diversity when defining the structure of managerial staff or the company's supervisory body, which means that it does not discriminate in the selection of managerial staff, respects diversity and provides equal opportunities to all, regardless of nationality, race, gender, age, religion, belief, financial status and other personal characteristics.

Candidates have the opportunity to stand for a management position in the company:

- with different types and levels of education obtained through valid training programmes;
- with different professional profiles, i.e. the work experience and skills in different areas of expertise needed to gain an in-depth understanding of the company's activities and the risks to which the company is exposed;
- of both sexes and of different ages, nationalities, races, religions, beliefs, financial status, etc.;
- where there is no conflict of interest under the provisions of the Companies Act (ZGD-1).

When selecting the best-qualified candidate for work in a managerial or supervisory function, the following will be assessed in particular: the level and nature of the candidate's knowledge, skills and experience, reputation, openness and honesty (ethical integrity), the candidate's ability to constructively exchange views, proposals and professional approaches in formulating the company's business objectives and objectives related to risk assumption and management or in monitoring the achievement of these objectives, the candidate's ability to make the right decisions, supported by arguments, despite differing views and experience, and to express independent opinions, the functional complementarity of knowledge, skills and experience (complementarity) that help maintain the body's adequate level of expertise, and a sufficient amount of time that the candidate must devote to the performance of the function.

In 2023, the company will strive for the formal adoption of a diversity policy that will promote a diverse composition of the managerial and supervisory staff in order to effectively manage the company, achieve greater efficiency of the management bodies, supervision and greater business reputation.

In Ljubljana, 26 May 2023

Uroš Mesojedec
CEO

Robert Sraka
Chief Operating Officer

Goran Janičijević
Chief Customer Officer

STATEMENT OF THE MANAGEMENT

The management hereby confirms the financial statements of Big Bang d.o.o. for the year ended 31 December 2022.

The management confirms that appropriate accounting policies were consistently applied in drawing up the financial statements, that the accounting estimates were made following the principle of prudence and good management, and that the Annual Report gives a true and fair view of the company's financial position and its operations in 2022.

The management is also responsible for maintaining proper accounting, the adoption of suitable measures to secure property and other assets, and confirms that the accounting statements, together with the explanations, are in accordance with the applicable legislation and the IFRS adopted by the EU.

The management is responsible for measures aimed at the prevention and discovery of fraud and irregularities, and for maintaining the value of assets of the company, Big Bang d.o.o.

The management is familiar with the content of the integral parts of the Annual Report and, thus, also with the entire Annual Report of Big Bang d.o.o. for 2022. The management agrees with it and confirms it with its signature.

In Ljubljana, 26 May 2023

Uroš Mesojedec
CEO

Robert Sraka
Chief Operating Officer

Goran Janičijević
Chief Customer Officer

FINANCIAL REPORT

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

In thousands of EUR

Item	Note	31.12.2022	31.12.2021
TOTAL ASSETS		77,621	48,633
Long-term assets		**56,833**	**26,401**
Intangible assets	5.1	1,525	1,612
Tangible fixed assets	5.2	22,241	22,973
Investment property	5.3	0	320
Long-term financial investments in affiliated companies	5.4	32,458	0
Long-term loans	5.5	328	1,200
Deferred tax assets	5.6	280	295
Short-term assets		**20,789**	**22,232**
Inventories	5.7	12,926	12,732
Short-term loans	5.8	250	100
Short-term operating receivables	5.9	3,544	3,289
Cash and cash equivalents	5.10	4,069	6,112
TOTAL LIABILITIES		77,621	48,633
Equity	**5.11**	**14,118**	**9,867**
Share capital		4,204	4,204
Capital surplus		421	421
Profit reserves		420	420
Retained earnings		1,418	3,315
Net profit or loss for the period		7,600	1,502
Reserves, arising from the valuation at fair value		55	5
Other reserves		0	0
Liabilities		**63,504**	**38,766**
Provisions and long-term accrued costs and deferred revenues	**5.12**	**425**	**447**
Provisions		425	447
Long-term liabilities		**30,970**	**16,465**
Long-term financial liabilities	5.13	30,970	16,465
Short-term liabilities		**32,108**	**21,853**
Short-term financial liabilities	5.13	5,843	3,079
Short-term operating liabilities	5.14	25,995	18,523
Current tax liabilities	5.15	270	251

INCOME STATEMENT

In thousands of EUR

Item	Note	2022	2021
NET SALES REVENUES	**6.1**	**122,576**	**101,975**
Costs of goods sold	6.2	-93,948	-78,625
GROSS PROFIT OR LOSS FROM SALES		**28,628**	**23,350**
Selling costs	6.3	-22,478	-19,521
General and administrative costs	6.3	-2,778	-2,413
Revaluation operating expenses	6.4	-814	-731
Other operating expenses	6.4	-41	-26
Other operating revenues	6.5	763	1,489
PROFIT OR LOSS FROM OPERATIONS		**3,280**	**2,149**
NET FINANCIAL REVENUES/EXPENSES	**6.6**	**4,839**	**-369**
PROFIT OR LOSS BEFORE TAX		**8,119**	**1,781**
Income tax	6.7	504	253
Deferred taxes	6.7	15	26
NET PROFIT OR LOSS		**7,600**	**1,502**

STATEMENT OF OTHER COMPREHENSIVE INCOME

In thousands of EUR

Item	2022	2021
Net profit or loss for the period	**7,600**	**1,502**
Other comprehensive income for the period	50	51
Items that will be reclassified to profit or loss	0	0
Items that will not be reclassified to profit or loss	50	51
Actuarial losses from severance pay on retirement	50	51
Total comprehensive income for the period	7,650	1,553

STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital surplus	Legal reserves
Balance as at 1 January 2021	4,204	421	420
Comprehensive income for the period			
Profit or loss for the period			
Actuarial gains and losses			
Total comprehensive income for the period	**0**	**0**	**0**
Changes in equity			
Transfer of net profit/loss from the previous year to profit brought forward			
Other changes			
Total changes in equity	**0**	**0**	**0**
Transactions with owners recorded in equity			
Covering net loss according to a resolution of the Management Board			
Payment of dividends			
Total transactions with owners recorded in equity	**0**	**0**	**0**
Capital outstanding as at 31 December 2021	**4,204**	**421**	**420**
Balance as at 1 January 2022	4,204	421	420
Comprehensive income for the period			
Profit or loss for the period			
Actuarial gains and losses			
Total comprehensive income for the period	**0**	**0**	**0**
Changes in equity			
Transfer of net profit/loss from the previous year to profit brought forward			
Other changes			
Total changes in equity	**0**	**0**	**0**
Transactions with owners recorded in equity			
Covering net loss according to a resolution of the Management Board			
Payment of dividends			
Total transactions with owners recorded in equity	**0**	**0**	**0**
Capital outstanding as at 31 December 2022	**4,204**	**421**	**420**

In thousands of EUR

Reserves, arising from the valuation at fair value	Other reserves	Profit or loss of financial year	Net loss brought forward	Net profit brought forward	TOTAL EQUITY
-53	0	0	-394	3,715	8,313
		1,502			1,502
51					51
51	**0**	**1,502**	**0**	**0**	**1,553**
					0
6				-6	0
6	**0**	**0**	**0**	**-6**	**0**
					0
					0
0	**0**	**0**	**0**	**0**	**0**
5	**0**	**1,502**	**-394**	**3,709**	**9,867**
5	0	1,502	-394	3,709	9,867
		7,600			7,600
50					50
50	**0**	**7,600**	**0**	**0**	**7,650**
		-1,502	-394	1,502	-394
					0
0	**0**	**-1,502**	**-394**	**1,502**	**-394**
			394	-394	0
				-3,400	-3,400
0	**0**	**0**	**394**	**-3,794**	**-3,400**
55	**0**	**7,600**	**0**	**1,417**	**14,117**

PROPOSAL FOR THE DISTRIBUTION OF DISTRIBUTABLE PROFIT

The distributable profit established for 2022 and the comparative year 2021 is made up of the following elements:

	2022	In thousands of EUR 2021
Net profit or loss for the year	**7,600**	**1,502**
Retained net profits from previous years	1,418	3,315
DISTRIBUTABLE PROFIT FOR THE FINANCIAL YEAR	**9,018**	**4,817**

The management proposes leaving retained net profits from previous years completely undistributed.

CASH FLOW STATEMENT

In thousands of EUR

Item	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit or loss	**7,600**	**1,502**
Adjustments for:	**882**	**5,387**
Amortisation	4,598	4,021
Written-off liabilities	0	0
Revenues/provisions for long-service bonuses and severance pay on retirement	54	-11
Profit/loss from the sale of tangible fixed assets	-24	-2
Write-offs and impairments of inventories	685	500
Impairment and write-offs of operating receivables	22	231
Net financial revenues/expenses	-4,839	369
Income tax	504	279
Other	-119	0
Changes in net operating current assets and provisions	6,887	3,400
Changes in operating and other receivables	-525	3,067
Changes in inventories	-54	-1,327
Changes in deferred tax assets	15	0
Changes in operating and deferred items and provisions	7,472	2
Changes in accrued and deferred items and provisions	-22	-42
Paid (-)/returned (+) corporate income tax	-484	547
Net cash flow from operating activities	**14,884**	**10,835**
CASH FLOW FROM INVESTING ACTIVITIES		
Cash receipts from investing activities	6,752	15
Dividends received	5,445	0
Cash receipts from loan repayment	1,300	0
Interest received	4	13
Cash receipts from the sale of property, plant and equipment	3	2
Cash disbursements from investing activities	-34,557	-2,305
Cash disbursements for the acquisition of property, plant and equipment	-1,005	-1,351
Cash disbursements for the acquisitions of intangible assets	-516	-854
Cash disbursements for the acquisition of investment property	0	0
Cash disbursements for investments in shares	-32,786	0
Cash disbursements for loans given	-250	-100
Net cash flow from investing activities	**-27,805**	**-2,290**
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receipts from financing activities	27,500	0
Cash receipts from the increase in financial liabilities	27,500	0
Cash receipts from financial leasing	0	0
Cash disbursements for financing activities	-16,622	-3,364
Cash disbursements for interest paid	-214	-401
Cash disbursements for financial liabilities	-9,500	0
Cash disbursements for dividend payment	-3,400	0
Cash disbursements for repayment of lease liabilities	-3,508	-2,963
Net cash flow from financing activities	**10,878**	**-3,364**
CASH FOR THE PERIOD	**-2,043**	**5,181**
Opening balance of cash	6,112	931
Closing balance of cash	4,069	6,112

Notes on the audited financial statements

1. REPORTING COMPANY

Big Bang d.o.o. (hereinafter referred to as the "Company") has its registered office at Madžarska ulica 12, 1000 Ljubljana, Slovenia. The company compiles consolidated financial statements and prepares its annual report in accordance with the International Financial Reporting Standards (hereinafter referred to as the "IFRS") as adopted by the European Union and in accordance with the Companies Act. The financial year is the same as the calendar year.

Company name and registered office of the controlling company:

The company is a subsidiary of Bidigital d.o.o. with its registered office at Vošnjakova ulica 3, 1000 Ljubljana, Slovenia. As at 31 December 2022, Bidigital d.o.o. is the 100 percent owner of the company's equity. Big Bang d.o.o. is included in the consolidated financial statements of the ADVENTURA INVESTMENTS Group. The consolidated Annual Report can be found at the registered office of ADVENTURA INVESTMENTS d.o.o., Vošnjakova ulica 3, 1000 Ljubljana.

2. BASIS FOR COMPILATION

2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the IFRS as adopted by the European Union and in accordance with the explanatory notes adopted by the International Accounting Standards Board (hereinafter referred to as "IASB"). The company's management endorsed the financial statements on 31 March 2023.

The new and amended standards set out below are effective for annual periods beginning after 1 January 2022, although earlier application is also allowed. The company has not applied any of the aforementioned new and amended standards and does not expect them, when effective, to have a material impact on the financial statements of the company. The company applied the following standards in preparing its financial statements:

- IFRS 3 Business Combinations
- IAS 16 Tangible fixed assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- Annual Improvements 2018-2020 (Amendments) to IAS 1, IAS 9, IAS 41 and IFRS 16
- IFRS 17: Insurance Contracts
- IFRS 17: Insurance Contracts (Amendments),
- IFRS 4: Insurance Contracts (Amendments),
- IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)
- IAS 1 Presentation of Financial Statements and International Financial Reporting Position 2
- IFRS: Disclosure of Accounting Policies (Amendments).

2.2 MEASUREMENT BASIS

The financial statements have been prepared taking into account historical costs and on a going concern basis.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in euros, which is the company's functional currency. All the accounting data presented in euros is rounded to one thousand units. The rounding may result in slight differences in summation.

2.4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with the IFRS requires the management to make certain estimates, judgments and assumptions, which impact the use of the accounting policies and the disclosure of the values of assets, liabilities, revenue, and expenses. The actual results may deviate from these estimates.

The estimates and assumptions must be continuously verified. Adjustments of accounting estimates are recognised for the period in which an estimate is adjusted, and for all the future years affected by the adjustment.
The data about relevant estimates of uncertainty and critical judgements, which were prepared by the management during the accounting policies implementation process, and which most affect the amounts in the financial statements, are indicated in the notes below, which constitute an integral part of this Annual Report:

- Property, plant and equipment (disclosed in Chapters 5.1 and 5.2),
- Investment property (disclosed in Chapter 5.3),

- Inventories (disclosed in Chapter 5.7),
- Revenues (disclosed in Chapter 6.1),
- Liabilities (disclosed in Chapters 5.12, 5.14 and 5.15),
- Long-term liabilities to employees (disclosed in Chapter 5.13), and
- Deferred tax liability (disclosed in Chapter 5.6.).

Fair value measurement:
Part of the company's accounting policies and, consequently, disclosure in this Annual Report, envisages the measurement of assets at fair value, for both financial and non-financial assets and liabilities. The company has put in place a method to monitor the valuation of assets and obligations at fair value.
The calculation of fair value takes into account various aspects of assets and liabilities, whereby the individual assets or liabilities are classified in three levels, namely:
- The first level of fair value considers the unadjusted market prices on the free market for assets of the same nature.
- The second level of fair value takes into account other factors not included in the first level of fair value, which can be determined directly on the basis of assessments or indirectly on the basis of a calculation based on market prices.
- The third level of fair value is determined on the basis of assessments having no direct basis with market prices, such as value assessments and the like.

When the fair value of an individual asset is determined on the basis of different levels of the fair value hierarchy, these are placed in the lowest level of the fair value for the whole asset. In these cases, the group of assets or liabilities is transferred to an individual level at the end of the reporting period in which the change of hierarchy occurred.
The significant effects of recognising assets and liabilities at fair value are presented in the context of individual disclosures in this Annual Report, whereby we emphasise in particular the following:
- Investment property (disclosed in Chapter 5.3),
- Financial investments (disclosed in Chapter 5.4), and
- Financial instruments (disclosed in Chapter 5.5).

Cash generating units:
The company regularly revises assets and liabilities at the level of cash-generating units, in particular to check expected losses. The assessment of cash-generating units at 31 December 2022 did not show any need for additional adjustments or the establishment of additional provisions.

2.5 EXPLANATORY NOTES AND DISCLOSURES RELATING TO THE STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position is published in an abbreviated form for greater transparency. A more detailed breakdown of the individual items, along with further data and information being disclosed, is shown below.

3. SIGNIFICANT ACCOUNTING POLICIES

From period to period, the company consistently applies the same accounting policies presented in the accompanying financial statements. The company only changes its financial policy if:
- Required by a standard or interpretation, or
- If the effects of the change are such that the financial statements provide more reliable and relevant information about the effects of transactions, other events and conditions on the financial position, financial performance or financial flows of the group or the company.

Comparative information is harmonised with the presentation of information in the financial year under review.

3.1 FOREIGN CURRENCY

Transactions expressed in a foreign currency are converted into the functional currency of the company at the exchange rate on the date of the transaction. Monetary assets and liabilities expressed in a foreign currency on the balance sheet date are converted into the functional currency at the relevant exchange rate. Positive or negative exchange differences are differences between the amortised cost in the functional currency at the beginning of the period, adjusted for the amount of effective interest and payments in the period, and the amortised cost in a foreign currency converted at the exchange rate at the end of the period. Exchange differences are recognised in the income statement.

3.2 FINANCIAL ASSETS

The company initially recognises financial assets at fair value, except trade receivables, which are recognised at the transaction price.
The company recognises purchases and sales of financial assets on the day of closing a deal, or on the date when the company undertakes to purchase or sell an asset. On the same day, the company also recognises profits or losses from the disposal of financial assets.

Cash represents sight deposits and cash in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Thus, the company defines short-term time deposits with an agreed maturity date.
The company classifies other financial assets into financial asset groups based on the business model for managing the financial assets and the features of contractual financial asset cash flows.

THE ESSENTIAL CHARACTERISTICS OF FINANCIAL ASSETS:

Financial assets measured at amortised cost
After initial recognition, the company measures financial assets at amortised cost, provided both of the following conditions are met:
- The company possesses the financial asset in the context of its business model, the goal of which is achieved by receiving contractual cash flows.
- In accordance with the contractual conditions of the financial asset, the cash flow occurs on specific dates, which are exclusively payments of principal and interest on the outstanding amount of the principal.

The company calculates interest income from the mentioned assets by using the effective interest method, and recognises them in the income statement.

Financial assets measured at fair value through other comprehensive income
Interest and currency differences arising from such assets are recognised in the income statement, while other gains and losses are recognised in other comprehensive income. Upon asset derecognition, gains and losses recognised in other comprehensive income (revaluation surplus) are transferred to retained net profit or loss.

Financial assets measured at fair value through profit or loss
Financial assets, which are not measured by the company at amortised cost and are not financial investments in affiliates and associates, are measured at fair value through profit or loss. Gains and losses are recognised in the income statement.

Financial investments in a subsidiary
Big Bang d.o.o. acquired a 100% interest in Sancta Domenica d.o.o. during 2022 and sold a 1% interest in December 2022. In accordance with the IAS 27 Separate Financial Statements, the company has chosen the accounting policy for the valuation of this investment and measures it at its carrying amount.

Impairment of financial investments in a subsidiary
At the end of every financial year, the company assesses whether there are signs that an investment could be impaired. If such a sign exists, the company assesses the recoverable value of investments in subsidiaries. The recoverable value of the asset is its fair value decreased by the cost of sale or value in use – depending on whichever is higher.
If by using the discounted cash flow model, the value is lower than the carrying amount of the investment in a subsidiary, the value of the company is also assessed on the basis of the estimated net value of assets, whichever is the greater. If the carrying amount of the financial asset exceeds the recoverable amount, the impairment of a financial investment in a subsidiary must be made. For companies at a standstill, the recoverable value calculation cannot be made using the discounted cash flow model, and therefore the assessment is made on other bases (net value of asset assessment).

Impairment of operating receivables
The company impairs operating receivables by making value adjustments for the expected credit loss in the entire period of the duration of such assets. The amount of the impairment loss (including a reversal of an impairment loss) of trade receivables and other operating receivables is recognised as a receivable impairment loss in the income statement.

The company impairs trade receivables (including lease receivables) – which are not in lawsuits, recovery, bankruptcy or reported in compulsory settlements, until the announced confirmation of the compulsory settlement is made at recovery proceedings at specialised institutions, and are not classified as doubtful based on other objective reasons – by making a value adjustment with an impairment percentage based on their age.

When measuring the expected credit loss of such assets, the company uses a simplified approach, using the "provisions matrix", which is based on past experience with regard to the written-off receivables from the past and future estimates.

The company impairs receivables that are subject to lawsuits, recovery, bankruptcy or reported compulsory settlements until the announced confirmation of compulsory settlement is made at recovery proceedings at specialised institutions, and are not classified as doubtful based on other objective reasons in the amount of 100 percent, except when the law permits a liability decrease in relation to charged and unpaid value-added tax, the impairment being reduced by this amount.

Impairment of loans given and deposits

The company impairs loans and deposits on the basis of judgment by management regarding their collectability. In accordance with the IFRS 9, the company has switched from the incurred loss model to the expected loss model, and thus does not recognise the incurred losses only, but also losses that are expected to arise in the future.

When judging the impairment of the loans given, the company evaluates evidence on loan impairment for each loan individually. If the company estimates that the carrying amount of a loan exceeds its fair value, namely its collectable value, it impairs the loan. The impairment estimate is based on the expected credit loss associated with a probability of loan default in the next 12 months, unless the credit risk has significantly increased since the initial recognition. In these cases, the impairment estimate is based on the probability of default over the entire duration of the financial asset. Expected credit losses represent the difference between contractual cash flows that have matured according to the contract, and all cash flows the company expects to receive. The expected cash flow will also include the cash flow from the sale of insurance assets.

Impairments for expected credit losses are assessed in two steps. For credit exposures, where no significant increase in credit risk was recorded after the initial recognition, the impairment for the expected credit loss is recognised as the credit loss resulting from default possible in the next 12 months. For credit exposures, where a significant increase of credit risk was recorded after the initial recognition, the company recognises an adjustment for losses it expects in the remaining life cycle of the exposure, regardless of the default period. The company estimates that in the case of financial assets, default contractual payments are 90 days past due. In certain cases, the company can assess an increased credit risk, even though based on information, it is probable that the company will not receive the unsettled contractual amount in full.

The company recognises write-offs of financial assets when it has reason to expect that it will not be able to recover the contractual cash flow. The amount of such an asset impairment loss is presented as other financial expenses in the income statement.

3.3 FINANCIAL LIABILITIES

A financial liability is any contractual obligation to:

- Deliver cash or another financial asset (for example liabilities to suppliers, liabilities from received loans) to another company or exchange the financial assets or financial liabilities with another company under conditions that are potentially unfavourable for the company.

The company recognises financial liabilities on the day of their occurrence. Financial liabilities are initially recognised on the transaction conclusion date, when the company becomes a contracting party with regard to the instrument. The company de-recognises a financial liability if obligations determined in the contract are fulfilled, annulled or expire. On initial recognition, the company measures a financial liability according to its fair value including transaction cost. After initial recognition, non-derivative financial liabilities are measured by amortised cost under the effective interest method.

3.4 OPERATING LIABILITIES

Liabilities are generally measured at amortised cost using the effective interest method. Short-term operating liabilities are not discounted at the statement of financial position date.

On initial recognition, operating liabilities are valued with amounts from the relevant documents on their occurrence, which prove the receipt of a product or service or a performed work or accounted cost, expense or share in the profit or loss for operating liabilities.

Liabilities from contracts with customers

Liabilities from contracts with customers are an obligation for the transfer of goods or services to a customer, for which the customer has received compensation (liabilities for the advances received).

3.5 EQUITY

Nominal capital

The company's nominal capital is nominally determined in the company's Articles of Incorporation, registered at a court and paid for by its owners.

Capital surplus

The company's capital surplus is based on amounts from simplified nominal capital reduction. It may be used under the conditions and for the purposes determined by law.

Legal reserves

Legal reserves are amounts retained from profit from previous years, especially for the settlement of potential future losses.

Fair value reserves

Fair value reserves refer to increases in asset carrying amounts according to the revaluation model. They consist of the revaluation relating to land.

Liabilities for dividends and other profit sharing

Liabilities for dividends and other profit sharing are recognised on the date when the shareholder's or owner's right to payment is enforced.

3.6 TANGIBLE FIXED ASSETS

Measurement at recognition

Tangible fixed assets include immovable property, plant and equipment, and are carried at their cost less any allowance for amortisation and any accumulated impairment losses (see the accounting policy "Impairment of Assets"). On initial recognition, tangible fixed assets are measured at cost, which comprises the purchase price, import duties, and non-refundable purchase taxes and costs directly attributable to bringing the asset to its working condition for its intended use. The cost also comprises borrowing costs (interest) concerning the construction of immovable property until their readiness for use, as well as decommissioning costs.

Additional or agreed investments in assets and in improvements of assets, which the company has in a financial or operating lease, are stated among property, plant and equipment or their parts.

Subsequent costs

The cost of replacing part of an item of tangible fixed assets is recognised in the carrying amount of such assets, if it is likely that future economic benefits will be associated with the part of the item of such an asset and that the fair value can be measured reliably. The carrying amount of the replaced part of an item is de-recognised. Based on the originally assessed level of asset efficiency and useful life, repairs or maintenance of tangible fixed assets for renewing or keeping the future economic benefits are stated in the income statement as maintenance expenditure as incurred.

Start of depreciation, depreciation method and useful life

The cost of replacing part of an item of tangible fixed assets is recognised in the carrying amount of such assets, if it is likely that future economic benefits will be associated with the part of the item of such an asset and that the fair value can be measured reliably. The carrying amount of the replaced part of an item is de-recognised. Based on the originally assessed level of asset efficiency and useful life, repairs or maintenance of tangible fixed assets for renewing or keeping the future economic benefits are stated in the income statement as maintenance expenditure as incurred. Start of depreciation, depreciation method and useful life.

Tangible fixed assets start being depreciated on the next day after they are made available for use. Depreciation is recognised in the income statement using the straight-line depreciation method, taking into account the useful life of each individual item of property, plant and equipment. The estimated useful lives of assets for the current and comparable period are as follows:

- Buildings – 33.33 years,
- Investments in leased premises – 10 years,
- Plant and equipment - 2 to 10 years,
- Furniture – 5 years,
- Computer equipment - 3 to 5 years,
- Means of transport – 5 years.

Land and tangible fixed assets under construction or in acquisition are not depreciated. Depreciation methods, useful lives and residual values are reviewed on the reporting date and adjusted where needed. In 2022, they did not change. Leased assets are depreciated considering the duration of the leases and their useful life.

Derecognition

Items of tangible fixed assets are derecognised upon their disposal or when no future economic benefit is expected from their use or disposal. Profit or loss deriving from the derecognition of tangible fixed assets is established as the difference between the possible net returns upon disposal and their carrying amount. Profit or loss is recognised in the income statement upon an asset's derecognition.

3.7 INTANGIBLE ASSETS

Intangible assets are recognised as non-monetary assets without a physical existence, such as purchases of a trademark or software, as well as long-term acquired patents and licenses.

The costs of research and development incurred in the company, mastheads, lists of consumers and items similar in content are not recognised as an intangible asset, but are immediately treated as expenses or operating costs in the period when they were incurred. Intangible assets are stated at their cost less any accumulated amortisation and any accumulated impairment losses (see the accounting policy "Impairment of Assets").

Amortisation

Amortisation is recognised in the income statement under the straight-line amortisation method taking into account the useful lives of intangible assets unless they are not determined. Amortisation of intangible assets begins when an asset is ready for use. This method most accurately reflects the expected pattern of use of future economic benefits embodied in the asset. The estimated useful life for the current and comparable period for software is five years, and two years for licenses and other rights.
The amortisation methods, useful lives, and residual values are reviewed at the end of each business year and adjusted if necessary.

Derecognition

Intangible assets are derecognised upon their disposal or when no future economic benefit is expected from their use or disposal. Profit or loss arising from the derecognition of an intangible asset are established as the difference between the possible net returns upon disposal and the carrying amount of the asset. They are stated in the income statement upon derecognition of the asset.

3.8 INVESTMENT PROPERTY

Investment property is property accounted by the company to generate rent or increase the value of a long-term investment, or both.

Measurement after recognition

Investment property is initially measured at cost, which comprises the purchase price and directly attributable costs of the purchase. Such costs include legal expenses, property transfer taxes and other transaction costs.

In cases where it has to be decided if an asset falls under investment property or immovable property, it is considered to be investment property if more than 80 percent of its value is used as rental.

Measurement after recognition

Until 31 December 2017, investment property was initially recognised using the cost model; however, after that day, it was stated at a fair price based on the changed investment property accounting policy. As of 1 January 2018, the company has, thus, assessed the fair value of investment property and recognised the difference in the company's profit or loss. All future investment property revaluations are disclosed in the profit or loss for the current year.
Big Bang d.o.o. sold the investment property during 2022.

Derecognition of investment property

An item of investment property stops being recognised on disposal or when it is permanently removed from use and when no future economic benefits are expected from its disposal. Profit or losses arising from the retirement or disposal of investment property shall be determined as the difference between its purchase value and carrying amount and stated in profit or loss.

3.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

On each reporting date, the company checks the carrying amount of tangible fixed assets, investment property, and intangible assets, in order to establish whether there are signs of impairment. If such signs exist, the recoverable value of the asset is assessed.

The asset's recoverable amount or cash-generating units is its value of use or fair value less the cost of sale, whichever is higher. When determining an asset's value of use, expected future cash flows are discounted to their current value by using a pre-tax discounted rate, which reflects current market estimates of the time value of money and the risk specific to the asset. In order to test the impairment, assets that cannot be tested individually are classified into the smallest possible group of assets that generate cash flows from further use, and that are mainly independent of the receipt of residual assets or groups of assets (cash-generating unit).

The company recognises an asset or cash-generating unit in cases when its carrying amount exceeds its recoverable amount. The impairment is disclosed in the income statement as expenditure.
The company reverses the impairment loss of an asset to an amount at which the increased carrying amount of the asset does not exceed the carrying amount established after the subtraction of the amortisation write-down, provided that the impairment loss had not been recognised for the asset in previous years.

Long-term assets classified as available-for-sale

Long-term assets or a disposal group including assets (in the context of long-term assets, this applies to investment property, intangible assets, and long-term financial investments, while in the context of tangible fixed assets, this only applies to land and buildings due to their importance) for which it is expected that their value will be primarily settled by sale and not further use, are classified as assets for sale, and thus their sale is expected no later than in the next twelve months.

Sales are highly probable when the entire programme and plan to locate a buyer are in progress. Moreover, the active marketing of an asset and efforts to achieve a price that corresponds to its current fair value must also take place. Immediately before being classified as available-for-sale assets, the revaluation of such assets is carried out. In accordance with this, a long-term asset (or a disposal group) is recognised at the carrying amount or fair value less the cost of sale, whichever is lower.

Due to special events and circumstances that are beyond the company's control, the period required to complete a sale can be extended to more than one year provided there is sufficient evidence that the company has been consistently following its plan to sell the asset.

If the asset for sale no longer meets the criteria to be classified in the group of assets for sale, it must be reclassified to another suitable group of assets, and specifically the one it was classified in before being classified as an asset for sale.

3.10 INVENTORIES

Inventory valuation

Inventory is valued at the historical cost or net realisable value, whichever is lower. The net realisable value is the estimated selling price reached during regular operations less the estimated costs of completion and estimated selling costs. For the purposes of inventory valuation, the company uses the FIFO method (first-in, first-out).

The cost of inventories comprises the purchase price, customs duty, and other charges (excluding those charges that the tax authorities will later refund to the company), transportation costs, handling costs, and other costs that can be attributable directly to the obtained merchandise or material. Commercial discounts, other discounts and similar items are subtracted at the establishment of the cost. When inventories are sold, their carrying amount is recognised as an expense in the period in which the corresponding income was accounted for.

Net realisable value of inventories

The value of inventories may not be recoverable if the inventories are damaged, if they become wholly or partially obsolete, or if their selling prices have declined. The value of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The partial write-down of inventories below their historical cost or costs to the net realisable value is consistent with the view that assets cannot be carried at amounts higher than their expected value when sold or used.

The amount of any partial write-off of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period when the partial write-off or loss occurs. Write-offs and partial write-downs of damaged, expired or useless inventory are carried out regularly throughout the year or during the inventory according to individual items. At the end of the year, the net realisable value of inventories is checked by related types of goods and, if necessary, the value of the inventories is adjusted to the level of the realisable value for inventories, especially taking into consideration the market prices and current inventories, which include inventory age and inventory turnover ratio.

3.11 PROVISIONS

Provisions are recognised if the company has a current legal or indirect obligation due to a past event, and if there is a probability that the offset for such an obligation will require an outflow of factors that enable economic benefits. As the effect of the time value of money is substantial, the amount of provision equals the current value of expenses that are expected to be needed to offset the obligation.

Provisions for termination benefits and long-service bonuses

In accordance with the legal provisions and the collective agreement, the company is obliged to pay long-service bonuses to employees and severance pay on retirement, for which it has formed long-term provisions. No other pension obligations exist.

Provisions are formed on the value of the estimated future payments for old-age retirement termination and the long-service bonuses. They are discounted on the balance sheet date using the book reservation method on the basis of the actuarial calculation or estimate.

3.12 INCOME TAX

Tax on profit or loss for the financial year comprises current and deferred tax. Income tax is recognised in the income statement as an expense, with the exception of the part that refers to items recognised directly in equity, which is why it is recognised in equity. Current tax is a tax that will be paid from the taxable profit for the financial year using tax rates established on the statement of financial position date and the possible adjustment of tax liabilities in connection with the previous financial years.

In order to record deferred tax, the method of liabilities in the balance sheet is used on the basis of temporary differences between the carrying and tax amounts of individual assets and liabilities. Deferred tax is based on the expected method of recovery or settlement of the carrying amount of assets and liabilities, using the tax rates effective on the balance sheet date, or the tax rates in the period in which the write-down of receivable or deferred tax liability is expected.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profit will be available against which the deferred asset can be utilised in the future. Deferred tax assets are reduced by the amount for which it is no longer likely that the tax relief associated with the asset will be enforceable.

3.13 REVENUES

A contract with a customer is only accounted for after certain conditions have been met. Upon contract approval with the customer, the compensation expected from the customer in return when the merchandise or services are transferred to the customer is assessed. The received compensation represents the transaction price. The transaction price encompasses the agreed fixed compensation for the promised goods or the services rendered to the customer.

Revenues from the sale of goods and products

Revenues from the sale of goods and products are recognised at the fair value of the received repayment or related receivable, less returns, rebates for further sale and quantity discounts. Revenues are recorded when the company has fulfilled all the contractual performance obligations to the customer. The company transfers merchandise management, and thereby fulfils the performance obligation at a given moment. The company transfers the management in a certain moment if the following criteria are met:

- The company transfers all significant risks and benefits deriving from ownership to the customer;

The company does not retain as much influence on the handling of goods, as is normal in terms of ownership, nor does it actually decide on the products sold;

- The amount of revenues can be reliably assessed;
- It is probable that the economic benefits associated with the transaction will flow to the organisation;
- The expenditure, which has or will be incurred in relation to the transaction, can be measured reliably;

The typical payment deadline for the sale of goods and services in wholesale depends on contractual commitments.

Revenues from services rendered

Revenues from services rendered are recognised in the income statement when the service has been rendered, or by reference to the stage of completion of the transaction at the end of the reporting period, or when the performance obligations are fulfilled. The level of completeness is assessed on the basis of a review of costs incurred (review of the work performed – transaction progress measurement).

Revenues from services rendered are measured using the transaction price of completed services indicated on the invoices (the fulfilment of performance obligations at a certain point in time) or other documents, or using the prices of unfinished services depending on the stage of their completion (the fulfilment of the performance obligation is carried out gradually). The company estimates that it is not possible to reliably assess what the outcome of a transaction will be if a certain transaction (performance obligation) has not yet been completed on the date of the statement of financial position, but that its progress can be reasonably measured and the revenues recognised only up to the amount of incurred direct costs which are expected to be covered (input method).

The amounts collected to the benefit of third parties, such as calculated VAT and other duties (for example customs duties), are not a component of sales revenues.

Revenues from customer contracts

Revenues are measured based on the provisions of a sales contract. The company recognises revenues when the service is rendered, and according to the provisions from contracts, or when the sale of the goods has been completed, in accordance with the contractual provisions.

The revenues are recognised at amortised cost reduced by all discounts given to customers, including any retrospective discounts that the company subsequently authorises to its customers. In light of the contractual provisions, the company recognises the stated discounts for the period of sales completion. The company does not record the retrospective discounts in the retail sale of goods.

In addition to that, the company performs certain services for its suppliers, such as marketing and customer services. The recognition method for revenues from the stated services is presented in the table below.

Rental income

Income is measured based on the provisions from contracts with customers. The company recognises the income when the service is rendered and given the provisions of the contracts.

Other operating revenues

Other operating revenues include revenues from the disposal of property, plant and equipment in the form of the surplus of their selling value over their carrying amount. They also represent the revenues from the realised receivables, including the reversal of impairments of receivables and the revenue from liability write-offs.

Costs of material and services represent costs indicated in supplier invoices and other documents decreased by discounts obtained during the sale or later.

Amortisation is calculated individually by stages taking into account the shortest time of use of an individual tangible fixed asset or intangible asset.
Labour costs are the gross amounts of employee salaries calculated in accordance with the collective agreement and individual contracts of employment, contributions and tax payments, which debit the employer directly, voluntary supplementary pension insurance, and other labour costs (subsidy, commuting allowance, meal allowance, etc.).

3.14 EXPENSES

Operating expenses

According to their purpose (function) the operating expenses are classified as the cost of sold quantities, selling cost, general and administrative costs (administration and purchasing) and other operating expenses, which are not costs.

Cost of quantities sold

The first-in, first-out (FIFO) method is used when derecognising the use of merchandise inventories for sold quantities. The cost of sold quantities of merchandise is directly decreased by the received rebates and super rebates from suppliers. The rebates are partially accrued in the cost of inventories.

Selling costs (with amortisation)

Selling costs (with amortisation) include all costs incurred associated with the sale of operating effects. As these costs are not in the inventories, they are recognised entirely among the operating expenses in the accounting period when they were incurred.

General and administrative expenses (with amortisation)

General and administrative expenses (with amortisation) consist of any costs incurred with respect to the purchase function and administration with auxiliary activities. These costs are also recognised entirely among the operating expenses in the accounting period when they were incurred.

Costs by nature

Costs of material and services represent costs indicated in supplier invoices and other documents decreased by discounts obtained during the sale or later.

Amortisation is calculated individually by stages taking into account the shortest time of use of an individual tangible fixed asset or intangible asset.

Labour costs are the gross amounts of employee salaries calculated in accordance with the collective agreement and individual contracts of employment, contributions and tax payments, which debit the employer directly, voluntary supplementary pension insurance, and other labour costs (subsidy, commuting allowance, meal allowance, etc.).

Other operating expenses

Other operating expenses appear in connection with the impairment of value or the write-off of assets and with the disposal of immovable property, plant and equipment due to loss in sales.

Financial expenses

Financial expenses comprise borrowing costs and losses due to impairment and write-offs of financial assets, which are recognised in the income statement. Borrowing costs are recognised in the income statement using the effective interest rate method. Foreign exchange gains and losses are recognised in the net amount. Financial expenses are recognised at settlement regardless of the payments associated with them.

Other expenses

Other expenses refer to the items that are a result of outstanding (i.e., unique) events, and are not related to the regular operations of the company.

3.15 LEASES

As of 1 January 2019, the company applies the new IFRS 16 - Leases standard. Application before the mentioned date was permitted provided that companies also applied IFRS 15 Revenue from Contracts with Customers. In accordance with the IFRS 16, a lease agreement is an agreement that gives the right to use a particular asset for a specific period in return for payment and whereby the lessee recognises the right-to-use the asset (leased asset) and the lease liability at the beginning of the lease. The right-of-use asset is amortised, while the interest is added to the liability.

The standard introduces potential limited lease exceptions for lase liabilities and the costs of amortisation for leased assets are recognised separately in the related income statement. The lease liability changes at the occurrence of certain events (such as a change in the duration of a lease, a change in future rent payments due to a change of price, index or exchange rate used to determine the payments).

The company leases immovable property, forklifts and personal vehicles. In accordance with the IFRS 16, the company recognises assets in use for most leases that were previously considered operating leases. When signing or amending a contract containing a lease component, the company shall determine the parameters that, based on its estimates, are important for the calculation (asset value, lease period, and discount rate).

Prior to the adoption of the IFRS 16, the company classified leases of immovable property, forklift trucks and personal vehicles. On initial recognition, the company measures the liability at the present value of future lease payments discounted at the balance sheet date. The company also assesses whether those assets need to be impaired at the cut-off date.

4. FINANCIAL RISK MANAGEMENT

When managing and controlling financial risks, the company follows the adopted financial policy, which includes the starting points for efficient and systematic financial risk management.

A more detailed overview of activities for the assessment and management of each type of risk is presented in the Risk Management section of the Business Report.

Accounting policies for risk management have been designed with a view to determine and analyse the risks facing the company, based on which suitable restrictions and controls are determined and risks are monitored. Risk management policies and systems are regularly checked, and information from the environment has a dynamic and proactive effect on the current decisions regarding the operations of the company under the changed circumstances.

4.1 CREDIT RISK

Credit risk is a risk that a party included in a contract for a financial instrument may not fulfil its liabilities and, consequently, incur a financial loss to the company. Credit risk is directly linked to commercial risk and represents a threat that trade receivables and receivables from other business partners will be repaid with a delay or not be repaid at all.

In order to limit credit risk exposure, we use the GVIN formalised business information system. With the aim of having better knowledge of our partners, we use various soft information, which besides the current operations, includes a history of their operations with us and the activities of the founders, owners and representatives of these entities in association with their involvement in critical procedures. In addition to this, we have concluded a contract with a credit insurance company with which we secure our trade receivables.

We manage credit risk exposure with the buyers' credit rating and the active collection of receivables. The management assesses that due to the stated measures for risk hedging and the fact that the company creates most revenues in retail, where cash payment prevails, the exposure to credit risk is moderate (moderate risk).

Type of service	Success in meeting the obligations with regards to the supplier contracts, including the payment conditions	Revenues' recognition policy
Marketing bonuses	The supplier recognises the reimbursement of the marketing services specified in the contract (monthly, quarterly and annually).	Revenues are recognised each month given the contractual provisions.
Service bonuses	The supplier recognises the reimbursement of the expenses specified in the contract (monthly, quarterly and annually).	Revenues are recognised each month given the contractual provisions.

Maximum credit risk exposure:

In thousands of EUR

Item	31.12.2022	31.12.2021
Financial investments in affiliated companies	**32,458**	**-**
Loans given	578	1,300
Trade receivables	**2,293**	**2,243**
Other receivables	1,185	1,057
Total	36,514	4,590

Overview of receivables at amortised cost and potential losses:

In thousands of EUR

Item	31.12.2022	31.12.2021
Historical value	**4,311**	**3,762**
Allowance	-834	-1,528
Amortised cost of receivables	**3,478**	**2,234**

Overview of receivables at the cut-off day by groups through which the company shows its credit risk exposure:

Item	31.12.2022	31.12.2021
Receivables to companies secured by insurance companies	1,887	1,839
Receivables to other companies in Slovenia	3	89
Receivables to companies abroad	403	306
Other receivables	1,185	1,057
Total	3,478	3,290

Ageing of trade receivables

In thousands of EUR

	31.12.2022				31.12.2021				
Item	Weighted average credit loss	Gross value	Impairment	Net receivable	Weighted average credit loss	Gross value	Impairment	Net receivable	Increased credit risk
Not yet due	0.0%	1,566	0	1,566	0.0%	1,874	0	1,874	No
Past due 0–30 days	0.0%	586	0	586	0.4%	364	93	271	No
Past due 31–180 days	0.0%	115	0	115	70.0%	235	158	77	No
Past due 181–365 days	0.1%	23	4	19	75.0%	2	2	0	Yes
Past due more than one year	26.5%	836	829	7	100.0%	1,289	1,277	12	Yes
Total		3,126	834	2,293		3,764	1,530	2,234	

According to the volume of insured receivables and their recoverability, the company assesses the credit risk to be adequately controlled.

Credit risk exposure for items that are neither due for payment nor impaired

In thousands of EUR

Item	31.12.2022	31.12.2021
Financial investments in affiliated companies	**32,458**	**0**
Loans given	578	1,300
Trade receivables	**1,566**	**2,234**
Other receivables	1,185	1,057
Total	35,787	4,590

Exposure of trade receivables to credit risk by geographic regions

In thousands of EUR

Item	31.12.2022	31.12.2021
Domestic	1,902	1,929
Euro area countries	349	229
Other countries	42	76
Total	2,293	2,234

Our trade receivables are secured with a foreign insurance company. Other credit exposure items are not secured. The company has no customers with a share of over 10 percent of the total of the mass receivables.

Long-term and short-term loans given

In thousands of EUR

Item	31.12.2022	31.12.2021
Long-term loans given	328	1,200
Long-term loans given to the owner	0	1,200
Long-term loans given to companies	1,973	1,973
Allowance for long-term loans given to companies	-1,973	-1,973
Non-current loans given to others	328	0
Short-term loans given	250	100
Short-term loans given to the owner	0	100
Short-term loans given to companies	250	570
Allowance for short-term loans given to companies	0	-570

4.2 MARKET RISK

Interest rate change risk

In 2022, the company had short-term revolving loans and a long-term loan tied to the EURIBOR variable interest rate, which is why its operations are exposed to interest rate risk.

In 2022, the EURIBOR values started to rise gradually. The forecasts for 2023 show a continuation of the EURIBOR appreciation. Due to the stated facts, the management assesses that the exposure to interest rate risk in 2023 is moderate.

Fair value sensitivity analysis for instruments with a fixed interest rate

The company does not account for financial assets with fixed interest rates at fair value through profit or loss, and that is why a change in interest rates at the reporting date would not affect the net profit or loss.

Cash flow sensitivity analysis for instruments with a variable interest rate

The company performed cash flow sensitivity analyses for floating rate instruments and considers the risk to be moderate.

Cash loss risk

Cash and cash-equivalents are kept by banking institutions rated with AA+ based on the credit ratings.
Impairment of cash and its equivalents was measured based on a 12-month expected loss and reflects short-term maturity exposure. The company believes that its cash and cash equivalents carry a low credit risk with regard to the external credit ratings.

The company uses a similar approach to assess the risk of cash on hand.

Fair value

The fair value of financial assets and financial liabilities does not deviate significantly from the carrying amount.

According to the calculation of their fair value, assets and liabilities are classified in three levels:

- Level 1 – Assets at market price,
- Level 2 – Assets not classified as level 1; their value is determined directly or indirectly based on comparative market data,
- Level 3 – Assets whose values cannot be obtained from market data.

4.3 CURRENCY RISK

Sensitivity analysis

The company mainly carries out its transactions in euros, and therefore a change in the value of the US dollar would not have a significant influence on the company's equity or profit or loss.

4.4 INFLATION RISK

The management assesses that inflation exposure is manageable.

Fair value levels of assets

In thousands of EUR

Item	31.12.2022 Carrying value	Level 1	Level 2	Level 3	Total	31.12.2021 Carrying value	Level 1	Level 2	Level 3	Total
Assets measured at fair value										
Investment property	0	0	0	0	0	320	0	0	320	320
Loan	578	0	0	578	578	0	0	0	0	0
Total assets measured at fair value	578	0	0	578	578	320	0	0	320	320
Assets with disclosed fair value										
Operating receivables and other assets	3,778	0	0	3,778	3,778	4,590	0	0	4,590	4,590
Total assets with disclosed fair value	3,778	0	0	3,778	3,778	4,590	0	0	4,590	4,590
Total	4,355	0	0	4,355	4,355	4,910	0	0	4,910	4,910

Fair value levels of liabilities

In thousands of EUR

Item	31.12.2022 Carrying value	Level 1	Level 2	Level 3	Total	31.12.2021 Carrying value	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value										
Total liabilities measured at fair value	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities with disclosed fair value										
Variable-rate bank loans	17,059	0	0	17,059	17,059	0	0	0	0	0
Fixed-rate bank loans	0	0	0	0	0	0	0	0	0	0
Financial lease liabilities	18,755	0	0	18,755	18,755	19,544	0	0	19,544	19,544
Liabilities to owners	1,000	0	0	1,000	1,000	0	0	0	0	0
Total liabilities with disclosed fair value	**36,814**	**0**	**0**	**36,814**	**36,814**	**19,544**	**0**	**0**	**19,544**	**19,544**
Total	36,814	0	0	36,814	36,814	19,544	0	0	19,544	19,544

4.5 LIQUIDITY RISK

Liquidity risk is the risk of that a company will encounter difficulties in raising the financial assets needed to meet its financial liabilities.

The company has been managing the indicated risk with an active liquidity management policy in order to prevent non-reconciled cash inflows and outflows. The easier management and balancing of current liquidity also provide for a constant inflow created by customers in retail.

Given the stated risk protection measures and given the current situation, the management assesses the liquidity risk to be low.

The contractual maturities of financial liabilities, including the estimated payments of interest and without the influence of offset arrangements, are presented below.

Contractual maturities of non-derivative financial liabilities in 2022

In thousands of EUR

Item	Carrying value	Contractual cash flows	Up to 1 year	1–5 years	Over 5 years
Non-derivative financial assets					
Loans given	578	578	250	0	328
Trade receivables	2,293	2,293	2,293	0	0
Receivables due from others	1,185	1,185	1,185	0	0
Total non-derivative financial assets	**4,055**	**4,055**	**3,728**	**0**	**328**
Non-derivative financial liabilities					
Financial lease liabilities	-18,755	-18,755	-2,988	-10,316	-5,451
Loan liabilities	-18,059	-18,059	-2,855	-9,737	-5,467
Liabilities to suppliers	-22,206	-22,206	-22,206	0	0
Liabilities to others	-4,233	-4,233	-4,233	0	0
Total non-derivative financial liabilities	**-63,252**	**-63,252**	**-32,282**	**-20,052**	**-10,918**
Net 31.12.2022	-59,197	-59,197	-28,555	-20,052	-10,590

Contractual maturities of non-derivative financial liabilities in 2021

In thousands of EUR

Item	Carrying value	Contractual cash flows	Up to 1 year	1–5 years	Over 5 years
Non-derivative financial assets					
Loans given	1,300	1,300	100	1200	0
Trade receivables	2,234	2,234	2,234	0	0
Receivables due from others	1,057	1,057	1,057	0	0
Total non-derivative financial assets	**4,590**	**4,590**	**3,391**	**1200**	**0**
Non-derivative financial liabilities					
Financial lease liabilities	-19,544	-21,167	-3,475	-11,006	-6,686
Liabilities to suppliers	-14,720	-14,720	-14,720	0	0
Liabilities to others	-3,803	-3,803	-3,803	0	0
Total non-derivative financial liabilities	**-38,068**	**-39,690**	**-21,999**	**-11,006**	**-6,686**
Net 31.12.2021	-33,477	-35,100	-18,608	-9,806	-6,686

5. NOTES AND DISCLOSURES RELATING TO THE BALANCE SHEET

A more detailed breakdown of the individual items, along with further data and information being disclosed, is shown below.

5.1 INTANGIBLE ASSETS

Intangible assets by type

Intangible assets decreased by 5.4% in 2022. The decrease is due to lower software acquisitions compared to depreciation. In 2022, the company mainly invested in the online shop, the app for sellers and the development of the eMarketplace.

		In thousands of EUR
Item	**31.12.2022**	**31.12.2021**
Intangible assets	**1,525**	**1,612**
Property rights (trademarks, rights and licences)	1,525	1,612

Changes in intangible assets

In thousands of EUR

Item	Property rights and software
Balance as at 1 January 2021	
Cost	6,352
Allowance	-5,128
Carrying value	**1,224**
2021	
Opening carrying value	**1,224**
Acquisitions	854
Eliminations	3
Transfer from assets being acquired	0
Amortisation	-466
Discontinued operations – Split off/Transfer	-3
Closing carrying value	**1,612**
Balance as at 31 December 2021	
Cost	7,204
Allowance	-5,591
Carrying value	**1,612**
Balance as at 1 January 2022	
Cost	7,204
Allowance	-5,592
Carrying value	**1,612**
2022	
Opening carrying value	**1,612**
Acquisitions	516
Eliminations	-35
Transfer from assets being acquired	0
Amortisation	-567
Disposals/write-offs	0
Closing carrying value	**1,525**
Balance as at 31 December 2022	
Cost	**7,684**
Allowance	-6,159
Carrying value	**1,525**
Balance as at 1 January 2023	1,525

5.2 TANGIBLE FIXED ASSETS

In thousands of EUR

Item	31.12.2022	31.12.2021
Property, plant and equipment	**22,241**	**22,973**
Land and buildings	2,151	2,299
Plant, machinery and equipment	1,345	1,173
Equipment on financial lease	18,745	19,502

In 2022, the company has reduced its property, plant and equipment by EUR 732 thousand.

The company does not have mortgages on its own immovable property.

Changes in tangible fixed assets

In thousands of EUR

Item	Buildings	Plant, machinery and equipment	Total
2021			
Cost			
Balance as at 1 January 2021	**32,899**	**4,732**	**37,632**
Acquisitions	14,123	693	14,817
Eliminations	-11,970	-75	-12,045
Balance as at 31 December 2021	**35,053**	**5,350**	**40,403**
Allowance			
Balance as at 1 January 2021	**13,717**	**3,528**	**17,296**
Amortisation	3,567	372	3,938
Disposals and write-offs	-3,679	-75	-3,753
Increase	0	0	0
Balance as at 31 December 2021	**13,605**	**3,825**	**17,430**
Carrying value as at 31 December 2021			
Balance as at 1 January 2021	19,182	1,204	20,336
Balance as at 31 December 2021	21,448	1,526	22,973
2022			
Cost			
Balance as at 1 January 2022	**35,054**	**5,350**	**40,404**
Acquisitions	4,099	498	4,597
Eliminations	-2,463	-598	-3,061
Balance as at 31 December 2022	**36,690**	**5,249**	**41,940**
Allowance			
Balance as at 1 January 2022	**13,605**	**3,825**	**17,430**
Amortisation	3,596	435	4,031
Disposals and write-offs	-1,169	-593	-1,762
Increase	0	0	0
Balance as at 31 December 2022	**16,032**	**3,667**	**19,699**
Carrying value as at 31 December 2022			
Balance as at 1 January 2022	21,448	1,525	22,973
Balance as at 31 December 2022	20,658	1,582	22,241

Carrying values of property, plant and equipment acquired through finance leases

In thousands of EUR

Item	31.12.2022	31.12.2021
Equipment	152	164
Total	152	164

5.3 INVESTMENT PROPERTY

In thousands of EUR

Item	31.12.2022	31.12.2021
Investment property	0	320
Cost	0	320
Allowance	0	0
Change due to fair value in equity	0	0

Investment property is a building that is intended for resale or rental marketing. Rental income from investment property is recognised as other income on a straight-line basis over the lease term. The following amounts associated with the investment property were recognised in the income statement:

In thousands of EUR

Item	2022	2021
Lease revenues	12	22
Direct costs originating from investment property and generating lease revenues	-9	-9
Total	3	13

Revenues from future leases thus amounted to EUR 12 thousand annually, in net sum, decreased by the direct cost of leasing, and thus totalled EUR 3 thousand. The investment property was sold in 2022.

Valuation technique and important data

A summary of the Report on the Value of the Property Owned by Big Bang d.o.o. as at 31 December 2021, was prepared by a certified property valuer:

"The purpose of this evaluation is to evaluate the value of property rights for immovable property for financial reporting purposes (determining and measuring the fair value). The accounting records show that the property is evaluated as an investment property that is measured in accordance with the fair value model. The basis of value is in accordance with the IFRS 13 – Fair Value. For the needs of evaluation, we verified the suitability of use of all methods of property evaluation that are provided in the International Valuation Standards (IVS). Based on the findings of the immovable property market analysis and other conclusions, and taking into consideration the purpose of the evaluation, as well as the characteristics of the evaluated immovable property, we used the income approach (income capitalisation method).

- We used the income approach in order to evaluate the immovable property. The reason why we used the method is because the evaluated property can be rented out and, thus, generate a certain cash flow. From the investor's point of view, the recalculation of the value is appropriate provided there is a return on the investment. The value of the immovable property is determined on the basis of the future cash flows received by the property owners from rental activities. The data used for the evaluation of the potential market rent and stabilised revenues was obtained by analysing the actually concluded rental transactions of comparable business premises.

- In addition to that, we examined the possibility of evaluation by way of market comparisons; however, when reviewing and analysing the property market, we established that it was not possible to identify sufficiently comparable sales transactions, as there were no sufficiently comparable sales recorded among the sales transactions carried out in the last two years. For information purposes, we have presented a business premises transaction analysis.

- We did not use the cost approach for the case in question, as we considered that the value evaluation would not cover the immovable property market potential, but rather its replacement value. The final conclusion with regard to the evaluation of the immovable property's value is, therefore, given on the basis of the income capitalisation method, because we believe that this method is the most suitable, both in terms of its purpose and the reliability of data. Thus, assuming a long-term lease-rental relationship, we have indicated the market value of the evaluated immovable property for the property owner."

5.4 LONG-TERM FINANCIAL INVESTMENTS IN AFFILIATED COMPANIES

Long-term financial investments represent the investments in the subsidiary company, Sancta Domenica d.o.o. The company has no pledged long-term investments. Big Bang d.o.o. was a 99% owner of Sancta Domenica d.o.o. as at 31 December 2022, whereby the remaining 1% is owned by a natural person.

In thousands of EUR

Company	Ownership interest since	Interest in %	Investment value at year-end	Net profit or loss
Sancta Domenica d.o.o.	2022	99%	32,458	4,678

5.5 LONG-TERM AND SHORT-TERM LOANS

In thousands of EUR

Item	31.12.2022	31.12.2021
Long-term loans given	328	1,200
Long-term loans given to companies	0	3,173
Allowance for long-term loans given to companies	0	-1,973
Non-current loans given to others	328	0
Short-term loans given	250	100
Short-term loans given to the owner	0	100
Short-term loans given to companies	250	570
Allowance for short-term loans given to companies	0	-570
Short-term loans given to others	0	0

Changes in loans given

In 2021, the company made a loan of EUR 1.3 million to the owner Bidigital d.o.o. EUR 1.2 million as a long-term loan maturing no later than 31 March 2023 and bearing interest at 0.534% p.a. EUR 100 thousand as a short-term loan with a repayment deadline of 9 July 2022 at the latest and an interest rate of 0.515% p.a. Both loans were repaid by Bidigital in early 2022.

During 2022, Big Bang d.o.o. granted a long-term loan of EUR 328 thousand to a natural person. The loan was entirely for the purchase of a 1% interest in Sancta Domenica d.o.o.

Valuation of assets and liabilities

In thousands of EUR

Item	Long-term loans given	Short-term loans given	Total loans given
GROSS VALUE			
Balance as at 31 December 2021	**3,173**	**670**	**3,843**
Increase – loans given	328	250	578
Decrease – repayments	-1,200	-670	-1,870
Transfers long-term/short-term	0	0	0
Balance as at 31 December 2022	**2,301**	**250**	**2,551**
ALLOWANCE			
Balance as at 31 December 2021	**1,973**	**570**	**2,543**
Increase	0	0	0
Transfers	0	-570	-570
Balance as at 31 December 2022	**1,973**	**0**	**1,973**
CARRYING VALUE			
Balance as at 31 December 2021	**1,200**	**100**	**1,300**
Balance as at 31 December 2022	**328**	**250**	**578**

5.6 DEFERRED TAX ASSETS

Long-term deferred tax assets are calculated based on temporary differences under the method of liabilities from the statement of financial position. The tax rate is 19%.

Changes in temporary differences between the accounting profit and tax income in 2022

In thousands of EUR

Item	Balance as at 1 January 2022	Recognised in the Income statement	Balance as at 31 December 2021
Receivables	211	-4	207
Provisions	73	0	73
Tax losses	11	-11	0
Total	295	-14	281

In 2022, the company de-recognised EUR 14 thousand of deferred tax assets.

5.7 INVENTORIES

In thousands of EUR

Item	31.12.2022	31.12.2021
Inventories	12,926	12,732
Material	109	142
Products and merchandise	13,851	13,765
• – goods in warehouses	2,210	2,935
• – goods in stores	11,641	10,830
Inventory allowance	-1,035	-1,174

Inventory of goods includes merchandise in stores and their storage areas, as well as merchandise in stock in the central warehouse. At the end of 2022, the inventory of merchandise was 1.5% higher than at the end of 2021.

Changes in the inventory allowance

In thousands of EUR

Item	31.12.2022	31.12.2021
Balance as at 1 Jan	1,174	1,158
Final write-off	-966	-687
Making of allowances in the year	826	704
Balance as at 31 December	1,035	1,174

As at 31 December 2022, the inventory allowance amounted to EUR 1,035 thousand and as at 31 December 2021, to EUR 1,174 thousand. In 2022, the company made allowance for inventory in the amount of EUR 826 thousand and a final write-off in the amount of EUR 966 thousand.

The company has no pledged inventories of goods.

Inventory surpluses and deficits identified during the year are credited or charged to the cost of goods. A deficit of EUR 176 thousand was established during the process of inventory stock count.

5.8 SHORT-TERM LOANS GIVEN

In 2021, the company provided a short-term loan in the amount of EUR 100 thousand to the company, Bidigital naložbe d.o.o. (owner) with the interest rate of 0.515% p.a. without insurance. The loan was repaid at the beginning of 2022.

During 2022, Big Bang d.o.o. made two small short-term loans to its technology partners.

5.9 SHORT-TERM OPERATING RECEIVABLES

In thousands of EUR

Item	31.12.2022	31.12.2021
Short-term operating receivables and other assets	3,544	3,290
Advances for rent	59	59
Short-term operating trade receivables	2,290	2,223
Short-term operating receivables from related companies	3	11
Other short-term operating receivables	977	888
Assets under supplier contracts	215	107

As at 31 December 2022, the company's operating receivables and other assets amounted to EUR 3,544 thousand, which increased by 0.8% compared to 2021.

Assets under supplier contracts represent assets from different bonuses set in contracts. The company secured 82.3% of trade receivables.

Changes in allowances due to trade receivables impairment

In thousands of EUR

Item	31.12.2022	31.12.2021
Balance as at 1 January	1,722	1,529
Final write-off	-701	-70
Making of allowances in the year	21	276
Reversal of impairment	-15	-13
Balance as at 31 December	1,027	1,722

As at 31 December 2022, allowances for receivables amounted to EUR 1,027 thousand, and as at 31 December 2021 to EUR 1,722 thousand. In 2022, the company made an allowance for receivables in the amount of EUR 21 thousand and entirely wrote off EUR 701 thousand of receivables. The company also reversed past impairments to the amount of EUR 15 thousand.

Structure of allowances due to trade receivables impairment

In thousands of EUR

Item	31.12.2022	31.12.2021
Balance	1,027	1,722
Allowance made based on the expected credit loss	-	-
Allowances made specifically based on the increased credit risk	1,027	1,722

5.10 CASH AND CASH EQUIVALENTS

		In thousands of EUR
Item	**31.12.2022**	**31.12.2021**
Cash and cash equivalents	4,069	6,112
Cash in hand	28	27
Cash at bank	4,041	6,085

The balance of cash at the end of 2022 was EUR 2,043 million lower than the balance at the end of 2021.

5.11 EQUITY

The equity is pledged for the parent company's credit needs. The balance of the credit facility as at 31 December 2022 amounts to EUR 4,663 thousand.

Share capital

The company's nominal capital is entered at the Local Court in Ljubljana in the amount of EUR 4,204 thousand, which did not change in 2022. As at 31 December 2022, the 100-percent owner of the equity was the company Bidigital naložbe d.o.o.

Reserves

The company's reserves comprise the capital surplus (subsequent capital increase) and legal reserves. In accordance with the Companies Act (ZGD-1), they are tied-up reserves.

As at 31 December 2022, the capital surplus amounted to EUR 421 thousand.

Legal reserves, which amount to EUR 420 thousand, did not change during the year.

Retained earnings

The balance of retained earnings on 31 December 2022 was EUR 1,418 thousand.

5.12 PROVISIONS

		In thousands of EUR
Item	**31.12.2022**	**31.12.2021**
Provisions	425	447
Provisions for long-service bonuses	99	86
Provisions for severance pay on retirement	284	319
Provisions for restoration to the previous state – IFRS 16	42	42

Changes in provisions

In thousands of EUR

Item	Provisions for long-service bonuses	Provisions for severance pay on retirement	Provisions for restoration to the previous state – IFRS 16	Total
Balance as at 1 January 2021	98	358	42	498
Interest costs	0	2	-	2
Past and current service costs	11	28	-	39
Actuarial gains/losses through the income statement	-11	-	-	-11
Actuarial gains/losses through the balance sheet	-	-52	-	-52
Earnings payment	-12	-18	-	-31
Balance as at 31 December 2021	86	319	42	447
Balance as at 1 January 2022	86	319	42	447
Interest costs	1	3	-	4
Past and current service costs	14	25	-	38
Actuarial gains/losses through the income statement	12		-	12
Actuarial gains/losses through the balance sheet		-50	-	-50
Earnings payment	-13	-12	-	-26
Balance as at 31 December 2022	99	284	42	425

Provisions for severance pay on retirement and long-service bonuses are made for the estimated obligation to pay severance pay on retirement and long-service bonuses at the balance sheet date, discounted to the present value. The liability was formed for expected payments and is based on an actuarial calculation, in which the following assumptions were considered:

- The average long-term interest rate is estimated at 4.30% and the average growth of non-taxable amounts is estimated at 3.50% per annum.
- The amounts of severance pay on retirement and long-service bonuses depend on the average annual salary and the expected mortality of the employees.
- The calculation takes into account the expected mortality of employees according to the 2007 national mortality tables, disaggregated by sex, thereby indirectly taking into account the replacement of older employees who retire by younger ones.
- Provisions are only made for permanent staff; liabilities for long-service bonuses after retirement are not taken into account.
- The assumption is that all employees will take up their retirement pension rights.

5.13 FINANCIAL LIABILITIES

In thousands of EUR

Item	31.12.2022	31.12.2021
Financial liabilities	36,814	19,544
Long-term financial operating leases	**30,970**	**16,465**
Financial liabilities from business leases	15,767	16,442
Financial liabilities from financial leases	25	24
Financial liabilities to banks	15,179	0
Short-term financial liabilities	**5,843**	**3,079**
Financial liabilities from operating leases	2,988	3,042
Financial liabilities from financial leases	34	37
Financial liabilities to banks	1,821	0
Financial liabilities to owners	1,000	0

Movement in loans received in 2022

In thousands of EUR

Balance	Borrowings (increases)	Loan repayments (reductions)	Balance 31.12.2022
	27,500	9,500	18,000

Movement in loans received in 2021

In 2021, the company did not have any borrowings.

Maturity of financial liabilities 2022

In thousands of EUR

Financial liabilities 31 December 2022	Future liabilities from leases	Interest	Present value
With a maximum of one year	3,351	363	2,988
In more than one year and not more than five years	13,194	975	12,219
In more than five years	3,653	106	3,547
Total	20,198	1,443	18,755

Maturity of financial liabilities 2021

In thousands of EUR

Financial liabilities 31 December 2021	Future liabilities from leases	Interest	Present value
With a maximum of one year	3,460	381	3,079
In more than one year and not more than five years	11,006	948	10,058
In more than five years	6,686	279	6,407
Total	21,152	1,607	19,544

Non-discounted contractual cash flow

In thousands of EUR

	31.12.2022	31.12.2021
Total non-discounted liabilities	18,755	19,544
less than 1 year	2,988	3,079
1–5 years	12,219	10,058
more than 5 years	3,547	6,407
Liabilities from leases, included in the statement	18,755	19,544
Short-term part	2,988	3,079
Long-term part	15,767	16,465

All lease liabilities are concluded in euros. The company applied a 2.5 percent discount rate when recognising lease liabilities; the lease relationships expire between 2023 and 2030.

5.14 SHORT-TERM OPERATING LIABILITIES

In thousands of EUR

Item	31.12.2022	31.12.2021
Short-term operating liabilities	25,995	18,523
Short-term operating liabilities based on advances	550	408
Short-term operating liabilities to suppliers	21,270	14,594
Short-term operating liabilities to related companies	936	126
Short-term operating liabilities to others	3,238	3,395
• liabilities for unpaid salaries	718	711
• liabilities to state institutions	1,678	1,734
• remaining liabilities	842	950

On 31 December 2022, short-term operating liabilities were 40.34% higher than the year before, whereby liabilities to suppliers represented 81.82% of the total short-term liabilities.

Short-term liabilities to others include liabilities for unpaid salaries, liabilities to state institutions, and remaining liabilities. Short-term operating liabilities to state institutions also include VAT liabilities, which amounted to EUR 1,408 thousand as at 31 December 2021 and EUR 1,591 thousand as at 31 December 2022.

5.15 CURRENT TAX LIABILITIES

The statutory tax rate for the calculation of the corporate income tax for 2022 is 19 percent. On 31 December 2022, the company recognised current tax liabilities of EUR 270 thousand.

5.16 CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities

In thousands of EUR

Item	31.12.2022	31.12.2021
Contingent liabilities	7,076	7,917
Guarantees given, of which	**7,076**	**7,917**
• group companies	5,300	7,917
• other companies	1,776	0

The company's contingent liabilities relate to guarantees given to a bank for a sister company amounting to EUR 5.3 million (guarantees given to suppliers and bank loans).

Contingent assets

		In thousands of EUR
Item	**31.12.2022**	**31.12.2021**
Contingent assets	23,000	6,000
Guarantee Big partner d.o.o.	23,000	6,000

Contingent assets relate to guarantees received from Big Partner d.o.o., a sister company, amounting to EUR 23 million (limit, long-term loan and revolving credit facility).

Guarantees given to banks for loans of the parent company

		In thousands of EUR
Creditor	**Principal 31 December 2022**	**Principal 31 December 2021**
NLB	6,663	5,417
Intesa Sanpaolo Bank	2,000	0
TOTAL	8,663	5,417

Guarantees given to banks as at 31 December 2022 amount to EUR 8,663 thousand.

6. NOTES AND DISCLOSURES RELATING TO THE INCOME STATEMENT

6.1 SALES REVENUES

In thousands of EUR

	2022						
	Slovenia			Abroad			Total
	Direct sale to the buyer	Sales through intermediaries	Total	Direct sale to the buyer	Sales through intermediaries	Total	
Revenues from the sale of goods	115,350	0	115,350	31	0	31	115,381
• audio and video	32,066	0	32,066	9	0	9	32,075
• digital	49,456	0	49,456	14	0	14	49,470
• household appliances	28,051	0	28,051	8	0	8	28,059
• smart devices	207	0	207	0	0	0	207
• home	764	0	764	0	0	0	764
• sports and leisure time	4,806	0	4,806	0	0	0	4,806
Revenues from the supply of services	3,757	2,952	6,708	0	487	487	7,195
• services direct sale to the buyer	3,745	0	3,745	0	0	0	3,745
• services charged to suppliers	0	2,952	2,952	0	487	487	3,438
• other services	12	0	12	0	0	0	12
Sales revenues	119,107	2,952	122,058	31	487	517	122,576

Timing of revenue recognition			
Goods sold at a given moment	115,350	31	115,381
Services provided during a specific period of time	3,745	0	3,745
Revenues from supplier contracts	2,952	487	3,438
Other revenue - rents	12	0	12
Sales revenues	122,058	517	122,576

In thousands of EUR

	2021						
	Slovenia			**Abroad**			**Total**
	Direct sale to the buyer	Sales through intermediaries	Total	Direct sale to the buyer	Sales through intermediaries	Total	
Revenues from the sale of goods	95,528	0	95,528	106	0	106	95,634
• audio and video	26,195	0	26,195	15	0	15	26,210
• digital	38,617	0	38,617	82	0	82	38,699
• household appliances	25,417	0	25,417	7	0	7	25,424
• smart devices	156	0	156	0	0	0	157
• home	624	0	624	0	0	0	624
• sports and leisure time	4,519	0	4,519	1	0	1	4,520
Revenues from the supply of services	1,758	4,125	5,883	0	459	459	6,342
• services direct sale to the buyer	1,758	0	1,758	0	0	0	1,758
• services charged to suppliers	0	4,125	4,125	0	459	459	4,583
• other services	0	0	0	0	0	0	0
Sales revenues	97,286	4,125	101,411	106	459	565	101,975

Timing of revenue recognition			
Goods sold at a given moment	95,528	106	95,634
Services provided during a specific period of time	5,883	459	6,342
Revenues from supplier contracts	4,102	459	4,561
Other revenue - rents	22	0	22
Sales revenues	101,142	834	101,975

Revenues from supplier contracts consist of super rebates, marketing contributions, campaign contributions, etc.

Assets from supplier contracts, liabilities from supplier contracts

In thousands of EUR

Item	31.12.2022	31.12.2021
Assets from supplier contracts	157	-43
Receivables from supplier contracts	0	390
Other receivables from supplier contracts	157	-433
Liabilities from contracts with customers	0	0
Liabilities from contracts with customers	0	0

Assets from supplier contracts mainly represent credit entries received from purchase contracts and bonuses, and invoices issued for marketing. Revenues from these assets reduce the costs of goods sold. Receivables from supplier contracts include outstanding receivables for which the company has already received credit entries or issued invoices. Other receivables from contracts with customers include accrued bonuses for which, at the cut-off date, the suppliers have not yet issued the relevant documents.

6.2 COSTS OF GOODS SOLD

In thousands of EUR

Item	2022	2021
Costs of goods sold	93,948	78,625

The cost of goods sold in 2022 increased by 19.5% compared to the year before.

6.3 COSTS BY NATURE

In thousands of EUR

Item	2022	2021
Costs by nature	25,256	21,933
Costs of material used	1,058	706
Costs of services	8,908	7,479
Labour costs	10,488	9,344
Amortisation costs	4,501	4,022
Other operating costs	300	382

Costs in 2022 increased by 15% compared to the year before.

Costs of materials used by types

In thousands of EUR

Item	2022	2021
Costs of material used	1,058	706
Electricity costs	608	269
Fuel costs	154	59
Costs of office supplies	52	35
Other costs of material	244	343

Costs of services by types

In thousands of EUR

Item	2022	2021
Costs of services	8,908	7,479
Costs of transportation to customers and other costs of transportation	532	376
Advertising, publicity and participation at fairs	3,537	2,942
Leases for assets	85	3
Maintenance costs	224	193
Costs of telecommunication and postal services	189	170
Costs of public utility services, water rates and sewage costs	61	59
Reimbursements of labour-related costs to employees	62	35
Costs of credit card sales, payment transactions, bank services and customs duties	559	655
Insurance premiums	115	156
Entertainment costs	27	20
Costs of education	40	31
Costs of other services	3,476	2,840

Labour costs by type

In 2022, the average number of employees was 376, while the average number of employees in 2021 was 361.

In thousands of EUR

Item	2022	2021
Labour costs	10,488	9,344
Costs of wages and salaries	7,498	6,755
Pension insurance costs	781	693
Costs of other insurance	559	490
Holiday allowance	406	376
Commuting allowance	393	356
Meal allowance	417	389
Provisions for termination benefits and long-service bonuses	50	113
Other labour costs	385	172

Depreciation costs by type

In thousands of EUR

Item	2022	2021
Amortisation costs	4,501	4,022
Depreciation of property, plant and equipment	**3,934**	**3,556**
• depreciation of investments in property - buildings	403	390
• depreciation of equipment and small tools	332	271
• depreciation of leased assets	3,296	3,277
• Reduction of depreciation*	-97	-383
Depreciation of intangible assets	**567**	**466**

Other operating costs

In thousands of EUR

Item	2022	2021
Other operating costs	300	382
Contribution for ground exploitation	162	172
Environmental tax for waste electrical and electronic equipment	59	178
Other operating costs	80	33

6.4 REVALUATION AND OTHER OPERATING EXPENSES

In thousands of EUR

Item	2022	2021
REVALUATION OPERATING EXPENSES	814	731
Write-offs of property, plant and equipment to the recoverable amount	27	0
Impairment and write-down of inventories	685	500
Impairment and write-down of operating receivables	22	231
Impairment and write-offs of other assets	80	231

Revaluation operating expenses increased by EUR 83 thousand compared to 2021.

In thousands of EUR

Item	2022	2021
OTHER OPERATING EXPENSES	41	26
Other operating expenses	41	26

Other operating expenses refer to expenses for donations, given indemnities, solidarity aid and offsets.

6.5 OTHER OPERATING REVENUES

In thousands of EUR

Item	2022	2021
OTHER OPERATING REVENUES	763	1,489
Gains from the sale of property, plant and equipment	3	2
Revenues from realised receivables	15	11
Revenues from the reversal of provisions	26	11
Other operating revenues	377	328
State subsidies	342	1,137

Other operating revenues are down 49% compared to the same period in 2022. Revenue from government subsidies accounts for 45% of total other operating revenues. In 2022, state subsidies are mainly aid from high electricity prices, and subsidies for digital transformation.

6.6 NET FINANCIAL REVENUES AND EXPENSES

In thousands of EUR

Item	2022	2021
Financial revenues	5,451	35
Interest revenues	5	13
Revenues from exchange rate differences	1	0
Revenues from interests companies in the Group	5,445	0
Other financial revenues	0	21
Financial expenses	-611	-403
Interest expenses	-192	-5
Expenses from exchange rate differences	-3	0
Impairments of financial assets	-15	0
Other financial expenses	-4	-3
Financial expenses for interest on leased assets	-397	-396
Net financial revenues/expenses	4,839	-369

6.7 DEFERRED TAXES AND CORPORATE INCOME TAX

Liability for corporate income tax is established on the basis of the Corporate Income Tax Act (ZDDPO-2), which entered into force on 1 January 2007.

In thousands of EUR

Amounts recognised in the Income Statement

Item	2022	2021
Income tax	**504**	**253**
Tax for the current year	504	253
Deferred taxes	**15**	**26**
Deferred tax originating from the occurrence and reversal of temporary differences	15	26
Total corporate income tax	519	278

Effective tax rate breakdown

In thousands of EUR

Item	2022	2021
Profit or loss before tax	8,119	1,781
Tax rate	19%	19%
Expected income tax	1,543	338
Expenses not recognised for tax purposes	229	342
Exemption of revenues	5,496	5
Increase of revenues	0	0
Increase of expenses	13	15
Tax basis I	**2,839**	**2,103**
Change of tax basis	25	26
Increase of tax basis	275	0
Tax basis II	**3,140**	**2,129**
Tax income	3,140	2,129
Tax relief	438	798
Covering of tax loss	50	0
Tax basis III	**2,652**	**1,331**
Deferred tax	15	26
Effective tax rate	6.39%	15.64%

In thousands of EUR

Item			2022			2021
Profit or loss before tax			8,119			1,781
Tax rate		19.00%	19%		19.00%	19%
Expected income tax			1,543			338
Tax effects related to:						
Expenses not recognised for tax purposes	229	2.82%	44	342	3.65%	65
Exemption of revenues	-5,496	-67.70%	-1,044	-5	-0.05%	-1
Increase of expenses	13	0.16%	2	15	0.16%	3
Effect of previous years' error correction	25	0.31%	5	26	0.28%	5
Costs not recognised for tax purposes	0	0.00%	0	0	0.00%	0
Increase of tax basis	275	3.39%	52	0	0.00%	0
Covering of tax loss	50	0.62%	9	0	0.00%	0
Tax relief	-438	-5.39%	-83	-798	-8.51%	-152
Reversal/recognition of deferred	15	0.19%		26	0.27%	5
Total income tax			504			253
Effective tax rate		6.39%			15.64%	

7. OTHER NOTES

7.1 COSTS OF LEGAL SERVICES AND AUDIT COSTS

In 2022, the company paid EUR 18 thousand to the audit company Grant Thorton d.o.o. for the audit of this Annual Report and other reports that need to be drawn up by the company. The Company also paid EUR 69 thousand for various legal advice and enforcement proceedings.

7.2 RELATED PARTY TRANSACTIONS

The company has three groups of related parties: The management staff, the parent company and subsidiaries. In 2022, the management staff consists of both Directors.

Gross receipts of management and employees under individual contracts

2022 — In thousands of EUR

Recipient	Number of members	Fixed part of receipts	Variable part of receipts	Other receipts	Total gross receipts	Total net receipts
Uroš Mesojedec	1	133	0	9	142	78
Robert Sraka	1	95	0	7	102	59
Total	2	228	0	16	244	137
Gross structure		93%	0%	7%	100%	
Employees under individual contracts	27	1,171	0	114	1,285	839

Other receipts include holiday allowance, benefits with respect to managerial insurance and the use of the company car, termination bonuses, and meal and commuting allowances.

In 2022, Big Bang d.o.o. did not grant any advances or loans to the members of management or employees under individual contracts.

2021 — In thousands of EUR

Recipient	Number of members	Fixed part of receipts	Variable part of receipts	Other receipts	Total gross receipts	Total net receipts
Uroš Mesojedec	1	133	0	8	141	66
Robert Sraka	1	95	0	7	102	50
Total		228	0	15	243	116
Gross structure		94%	0%	6%	100%	
Employees under individual contracts	22	929	0	67	996	560

Company's transactions with related parties in 2022

Item	Sale of goods	Purchase of goods	Performance of services	Financial revenues	Financial expenses	Purchase of service	Interest received
Nomago d.o.o.	17	0	0	0	0	7	0
Adventura investments d.o.o.	3	0	0	0	0	99	0
Bidigital d.o.o.	0	0	0	6	6		1
Big partner d.o.o.	4,176	10,126	2,025	5	0	24	0
Sancta Domenica d.o.o.	0	0	0	5,445	13	0	0
Nomago Italia s.r.l.	0	0	0	0	0	0	0
Anticus d.o.o.	0	0	0	0	0	0	0
Total group companies	**4,197**	**10,126**	**2,025**	**5,456**	**0**	**130**	**1**
Total	4,197	10,126	2,025	5,456	0	130	1

Company's transactions with related parties in 2021

Item	Sale of goods	Purchase of goods	Performance of services	Financial revenues	Financial expenses	Purchase of service	Interest received
Nomago d.o.o.	21	0	0	0	0	7	0
Adventura investments d.o.o.	1	0	0	0	0	103	0
Bidigital d.o.o.	0	0	0	24	0	0	7
Big partner d.o.o.	5,322	12,670	2,033	4	0	8	0
Total group companies	**5,344**	**12,670**	**2,033**	**28**	**0**	**117**	**7**
Total	5,344	12,670	2,033	28	0	117	7

Company's transactions with related parties - balance as at 31 December 2022

In thousands of EUR

Item	Receivables	Liabilities	Loans received	Loans given	Guarantees given	Guarantees received
Nomago d.o.o.	3	6	0	0	0	0
Adventura investments d.o.o.	0	-15	0	0	0	0
Bidigital d.o.o.	0	0	1,000	0	0	0
Big partner d.o.o.	0	945	0	0	5,300	23,000
Sancta Domenica d.o.o.	0	0	0	0	0	0
Nomago Italia s.r.l.	0	0	0	0	0	0
Anticus d.o.o.	0	0	0	0	0	0
Total group companies	**3**	**936**	**1,000**	**0**	**5,300**	**23,000**
Total	3	936	1,000	0	5,300	23,000

Company's transactions with related parties - balance as at 31 December 2021

In thousands of EUR

Item	Receivables	Liabilities	Loans received	Loans given	Guarantees given	Guarantees received
Nomago d.o.o.	4	0	0	0	0	0
Adventura investments d.o.o.	0	0	0	0	0	0
Bidigital d.o.o.	7	0	0	1,300	0	0
Big partner d.o.o.	0	126	0	0	2,500	6,000
Total group companies	**11**	**126**	**0**	**1,300**	**7,917**	**6,000**
Total	11	126	0	1,300	7,917	6,000

SIGNIFICANT BUSINESS EVENTS AFTER THE END OF THE FINANCIAL YEAR

Big Bang d.o.o. has an additional member of the Management Board as of 23 February 2023 and thus has a three-member Management Board. Since then, all three members are also company representatives.

In February 2023, the company submitted an application for state aid as part of the aid to companies due to high energy prices in 2023. The aid will significantly mitigate the negative financial impact of higher electricity prices.

The economy in early 2023 was further affected by the Russia-Ukraine crisis, which, while having a significant impact on the price of certain raw materials, has not yet had a major impact on Big Bang's business.

There are no other significant events after the end of the financial year.

AUDITOR'S REPORT

Grant Thornton

Grant Thornton Audit d.o.o.
Linhartova 11a
1000 Ljubljana

Reg. num.: 1/29721/00
Reg. capital: EUR 8.763,00
No. entry in reg. of audit com.:
RD-A-48/97

T +386 1 434 18 00
E office@si.gt.com
W grantthornton.si
L grant-thornton-slovenia

AUDITOR'S REPORT

To the shareholder of Big Bang, trgovina in storitve, d.o.o.

Opinion

We have audited the financial statements of the Company Big Bang, trgovina in storitve, d.o.o., which comprise the statement of financial position as of December 31, 2022, and the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as well as other explanatory information.

In our opinion, the enclosed financial statements present fairly the financial position of the Company Big Bang, trgovina in storitve, d.o.o. as of December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the International financial reporting standards, as adopted by European Union (IFRS as adopted by EU).

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibility under those standards is 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' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled all other ethical requirements in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

Comparable financial statements of the Company Big Bang, trgovina in storitve, d.o.o. were audited by other auditor, who issued a unqualified auditors report on April 15th 2022.

Other Information

The management is responsible for other information. The latter consists of the business report, which is a part of the annual report of the company Big Bang, trgovina in storitve, d.o.o., and does not include financial statements and our auditor's report thereon.

Our report on financial statements does not refer to other information and does not give any assurances relating thereto.

When conducting an audit of financial statements, our responsibility is also to read other information and assess whether it varies to a great extent from financial statements, legal requirements and our knowledge acquired during the audit or proves incorrect otherwise. If, in accordance with the work carried out, we discover material misstatements of other information, we must report on such circumstances. On the basis of the procedures described, we report that:

- other information is consistent with the audited financial statements in all important aspects;
- other information is prepared in accordance with applicable laws and regulations;
- based on our knowledge and understanding of the company and its environment acquired during the audit, we did not determine any significant incorrect statements regarding other information.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS as adopted by EU, and for such internal control the management deems 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the rules on auditing will always identify a material misstatement if 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 scepticism throughout the audit. We also:

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

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

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

Ljubljana, 26 May 2023

Grant Thornton Audit d.o.o.

Certified Auditor:
Tomaž Mahnič

Grant Thornton Audit d.o.o.
member of Grant Thornton International