

MARINA CAPE MANAGEMENT EOOD

Intermediate financial report

30 June 2021

Balance sheet

| | Explanations | 30.06.2021 '000 BGN | 31.12.2020 '000 BGN |
|--|--------------|------------------------|------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 358 | 380 |
| Intangible assets | 6 | - | - |
| Financial actives | 7 | 10 | 10 |
| Non-current assets | | 368 | 390 |
| Postponed taxes | 11.1 | 21 | 21 |
| | | 389 | 401 |
| Current assets | | | |
| Materials | 8 | 600 | 586 |
| Goods | 9 | 240 | 240 |
| Trade receivables - advances granted - including receivables from related parties | 10 | 305 | 348 |
| | | 85 | 85 |
| Tax receivables | 11 | 10 | 10 |
| Other receivables | 12 | 1 800 | 1 878 |
| Cash and cash equivalents | 13 | 101 | 86 |
| Current assets | | 3 056 | 3 148 |
| Deferred expenses | | 6 | 6 |
| Total assets | | 3 451 | 3 555 |

Prepared by: _____
/ Optima Audit AD /

Leader: _____
/ Desislava Sevlievska and Nedyalko Dinev /

30.07.2021

balance sheet

| | Explanations | 30.06.2021 '000 BGN | 31.12.2020 '000 BGN |
|---|--------------|------------------------|------------------------|
| Equity | 14 | | |
| Equity | 14.1 | 5 | 5 |
| Retained earnings / loss | 14.2 | - 2 329 | -1478 |
| Current profit / loss | 14 . 3 | - 267 | -851 |
| Total equity | | - 2 591 | - 2 324 |
| Liabilities | | | |
| Non-current liabilities | 15 | | |
| Liabilities to financial institutions | 15.1 | - | - |
| Other non-current liabilities | 15.2 | 3 28 8 | 2 581 |
| Total non-current liabilities | | 3 28 8 | 2 581 |
| Current liabilities | | | |
| Liabilities to suppliers and customers, including: | 16 | 2 505 | 2 999 |
| - <i>Advances received from customers</i> | 16.1 | 77 | 59 |
| - <i>Short-term liabilities to related parties</i> | 16.2 | 2 139 | 2 626 |
| - payables to suppliers and customers | 16.3 | 2 89 | 314 |
| Tax obligations | 18 | 7 | 2 |
| Obligations to staff and social security institutions | 17 | 80 | 28 |
| Other obligations | 19 | 1 62 | 269 |
| Total current liabilities | | 2 754 | 3 298 |
| Total liabilities | | 6 043 | 5 879 |
| Total equity and liabilities | | 3 451 | 3 555 |

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30.07.2021

Profit and loss statement and other comprehensive income

| | Explanation | 30.06.2021 '000 BGN | 31.12.2020 '000 BGN |
|--|-------------|------------------------|------------------------|
| Sales revenue | 23 | 337 | 221 |
| Including. products | | 31 | 21 |
| Including. goods | | 1 | 1 |
| Including. services | | 303 | 198 |
| Including. others | | 2 | 1 |
| Cost of sales | | (700) | (359) |
| Material costs | 20 | (139) | (66) |
| Costs for external services | 21 | (157) | (48) |
| Depreciation costs | | (24) | (24) |
| Staff costs | 17 | (348) | (220) |
| Other expenses | | (32) | (1) |
| Book value of assets sold | 19 | | |
| Change in inventories and NP | | - | - |
| Operating profit / (loss) | | (363) | (138) |
| Financial costs | | (6) | (5) |
| Financial income | | 102 | - |
| Extraordinary income / expenses | | - | - |
| Changes in the fair value of inventory | | | |
| Profit / (loss) before taxes | | (267) | (143) |
| Expenses for taxes, deferred corporate taxes | | | - |
| Profit / (loss) | | (267) | (143) |
| Earnings per share | | | |
| Total annual comprehensive income | | (267) | (143) |

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30.07.2021

Statement of changes in equity

All amounts are in BGN 000.

| | Basic capital | Premium reserve | other reserves | H atrupana profit / loss | Total capital |
|---------------------------------------|------------------|--------------------|-------------------|-----------------------------|------------------|
| Balance at January 1 2020 | 5 | 0 | 0 | (1478) | (1473) |
| Comprehensive income | | | | | |
| Errors | | | | | |
| Profit / Loss | | | | (851) | (851) |
| Other comprehensive income | | | | | |
| Revaluation gain / loss | | | | | |
| Total comprehensive income | | | | | |
| Transactions with owners | | | | | |
| Total transactions with owners | | | | | |
| Balance at December 31.2020 | 5 | | | (2329) | (2324) |

All amounts are in BGN 000.

| | Basic capital | Premium reserve | other reserves | Accumulated profit / loss | Total capital |
|---------------------------------------|------------------|--------------------|-------------------|------------------------------|------------------|
| Balance at January 1 2021 | 5 | | | (2329) | (2324) |
| Comprehensive income | | | | | |
| Coverage of loss of min. Years | | | | | |
| Profit / Loss | | | | (267) | (267) |
| Other comprehensive income | | | | | |
| Revaluation gain / loss | | | | | |
| Total comprehensive income | | | | | |
| Transactions with owners | | | | | |
| dividends | | | | | |
| Total transactions with owners | | | | | |
| Balance at 30 June 2021 | 5 | | | (2596) | (2591) |

Prepared by: _____
/ Optima Audit AD /
30.07.2021

Leader: _____
/ Desislava Sevlievska and Nedyalko Dinev

Cash Flow Statement

| Explanations | 30.06.2021 '000 BGN | 31.12.2020 '000 BGN |
|---|------------------------|------------------------|
| Operations | | |
| Revenues from customers | 438 | 260 |
| Payments to suppliers | (917) | (717) |
| Payments to staff and social security institutions | (275) | (227) |
| Tax payments | (20) | (46) |
| Other operating payments | 789 | 689 |
| Net cash flow from operating activities | 15 | (41) |
| Investment activity | | |
| Purchase of fixed assets | - | - |
| Sale of participation in a subsidiary | - | - |
| Net cash flow from investing activities | - | - |
| Financial activity | | |
| Bank loans received | | |
| Loan payments | | |
| Liabilities paid under lease agreements | | |
| Loans received | | |
| Interest payments | | |
| Other cash flows from financing activities | | |
| Net cash flow from financing activities | - | - |
| Net change in cash and cash equivalents | 15 | (41) |
| Cash and cash equivalents at the beginning of the year | 86 | 112 |
| Loss from currency revaluation of cash | | |
| Cash and cash equivalents at the end of the period | 101 | 71 |

Prepared by: _____
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Leader: _____
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30.07.2021

Explanations

1 General information

The company " Marina Cape Management " Ltd is registered under the Commerce Act as a Limited Liability Company. The main activity of the Company is related to management and maintenance of real estate, real estate rental, consulting and brokerage.

The company is registered as a Limited Liability Company and is entered in the register of commercial companies at the Sofia City Court, in company case № 12083/2006 , account № 109422 , volume 1476 . , reg., p .: 149 . The BULSTAT code is 175158218 . The registered office and the address of management of the Company is - town . Sofia, 6 Dobrudja Str .

The manager of the company is Radostina Panteleeva and Nedyalko Dinev .

2. Basis for preparation of financial statements

The company organizes and carries out the current accounting in accordance with the requirements of the Bulgarian legislation - accounting, tax and commercial.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards as adopted by the Commission of the European Union. These include International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and IFRS interpretations (SICs), and subsequent amendments. these standards and the interpretations for their application, as well as future standards and interpretations for their application, prepared by the International Accounting Standards Board (IASB).

3. Comparative data

This report presents a comparative information with the previous period 2019 year.

4. Accounting policy

4.1. General provisions

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

A. Amendments to IFRSs that are mandatory for the current year

The Company applies the following new standards, amendments and interpretations to IFRS, developed and published by the International Accounting Standards Board, which have an effect on the financial

statements of the Company and are mandatory for application from the annual period beginning on January 1, 2017 .

IAS 1 Presentation of Financial Statements (amended) - Disclosures, effective from 1 January 2016, adopted by the EU

These amendments are part of the IASB's initiative to improve the presentation and disclosure in the financial statements. They clarify the guidance in IAS 1 on materiality, summary, presentation of interim amounts, structure of financial statements and disclosure of accounting policies.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (amended), effective from 1 January 2016, adopted by the EU

These amendments clarify that the use of methods for calculating depreciation based on revenue is not appropriate, as revenue generated by a particular activity with property, plant and equipment or intangible assets does not reflect the use of the economic benefits expected from the assets.

Annual improvements 2014 in force since 1 January 2016, adopted by the EU

These amendments concern 4 standards:

- IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” on derecognition methods;
- IFRS 7 “Financial Instruments: Disclosures” for service contracts;
- IAS 19 Employee Benefits on Discount Rates
- IAS 34 Interim Financial Reporting on Disclosures.

There are no other IFRSs or IFRIC interpretations that are not yet effective that are expected to have a material impact on the Company.

B. Standards, amendments and interpretations that have not yet entered into force and are not applied from an earlier date by the Company

IFRS 2 Share-based Payment (amended) effective from 1 January 2018, not yet adopted by the EU

The amendment clarifies the basis for valuing transactions on the basis of shares settled with cash and by issuing equity instruments, as well as the accounting for changes in the remuneration from the provision of cash to the issuance of equity instruments.

IFRS 4 Insurance Contracts (amended) effective from 1 January 2018, not yet adopted by the EU

IFRS 9 “Financial Instruments” effective from 1 January 2018, not yet adopted by the EU

The International Accounting Standards Board (IASB) has issued IFRS 9 Financial Instruments, completing its project to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard introduces significant changes in the classification and measurement of financial assets and a new model of expected credit loss for impairment of financial assets. IFRS 9 also includes a new guide to hedge accounting. The Company's management is still in the process of assessing the effect of IFRS 9 on the financial statements, but it is not yet possible to provide quantitative information. At this stage, the following areas have the expected effect:

- the classification and valuation of the Company's financial assets should be reviewed on the basis of the new criteria, which take into account the agreed cash flows for the assets and the business model under which they are managed;
- impairment based on expected loss should be recognized in respect of the Company's trade receivables and investments in assets classified as held for sale and held to maturity, unless they are classified at fair value through profit or loss according to the new criteria;
- equity instruments will not be able to be measured at cost less impairment losses. Instead, all of these investments will be measured at fair value. Changes in fair value will be presented in current profit or loss, unless the Company presents them without the right to cancel in the other comprehensive income. This will have an effect on the company's investment in XY Ltd., if it is still owned by the Company as of January 1, 2018;
- if the Company continues to choose the measurement of certain financial liabilities at fair value, changes in fair value will be recognized in other comprehensive income to the extent that these changes relate to the Company's own credit risk.

IFRS 9 “Financial Instruments” (amended) - Hedge Accounting , effective from 1 January 2019 , not yet adopted by the EU

The changes result in a significant change in hedge accounting that allows companies to better reflect their risk management activities in the financial statements.

IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” (amended), effective date not yet determined, not yet adopted by EU

These changes are the result of a mismatch between the requirements of IFRS 10 and IAS 28 in the treatment of the sale or in-kind contribution of assets between the investor and the associate or joint venture. As a result of these changes, a gain or loss is recognized in full when the transaction involves a business whether or not the business is separate from a subsidiary. Partial gain or loss is recognized when the transaction involves non-business assets, even if those assets are owned by a subsidiary.

IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” - Investment Entities (amended), effective from 1 January 2016, not yet have been adopted by the EU

The amendments clarify the application of the consolidation exception to investment firms and their subsidiaries. The exception regarding the preparation of consolidated financial statements also applies to parent intermediates that are subsidiaries of investment firms. It shall apply if the parent investment firm measures its subsidiaries at fair value. The parent intermediate entity shall also meet the other criteria in accordance with IFRS 10.

IFRS 14 “Deferred Accounts at Regulated Prices” effective from 1 January 2016, not yet adopted by the EU

IFRS 15 "Revenue from contracts with customers" with effect from 1 January 2 019 , still not adopted by the EU

IFRS 15 “Revenue from Contracts with Customers” effective from 1 January 2019 , not yet adopted by the EU

IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations and introduces a new model for revenue recognition based on controls. The new standard changes the rules for determining whether revenue is recognized at a given time or over a period of time and leads to the expansion and improvement of revenue disclosures. IFRS 15 is based on a fundamental principle that requires a company to recognize revenue in a manner that reflects the transfer of goods or services to customers and to an extent that reflects the expected remuneration that the company will receive in return for those goods or services. Earlier application of the standard is allowed. Companies should apply the standard

retrospectively for each prior period presented or retrospectively the cumulative effect of initial recognition is reflected in the current period.

Management intends to apply the standard retrospectively, recognizing the cumulative effect of the initial application of this standard as a change in the opening balances of retained earnings at the date of initial application. Under this method, IFRS 15 will only be applied to contracts that have not expired by 1 January 2018. Management has begun to assess the effect of applying this new standard and has determined that the following areas will be affected:

- initial costs - according to the existing requirements of IFRS these costs are included in the evaluation of the result of the contract. As they arise from activities that the Company performs to perform the contract and not directly to provide goods or services to the customer, IFRS 15 does not treat them as contractual obligations. These costs are excluded from the evaluation of the outcome of the contract and do not affect the recognition of revenue. Instead, these costs are assessed for possible capitalization according to the specific criteria of the standard. If they are capitalized, the respective asset is subsequently depreciated on a straight-line basis for the estimated period of performance of the contract under which they arose. If the Company had applied IFRS 15 to contracts valid on or before December 31, 2016, the revenues for the year would have been reduced by BGN XXX, and the personnel and material costs would have been reduced by

BGN XXX and XXX, respectively. Together with the depreciation of the capitalized costs for performance of the contract in the amount of BGN XXX, the reduction of the result for the year and of the total amount of the assets would be BGN XXX (representing x% and x% respectively).

· contracts with several components - IFRS 15 introduces new guidelines that require the Company to assess whether components in a contract can be separated on the basis of their “distinctiveness”. A good or service is distinctive if both conditions are met:

The customer benefits from the good or service itself or in combination with other available resources, and

- it is "separately distinguishable" (ie the company does not provide significant services to integrate, modify or customize it).

The subsequent distribution of the agreed remuneration to the individual components is based on their relatively independent selling price. The company is currently in the process of reviewing all its contracts to assess how the new requirements will affect the identification of distinctive goods and services and the distribution of total remuneration to them.

· loss contracts - in accordance with the existing requirements of IFRS, when the costs of a contract are likely to exceed total revenue, the expected loss is recognized immediately in current profit or loss. When a contract relates to the construction of several assets, the construction of each asset is treated for that purpose as a separate contract if the segmentation criteria under IAS 11 Construction Contracts are met.

IFRS 15 does not include guidance on how to treat onerous accounting contracts. Such contracts should be accounted for in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. The assessment of whether a provision should be recognized is made at the level of the individual contract and no segmentation criteria are applied. As a result, there may be cases in which recognized losses under contracts in prior periods will not be recognized in accordance with IFRS 15, as the contract generally generates a profit. When, in accordance with IFRS 15, the Company may combine two or more contracts entered into at approximately the same time, the assessment of whether the contract is at a loss is made on the basis of the combined contract. Contract losses under IAS 11 are estimated on the basis of the total contract costs, including for example the allocated total construction costs. This amount may be greater than the amount of 'irrevocable expenses' determined in accordance with IAS 37. As of December 31, 2016, the Company has identified only two provisions for losses under onerous contracts in the amount of BGN XXX. review all of its contracts with customers to assess the effect that the new requirements will have on the recognition and measurement of provisions for losses under onerous contracts.

IFRS 15 “Revenue from Contracts with Customers” (amended) effective from 1 January 2018, not yet adopted by the EU

These amendments include guidelines for identifying enforcement obligations, for reporting intellectual property licenses and for assessing whether it is a principal or an agent (gross or net presentation of revenue).

IFRS 16 "Leasing" in force since January 1, 2019, has not yet been adopted by the EU

This standard supersedes the guidance in IAS 17 and introduces significant changes in the accounting for leases, especially by lessees.

Under IAS 17, lessees were required to distinguish between finance leases (recognized in the balance sheet) and operating leases (recognized off-balance sheet). IFRS 16 requires lessees to recognize a lease

obligation that reflects future lease payments and an 'asset use right' for almost all leases. The IASB has included the right to choose between certain short-term leases and leases of low-value assets; this exception can only be applied by lessees.

Lessors' accounting remains virtually unchanged.

Under IFRS 16, a contract that is or contains a lease is a contract that confers the right to control the use of the asset for a specified period of time for consideration.

Management is in the process of evaluating the impact of the application of the standard, but is not yet able to provide quantitative information. The following actions have been taken to determine the effect:

- a complete review of all contracts is performed to assess whether additional contracts will not be considered leases under the new definition in IFRS 16;
- it is decided which conditions for application to choose; either full retrospective application or partial retrospective application (meaning that the comparative information will not be changed). The partial application allows not to assess the current contracts whether they contain leasing and other reliefs. Deciding which approach to choose is important because it cannot be changed later;
- current disclosures about finance leases and operating leases are assessed, as they are likely to be the basis for determining the amount to be capitalized and become eligible assets.
- determine which accounting simplification is applicable to leasing contracts and whether the right of exemption will be used;
- the requirements to the existing IT system and whether a new leasing reporting system is needed are considered. This is done together with a review of the requirements for application of IFRS 15 and IFRS 9 in order to make all changes in the system of the Company at once;
- the additional disclosures required are assessed.

IAS 7 Cash Flow Statements (amended) effective from 1 January 2019 , not yet adopted by the EU

These changes require additional disclosure, which will allow users of financial statements to assess changes in liabilities arising from financial activities.

IAS 12 Income Taxes (amended) effective from 1 January 2019 , not yet adopted by the EU

4.2. Foreign currency transactions

The individual elements of the Company's financial statements are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Company are prepared in Bulgarian levs (BGN). This is the functional currency and the presentation currency of the Company.

Transactions in foreign currency are reported upon their initial recognition in the reporting currency of the Company at the official exchange rate for the day of the transaction (the announced fixing of the Bulgarian National Bank). Foreign exchange gains and losses arising from the settlement of such transactions and the revaluation of foreign currency positions at the end of the period are recognized in the Income Statement.

The currency board in Bulgaria was introduced on July 1, 1997 in implementation of the recommendations of the International Monetary Fund (IMF) and initially the value of the Bulgarian lev was fixed to the value of

the German mark in a ratio of 1: 1. After the introduction of the euro, the Bulgarian lev was pegged to the euro in the ratio 1EUR = 1.95583 BGN.

4.3. Revenues and expenses

Revenues include revenues from sales of finished products , goods, services and other sales.

Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of all trade discounts and quantity rebates made by the Company. 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.

When goods or finished goods are sold, revenue is recognized when the following conditions are met:

- the significant risks and benefits of ownership of the goods, the finished products are transferred to the buyer;
- there is no continued participation in the management of the goods, the finished products or effective control over them;
- the amount of revenue can be measured reliably;
- the economic benefits of the transaction are likely to be derived;
- the costs incurred or to be incurred can be measured reliably;
- availability of a completed stage of construction (agreed with the client), as well as obtaining a relevant certificate of use;

In summary we can say that the main item principle in the accounting policy of the company is the comparability of the intercepts Dite costs. Ie after the final delivery of the goods, finished products and performing all different x odes to put together their revenue will be recognized.

Revenue related to a service transaction is recognized when the outcome of the transaction can be measured reliably.

Operating expenses are recognized in the Income Statement at the time of using the service or at the date of their occurrence. Dividends received, other than those from investments in associates, are recognized at the time of their distribution.

Income and expenses from foreign currency transactions are recognized on an ongoing basis in the execution of transactions and the realization of exchange rate differences.

Revenues from fees and commissions are related to the ordinary activities of the company.

Interest income is recognized on a pro rata basis using the effective interest method.

When a receivable is doubtful, the Company reduces the carrying amount to its recoverable amount - estimated future cash flow discounted at the original effective interest rate of the instrument - and p p odalzhava to expand the discount as interest income.

4.4. Borrowing costs

Borrowing costs mainly represent interest on the Company's loans. All borrowing costs, including those that are directly attributable to the purchase of a qualifying asset, are recognized as an expense in the period in

which they are incurred as part of the “finance expense” in the Income Statement. In the Statement of profit and loss and other comprehensive income, additional paid bank fees related to renegotiation of loan relationships are reported.

4.5. Intangible assets

Intangible assets are initially measured at cost. In the case of self-acquisition, it is equal to the purchase price, as well as all non-refundable taxes and direct costs incurred in connection with the preparation of the asset for operation.

Subsequent measurement is performed at cost less accumulated depreciation and impairment losses. Impairment losses are recognized as an expense and recognized in the Income Statement for the respective period.

Subsequent costs incurred in respect of intangible assets after initial recognition are recognized in the income statement in the period in which they are incurred, unless it is probable that they will cause the asset to generate more than the future economic benefits associated with the asset. to be valued and attributed to the asset. If these two conditions are met, the cost is added to the cost of the asset.

Depreciation is included in “ depreciation and impairment of non-financial assets ”.

Trademarks and licenses are displayed at historical cost. They have a limited useful life and are stated at cost less accumulated depreciation.

The Company makes a careful assessment when determining whether the criteria for initial recognition as an asset of development costs have been met. Management's judgment is based on all available information at the balance sheet date. In addition, all activities related to the development of an intangible fixed asset are monitored and controlled on an ongoing basis by management.

The selected materiality threshold for the intangible fixed assets of the Company amounts to BGN 7 00 .00.

4.6. Property, plant and equipment

Property, plant and equipment are initially measured at cost, including the cost of acquisition, as well as any direct costs of bringing the asset to working condition.

Subsequent measurement is based on cost less accumulated depreciation and impairment losses. Impairment losses are recognized as an expense and recognized in the Income Statement for the respective period.

Subsequent expenditure on an asset of property, plant and equipment is added to the carrying amount of the asset when it is probable that the economic benefits associated with the item will flow to the asset. All other subsequent expenses are recognized as an expense in the period in which they are incurred.

The Company has adopted the alternative approach for subsequent valuation of land and buildings and the recommended one for all other non-current tangible assets.

The results of the disposal of non-current assets are determined by comparing the income with the book value and are reported in the financial result for the period.

When the carrying amount of a non-current asset is higher than its recoverable amount, that asset is impaired to its recoverable amount.

Property, plant and equipment acquired under finance leases are depreciated on the basis of the expected useful life determined by comparison with similar assets or on the basis of the value of the lease, if its term is shorter.

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

- Buildings 25 years
- Machines 3 , 3 years
- Cars 4 years
- Business inventory 6 , 67 years
- Computers 2 years
- Another 6 , 67 years

The selected materiality threshold for property, plant and equipment of the Company amounts to BGN 7 00 .00.

Management reviews the useful lives of depreciable assets at the end of each reporting period. December 31 201 7 , the management determines the useful life of the assets, which represent the expected use of the assets of the Company. The carrying amounts of assets are analyzed in Note 5. Actual useful lives may differ from those made due to technical and moral depletion, mainly of software products and computer equipment.

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

In calculating the impairment, the Company defines the smallest identifiable group of assets for which separate cash flows can be determined - a unit that generates cash flows. 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 when events or changes in circumstances indicate that their carrying amount may not be recovered.

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 Company'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 Company, adjusted if necessary to exclude the impact of future reorganizations and significant improvements in assets. The discount factors are determined separately for each cash-generating unit and reflect the risk profile assessed by the Company's management.

Impairment losses on a cash-generating unit are allocated to the reduction of the carrying amount of the assets of that unit in proportion to their carrying amount. The Company'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.

4.8. Financial actives

Financial assets include the following categories of financial instruments:

- loans and receivables;
- investments in subsidiaries

Financial assets are allocated to different categories depending on the purpose for which they were acquired. The category of a financial instrument determines its method of valuation and whether the income and expenses are reflected in the Income Statement or directly in the equity of the Company.

Upon initial recognition of a financial asset, the Company measures it at fair value. Transaction costs that may be directly attributable to the acquisition or issue of a financial asset relate to the value of the financial asset or liability, with the exception of financial assets or liabilities at fair value through profit or loss.

The derecognition of a financial asset is performed when the Company loses control over the contractual rights that make up the financial asset - ie. when the rights to receive cash flows have expired or a significant portion of the risks and rewards of ownership have been transferred. Impairment tests are performed at each balance sheet date to determine whether there is objective evidence that a particular financial asset or group of financial asset is impaired.

Interest payments and other cash flows associated with the holding of financial instruments are recognized in the income statement when received, regardless of how the carrying amount of the financial asset to which they relate is estimated.

Loans and receivables are non-derivative financial instruments with fixed payments that are not traded in an active market. Loans and receivables are subsequently measured at amortized cost using the effective interest method.

Significant receivables are tested for impairment separately when they are past due at the balance sheet date or when there is objective evidence that the counterparty will not meet its obligations. All other receivables are tested for impairment by groups, which are determined depending on the industry and the region of the counterparty, as well as other credit risks, if any. In this case, the impairment rate is determined on the basis of historical data on outstanding liabilities of counterparties for each identified group.

Investments in subsidiaries are stated at cost. They are reported as held-for-sale financial assets in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

4.9. Inventories

Inventories include materials and finished products. The cost of inventories includes the cost of purchase and other direct costs associated with their delivery. Financial costs are not included in the value of inventories. At the end of each reporting period inventories are valued at the lower of their cost and their net realizable value. The amount of any impairment of inventories to their net realizable value is recognized as an expense in the period of impairment.

The net realizable value represents the expected selling price of inventories, less the expected selling expenses. If inventories have already been impaired to their net realizable value and in a subsequent reporting period it turns out that the conditions leading to the impairment are no longer present, their new net realizable value is accepted. The amount of the recovery can only be up to the carrying amount of inventories before impairment. The amount of the reimbursement of inventories is reported as a reduction in material costs for the period in which the reversal occurs.

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

When inventories are sold, their carrying amount is recognized as an expense in the period in which the related revenue is recognized.

4.10. Income taxes

The financial result of the Company is subject to corporate tax, according to Art. 92 of the Corporate Income Tax Act.

4.11. Cash and cash equivalents

The Company reports cash and cash equivalents in cash and cash in bank accounts.

4.12. Equity and dividend payments

The share capital of the Company is fully paid. Retained earnings include the current financial result stated in the Income Statement, as well as the accumulated profits and uncovered losses from previous years.

4.13. Pension and other liabilities to staff

Short-term liabilities to staff include wages, salaries and social security contributions. The Company has not developed and does not implement post-employment remuneration plans or other long-term post-employment remuneration plans and plans either in the form of compensation with shares or equity shares.

4.14. Financial liabilities

Financial liabilities include bank loans, trade and other payables and finance lease payables.

Financial liabilities are recognized when there is a contractual obligation to pay cash or another financial asset to another entity . All interest expenses are recognized as financial expenses in the Income Statement.

Bank loans are reflected in the balance sheet of the Company, net of the costs of obtaining the loan. Financial expenses such as the premium payable on settling or repurchasing the debt and direct transaction costs are included in the Income Statement on an accrual basis using the effective interest method and are added to the carrying amount of the financial liability to the extent , in which they are not settled at the end of the period in which they arose.

Trade payables are initially recognized at nominal value and subsequently measured at amortized cost less settlement payments.

4.15. Provisions, contingent assets and contingent liabilities

Provisions are recognized when it is probable that current liabilities as a result of past events will result in an outflow of resources from the Company and a reliable estimate of the amount of the liability can be made. The maturity or amount of cash outflows may not be certain. A present obligation arises from the existence of a legal or constructive obligation as a result of past events. Provisions for restructuring are recognized only if a detailed formal restructuring plan has been developed and implemented or management has announced the main points of the restructuring plan to the persons concerned. Provisions for future operating losses are not recognized.

The amount recognized as a provision is calculated on the basis of the most reliable estimate of the costs necessary to settle the current liability at the end of the reporting period, taking into account the risks and uncertainties, including those related to the current liability. Provisions are discounted when the effect of time differences in the value of money is significant.

Compensation from third parties in connection with a given obligation of the Company is recognized as a separate asset. However, this asset may not exceed the value of the relevant provision.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate at the balance sheet date. In cases where it is considered that an outflow of resources is unlikely to occur as a result of a current obligation, such an obligation is not recognized. The Company does not recognize contingent assets, as their recognition may result in the recognition of income that may never be realized.

4.16. Significant judgments of management in applying accounting policies

The significant judgments of the Management in the application of the accounting policies of the Company, which have the most significant impact on the financial statements, are described below. The main sources of uncertainty in the use of accounting estimates are described in Note 4.17 .

4.17. Uncertainty of accounting estimates

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

Actual results may differ from management's assumptions, estimates and assumptions and, in rare cases, are consistent with pre- estimated results.

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

4.18.1. Impairment

An impairment loss is the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. To determine the recoverable amount, the Company'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. In calculating expected future cash flows, management makes assumptions about future gross profits. These assumptions are related to future events and circumstances. Actual results may vary and require significant adjustments to the Company's assets in the next reporting year.

In most cases, determining the applicable discount factor involves making appropriate adjustments to market risk and risk factors that are specific to individual assets.

4.18.2. Deferred income taxes are determined using the liability method on the basis of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxes are not recognized if they arise from the initial recognition of an asset or liability in a transaction other than a business combination and which at the date of the transaction affects neither the accounting nor the taxable profit or loss. Deferred taxes are determined by applying those tax rates and regulations that are effective or substantially enacted at the balance sheet date and are expected to apply when deferred tax assets or deferred tax liabilities become retroactive.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

According to the current legislation, profits are subject to corporate tax of 10%. For the calculation of deferred taxes is used at 10%, which is expected to be valid at the opposite manifestation .

A rate of 10% has been applied to calculate the amount of deferred taxes due to the lack of reliable information on forthcoming changes in corporate tax rates.

5. Property, plant and equipment (Tangible assets)

The carrying amount of property, plant and equipment may be presented as follows:

| | Business inventory and others '000 BGN | Buildings - invest. Properties '000 BGN | Machines and equipment '000 BGN | Vehicles '000 BGN | Total '000 BGN |
|---|---|--|--|------------------------------|-------------------------------|
| Book value | | | | | |
| Balance at 2021 | 13 7 | 570 | 11 4 | 106 | 92 7 |
| Newly acquired assets | - | - | - | - | - |
| Depreciated assets | - | - | - | - | - |
| Balance at 3 0 June 2021 g . | 13 7 | 570 | 11 4 | 106 | 92 7 |
| Depreciation | | | | | |
| Balance at January 2021 | 13 3 | 258 | 1 10 | 44 | 545 |
| Depreciated assets | - | - | - | - | - |
| Depreciation | - | 1 2 | 1 | 11 | 2 4 |
| Balance at 3 0 yong and 2021 g . | 13 3 | 2 70 | 111 | 55 | 569 |
| Revaluation of tangible assets | | | | | |
| Book value to 3 0 June 2020 | 4 | 3 00 | 3 | 51 | 358 |

The company owns real estate - 2 pcs. buildings. They are acquired through purchase and sale by the Sole Owner of the capital. The buildings house commercial sites - Snack Bar "Antika" and Pizzeria "Antika" and "Beer".

6. Intangible fixed assets and

The intangible assets of the Company include acquired software licenses. Their carrying amount for the current reporting period can be presented as follows:

| Intangible assets | License '000 BGN | Total '000 BGN |
|---------------------------------------|-----------------------------|---------------------------|
| Book value | | |
| Balance at January 2021 | 63 | 63 |
| Newly acquired assets | - | - |
| Depreciated assets | - | - |
| Balance at 30 June 2021 | 63 | 63 |
| Depreciation and impairment | | |
| Balance at January 2021 | 63 | 63 |
| Depreciated assets | - | - |
| Depreciation | - | - |
| Balance at 30 June 2021 | 63 | 63 |
| Book value to 30 June 2021 | 0 | 0 |

7 Financial assets - and investments in subsidiaries

The company has the following investments in subsidiaries:

| Name of the subsidiary | 30.06.2021 | % | 31.12.2020 | % |
|-------------------------------|-------------------|----------------------|-------------------|----------------------|
| | '000 BGN | participation | '000 BGN | participation |
| Marina Cape Tours Ltd. | 10 | 100 | 10 | 100 |
| Total | 10 | 100 | 10 | 100 |

The decision of the Board of ICPD, in his capacity as sole shareholder of "Marina Cape Tours" Ltd. to sell all shares in "Marina Cape Tours" EOOD of "Marina Cape Management" Ltd. is taken on 28.10.2009, and the decision of the Board of Directors of ICPD, in its capacity of Sole owner of the capital of Marina Cape Management EOOD, for the purchase of all units is dated 29.10.2009.

The contract for transfer of the company shares was signed on 02.11.2009 and the change of the Sole owner of the capital was reflected in the Commercial Register on 04.11.2009 with entry № 20091104123740.

8 Materials

| | 30.06.2021 '000 BGN | 12/31/2020 '000 BGN |
|---------------------|------------------------|------------------------|
| Fuel and lubricants | 9 | - |
| Basic materials | 5 91 | 58 6 |
| Materials Snack bar | - | - |
| Materials Pizzeria | - | - |
| Materials Beer | - | - |
| TOTAL: | 600 | 5 86 |

Oh AIN these materials form the contents of the product of labor or play a major role in operational activity. These are materials with a low service life, which are invested directly in the value of the tourist service. These are bed linen, electrical appliances, folding temporary beds, curtains and drapes for serviced apartments, spare parts, metal waste containers, hygiene materials and more.

9 Goods

| | 06/30/2021 '000 | 12/31/2020 '000 BGN |
|--------------------------------|--------------------|------------------------|
| | BGN | |
| Goods in a warehouse-furniture | 2 40 | 2 40 |
| General warehouse-goods | - | - |
| Fruit and vegetable | - | - |
| Supermarket | - | - |
| Spa bar | - | - |
| TOTAL: | 240 | 240 |

The company maintains a high level of goods in stock. This is mainly purchased furniture - furniture, appliances, sanitary ware. The same goods are sold through direct sales to the company's customers. When writing the goods, the weighted average method is applied - it calculates the weighted average price of the goods in the individual reporting groups.

10 Trade receivables - advances to suppliers

| | 30.06.2021 '000 BGN | 31.12.2020 '000 BGN |
|----------------------------|------------------------|------------------------|
| Receivables from suppliers | 25 | - |
| Receivables from customers | 280 | 348 |
| TOTAL: | 3 05 | 348 |

Receivables from suppliers are formed by advance transfers for future delivery of goods and services. Receivables are due within one year. The company has no expectations that the suppliers will not fulfill their obligations under the previously concluded contracts.

Receivables from clients are formed by concluded Contracts for management and maintenance and representation of real estates with owners and unpaid installments on them. Receivables are due within one year.

All trade and other receivables of the Company have been reviewed for indications of impairment.

Receivables from customers represent unpaid, remaining due to Marina Cape Management EOOD fees for services rendered.

The carrying amount of trade receivables is considered a reasonable estimate of their fair value.

Much of the Company's receivables from customers that are current in nature and due within 180 to 360 days.

The company has no expectations that the funds due from customers will not be paid according to the previously concluded contracts.

All trade receivables are subject to credit risk. The management of the Company does not identify a specific credit risk, as trade receivables consist of a large number of individual customers.

Receivables from related parties

Taking the company of Intercapital Property Development REIT in the amount of 1 332 thousand Bulgarian Levs total. The amount is formed under a Contract for management and maintenance of real estate, owned by Intercapital Property Development REIT.

The receivable of the company from Marina Cape Tours EOOD amounts to BGN 7 5 thousand. It is formed by unpaid services provided to a tour operator

| 11 Tax receivables | 06/30/2021 | 31.12.2020 |
|---------------------------|-------------------|-------------------|
| | '000 BGN | '000 BGN |
| Advance payments CITA | - | - |
| VAT recovery | 10 | - |
| TOTAL: | 10 | - |

| 12 Other receivables | 30.06.2021 | 31.12.2020 |
|--------------------------------------|-------------------|-------------------|
| | '000 BGN | '000 BGN |
| Receivables from accountable persons | 307 | 316 |
| Guarantees and other debtors | 1 493 | 1 557 |
| TOTAL: | 1 800 | 1 873 |

13 Financial assets

The cash of the company is stored in several banks - EIB ANK AD, UNICREDIT BULBANK AD, PIRAESBANK AD .DSK and MUNICIPAL BANK AD . Due to the specifics of sales and customer structure, most of the funds are in foreign currency (euro).

The bank accounts of the Company with which it operates are:

| | | | |
|-----------------------|-----------------------------|------------------------|-----|
| "UniCredit Bulbank AD | Sofia, 7 St. Nedelya Square | BG03UNCR70001502123586 | BGN |
| "UniCredit Bulbank AD | Sofia, 7 St. Nedelya Square | BG08UNCR70001502123593 | GBP |
| "UniCredit Bulbank AD | Sofia, 7 St. Nedelya Square | BG62UNCR70001502123591 | EUR |
| "DSK " E Corp. | Sofia | BG10STSA93000025958080 | BGN |
| "DSK " E Corp. | Sofia | BG31STSA93000025958090 | EUR |
| Investbank | Sofia | BG81IORT80481020681600 | BGN |

Cash includes the following components:

| | 06/30/20 2 1 '000 BGN | 12/31/20 20 '000 BGN |
|------------------|--------------------------|-------------------------|
| Cash and banks: | 10 1 | 86 |
| - Bulgarian levs | 10 1 | 86 |
| - Euro | | |

14. Equity

14.1 Fixed capital

The company has a share capital of BGN 5,000, and 100% of the shares are owned by Intercapital Property Development REIT.

14.2 Retained earnings / loss

Retained earnings in the amount of 802 thousand BGN and NEP October Rita loss amounted to 3131 thousand

14.3 Current profit

| | 06/30/202 1 '000 BGN | 06/30/20 20 '000 BGN |
|-----------------------|-------------------------|-------------------------|
| Current profit / loss | (267) | (143) |

The following table shows the most significant revenues (net) / expenses (by IC):

| Arrival | 06/30/202 1 | (%) | Consumption | 3 0.06.202 1 | (%) |
|----------------|--------------------|------------|------------------------------|---------------------|------------|
| Products | 31 | 9.2 0 % | El. energy | 50 | 7.48 % |
| Goods | 1 | 0.01 % | Materials | 47 | 7.04 % |
| Overnight | 18 | 5.34 % | Hired management . and other | 199 | 29,79 % |
| Support | 271 | 80.41 % | Depreciation | 24 | 3 , 59 % |
| Entertainment | 6 | 1.78 % | Salaries | 302 | 45,21 % |
| Others | 10 | 3.26% | Social security | 46 | 6.89 % |

15. No current liabilities

15.1 Liabilities to financial corporations

As of 31.12.2017, the Company has not taken any loans from banking or other financial institutions.

15.2 Other non-current liabilities

| | 3 0.06.202 1 | 12/31/20 20 |
|--------------------------------------|---------------------|--------------------|
| | '000 BGN | '000 BGN |
| Raised funds Wei project | 32 | 38 |
| Marina Cape Real Estate - Assignment | 5 0 7 | 507 |
| Borrowed funds Intercapital EOOD E | 337 | 337 |
| Futures Capital EOOD | 1808 | 1100 |
| OTHERS | 604 | 599 |
| | 3288 | 2581 |

16. Detentions to suppliers and customers

16.1 Advances received from customers

Advances received from clients in total amount of **68 x yl .lv.** are formed by clients under advance and for a maintenance contract - BGN 60 thousand from Representation deposits - BGN 0 thousand, deposits - BGN 8 thousand .

16.2 Liabilities to related companies

Liabilities to related parties

| | 06/30/202 1 | 31.12.20 21 |
|--|--------------------|--------------------|
| | '000 BGN | '000 BGN |
| Intercapital Property Development REIT | 2139 | 2626 |
| Marina Cape Tours Ltd. | - | - |
| TOTAL: | 2139 | 2626 |

Company due to the Single shareholder " Interkapi Tal Property Development" REIT 1 3332 thousand. Lev under management and maintenance of commercial and residential buildings in the company ex "Marina Cape" for the period 2013 years - 2019 "Marina Cape management "Ltd. provides management and maintenance of commercial and residential buildings owned by " Intercapital property Development REIT 'and transfer their proceeds to the account of the owner.

16.3 Liabilities to suppliers and customers

| | 06/30/2021 | 12/31/2020 |
|---|------------|------------|
| | '000 BGN | '000 BGN |
| EVN Bulgaria Elektrorazpredelenie AD | 8 | 6 |
| Ventenerzhdi Ltd. | 66 | 66 |
| Bulvintrade | - | - |
| Blexiy Ritel Invest | 73 | 73 |
| Others | 48 | 118 |
| | 195 | 263 |

17. Obligations to staff and social security institutions

Liabilities to staff for pensions, salaries and unused leave included in the Balance Sheet consist of the following amounts:

| | 06/30/2021 | 12/31/2020 |
|---|------------|------------|
| | '000 BGN | '000 BGN |
| Wage obligations | 56 | 20 |
| Insurance obligations | 24 | 8 |
| Obligations to staff and social security institutions | 80 | 28 |

Current portion of liabilities to employees represent obligations to current employees of the Company, which should be settled in 2020 , the average number of staff at 06.30.2020 , the is 45 people.

18. Tax liabilities

Tax liabilities included in the balance sheet is formed by taxes currently levied at m. 06 0.2021 on

| | 06/30/2021 | 12/31/2020 |
|-----------------|------------|------------|
| | '000 BGN | '000 BGN |
| Tax obligations | 7 | 2 |
| TOTAL: | 7 | 2 |

19. Carrying amount of assets sold

In the item "Book value of sold assets" the Company reports the book value of sold goods.

The Company applies the criteria in IAS 18 for recognizing revenue from the sale of goods or takes into account the relevant guidance in the appendix to IAS 18.

The revenues from the sale of products are formed by two retail outlets, owned by the Company - Snack bar and Pizzeria and their commercial activity is related to catering for guests . Revenues from the sale of goods are formed by sales in 2 retail outlets - Fruit and Vegetables and Spa Bar.

The company receives income from the sale of complex services to clients on the territory of the complex-spa procedures, entertainment in the Bowling Hall, Squash, gym, beauty and hairdressing services, entertainment for children in a separate Children's Center. The Company receives Revenues under Management and Maintenance and Representation Agreements concluded with real estate owners.

Revenues from other sources include fees for Contracting Dr. joint venture with a foreign company - "Macarena Palace" LTD. Pursuant to this contract , the Voden Bar retail outlets are jointly operated . This also includes revenues from electronic payment services with clients of the complex.

20 Material costs

The following table presents the costs for materials as of 30.06.2020 :

| Type of expense | Amount of the expense in thousand BGN | % of the total cost of materials |
|--|---------------------------------------|----------------------------------|
| Stationery | 3 | 2.17 |
| Materials below the threshold of st-st | | |
| Electric energy | 50 | 35.97 |
| Materials and spare parts for the activity | 47 | 33.81 |
| Consumables | 9 | 6.47 |
| Others | 30 | 21.58 |
| Total: | 139 | 100% |

21 Hired services

The following table presents the costs for external services as of 30.06.2020 :

| Type of expense | Amount of the expense in thousand BGN | % of the total cost of external services |
|----------------------------|---------------------------------------|--|
| Taxes, services and fees | 86 | 54.78 |
| Water | 10 | 6.37 |
| Communication services | 8 | 5.10 |
| Subscription services | 9 | 5.73 |
| Maintenance and management | 17 | 10.83 |
| Accounting services | 18 | 11.46 |

| | | |
|--|------------|-------------|
| Other external services for the activity | 9 | 5.73 |
| Total: | 157 | 100% |

22. Capital management policy and procedures

The objectives of the Company in connection with capital management are:

- to ensure the ability of the Company to continue to exist as a going concern and
- to ensure adequate profitability for the Sole Owner by determining the price of its products and services in accordance with the level of risk.

The company manages the capital structure and makes the necessary adjustments in accordance with changes in the economic situation and the risk characteristics of the respective assets. In order to maintain or adjust the capital structure, the Company may change the amount of dividends paid to the Sole Owner and sell assets to reduce its liabilities.

23. Profit from sale of current and non-current assets

Sales revenue

| | 06/30/2021 | 06/30/2020 |
|--|------------|------------|
| | '000 BGN | '000 BGN |
| On finished products | 31 | 21 |
| On goods | 1 | 1 |
| From management and maintenance, overnight stays | 303 | 198 |
| Other incomes | 2 | 1 |
| Total | 337 | 221 |

Revenues from the sale of finished products are formed from the sale of food in sites Antika, Pizzeria. Revenues from the sale of goods are realized in the sites of the complex. Revenues from management and maintenance are from Intercapital Property Development REIT and clients of the company. The other revenues represent revenues from joint activity for management of sites of the complex.

24. Policy for management of the risks to which the Company is exposed

24.1 Financial risk management

In carrying out its activities, the Company is exposed to a variety of financial risks: market risk (including currency risk, price risk, interest rate risk), credit risk, liquidity risk and the risk of changes in future cash flows. The Company's overall risk management program focuses on the unpredictability of the financial markets and aims to reduce any adverse effects on the Company's financial performance. At the end of the reporting period, the Company does not use derivative financial instruments to hedge certain risk exposures.

Market risk

Currency risk

The company operates in Bulgaria and as the Bulgarian lev is effectively pegged to the euro, it is exposed to currency risk arising from loans and purchases or sales denominated in currencies other than the lev and the euro. Currency risks are closely monitored to ensure effective risk management.

Price risk

In the conditions of extremely high competition on the Bulgarian tourist market, the Company is exposed to significant price risk and therefore pursues an active policy for its management, which includes two areas - limiting costs and increasing revenues by expanding the range of services and reducing prices.

First of all, the Company strives to limit the fixed costs as much as possible, as well as strict control over the variable costs (including active management of the number of employees during the respective seasons of the year and the salary costs). In order to compensate for the increase in overhead costs in the complex (mainly from the higher prices of utilities), the Company has decided to increase the maintenance fee paid by the owners of apartments in the complex. In order to better utilize the assets of the Company, part of the retail outlets in the complex are dedicated to the management of retail chains that offer high quality end products. The company has signed a contract with a third party for joint management activities on the beach in front of the complex, which will limit the additional costs of maintaining the beach. The company pursues a dynamic pricing policy depending on the occupancy of the holiday complex during the respective tourist seasons, striving to improve the work with its suppliers and subcontractors.

In order to achieve greater predictability of revenues, as well as optimization of assets and personnel, the Company works actively to organize conference-type events. This is part of the Company's measures as an apartment complex to compensate for the competitive advantages of traditional hotels operating with tour operators and relying on greater rhythm and predictability of revenues.

The policy pursued by the Company to increase revenues from the provision of tourist services includes: reduction of prices; conducting an active marketing strategy and offering accommodation at price levels that are more attractive than those of hotels in the most serious competitor on the Bulgarian tourist market - Turkey; expanding the range of services offered and increasing the quality; conducting a price-aggressive policy towards restaurants outside the complex in order to keep customers inside the complex (for example, by issuing "cash cards", which on the one hand allow customers to enjoy price discounts, and on the other - improve financial reporting and reduce costs related to document flow).

Interest rate risk

As the Company does not have a significant amount of interest-bearing assets, income and operating cash flows are not significantly affected by changes in market interest rates.

The interest rate risk for the Company arises from the received loans. Floating rate loans expose the Company to interest rate risk related to changes in future cash flows. Loans with fixed interest rates expose the Company to interest rate risk associated with future fluctuations in fair values.

The Company's policy is to enter into loan agreements at a fixed interest rate, such as EURIBOR, and exposures are monitored regularly.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and other financial institutions, as well as credit exposures to wholesalers and retailers, including outstanding receivables and contracted business operations. For banks and other financial institutions, only independently rated individuals with a high credit rating are accepted. When selling goods and services and providing loans to customers, the Company focuses on the credit reputation of counterparties.

Liquidity risk

The prudent management of liquidity risk implies the maintenance of a sufficient amount of cash and liquid securities, as well as opportunities for additional financing with loans and for closing market positions. Due to the dynamic nature of the main types of business, the Finance Department of the Company aims to achieve flexibility in financing by maintaining sufficient unused authorized credit lines.

25. Events after the balance sheet date

No corrective events or significant non-corrective events have occurred at the reporting date .