Consolidated Annual Financial Report

INTERCAPITAL PROPERTY DEVELOPMENT ADSIC

31st December 2020

Consolidated Report for the financial condition

Own capital and Liabilities	Notes	2020 '000 BGN	2019 '000 BGN
Non-current assets			
Property, plant and equipment	6	15 188	15 148
Investment property	7	24 968	23 695
Deffered Tax Assets		21	21
		40 177	**38 864**
Current assets			
Materials and Goods	9.1	826	946
Work-in-progress	9.2	-	293
Tax Receivables	12	13	10
Trade and Other receivables	10.1	5 271	5 128
Cash and cash equivalents	11	89	126
Current assets		**6 199**	**6 503**
Total assets		**46 376**	**45 367**

Date: **09.04.2021**

Drafted: ______________________ /Optima Audit AD/

Executive Director: ______________________ /Velichko Klingov/

According to an audit report: ______________________ /Nicolay Polinchev/

Consolidated report for the financial condition (continued)

Equity and Liabilities	**Notes**	**2020 '000 BGN**	**2019 '000 BGN**
Equity			
Main/Share capital	13.1	27 766	6 011
Issue premiums	13.2	7 651	7 651
Revaluation reserve	13.2	7 508	7 381
General reserves	13.2	1	1
Cumulative loss, net		(22 103)	(2)
Total own capital		**20 823**	**(703)**
Liabilities			
Non-current liabilities			
Liabilities to financial institutions	14.2	11 779	11 735
Financial leasing	14.1	-	1 396
Other liabilities	17	2 612	2 316
Total non-current liabilities		**14 391**	**15 447**
Current liabilities			
Liabilities to financial institutions	14.2	-	-
Financial leasing	14.1	1423	134
Bonds	14.3	-	-
Commercial Liabilities	15	1 995	2 766
Social security payables and salaries payables		261	280
Tax payables	16	59	92
Other liabilities	17	7 424	27 653
Total current liabilities		**11 162**	**30 925**
Total liabilities		**25 553**	**46 372**
Total Equity and Liabilities		**46 376**	**45 367**

Date: **09.04.2021**

Drafted: ____________________ Executive Director: ____________________
/Optima Audit AD/ /Velichko Klingov/

According to an audit report: ____________________
/Nicolay Polinchev/

Consolidated report for the profit or loss or other comprehensive income

	Notes	31.12.2020 '000 BGN	31.12.2019 '000 BGN
Revenue from sales	18	1 506	1 839
Other revenue	19	257	1 430
Expenses for materials	20	(442)	(431)
Expenses for external services	21	(849)	(713)
Expenses for salaries	22	(601)	(613)
Expenses for depreciation	6	(89)	(85)
Other expenses	23	(597)	(1 139)
Operating profit/loss		**(815)**	**288**
Financial Income/expenses	24	(1 185)	(2 329)
Changes in the fair value of the investment property		**1 644**	**55**
Net profit/ (loss) before taxes		**(356)**	**(1 986)**
Expenses for current corporate income tax		**-**	**-**
Profit/(Loss) for the year after taxation		**(356)**	**(1 986)**
Income per share		**(0.03)**	**(0.33)**
Other comprehensive income			
Profit/Loss from revaluation of properties		**127**	**1 503**
Total annual comprehensive income		**(229)**	**(483)**

Date: **09.04.2021**

Drafted: ____________________
/Optima Audit AD/

Executive Director: ____________________
/Velichko Klingov/

According to an audit report: ____________________
/Nicolay Polinchev/

Consolidated report for the Changes in Equity

All amounts are in '000 BGN	Share Capital	Premium reserves	Other Reserves	Undistributed Earnings/ (accumulated loss)	Total equity
Balance 1st January 2019	**6 011**	**7 651**	**5879**	**(19 761)**	**(220)**
Profit/Loss				(1986)	**(1986)**
Other comprehensive income:					
Revaluation of non-current assets:					
Reductions			1 503		**1 503**
Total annual comprehensive income			**1 503**	**(1 986)**	**(483)**
Balance 31st December 2019	**6 011**	**7 651**	**7 382**	**(21 747)**	**(703)**
Profit/Loss for the year				(356)	**(356)**
Other comprehensive income:					
Revaluation of non-current assets:	21 755				**21 755**
Increases			127		**127**
Other changes					
Total annual comprehensive income	**21 755**		**127**	**(22 102)**	**21 526**
Balance 31st December 2020	**27 766**	**7 651**	**7509**	**(22 103)**	**20 823**

Date: **09.04.2021**

Drafted: ____________________ Executive Director: ____________________
/Optima Audit AD/ /Velichko Klingov/

According to an audit report: ____________________
/Nicolay Polinchev/

Consolidated Cash Flow Statement

	Notes	31.12.2020 '000 BGN	31.12.2019 '000 BGN
Cash flow from operating activities			
Customers` receivables		1 471	1 494
Suppliers` payables		(1 507)	(1 775)
Salaries and social securities payables		(626)	(779)
Paid/recovered taxes(excluding corp. tax)		-	(431)
Paid corporate taxes		-	(63)
Other operating activities` entries		35	2 082
Other operating activities` payments		-	(26)
Net cash flow from operating activities		**(627)**	**502**
Cash flow from investment activity			
Acquisition of property, plant and equipment		**-**	**-**
Net cash flow from investment activity		-	-
Cash flow from financing activity			
Proceeds on loans		21 755	
Issued capital		(20 194)	-
Payments of interest, taxes		(971)	(474)
Net cash flow from financing activity		**590**	**(474)**
Net change in cash and cash equivalents		**(37)**	**28**
Cash and cash equivalents at the beginning of the period		126	98
Cash and cash equivalents at the end of the period		**89**	**126**

Date: **09.04.2021**

Drafted: ____________________ Executive Director: ____________________
/Optima Audit AD/ /Velichko Klingov/

According to an audit report: ____________________
/Nicolay Polinchev/

Explanatory Notes

1 General information

"Intercapital Property Development" ADSIC is a company registered in accordance with the Special Purpose Vehicles Act. The Company operates as a collective investment scheme for real estate; "real estate securitization" means that the Company purchases real estate with cash flows accumulated from investors by issuing securities (shares, bonds).

The Company was initially registered in the Sofia City Court Register by decision No:1 from 29.03.2005, batch № 92329 volume 1204, reg. 1, page 23 company case № 3624/2005. Cuurently the company is entered in the Commercial Registry by Bulstat Code is 131397743. The legal seat and the address of the Company`s management is Dobrudja Str. № 6, Sofia.

The Board of directors is composed as follows:

- Velichko Klingov,
- Tsvetelina Hristova.
- AHELOY 2012 EOOD, represented by Petya Gerogieva Yordanova

The Investor Relations Director is Radostina Pantaleeva.

Service companies of "Intercapital Property Development" ADSIC in compliance with the clauses of the Special Purpose Vehicles Act are: Optima Audit AD, Marina Cape Management EOOD, IP Intercapital Markets AD, and AD Tokushev and Partners. Independent appraiser of the properties is Dobi 02 EOOD.

The shares of the Company are registered for trading on the Bulgarian Stock Exchange - Sofia AD and the NewConnect market in Poland.

2 Basis for the preparation of the consolidated financial report

The Company's consolidated financial report is prepared in compliance with the International Financial Reporting Standards, developed and published by the International Accounting Standards Board (IASB) and adopted by the European Commission.

The financial reports of the company have been prepared in compliance with the international standard for financial reports, adopted by the Comission of the EU. They include the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and the interpretations for their application (SIC - IFRS interpretations). IFRS also include the subsequent amendments and complements to these standards and interpretations of their application and the future standards and interpretations for their application prepared by the International Accounting Standards Board (IASB).

The financial statements are prepared in BGN which is the functional currency of the Company. All amounts quoted are in thousands of BGN ('000 lv) (including the comparative information for 2019) unless otherwise specified.

3 Going concern

The consolidated financial statements for the year ended 31 December 2020 have been prepared on the assumption that the Group is a going concern, which assumes the continuation of the current business activity and the realization of assets and settlement of liabilities in the normal course of its activities. The future financial results of the Group depend on the wider economic environment in which it operates. Factors that specifically affect the Group's results include zero or negative economic growth, investor confidence, prices of financial instruments, and the presence of subcontractors and suppliers. The COVID-19 pandemic increased the inherent uncertainty of the Group's assessment of these factors.

As at 31 December 2020 the Group reports a loss for the period in the amount of BGN 229 thousand and a negative cash flow from operating activities in the amount of BGN 627 thousand. Current liabilities exceed current assets by BGN 4,963 thousand.
These circumstances indicate the existence of significant uncertainties, which may cast significant doubt on the Group's ability to continue as a going concern without the support of the owners and other sources of funding.
Management has taken the following significant measures to improve the financial condition of the Group:
It has successfully carried out a procedure for increasing the capital of the motherhood, has repaid a significant part of the current liabilities, has restructured the long-term liabilities, has limited the expenses. In addition, the management is considering the possibility in 2021, to conduct a new procedure to increase the capital of the parent company, as well as to issue a bond issue in order to better financial conditions.

The management believes that based on the forecasts made for the future development of the Group and the measures taken, as well as for the support of some shareholders and in-depth work of the Board of Directors in the restructuring of funding and demand for low-interest, will continue to operate. to repay its obligations without selling off assets and without undertaking significant changes in its activity.

4 Amended accounting standards

Application of new and revised International Financial Reporting Standards (IFRS)

4.1 The Group's accounting policies are consistent with those applied in the previous reporting period, with the exception of the following amended IFRSs adopted from 1 January 2020:
For the first time in 2020, some amendments and clarifications are applied, but they do not have an impact on the financial statements of the Group. The Group has not adopted any standards, interpretations or amendments that have been published but have not yet entered into force.
Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Materiality
The amendments are effective for annual periods beginning on or after 1 January 2020, allowing for earlier application. The amendments clarify the definition of materiality and how

it should be applied, providing practical guidance that has so far been included in other IFRSs. The amendments also clarify that materiality depends on the nature and significance of the information. The adoption of the amendments did not have an impact on the financial condition or results of operations of the Group.

IFRS 3 Business Combinations (Amendments): Definition of Business

The amendments are effective for annual periods beginning on or after 1 January 2020. The amendments clarify the minimum business requirements and limit the definition of a business. The amendments also remove the assessment of whether market participants are able to change missing elements, provide guidance to assist companies in assessing whether the acquired process is significant and introduce an optional test for concentration of fair value. The definition of the term "business" has been amended to focus on goods and services provided to income-generating customers and excludes returns in the form of lower costs and other economic benefits. The adoption of the amendments did not have an impact on the financial position or results of operations of the Group.

Reform of interest rate benchmarks - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. The published amendments address problems that arise during the replacement of existing interest rates with alternative interest rates. The effects on specific cases of hedge accounting under IFRS 9 and IAS 39, in which a forward-looking analysis is required, are addressed. The amendments provide for temporary reliefs applicable to hedging requirements, in cases where compliance with these requirements is directly affected by the benchmark reform. The changes allow hedge accounting to continue in the period of uncertainty until the replacement of the existing reference interest rates with alternative risk-free interest rates. Amendments have also been made to IFRS 7 Financial Instruments: Disclosures, which require the submission of additional information on hedging uncertainty as a result of the reform. The adoption of the amendments did not have an impact on the financial position or results of operations of the Group.

Conceptual framework for financial reporting

The revised Conceptual Framework for Financial Reporting is effective for annual periods beginning on or after 1 January 2020. The Conceptual Framework presents financial reporting concepts, standards development, guidelines for the preparation of consistent accounting policies and guidelines for understanding and interpreting standards. The main changes introduced in the revised Conceptual Framework for Financial Reporting are related to the concept of valuation, including the factors to be taken into account when choosing a valuation basis, and the concept of presentation and disclosure, including which income and expenses are classified. in another comprehensive income. The conceptual framework also provides updated definitions of assets and liabilities and criteria for their recognition in the financial statements.

The amendments include subsequent amendments to the standards concerned to reflect the new framework. However, not all amendments update the standards with the new concepts. Some amendments indicate only which version of the framework the specific standard refers to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010 or the new revised framework of 2018) or indicate that the definitions in the standard have not been updated with the new definitions developed in the revised conceptual framework.

The adoption of the amendments did not have an impact on the financial position or results of operations of the Group.

4.2. Published standards that are not yet in force and have not been adopted before

As of the date of approval of these financial statements, new standards, amendments and interpretations to existing standards have been published, but have not entered into force or have not been adopted by the EU for the financial year beginning on 1 January 2020 and have not been applied. from an earlier date by the Group. They are not expected to have a material effect on the Group's financial statements. Management expects all standards and amendments to be adopted in the Group's accounting policies in the first period beginning after the effective date.

IFRS 17 Insurance Contracts

In May 2017, the IASB published IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering the recognition and measurement, presentation and disclosure. Following its entry into force, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4), which was published in 2005. IFRS 17 applies to all types of insurance contracts (ie life insurance, non-life insurance, direct insurance and reinsurance). , regardless of the type of companies issuing them, as well as in respect of certain guarantees and financial instruments with additional, unsecured income (participation at discretion).

A small number of exceptions to the scope will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Unlike the requirements in IFRS 4, which are largely based on past, previous, local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts that covers all relevant accounting aspects. At the core of IFRS 17 is the general model, supplemented by:

• Specific adaptation for contracts with direct participation characteristics (variable remuneration approach)

• Simplified approach (premium allocation approach) mainly for short-term contracts.

IFRS 17 is effective for accounting periods beginning on or after 1 January 2023, requiring comparative information. Earlier application is permissible provided that the entity also applies IFRS 9 and IFRS 15 on or before the date on which it first applies IFRS 17. These amendments have not yet been adopted by the EU. The adoption of the amendments would not have an impact on the financial position or performance of the Group.

IFRS 17: Insurance Contracts (Amendments), IFRS 4: Insurance Contracts (Amendments)

The amendments to IFRS 17 are effective retrospectively for annual periods beginning on or after 1 January 2023, with earlier application permitted. The amendments are intended to help the Companies implement the standard. In particular, the amendments are intended to reduce costs by simplifying certain requirements in the standard, facilitating the explanation of the financial position and results of operations of the Company and facilitating the transition by postponing the effective date of the Standard until 2023 and by providing additional facilitation to reduce the effort required to apply IFRS 17 for the first time. The amendments to IFRS 4 change the fixed expiry date of the temporary exemption in IFRS 4 Insurance Contracts from the application of IFRS 9 Financial Instruments, so that Companies will have to apply IFRS 9 for annual periods beginning on or after 1 January 2023. would not affect the financial position or performance of the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1, which specifically mentioned the requirements for classifying liabilities as current or non-current. The amendments clarify:

• What is meant by the right to reschedule the settlement

• That there should be a right to reschedule at the end of the reporting period

• That the classification is not affected by the probability that the entity will exercise its right to reschedule
• That only if an embedded derivative in a convertible liability is itself an equity instrument, the terms of the liability will not affect its classification
The amendments are effective for annual periods beginning on or after 1 January 2023 and must be applied retrospectively. These amendments have not yet been adopted by the EU. The Group will analyze and evaluate the effects of the changes on the financial position or results of operations.
Reference to the Conceptual Framework - Amendments to IFRS 3
In May 2020, the IASB published Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace the reference to the Framework for the Preparation and Presentation of Financial Statements, published in 1989, with a reference to the Conceptual Framework for Financial Reporting, published in March 2018, without significant changes in the requirements.
The Board also added an exception to the recognition principle in IFRS 3 to avoid potential gains or losses from "day 2" arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Taxes, if incurred separately. At the same time, the Council decided to clarify the existing guidance in IFRS 3 on contingent assets that will not be affected by the replacement of the reference to the Framework for the Preparation and Presentation of Financial Statements.
The amendments are effective for annual periods beginning on or after 1 January 2022 and are effective for future periods. These amendments have not yet been adopted by the EU. The Group will analyze and evaluate the effects of the changes on the financial position or results of operations.

Reform of interest rate benchmarks - Phase 2 - IFRS 7, IFRS 9 and IAS 39 (Amendments)
In August 2020, the IASB published the Reform of Interest Rate Reference Indicators - Phase 2 - IFRS 7, IFRS 9 and IAS 39, concluding its work in response to the IBOR reform. The amendments provide temporary relief that relates to the effects of financial reporting when the interbank interest rate (IBOR) is replaced by an alternative almost risk-free interest rate (RFR). In particular, the amendments provide practical guidance, where changes in the basis for determining contractual cash flows on financial assets and liabilities are taken into account, to require an adjustment to the effective interest rate equivalent to market interest rate movements. The amendments also make it easier to terminate the hedge relationship, including a temporary exemption from the need to comply with the separate identification requirement when the RFR instrument is designated as a hedging instrument. In addition, the amendments to IFRS 4 are intended to allow insurers that still apply IAS 39 to receive the same benefits as those provided for in the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable the users of financial statements to understand the effect of the reform of the reference interest rates on the financial instruments and the risk management strategy of the Company. The amendments shall enter into force for annual periods beginning on or after 1 January 2021, with earlier application permitted. As long as the application is retrospective, the Group is not required to recalculate prior periods. The Group will analyze and evaluate the effects of the changes on the financial position or results of operations.
Property, plant and equipment: revenue before intended use - Amendments to IAS 16
In May 2020, the IASB published Property, Plant and Equipment - Proceeds Before Intended Use, prohibiting businesses from deducting from the cost of acquiring property, plant and equipment, any proceeds from the sale of items produced while this asset is brought to the

place and condition necessary for it to function in the manner prescribed by management. Instead, an entity recognizes the proceeds from the sale of such items and the cost of producing them in profit or loss. The amendments shall enter into force for annual periods beginning on or after 1 January 2022 and shall be applied in future periods for property, plant and equipment that are available for use on or after the beginning of the earliest period presented, during which the entity applies this amendment for the first time. These amendments have not yet been adopted by the EU. The Group will analyze and evaluate the effects of the changes on the financial position or results of operations.

Burdensome contracts - Contract performance costs - Amendments to IAS 37

In May 2020, the IASB published amendments to IAS 37, specifying which costs the Company should include in assessing whether a contract is onerous or loss-making. The amendments apply the “directly related costs approach.” Costs that are directly attributable to a contract for the supply of goods or services include both inherent costs and an allocation of costs directly related to the contractual assets. directly with a contract and are excluded, unless they are explicitly subject to invoicing to the contractor under the contract.

The amendments enter into force for annual reporting periods beginning on or after 1 January 2022. These amendments have not yet been adopted by the EU. The Group will analyze and evaluate the effects of the changes on the financial position or results of operations.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

As part of the process for annual improvements to IFRS 2018-2020, the IASB published an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment allows a subsidiary that chooses to apply paragraph D16 (a) of IFRS 1 to measure the cumulative differences in foreign currency conversions to use the amounts reported by the parent based on the date of transition to the parent's IFRS. . This amendment also applies to associates or joint ventures that choose to apply paragraph D16 (a) of IFRS 1. The amendment is effective for annual periods beginning on or after 1 January 2022. is allowed. These amendments have not yet been adopted by the EU. The adoption of the amendments would not have an impact on the financial position or performance of the Group.

IFRS 9 Financial Instruments - Remuneration in the 10 Percent Test for Derecognition of Financial Liabilities

As part of the process for annual improvements to IFRS 2018-2020, the IASB publishes an amendment to IFRS 9. The amendment clarifies the remuneration that an entity includes when assessing whether the terms of a new or modified financial liability are materially different from the terms of the original financial liability. . These fees include only those paid or received between the borrower and the lender, including fees paid or received either by the borrower or by the lender on behalf of the other. An entity shall apply the amendment for financial liabilities that are modified or replaced on or after the beginning of the annual reporting period during which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with earlier application permitted. These amendments have not yet been adopted by the EU. The Group will analyze and evaluate the effects of the changes on the financial position or results of operations.

IAS 41 Agriculture - Fair Value Taxation

As part of the process for annual improvements to IFRS 2018-2020, the IASB has published an amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities should exclude tax-related cash flows when measuring the fair value of assets within the scope of IAS 41. An entity shall apply the amendment for future periods in respect of fair value measurements, on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted. These amendments have not yet been adopted by the EU. The adoption of the amendments would not have an impact on the financial position or performance of the Group.

4.3. Changes in accounting policy
The adopted accounting policy is consistent with the one applied in the previous year.

5 Accounting Policy

5.1 General Position

The most important accounting policies applied to the preparation of these financial statements are presented below.

The consolidated financial report is prepared in compliance with the valuation principles concerning any type of assets, liabilities, revenues, and expenses according to IFRS. The valuation bases are announced in detail in the following points of this accounting policy.
It should be noted that in preparing the consolidated financial report, accounting valuations and assumptions have been used. Although they are based on information, presented to the management as of issuing the consolidated financial report, the real results may differ from the valuations and assumptions.

5.2 Presenting the consolidated financial report

The consolidated financial report is presented according to IAS1 "Presenting financial reports". The company has accepted to present the consolidated report for the comprehensive income in a unified report: consolidated report for the comprehensive income.

In the consolidated report for financial condition two comparative periods are presented, when the company:
a) Applies accounting policies retrospectively;
b) Recalculates retrospectively positions in consolidated the financial report; or
c) Reclassifies positions in the financial report

The company has adopted to present two comparative periods in all cases in order to provide consistency in the presentation for every year.

5.3 Basis for consolidation

The company's financial report has the consolidated financial reports of the parent enterprise and all subsidiaries as of 31.12.2020. Subsidiaries are all companies for which the company controls their financial and operational activities.
The parent company acquires and exercises control by owning more than half of the voting rights. All subsidiaries have an accounting period ending 31.12.2020.
All inside deals and balances are eliminated, including unrealized profit and loss from transactions within the companies. When the unrealized losses from inside company sales of asets are eliminated, the corresponding assets are tested for impairment from the point of view of the companies. The sums presented in the financial reports of subsidiaries are corrected, where necessary in orther to have compliance with the accounting policy used by the companies.
Profit or loss from other comprehensible income of subsidiaries, acquired or sold during the year are recorded as of the date of acquiring or their sale.

Investment in subsidiaries
Subsidiaries included in the consolidation as follows:

Name of subsidiary	Country of establishment and main place of business	Main activity	2020 ownership %	2019 ownership %
Marina Cape Management EOOD	Bulgaria	Renting and exploitation of real estate	100%	100%
Marina Cape Tours EOOD	Bulgaria	Tour operator activities	100%	100%

Below is summarized information regarding the company before internal eliminations:

	2020	2019
	'000 BGN	**'000 BGN**
Non-current assets	40 177	38 897
Current assets	6 199	8 353
Total assets	46 376	47 250
Non-current liabilities	15 723	15 447
Current liabilities	9 830	32 473
Total liabilities	25 553	47 920
Equity related to the owners of the parent company	20 843	(670)
Income	1 763	3 916
Profit/(loss) for the year	(356)	(1 990)
Other comprehensive income/(loss) for the year		1 503
Total comprehensive income / (loss) for the year	(356)	(487)
Net operating cash flows	(628)	502
Net cash flows from investment	-	-
Net cash flows from financial activities	591	(474)
Net cashflow	(37)	28

5.4 Transactions in foreign currency

Transactions in foreign currency are recorded in the functional currency of the company at the official exchange rate at the date of the transcation (as per the rates of the Bulgarian National Bank). Profits and losses from rate differences arising when settling the transactions and the revaluation of cash positions in foreign currency at the end of the accounting period are recorded in the profit or loss.

Non-monetary positions, valued at historic price in foreign currency are recorded at the exchange rate at the day of the transaction (they are not reevaluated). Non-monetary positions, valued at fair value in foreign currency are recorded at the exchange rate on the day, on which the fair value is determined.

The consolidated financial report of the group, where all assets, liabilities and transactions of the separate companies are in the functional currency, different from BGN (the presentation currency of the group) are recalculated in BGN in the consolidation. The functional currency of the separate companies of the Group is not changed during the accounting period.
At consolidation, all assets and liabilities are revalued in BGN at the final rate at the date of the consolidated financial report. Income and expenses are revalued in the presentation currency of the group at the average rate for the accounting period. Currency rate differences lead to increase or decrease of the other comprehensible income and are recorded in the revaluation reserve of equity. In case of sale of net investment in foreign activity, the currency differences accrued from revaluation, recodded in equity, are reclassified in the profit or loss and are recorded as part of profit or loss from the sale. The reputation and corrections connected to determining the fair value at the date of acquirement, are treated as assets and liabilities of the foreign company and are revalued at BGN at the final rates.

5.5 Revenues and Expenses

The revenues include revenues from sales of finished goods, investment property and services.
Main income - from investment properties, goods and services are presented in the notes.

The revenues are valuated at fair value of the received or receivable compensation, whereas VAT, commercial discounts and quantity rebates, made by the Company, have not been taken into account.
The group often concludes transactions which include the sale of several types of products and services (multi-component sales). The group applies the criteria for recording income, presented below, for each component for this type of deal for sale, in order to reflect its essence. The received remuneration from such a sale transaction is distributed between the separate components based on the ratio of their fair values.
The income is recorded if the following criteria are met:

- over time in a manner that reflects the work performed by the Group under the contract;
- at a particular time when control of the goods or services of the customer is transferred.
- Revenues from contracts with customers are recognized on the basis of a 5-stage recognition model, and a distinction is made in the following two directions according to the moment of satisfaction of the obligation to perform:
    - obligation to perform (transfer of control) over time - in this case the revenue is recognized gradually, following the degree of transfer of control over the goods or services of the client;
    - for performance satisfied (transferred control) at a certain time - the client receives control over the goods or services at a certain time and revenue is recognized in full at once.

5.5.1 Sale of investment properties

Income froms sale of investment properties is recorded when the Group values at fair value the received of the receivable payment or compensation, whereas the sum of all commercial discounts and qualitative rebates is taken into account. When exchanging similar assets with similar price, the exchange is not considered as a transaction generating income. Income is recorded at the time of their realization and expenses are recorded by following the principle of comparability with realized revenue.

According to the fair value model all investment properties are valued at fair (market) value at 31.12 of the accounting year, whereas the differene between the balance and fair value is recorded as income or loss from revaluation of investment properties in the Income statement.No depreciation of the investment properties is recorded.

The Group wites off their investment properties at their sale or their permanent Групата отписва инвестиционните си имоти при продажбата им или при трайното им decommissioning in case that no economical benefits are expected from their sale. Profit or loss, arising from their decommissioning or sale are recorded in the Income statement (comprehensible income) and are determined as the difference between the net proceeds from sale and balance value of the asset.

5.5.2 Sale of Goods

Income is recorded when the Group has transferred to the buyer the considerable benefits and risks from ownership of the goods. It is considered that the considerable risks and benefits have been transferred to the buyer when the client has accepted the goods without objection.

When the sale of goods includes promotions for loyal customers, the received remuneration is distributed between the separate components of the sale contract based on their fair value. Income of this type of sale is recorded when the client exchanges the received promotion with products, provided by the Group.

5.5.3 Services

The services offered by the Group include Contracts for property management, brokerage and maintenance (see notes).
Income from services is recorded when the services are provided in compliance with the degree of completion of the contract at the date of the consolidated financial report (see below for more information regarding the metod degree of completion).

5.5.4 Income from interest and dividends

Income from interest is recorded currently at the method of the effective interest rate. The income from dividends, different from the income from investment in associated companies, are recorded at the moment of occurrence of the right to receive payment.

5.5.5 Operational expenses

The operational expenses are recorded in the profit or loss at the time of use of services or the date of their occurrence. The expenses for guarantees are recorded and deducted from their linked provisions at recording the income.

5.5.5 Interest and loan expenses

Interest expenses are recorded currently at the method of the effective interest rate.

The loan expenses mainly are interests on loans of the Group. Loan expenses are recorded as expenses for the period they have occurred in the consolidated income report at row: "Financial expenses".

5.6 Intangible assets

The intangible assets include Program products. They are recorded at acquisition price including all duty taxes paid, irrecoverable taxes, and direct expenses made in relation to asset use preparation, whereas the capitalized costs are depreciated at the linear method during the period of valuation of useful life of assets, which is considered limited.When acquiring intangible asets as a result of business combination, its cost is equal to the fair value at the day of acquisition.

The following valuation is carried out at acquisition price, decreased by the accrued depreciation and impairment losses. The impairment is recorded as expenses and are recorded in the consolidated income report for the period.

The following expenses, arising in relation to other intangible assets after their initial recording, are recored in the consolidated income report at the period of their occurrence, unless as a result of them, the asset can generate more than the initially estimated future economic benefits and these expenses can reliably be valued and appliet at the asset. If these conditions are met, the expenses are added to the cost of the asset.

The residual value and useful life of other intangible assets are determined by the management of the Group at each reporting date.

The chosen threshold of materiality for properties, machinery and equipment for the Group is set at 700 BGN.

Depreciation is calculated by using the linear method on the valued useful term of use of the separate assets as follows:

- Buildings 25 years
- Machinery 3,3 years
- Cars 4 years
- Commercial inventory 6,67 years
- Equipment 10 years
- Computers 2 years
- Others 6,67 years(software)

5.8. Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in connection with the delivery of inventories to their current location and condition are reported as follows:

Materials - delivery value, determined on the basis of the method "weighted average value";

Finished goods and work in progress - the value of direct materials used, labor total production costs allocated on the basis of normal production capacity, excluding borrowing costs.

The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion of the production cycle and those necessary to make the sale.

5.9. Tests for impairment of intangible assets and property, plant and equipment

In calculating the impairment, the Group defines the smallest identifiable group of assets for which separate cash flows can be determined - a cash-generating unit. As a result, some of the assets are tested for impairment on an individual basis and others on a cash-generating unit basis.

All cash-generating assets and units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

When the recoverable amount of an asset or cash-generating unit is lower than the corresponding carrying amount, the latter should be reduced to the recoverable amount of the asset. This reduction represents an impairment loss. To determine the recoverable amount, the Group's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. The data used in the impairment testing are directly related to the last approved forecast budget of the Group, adjusted if necessary to exclude the impact of future reorganizations and significant asset improvements. The discount factors are determined separately for each cash-generating unit and reflect the risk profile assessed by the Group's management.

Impairment losses on a cash-generating unit are allocated to a reduction in the carrying amount of the assets of that unit in proportion to their carrying amount. The Group's management then assesses whether there is any indication that an impairment loss recognized in prior years may no longer exist or be reduced. A previously recognized impairment loss is reversed if the recoverable amount of the cash-generating unit exceeds its carrying amount.

5.10. Investment property
The Group accounts for investment property buildings that are held rather for rental income or for capital increases, or both, but also for sale in the ordinary course of business.

Investment property is recognized as an asset in the Group's financial statements only if the following two requirements are met:
• Future economic benefits from the investment properties are likely to be obtained
• the value of investment properties can be reliably assessed.

Investment property is initially measured at cost, including the purchase price and any costs that are directly attributable to the investment property, such as legal fees, property transfer taxes and other transaction costs.

After their initial recognition, investment property is accounted for using the fair value model. Fair value is the most probable price that can be obtained in the market at the balance sheet date. Investment property is revalued on an annual basis and is included in the income statement and other comprehensive income at market values. They are determined by independent appraisers with professional classification and significant professional experience, as well as recent experience in the location and category of the appraised property, based on evidence of market conditions.

The gain or loss arising from a change in the fair value of the investment property is included in profit or loss for the period in which it arises.

Subsequent costs of investment property that are already recognized in the Group's financial statements are added to the carrying amount of the property when it is probable that future economic benefits associated with the item will exceed the carrying amount of the existing investment property. All other subsequent costs are recognized as an expense in the period in which they are incurred.

The Group derecognises its investment properties upon sale or permanent decommissioning if no economic benefits are expected from their sale. Gains or losses arising from decommissioning or sale are recognized in the income statement and other comprehensive income and are determined as the difference between the net disposal proceeds and the carrying amount of the asset.

Rental income and operating expenses related to investment property are reported as "sales revenue" and "material costs", "external service costs" and "other costs", respectively. In principle, the income from investment properties (rents) is investment income and is stated separately.

5.11. Reporting of leasing contracts
At the date of entry into force of the contract, the Group assesses whether the contract represents or contains a lease. Namely, whether the contract transfers the right to control the use of the identified asset for a certain period of time.
The group as a lessee
The Group applies a single approach to the recognition and measurement of all leases, with the exception of short-term leases (ie leases with a lease term of up to 12 months) and leases of low-

value assets. The Group recognizes lease liabilities for the payment of lease payments and assets with the right of use, representing the right to use the assets.

Assets entitled to use

The Group recognizes rights to use from the commencement date of the lease (ie the date on which the underlying asset is available for use). Assets entitled to use are measured at cost less accumulated amortization and impairment losses and adjusted for any revaluation of lease obligations. The cost of an asset includes the sum of the recognized lease obligations, the initial direct costs incurred and the lease payments made on or before the commencement date of the lease, an estimate of the costs that will be incurred by the lessee in dismantling and relocating the lease. the asset, the restoration of the site on which it is located or the restoration of the asset to the condition required under the terms of the lease, reduced by any incentives received under the lease.

If, at the end of the lease term, ownership of the leased asset is transferred to the Group, or the acquisition cost reflects the exercise of a call option, the depreciation is calculated using the asset's expected useful life.

Assets with the right of use are also subject to impairment.

Lease liabilities

From the start date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments that will be made over the lease term. Lease payments include fixed installments (including fixed payments on the merits) less any eligible lease incentives, variable lease payments that depend on an index or interest rate, and amounts that are expected to be paid under guarantees for residual value. Lease payments also include the cost of exercising a call option that is reasonably certain that it will be exercised by the Group, as well as penalties for terminating the lease if the lease term reflects the Group's exercise of a call option. termination.

Variable lease payments that do not depend on an index or interest rate are recognized as an expense (unless incurred in producing inventories) during the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses an intrinsic interest rate on loans at the commencement date of the lease, as the interest rate set in the lease cannot be reliably determined. After the starting date, the amount of the lease liabilities increases with the interest and decreases with the lease payments made. In addition, the carrying amount of leased liabilities is revalued if there is a modification, change in lease term, change in lease payments (for example, changes in future payments as a result of a change in the index or interest rate used to determine those lease payments). or a change in the valuation of the option to purchase the underlying asset.

Short - term leases and leases of low - value assets

The Group applies the exemption from recognition of short-term leases to its short-term leases with a lease term of 12 months or less from the starting date and which do not contain a purchase option. It also applies the exemption from recognizing leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are stated as an expense on a straight-line basis over the term of the lease.

5.12. Financial actives

Financial instruments - initial recognition and subsequent measurement

Initial recognition

The Group classifies financial assets at initial recognition in the following categories: Measured at amortized cost, The classification is determined based on the business model for managing the class of financial assets and the contractual characteristics of cash flows. Investments held by the Group for the purpose of making a profit from short-term sales or repurchases are classified as financial assets held for trading. Investments in debt instruments that the Group holds within a business model for the purpose of collecting the agreed cash flows are classified as financial assets carried at amortized cost. Investments in debt instruments that the Group holds within a business model for the purpose of collecting the agreed cash flows and selling are classified as financial assets at fair value through other comprehensive income.

Financial assets carried at amortized cost

The following financial assets of the Group may fall into this category, depending on the chosen business model and the characteristics of their cash flows: trade receivables, loans and borrowings, receivables from lease agreements, receivables from deposits, receivables from assignments, receivables acquired through assignments, loans and borrowings acquired through assignments, investments held to maturity.

Trade receivables

Trade receivables are amounts due from customers for goods or services sold in the ordinary course of the Group's activities. They usually have a settlement period of 30 days and are therefore all classified as current. Trade receivables are initially recognized in the amount of the unconditional amount receivable, unless they contain significant financial components, then they are recognized at fair value. The Group holds trade receivables for the purpose of collecting contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

Other receivables

These amounts usually arise from transactions outside the Group's normal operating activities. Interest may be accrued on the basis of market interest rates when the repayment period exceeds six months. The collateral is usually not received. Non-current other receivables are due and payable within three years after the end of the reporting period.

Ex - post valuation of financial assets

Financial assets carried at amortized cost

After initial recognition, assets are carried at amortized cost.

Amortized cost reporting requires the application of the effective interest rate method. The amortized cost of a financial asset is the amount at which the financial asset is initially recognized, less any repayment of principal plus or minus accumulated amortization using the effective interest method on any difference between the original cost and the amount of maturity and reduced by impairment.

Financial assets at fair value through other comprehensive income

Subsequent to initial recognition, the asset is measured at fair value, taking into account changes in fair value in the revaluation reserve for investments in securities (other comprehensive income). When a debt instrument is derecognised, the cumulative gain or loss recognized in other comprehensive income is transferred to profit or loss.

Financial assets at fair value through profit or loss

After initial recognition, the asset is measured at fair value, taking into account changes in fair value in profit or loss.

Impairment of financial assets

The Group recognizes impairment of expected credit losses for all debt instruments that are not carried at fair value through profit or loss. The expected credit losses are based on the difference between the contractual cash flows and all cash flows that the Group expects to receive, discounted on an annual basis with the initial effective interest rate.

The amount of expected credit losses recognized as an allowance for impairment depends on the credit risk of the financial asset at initial recognition and the change in credit risk in subsequent reporting periods. Three stages of credit risk deterioration have been introduced, with specific reporting requirements for each stage.
• Stage 1 (regular exposures) - financial assets are classified without indication of increase in credit risk compared to the initial assessment. For financial instruments for which there has been no significant increase in credit risk compared to initial recognition, an adjustment for expected credit losses arising from possible default over the next 12 months is recognized.
• Stage 2 (exposures with impaired service) - financial assets with a significant increase in credit risk are classified, compared to the initial assessment, but without objective evidence of impairment
price. For those credit exposures for which there has been a significant increase in credit risk compared to initial recognition, recognition is required. Interest is accrued on the basis of the gross carrying amount of the instrument.
• Stage 3 (exposures with credit impairment) - financial assets with a significant increase in credit risk are classified, and for which there is objective evidence of impairment. For those non-performing exposures, recognition of credit impairment for the remaining life of the exposure is required, regardless of the time of default. Interest is calculated based on the amortized cost of the asset.

Trade receivables and contractual assets
The Group applies the simplified approach of IFRS 9 for measuring expected credit losses, which accrue impairment for expected lifelong losses for all trade receivables and contractual assets.

To measure expected credit losses, trade receivables and contractual assets are grouped based on shared credit risk characteristics and overdue days. Contractual assets relate to work not performed and have the same risk characteristics as trade receivables for the same types of contracts. Therefore, the Group determines that the expected credit losses for 2020 of trade receivables are a reasonable approximation of the credit losses for contractual assets. The Group recognizes in profit or loss - as an impairment gain or loss, the amount of expected credit losses (or reverse recovery). When the adjustment for expected credit losses is recognized in other comprehensive income, any adjustment in it is recognized in other comprehensive income.

No changes were made to the methodology and assumptions on which the Group based its estimates of expected credit losses, but the Group has included estimates, assumptions and judgments specific to the impact of Covid-19.
The impact of the COVID-19 pandemic on receivables recovery was analyzed. While the methodologies and assumptions used in the baseline calculations of expected credit losses remain unchanged from those applied in the previous financial year, the Group has included estimates, assumptions and judgments specific to the impact of the Covid-19 pandemic. In making these estimates, the Group has taken into account the business in which it operates, the age structure of its receivables and their comparability with the previous period, indicating the lack of significant deterioration in the liquidity position of its customers and the lack of extension of credit terms those applied in the previous period. Although no significant recovery issues have been identified, there is a risk that the economic impact of the COVID-19 pandemic will be

deeper or longer than expected, which could lead to higher credit losses than those modeled in the base case.

Derecognition of financial assets
A financial asset is derecognised by the Group when the contractual rights to the cash flows from the asset mature or when the Group has transferred those rights through a transaction in which all significant risks and rewards of ownership of the asset are transferred to the buyer. Any interest in an already transferred financial asset that the Group retains or creates is accounted for separately as a separate asset or liability.
In cases where the Group has retained all or most of the risks and rewards associated with the assets, the latter are not derecognised from the statement of financial position (examples of such transactions are repurchase agreements - repurchase agreements).
In transactions where the Group neither retains nor transfers the risks and rewards of a financial asset, the financial asset is derecognised from the statement of financial position if, and only when, the Group has lost control of it. The rights and obligations that the Group retains in these cases are reported separately as an asset or liability. In transactions where the Group retains control of the asset, its reporting in the statement of financial position continues, but to the extent determined by the extent to which the Group has retained its interest in the asset and bears the risk of change in its value.

Ex - post valuation of financial liabilities
Subsequent measurement of financial liabilities depends on how they were classified on initial recognition. The Group classifies its financial liabilities in one of the following categories:

Liabilities at fair value through profit or loss
Liabilities are classified in this category when they are generally held for sale in the near future (trade liabilities) or are derivatives (except for a derivative that is intended for and is an effective hedging instrument) or qualifies for this category. determined at initial recognition. All changes in fair value relating to liabilities carried at fair value before h Profit or loss is recognized in the income statement and other comprehensive income at the date when it arises.

Liabilities carried at amortized cost
All liabilities that are not classified in the previous category fall into this category. These liabilities are carried at amortized cost using the effective interest method.

Items classified as trade and other payables are usually not revalued because the liabilities are known with a high degree of certainty and the settlement is short-term.
The following financial liabilities of the Group usually fall into this category: trade liabilities, loans and borrowings, lease liabilities, deposits received, assignments.

Write-off of financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged, expire or canceled.
The difference between the carrying amount of the written-off financial liability and the consideration paid is recognized in profit or loss.

Compensation of financial assets and financial liabilities
Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when:

• has a legally enforceable right to reimburse the recognized amounts; and
• intends either to settle on a net basis or to realize an asset and at the same time to settle a liability.

The offsetting of a recognized financial asset and a recognized financial liability and the presentation of net worth differ from the derecognition of a financial asset or financial liability.
The right to compensation is a legal right of a debtor under a contract to settle or otherwise eliminate all or part of the amount due to a creditor by deducting from that amount an amount due by the creditor.

6 Property, plant and equipment (Tangible assets)

The properties, machinery and equipment, of the Group include land, Computer equipment, transport vehicles. Their balance value can be analyzed as follows;

The book value of the property, plant and equipment could be presented as follows:

	Land	Buildings	Machinery	Transport vehicles and others	Expenses for acquiring assets	Total
	‘000 BGN	**‘000 BGN**	**‘000 BGN**	**‘000 BGN**	**‘000 BGN**	**‘000 BGN**
Book Value						
Balance as of 1st January 2020	**7 422**	**507**	**114**	**739**	**7 273**	**16 055**
Newly acquired assets				2		**2**
Written-off assets						
Преоценка:						
Revaluation	127					**127**
Discount						
Balance as of 31st December 2020	**7 549**	**507**	**114**	**741**	**7 273**	**16 184**
Depreciation						
Balance as of 1st January 2020		(190)	(111)	(606)		(907)
Depreciation		(19)	(1)	(69)		(89)
Written-off depreciation						-
Balance as of 31st December 2020		**(209)**	**(112)**	**(675)**	**-**	**(996)**
Book Value as of 31st December 2020	**7 549**	**298**	**2**	**66**	**7273**	**15 188**

	Land	Buildings	Machinery	Transport vehicles and others	Expenses for acquiring assets	Total
	'000 BGN	**'000 BGN**	**'000 BGN**	**'000 BGN**	**'000 BGN**	**'000 BGN**
Book Value						
Balance as of 1st January 2019	5 788	507	114	646	7 073	14 128
Newly acquired assets Disposed				93		93
Land revaluation						-
Increases						-
Decreases	1 634				200	1 834
						-
Balance as of 31st December 2019	**7 422**	**507**	**114**	**739**	**7 273**	**16 055**
Depreciation						
Balance as of 1st January 2019		(170)	(96)	(596)		(822)
Depreciation		(20)	(2)	(63)		(85)
Balance as of 31st December 2019		**(190)**	**(112)**	**(605)**		**(907)**
Book Value as of 31st December 2019	**7 422**	**317**	**2**	**134**	**7 273**	**15 148**

All depreciation and impairment expenses are included in the consolidated income statement under "Depreciation and impairment of non-financial assets".
The company Maika has acquired under contracts for financial leasing lands and buildings under construction. The assets are included in the groups "Land" and "Assets under construction" from "Property, plant and equipment". In December 2019 the recognition of the expenses incurred in the repurchase of the leased objects expired, due to which the company assigned the preparation of an appraisal to an independent appraiser - Dobi-02 OOD, whose appraisal is reflected in the financial statements as of December 31, 2019. the valuation is based on the concept of "fair market value", defined as: - the most probable price payable in cash, against which, by mutual consent and without coercion, the valued property can be transferred from a seller to a potential buyer for the subject and conditions of the transaction and having a realistic term for the conclusion.

7 Investment property

The properties that are built and for which the Company has received Certificate for exploitation and that are not sold and respectively transferred to clients are reported in the item "Investment property", because the Company is restricted to operate the constructed assets by itself and it could realize income through assigning the management of those assets to third parties. The investment properties are valuated initially at their direct cost which includes all the expenditures that are directly related to the particular investment property – such as construction-assembly works, project services, legal fees and other expenditures. After their initial recognition the investment properties are reported through the use of the model of the fair value.

Pursuant to the Special Purpose Vehicles Act the Board of Directors has assigned the completion of revaluation as of 31.12.2020 of all the company's real estate properties to the independent appraiser – "Dobi 02" Ltd.,

The next table presents the changes in the value of the investment property in 2020 and 2019.

	Investment properties '000 BGN.
Book value as of January 01, 2020	**23 695**
Newly acquired assets	
Written-off assets	(370)
Net gain from the change in fair value of the inv. properties	1643
Book value as of December 31, 2020	**24 968**

	Investment properties '000 BGN.
Book value as of January 01, 2019	**23 695**
Newly acquired assets	
Written-off assets	(106)
Net gain from the change in fair value	55
Book value as of December 31, 2019	**23 695**

The group invests in the construction of two sites - "Marina Cape" and "Grand Borovets", a detailed presentation of which is made below.

Object Marina Cape

Holiday complex "Marina Cape" is located in the peninsula of the Black Sea town of Aheloy, which allows for picturesque views of both the bay and the open sea. This is reflected both in the urban planning solution - the plastic S-shape of the first and second zones, and in the design of individual homes. A vertical accent in the overall silhouette are the lighthouse and the clock tower.

The complex consists of four separate zones, spread over a property with an area of 40,000 sq.m. and forming a total total built-up area of over 66,000 square meters, with a total of 761 apartments. The complex has 4 restaurants, 4 cafes, 14 shops, two squash halls (licensed by the Squash Federation), a room for Medical and Dental Center, fully equipped and working fitness

and spa center, bowling, children's center, a room provided for bank office, administrative part, offices, two swimming pools and service premises at the respective sites.
Each of the zones consists of separate sectors (27 in total), the predominant part being residential, with the exception of the sectors intended for: bank office, sports and entertainment area, children's center and Sector 27 - restaurant on two levels. Some of the residential sectors include public facilities - restaurants, cafes, shops, offices, medical center, fitness. In the central part of the complex is a swimming pool with a total area of 910 sq.m. with a water bar and a children's pool, and in the northeastern part there is a pool with an area of 470 sq.m.
A special landscaping project has been developed for the surrounding area of the holiday complex, and the ground floor apartments of most of the buildings have separate private courtyards.
The total area of commercial and public services in the complex is nearly 12,000 sq.m.
For the needs of the complex a new water supply, sewerage and electricity transmission network has been built and put into operation, the existing roads and streets in the region have been rehabilitated, and an entirely new road connection has been built. Implemented the necessary systems for providing telephones and the Internet, including a wireless Internet network, as well as fire alarm and video surveillance systems.

Object Grand Borovets
The project envisages the construction of residential properties mainly for holiday use in a separate complex of buildings. The complex bears the trade name "Grand Borovets". It is located in the area of the resort. Borovets. Borovets is located 62 km.
The commercial and administrative area and the service facilities for the complex are located on the ground floor and basement. They include a reception lounge with reception and administration, lobby bar, restaurant for 110 seats with banquet hall and covered terrace, two shops, ski storage, fitness and SPA center, indoor pool, children's center, bowling, hairdresser, lobby with reception, as well as and technical and office premises and bathrooms, including for people with disabilities. The total area of the commercial sites is 3,140 sq.m. The complex also has a covered parking on two levels for 34 parking spaces, as well as an open one with 16 parking spaces.
The residential part of the complex consists of 75 apartments with a total built-up area of 5,175 sq.m. They represent 41 studios, 14 apartments, mostly one-bedroom, and a wide variety of penthouses.
Sale of investment properties
Income from the sale of investment property is recognized when the Group measures at fair value the payment or consideration received or receivable, taking into account the amount of all trade discounts and quantity rebates made to date. When exchanging similar assets that have a similar price, the exchange is not considered a revenue-generating transaction. Revenues are recognized at the time of their realization, and expenses are accrued in compliance with the principle of comparability with the realized income.
According to the fair value model, all investment properties are measured at fair (market) value as of December 31 of the reporting year, and the difference between the carrying amount and fair value is reported as income or expense from revaluation of investment property in the income statement. Depreciation of investment property is not accrued.

The Group derecognises its investment properties upon sale or permanent decommissioning if no economic benefits are expected from their sale. Gains or losses arising on decommissioning or sale are recognized in the income statement and are determined as the difference between the net disposal proceeds and the carrying amount of the asset.

9.1 Inventories

The inventories, recorded in the consolidated report for financial condition, can be analyzed as follows:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Materials	706	724
Goods	354	336
Inventories	**1 060**	**1 060**

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Fuel-lubricant		8
Basic materials	586	586
Total:	**586**	**594**

The main materials form the contents of the product of labour or play a main role in its exploitation activity. These are materials with a short term of use which are directly added in the value of the tourist service. These are linen, appliances, foldable temporary beds, curtains for the serviced apartments, spare parts, metal garbage containers, hygiene materials etc.

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Goods in stock - furniture	227	227
General stock – goods	13	125
Total:	**240**	**352**

The company maintains a high level of goods in stock. This is mainly purchased furniture, appliances, tiles. These goods are realized by direct sale to the clients of the company. The goods in the supermarket and bowling bar are mainly food and are sold without any processing whatsoever..

When writing off goods the moderate value method is used – the average price of the goods and separate reporting groups is used.

9.2 Work in progress

Information about the work in progress by projects is presented in the following table:

Work in progress	**31.12.2020 ‘000 BGN**	**31.12.2019 ‘000 BGN**
“Marina Cape” project*	-	293
Total:	**-**	**293**

10 Trade receivables

10.1 Current

	31.12.2020 ‘000 BGN.	**31.12.2019 ‘000 BGN.**
Local and foreign persons	-	38
Grand Borovetz 2013 EOOD	3 035	3 035
Advances paid	65	378
Receivables from customers	231	254
Receivables from Aheloy 2012	35	35
Others	-	71
Trade receivables	**3 366**	**3 811**
Receivables from staff	13	10
Deferred expenses on leaseback contract	-	93
Others	1 905	1 224
Other receivables	**1 918**	**1 327**
Current trade and other receivables	**5 284**	**5 138**

The customers’ receivables represent non-paid amounts on contracts for transfer of real estate properties in the vacation complex “Marina Cape” as well as unpaid maintenance fees for these properties. The book value of the trade receivables is assumed for reasonable approximate estimate of their fair value.
The group has current receivables from clients with a due date within 180 to 360 days.

All trade receivables of the Company are revised for impairment indications. The Company does not have expectations that the due customers payments will not be paid pursuant to the advanced concluded contracts.
All commercial receivables are exposed to a credit risk.

11 Money and money equivalents

Money and money equivalents include the following components:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Money in banks and in cash:		
- in cash	64	88
- deposits	25	25
- blocked money	-	13
Money and money equivalents	**89**	**126**

All funds are available to the Group. As of 31 December 2020, the fair value of cash and short-term deposits is BGN 89 thousand (2019: BGN 126 thousand).

12 Equity

12.1 Main/Share capital

The registered capital of the Group consists of 27,766,476 ordinary shares with a nominal value of BGN 1 per share. All units / shares are entitled to receive a dividend and a liquidation share and represent one vote of the General Meeting of Shareholders of the Group.
On 13.10.2020, according to entry № 20201013143520 on the electronic file of the Parent Company, a change in the amount of the capital was entered in the Commercial Register, which was increased as a result of a successfully completed subscription under the conditions of public offering of shares with 21,755,000 new shares. ordinary, registered dematerialized shares, each with the right to one vote, nominal value BGN 1 and issue value BGN 1.
On 14.10.2020 the Central Depository entered in its register the issue from the capital increase.
On 20.10.2020 the issue was entered in the register of the FSC under Art. 30, para. 1, item 3 of the FSCA;
On 23.10.2020 the issue was introduced for trading on the BSE.

	31.12.2020 '000 BGN	31.12.2019 '000 BGN
Issued and fully paid shares		
- at the beginning of the year	6 011 476	6 011 476
- issued during the year	21 755 000	
Total shares, authorized as of March 31	**27 766 476**	**6 011 476**

Shareholder Structure

	2020		2019	
	Shares	%	Shares	%
"Marina Cape Properties" ООД	6 930 108	24.96%	-	-
Universal Pension Fund "Budeshte"	1 900 000	6.84%	-	-
MF ACTIVA	1 500 000	5.40%	-	-
Other individuals	1 725 246	6.21%	1 725 246	27.32%
Legal entities	24 141 230	86.94%	4 369 000	72.68%
Total	27 766 476	100	6 011 476	100

12.2 Revaluation reserve of assets

According to the theory of business valuation, generally, the indications for a fair value of a given property could be calculated using three approaches: market approach, income approach and expenditure approach.
By using the expenditure and market approach the objects are treated as they are in the moment of the valuation. When using the income approach in the valuation of the objects are added also the perspective of their growth – their yield.
In accordance with the objective of the valuations as the most approximate approach for calculating the market value, the valuation team has adopted the "Method of comparative value (market approach). In that case the price of the property is formed on the base of research of realized deals on the market with comparable real estate. The market approach looks for the supposed market price of properties that are similar in quality to the valuated one.
When calculating the market value of the property information about three properties similar to the valuated one, located in the same region and for which deals have been realized in the last six months of the previous year, are used. The sale prices of the three properties are adjusted with an area coefficient that removes differences between them.

In the calculating of the evaluation is used the following:

- Information obtained by the inspection of the object;
- Information and documents about the legal status of the object;
- Newsletters, price lists and reference books of official editions of Ministry of the Regional Development and Public Works, Bulgarian Construction Chamber and etc;
- Information from appraiser`s personal experience.

With Resolution of the Board of Directors the revaluation of the company's assets is assigned to the independent appraisers – "Dobi 02" Ltd.

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Premium reserve from issuing	7 651	7 651
Other reserves	1	1
Reserve from following asset evaluations	7 508	7 381
Total reserves	**15 160**	**15 033**

13 Loans

The loans include the following financial liabilities:

	Current		Non-current	
	2020 '000 BGN.	2019 '000 BGN.	2020 '000 BGN.	2019 '000 BGN.
Bank loans	7	-	11 735	11 735
Financial leasing	1 416	134	44	1 396
Total loans	**1 423**	**134**	**11 779**	**13 131**

13.1 Financial leasing as a lessee

The Group has acquired land and buildings under construction contracts under financial leasing. The net book value of the assets acquired under financial leasing agreements amounts to BGN 10,305 thousand.

The assets are included in the groups "Land" and "Assets under construction" from "Property, plant and equipment".

The parent company has concluded a financial leasing agreement with Bulgaria Leasing EAD dated December 17, 2013. The financial leasing liabilities are secured by the respective assets acquired under the terms of a financial lease.

On December 17, 2013 the parent company entered into a contract for financial leasing of real estate with Bulgaria Leasing EAD with a leasing object: investment project Grand Borovets, owned by Intercapital Property Development REIT. The lease price to be paid was EUR 2,927,724.36 excluding VAT. Initially, the lease price was to be paid within 2 years of the transfer of possession of the leased objects, of which 6 months grace period, through 24 lease payments due on the 20th day of the month for which the installment is due, at a fixed annual interest rate of 9 %. By mutual agreement between the parties from 2014, the term for repayment of the lease installments was extended to 20.12.2019, as a result of which the lease price was changed to EUR 3,183,968.45 without VAT. At the end of 2016, a new agreement was signed between the parties, according to which the term for repayment of the lease installments was extended to 20.12.2021, and the lease price was changed to EUR 3,411,746 without VAT. Pursuant to this contract, on December 17, 2013 Intercapital Property Development REIT transferred by notary the right of ownership over the land with identifier 65231.918.189, located in the town of Samokov, Samokov Municipality, Sofia District, and the property built in this property. building, representing a hotel apartment complex with service facilities with identifier 65231.918.189.2, of the lessor Bulgaria Leasing EAD. As a result, and under the terms of a reverse lease, Intercapital Property Development REIT received from the lessor the possession of the properties subject to the Financial Leasing Agreement.

On November 13, 2019, the parent company signed an agreement by which Bulgaria Leasing was replaced by Investbank AD as a lessor, and all other clauses of the contract remain unchanged.

With Annex of 10.2020 the interest under the leasing contract is reduced to 6% per annum. To date, all other clauses of the contract are unchanged.

Leases include fixed lease payments and an option to purchase at the end of the last year of the lease term. Leases are irrevocable but do not contain other restrictions.

13.2 Bank Loans

The following table shows the principal obligations of loans received from financial institutions with a breakdown of the liability as at 31 December 2020 according to maturity:

Long Term Liability, EUR	Interest	Maturity
6 000 000	6%	01.07.2022

Collateral provided for liabilities to financial institutions

Number of real estate on collateral	Area of real estate under collateral	Book value of the collateral provided ‘BGN 000
82 жилищни обекта	8046 sq.m.	9 867
31 commercial / warehouse sites	9797 sq.m.	12 560

13.3 Bond issue

In 2007 the Parent Company issued a bond issue secured only by a financial risk insurance policy issued by Euro Ins AD. The memorandum for placement of the issue envisages the funds to be used as a priority for the purchase of land properties in Sofia. The issue was released on August 14, 2007. The term is 3 years. The amount is EUR 5 million (BGN 9,779 thousand). The principal is repaid at the end of the period and the interest is paid every 6 months. The coupon on the issue is 9%. Together with the price of the insurance policy, the total cost of the company amounts to about 10.2% per year. The issue is due on August 14, 2010.

At general meetings of the bondholders in 2010, 2013 and 2015, parameters of the issue were renegotiated, such as maturity, interest, collateral provided. In 2019, at a meeting of bondholders, a decision was made to terminate the cases against the insurer.

In December 2019, the parent company entered into a repurchase agreement for its own corporate bond with ISIN: BG 2100019079 worth EUR 2,150,000. The issue was deregistered by the FSC and the Central Depository. As a result of the transaction, the parent company has realized a positive financial result of BGN 632 thousand, and the residual liability is an unsecured trade debt for EUR 2,150,000 maturing on June 30, 2020.

14 Trade payables

The trade payables. Recorded in the consolidated report for financial condition, they include:

Current:	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Water Supply and Sewerage EAD, Burgas	-	23
Ventenedgy OOD	66	66
Marina Cape Properties OOD	-	144
IP Intercapital Markets AD	20	7
Advances from clients	1 709	1 951
Others	200	575
	1 995	**2 766**

The net book value of the trade payables is accepted as reasonable approximate valuation of their fair value

15 Tax payables

Tax payables include:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
VAT	4	16
Local taxes	40	53
Others	15	23
	59	**92**

The tax liabilities as of 31.12.2020 represent current liabilities to the NRA and for local taxes and fees.

16 Other Liabilities

The other liabilities can be summarized as follows:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Non-current:		
Other non-current liabilities	2 612	2 316
	2 612	**2 316**
Current:		
Other current liabilities	7 424	27 351
	7 424	**27 351**

The other non-current liabilities of the group are assigned liabilities and borrowings from companies.

The other current liabilities of the group represent assigned liabilities, attracted funds from companies.

17 Sales Revenues

Sales revenues of the group can be analyzed as follows:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Income from sale of investment properties	393	156
Income from sale of producion	313	244
Income from sale of goods	1	51
Income from sale of services	799	1 354
Other income	-	34
	1 506	**1 839**

18 Other revenues

	31.12.2020 '000 BGN	31.12.2019 '000 BGN
Government Grants	**235**	**-**
Written-Off Revenues	22	1 430
Total	**257**	**1430**

In 2020, liabilities to customers / contractors in the amount of BGN 22 thousand were written off in connection with the expiration of the statute of limitations on liabilities. During the period, 235 thousand were received for business support in connection with the COVID crisis.

19 Expenses for materials

Expenses for materials include:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Costs for basic materials	(210)	(150)
Materials and spare parts for the activity	(32)	(60)
Fuel and lubricants	(26)	(30)
Heating	(98)	(137)
Consumables	(76)	(54)
	(442)	**(431)**

20 Expenses for external services

Expenses for external services include:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Communication services	(19)	(27)
Taxes, accounting, auditor and consultant services	(190)	(268)
Advertising	(291)	(17)
Others	(349)	(401)
	(849)	**(713)**

21 Personnel Expenses

The salary expenses include:

	31.12.2020 '000 BGN.	30.09.2019 '000 BGN.
Salary expenses	(512)	(524)
Salary for social security contributions	(89)	(89)
Personnel expenses	**(601)**	**(613)**

On average the listed personnel in the Group is 24 people. There are no accruals for provisions for holiday leave.

22 Other expenses

Other expenses include:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Book value of sold assets	(370)	(157)
Changes in production stock and uncompleted production (Sold production)	-	(115)
Acknowledgment of loss from backlease	(12)	(120)
Expenses for local taxes and fees	(153)	(3)
Writen off receivables	(11)	(89)
Sales expenses		(573)
Other expenses	(51)	(82)
	(597)	**(1 139)**

23 Financial Income/Expenses

The financial expenses for the given periods can be analyzed as shown below:

Financial expenses	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Interest expenses	(1 171)	(1 586)
Other financial expenses	-	(1 276)
	(14)	(99)
Total Financial expenses	**(1 185)**	**(2 961)**
Financial income		
Others	-	-
Financial income total	**-**	**632**
Financial income/expenses, net	**(1 185)**	**(2 329)**

24 Income Tax Expenses

The financial result of the parent company is not subject to corporate tax, according to Art. 175 of the Corporate Income Tax Act.

For 2020 the subsidiary Marina Cape Management EOOD has no accruals for corporate tax.

25 Earning/(Loss) per share and dividends

25.1 Earning/(Loss) per share

Basic earning per share and diluted earnings per share calculated, as the used numerator is the profit/ (loss) attributable to shareholders of the Company.

The weighted average number of shares used for basic earnings per share as well as net income/ (loss) attributable to holders of ordinary shares is presented as follows:

	31.12.2020 '000 лв.	**31.12.2019 '000 лв.**
Profit / (loss), attrubutalbe to shareholders (in '000 BGN)	(356)	(1 986)
Weighted AvegeNumber of Shares (in '000 BGN)	10 291	6 011
Earnings Per share (in '000 BGN)	**(0.03)**	**(0.33)**

25.2 Dividends

The group has not paid out dividends in 2019 and 2020

26 Related party Transactions/ Insider Transactions

Insiders to the company incude the shareholders of the Company, key managmenet personell and other related persons described below.

Transactions with key managmenet personell

The key management personell of the Company includes the Board of Directors, the Management Board and the Supervisory Board. The remunerations of the key management personell include the following expenses:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Remunerations:	-	-
Remunerations of the management personnel in the Group	41	39
Total remunerations	**41**	**39**

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Remuneration to individuals	187	161
Remuneration to Aheloy 2012	-	-
Total	**187**	**161**

Вземанията на Групата от членовете на Съвета на директорите са следните:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Receivable from Aheloy 2012	35	35

The members of the Board of Directors receive a fixed monthly remuneration, determined by the General Meeting, which may not exceed 10 minimum monthly salaries. The General Assembly also adopted a decision that the remuneration of the Executive Director should be up to 12 minimum salaries.
By decision of the General Meeting of Shareholders, the members of the Board of Directors may receive royalties in the amount of not more than 0.1% of the profit of the Parent Company before the distribution of dividends for each member of the Board of Directors, but not more than 0.5% in total. the whole Council.
The parent company does not owe any other amounts and / or benefits in kind, nor does it set aside or accrue amounts for the provision of pensions, benefits or other compensations upon retirement of the members of the Board of Directors.
The members of the Board of Directors have not received remuneration or compensation from subsidiaries of the issuer and the latter have not set aside or accrues amounts for the provision

of pensions, benefits or other compensations upon retirement of the members of the Board of Directors in 2020.

27 Conditional liabilities

Arbitration Case No. 10/2015 on the inventory of the Arbitration Court for Commercial Disputes - Bourgas, formed by MIDIA AD for payment of an amount by agreement of 25.10.2010 between MIDIA AD and INTERCAPITAL PROPERTY DEVELOPMENT ADSIC. The cost of the claims is BGN 500,000 as a partial claim of BGN 6,430,457.72. By judgment of 29.02.2019, the claims are fully respected and the decision entered into force. Based on the decision, a writ of execution was issued against "INTERCAPITAL PROPERTY DEVELOPMENT" ADSIC. On 07.03.2019 "INTERCAPITAL PROPERTY DIVELOPMANT" ADSIC was informed that the claim was transferred to AVI CONSULT EOOD, UIC 131397729. On 05.09.2020, Intercapital Property Development ADSIC, with UIC 131397743, received notice on enforcement case No 850/2019 on the inventory of the private enforcement agent Ivanka Mindova, registered with Registry No 704 of CPEA, informing the company, that by a decree of 19.07.2019 on the enforcement case AVI CONSULT EOOD 131397729 was joined as a creditor for the amount of the amount due to the amount of BGN 542 773.75 including the following amounts: principal; BGN 161 736.95 - indemnification; BGN 238 263.05 - contractual interest rate; BGN 26,125.15 - legal costs, BGN 157.00 - fees and expenses related to the enforcement case.

In addition, the Company was informed that the joined creditor "AVI Consult" EOOD exercises the right of detention, according to art. 136, par.4, second proposal of the Law for liabilities and contractsregarding Intercapital Property Development ADSITS' properties located in Aheloy, Pomorie, Marina Cape Complex, for which a record in relation to the enforcement case was carried out, or namely:

- Property in building with identificator 0833.5.409.20.101, with area 46.00 m2.;
- Property in building with identificator 0833.5.409.18.13, with area 59.00 m2.;
- Property in building with identificator 0833.5.409.19.29, with area 63.00 m2.;
- Property in building with identificator 0833.5.409.20.35, with area 46.00 m2.;
- Property in building with identificator 0833.5.409.20.85, with area 42.00 m2.;
- Property in building with identificator 0833.5.409.22.12 with area 37.00 m2.;

Enforcement cases

Civil case № 16919/2015 on the list of Sofia City Court, filed by Gennady Grishin against INTERCAPITAL PROPERTY DEVELOPMENT REIT for payment of amounts under a preliminary contract for purchase and sale of real estate, which contract Gennady Grishin considers

The price of the claim is in the amount of 105,312 euros, representing the paid sale price of the property - Apartment № 1_11, located in the holiday complex "Marina Cape", together with the legal interest until the final payment of the debt.

With a decision of 09.07.2020 the filed claim in the amount of EUR 105 312, together with the legal interest of 29.12.2015 was fully upheld. The decision came into force on March 23, 2020.

The enforcement case № 550/2020 on the list of PEA Delyan Nikolov, with registration № 804 of the BCPEA, with area of action District Court - Burgas was initiated on the basis of a writ of execution issued in favor of Gennady Grishin for the amount of EUR 105 312 principal representing the amount due in connection with the cancellation of the preliminary contract described above.

28 Risk related to financial instruments

Aims and policy of the management regarding risk management

The Group is exposed to various risks in relation to its financial instruments, the most important of which are: market risk, credit risk and liquidity risk.

The risk management of the Group is carried out by the BD of the parent company, assisted by IP Intercapital Markets AD, which has a contract for valuation and risk management of the Group in collaboration with the BD. It is a priority for the BD to supply the short term and long term cash flows by reducing its credit exposition. Long term financial investment are managed to generate long term return.

The parent company does not have the right to trade on the financial markets.

The structure of the Company's financial assets and liabilities as of 31st December by category is shown below. It includes all financial assets in a group - "loans and receivables", and all financial liabilities in one group - "other financial liabilities":

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Credits and receivables		
Financial Assets		
Receivables from clients and other receivables	5 271	5128
Money	89	126
Total	**5 360**	**5 264**
Financial liabilities		
Towards Financial companies	13 202	13 265
Liabilities towards suppliers and other liabilities	12 031	32 433
Total:	**25 233**	**45 698**

(a) Market risk

(-) Currency risk. The expenses of the Company are denominated in BGN or in EUR. In BGN denominated expenses are associated with the construction and operation of real estate. The cost of the real estate most often is negotiated in BGN. On the other hand, almost all other earnings are negotiated in EUR. In a currency board and fixed exchange rate of the lev against the euro, currency risk for the company is virtually none.

In conducting of transactions in foreign currency there are currency gains and expenses which are included in the Income Statement. During the reporting period the Company has not been exposed to currency risk, in so far as no positions have occurred in currencies other than the lev and euro.

The policy on currency risk management applied by the company is not to have substantial operations and do not maintain open positions in foreign currencies other than Euro.

The financial assets and liabilities, which are denominated in foreign currency are revalued in BGN at the end of the accounting period

Interest rate risk

	2020 '000 BGN.	2019 '000 BGN.
Задължения към финансови предприятия	11 742	11 735
Задължения по финансов лизинг	1 460	1 530
Други лихвоносни задължения	10 036	29 667
	23 238	**42 932**

(b) Analisys of the Credit risk

In its activity the Company may be exposed to credit risk when it pays in advance (grant advances) to its suppliers or has sales receivables (including the sale with deferred payment). Group policy provides for the avoidance of advances as much as possible. Yet when these are imposed (e.g. purchase of windows, elevators and etc. for buildings under construction), the Company will analyze in detail and depth the reputation and financial condition of the suppliers and if necessary will require a bank and other guarantees of good performance. Similarly, in the conduct of sales of goods and services and providing loans to customers, the Company will focus on the credit standing of counterparties.

Assets that are susceptible to credit risk

	2020 '000 BGN.	2019 '000 BGN.
Money and money equivalents	5 271	5128
Trade and other receivables	89	126
	5 360	**5 264**

(c) Liquidity risk

Liquidity risk arises in connection with securing funding for the activities of the Company and its management positions. It has two dimensions - risk the Company will not be able to meet its obligations when they fall due and the risk of being unable to realize company assets at an appropriate price and within acceptable limits.
The company aims to maintain a balance between maturity of funding and flexibility of the use of funds with varying maturity structure.
The company aims to reduce the risks of a shortage of cash by making investments and works only when the financing is secured with its own funds, advances from customers or borrowings. Company monitors closely the financial markets and the opportunities for raising additional funds (own or debt). The company seeks to shorten the time to raise such funds as necessary.

29 Policy and procedures for capital management

The Company's objectives associated with the capital management are as follows:

- to ensure capacity so that the Company can continue to exist in compliance with the going concern principle; and
- to ensure adequate return for the shareholders by determining the price of their products and services in accordance with the level of risk.

The Group manages the equity based on the ratio of corrected equity to net debt.

The Company manages the capital structure and makes the necessary adjustments in accordance with changes in the economic environment and risk characteristics of the respective assets.

To maintain or adjust the capital structure, the Company may change the amount of the dividends distributed to the shareholders, may return capital to the shareholders, may issue new shares and may sell assets in order to reduce its liabilities.
The equity for the presented reporting periods may be analyzed as follows:

	31.12.2020 '000 BGN.	31.12.2019 '000 BGN.
Equity	(703)	(219)
+Increase	21 755	-
- Decrease	(229)	(484)
Corrected equity	**20 823**	**(703)**
Total equity:	**20 823**	**(703)**

36. Information regarding events after the balance sheet reporting date
No such events have occurred since the balance sheet date.

09 April 2021 г.

Signature:

/Velichko Klingov – Exec. Directors/