Evian Agency EOOD
Translation Agency
Floor 3, 71 James Bourchier Blvd.
Sofia, Bulgaria
tel.: + 359 886 724 466
e-mail: office@evian-agency.com

EVIAN AGENCY EOOD

Агенция Евиан ЕООД
Агенция за преводи
бул. „Джеймс Баучер" 71, ет. 3
София, България
тел.: 359 886 724 466
e-mail: office@evian-agency.com

Translation from Bulgarian

VIVA CREDIT LTD
ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2020

Агенция Евиан ЕООД * Evian Agency Ltd. * София Sofia

Contents of the Financial Statements

Агенция Евиан ЕООД * Evian Agency Ltd. * София / Sofia

The management presents its annual financial statements for the year ended 31 December 2020 prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have been certified by Moore Bulgaria Audit OOD.

ANNUAL REPORT ON THE ACTIVITIES OF VIVA CREDIT LTD FOR 2020

The management of Viva Credit LTD presents its annual report and annual financial statements for the year ended 2020 prepared in accordance with the Accountancy Act and International Financial Reporting Standards.

Viva Credit LTD was established as a commercial company on 30 March 2012. The Company has its seat and registered office located in the City of Sofia, Sofia City Region, Sofia Capital Municipality, District of Lyulin, 7 Lyulin Residential Area, 28 Jawaharlal Nehru Blvd., Silver Center Administrative Business Center, Floor 2, Apt. Office 73D. Viva Credit LTD is represented and managed by Desislava Strahilova Dimitrova.

The Company is a financial institution within the meaning of the Credit Institutions Act (CIA) entered under number BGR00277 in the Register of Credit Institutions pursuant to Order RD22-0857/27.04.2012. Since 1 June 2012, Viva Credit LTD has been offering on the market of quick loans its financial services - cash loans. Every month there is an increase in the number of granted cash loans that vary in terms of type and amount. The financial services of the Company are offered both on-site in various business premises/retail outlets and online.

In 2020, the Company carried outs its operations in the context of a global coronavirus pandemic (COVID-19). The pandemic did not have any material adverse effects on the Company during the year. The Company does not expect the pandemic to have any material adverse effects in 2021.

In 2020, the fixed capital of the Company was changed as compared to 2019 and it amounted to BGN 2 855 thousand. It is allocated as follows:

Desislava Strahilova Dimitrova	56 000 shares
Management Financial Group JSco, UIC 203753425	2 776 600 shares
Angel Vasilev Madzhirov	2800.00
Apostol Ustianov Mushmov	2800.00
Ivelina Tsankova Kavurska	2800.00
Petar Blagovestov Damyanov	2800.00
Tsvetan Petkov Krastev	2800.00

Blagovest Yordanov Vitanov	1400.00
Maria Stavreva Velkova	1400.00
Pravda Georgieva Baremova	1400.00
Radostin Yuriyev Bogdanov	1400.00
Martin Staykov Yanev	1400.00
Gergana Milkova Dimitrova	1400.00

As at 31 December 2020, the equity of the Company amounted to BGN 17,165 thousand (at book value). It is comprised of fixed capital of BGN 2,855 thousand, retained earnings from previous years of BGN 7,798 thousand and current profit of BGN 6,512 thousand.

Operating revenues (revenues from interest, fees and commissions) for 2020 amounts to BGN 21,765 thousand i.e. BGN 3,029 thousand more as compared to 2019. In 2020, the Company's assets increased by BGN 4,284 thousand compared to 2019 /BGN 20,637 thousand at the end of 2020 vs. BGN 16,353 thousand at the end of 2019/. This is due to increase in loan receivables, decrease in impairment of receivables and the amount of non-performing loans.

As at 31 December 2020, the liabilities of the Company amounted to BGN 3,472 thousand as compared to BGN 3,363 thousand in 2019.
In 2020, Viva Credit LTD consolidated its position in the market and gained a larger market share compared to previous years. The Company's workforce structure decreased by 8% compared to 2019. As at 31 December 2020, the Company had 186 employees. The Company has a well-developed and flexible sales structure. The internal procedures and processes necessary for the effective management of the activities of Viva Credit LTD are systematically updated to meet legal requirements. As a result of all those changes, the quality and speed of customer service has increased.

In accordance with the applicable and current policy of the Company for measuring and managing liquidity, the ratio of total liquidity (RTL) is used as a key indicator. At the end of 2020, the RTL was 3.59%, as compared to 2019 – 3.78%. The ratio of total liquidity characterizes an entity's ability to cover (pay off) its liabilities related to current operations. This ratio indicates how much leva (BGN) the company has, as short-term assets, for each lev of current liability. The ratio of absolute liquidity shows the ratio of the most liquid part of short-term assets to short-term liabilities. In 2020, it was 0,19% as compared to 2019 - 0,24%.

In 2020, the Company will be mainly focused on maintaining the stability of its financial results, increasing the collection of granted loans, improving the quality of loan portfolio, achieving adequate operating profit whereby to support its capitalization, and optimal capital adequacy as well.

Information under Article 39, item 8 of the Accountancy Act:

Viva Credit LTD maintains a positive balance in terms of assets and liabilities payable within a period of 1 month. It should be noted that in order to attract new customers and stimulate sales to existing customers, the Company takes a number of measures such as promotional terms and conditions, a possibility to renegotiate the terms and conditions (loan amount and period), etc. Regarding the price (interest rate) risk, the Company adheres to a policy - assets and liabilities to have a fixed interest rate. Credit risk is managed through the application of strict and conservative principles for collateralizing loans and collateral valuation, as well as through the allocation of provisions for impairment.

After the annual closure of accounts, no events have occurred that may significantly affect the activities of the Company.

Expected development of the Company.
The strategy of the Company is to provide sustainable solutions for the respective needs of selected groups of customers. Within the context of the Bulgarian market, this means to provide only a certain number of products and services, because local customers have needs that can also be covered by traditional credit products. In 2021, the intentions for development are focused mainly on improving the profitability, the market positions of the Company and the quality of the loan portfolio and the professional growth of the staff. In the next year, Viva Credit LTD will strive to strengthen and expand its position in the credit market - mainly retail lending. The loan portfolio of the Company consists of properly secured loans granted to reliable borrowers after performing a thorough and in-depth analysis and research. In this regard, the Company will maintain its orientation towards such borrowers or in short:

In 2021, Viva Credit LTD will focus on the following priorities:

1. Establishing the Company as a leader in the market of quick loans and positioning it as a non-bank financial institution with the most developed own sales network;
2. Increasing the portfolio by number, amounts and types of financial services provided (cash loans);
3. Improving portfolio collectability;
4. Developing new programs to attract more customers;
5. Demand and supply of new products ensuring higher financial performance.
6. Improvement of qualification of the staff for more efficient product supply.

Significant events after the end of the reporting period
For the period from the balance sheet date to the date of the annual financial statements, the Company has not identified any material or adjusting events relating to its operations in 2020 that should be separately disclosed or require changes to the financial statements as at 31 December 2020.

Date: 5 May 2021

Manager: [*illegible signature*]
/Desislava Dimitrova/

Round seal of Viva Credit

Evian Agency Ltd. Sofia
Евиан ЕООД София

Moore Bulgaria Audit OOD
10 Lege Str., fl.6
1000 Sofia
Bulgaria
Telephone +359 2 987 53 80

INDEPENDENT AUDITOR'S REPORT

TO THE PARTNERS OF VIVA CREDIT LTD

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of VIVA CREDIT LTD ("the Company"), which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, as well as accompanying notes to the financial statements, which also contain the summarized disclosure of significant accounting policies presented from page 6 to page 40.

In our opinion, the enclosed financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and cash flows for the period ending on that date, in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Basis for opinion

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

Information other than the financial statements and the auditor's report thereon

Management is responsible for the other information. The other information comprises a report on the activities prepared by Management in accordance with Chapter 7 of the Accountancy Act, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

Additional issues subject to reporting based on the Accountancy Act

In addition to our responsibilities and reporting under the ISAs, in respect of the report on the activities, we have also fulfilled procedures added to those required by the ISAs, in accordance with the Guidelines of the professional organization of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA) issued on 29 November 2016 and approved by its Management Board on 29 November 2016. Those procedures relate to verification of the form and content of such other information in order to assist us in forming an opinion as to whether the other information includes the disclosures provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in connection with Article 37, §6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

a) The information included in the report on the activities for the financial year presented from page 2 to 5 for which the financial statements have been prepared is consistent with these financial statements.
b) The report on the activities has been prepared in compliance with the requirements of Chapter Seven of the Accountancy Act.

Management's responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting based on assumption for going concern basis, unless Management either intends to liquidate the Company or to cease its operation, or has no realistic alternatives but to do so.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with ISAs will always detect a significant misstatement, where such exists. Misstatements may arise from a fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to have an impact on the economic decisions of users made on the basis of these financial statements.

As part of the audit in accordance with ISAs, we use professional judgment and maintain professional skepticism throughout the audit. We also:

:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from a fraud is higher than the risk of material misstatement resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, as well as neglecting or overriding internal controls;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls;
- evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by Management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, on the basis of the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubts on the Company's ability to continue as a going concern. If we come to the conclusion that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements relating to that uncertainty or, in the event that those disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. Future events or conditions may, however, cause the Company to cease to continue as a going concern;
- evaluate the overall performance, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The partner responsible for the audit engagement that led to this Independent Auditor's Report is Ivan Simov.

Registered Auditor	MOORE BULGARIA AUDIT OOD
Signature (illegible)	*Signature (illegible)*
Ivan Simov	Stefan Nenov Managing Partner, Registered Auditor
7 May 2021 Sofia, Bulgaria	*Oval seal of Moore Bulgaria Audit OOD*

Evian Agency Ltd. * Sofia София

VIVA CREDIT LTD
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

(All amounts are presented in thousands of BGN)

	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Loans and receivables from customers	7	3,780	4,150
Individually significant loans granted to legal entities and natural persons	7	2,182	509
Property, plant and equipment	4	71	104
Right-of-use assets	4	1,664	997
Intangible assets	4	22	40
Deferred tax assets	14	11	22
Non-current assets		**7,730**	**5,822**
Current assets			
Cash	6	703	677
Loans and receivables from customers	7	11,462	9,340
Trade and other receivables	8	527	299
Assets and disposal groups classified as held for sale	9	215	215
Total current assets		**12,907**	**10,531**
Total assets		**20,637**	**16,353**
EQUITY			
Owners' equity and reserves			
Fixed capital	10	2,855	2,800
Retained earnings	11	14,310	10,198
Total equity		**17,165**	**12,998**
LIABILITIES			
Non-current liabilities			
Lease payables	5	1,126	491
Payables to staff	12	24	76
Non-current liabilities		**1,150**	**567**
Current liabilities			
Payables to staff and social security institutions	12	364	402
Lease payables	5	538	518
Trade and other payables	13	1,420	1,868
Total current liabilities		**2,322**	**2,788**
Total liabilities		**3,472**	**3,355**
Total equity and liabilities		**20,637**	**16,353**

The financial statements on pages 6 to 40 were approved on 5 May 2021.

Manager		Chief Accountant:
[Illegible signature]	[Round seal of Viva Credit LTD]	*[Illegible signature]*
Desislava Dimitrova		Vera Slavova

Certified in accordance with Auditor's Report by:
Ivan Simov, Registered Auditor
Date: 7 May 2021

Oval seal of Moore Bulgaria Audit OOD, Sofia, Reg. No. 131

Evian Agency Ltd. Sofia София Евиан ЕООД

The notes on pages 10 to 40 form an integral part of these financial statements.

(All amounts are presented in thousands of BGN)

	Note	31 December 2020	2019
Revenue from interest and penalties for non-performance of contractual obligations	15	21,765	18,736
Interest costs	16	(66)	(242)
Net interest revenue		**21,699**	**18,494**
Financial income/expenses, net	17	(731)	(570)
Expenses on impairment of financial assets	7	(8,438)	(6,041)
Net interest revenue after impairment		**12,530**	**11,883**
Other operating revenue	18	1,222	677
Administrative expenses	19	(5,974)	(6,076)
Depreciation and amortization costs	4	(540)	(593)
(Loss)/profit before tax		**7,238**	**5,891**
Tax expenses	20	(726)	(590)
Profit for the year		**6,512**	**5,301**
Total comprehensive income		**6,512**	**5,301**

The financial statements on pages 6 to 40 were approved on 5 May 2021.

Manager		Chief Accountant:
[Illegible signature] Desislava Dimitrova	[Round seal of Viva Credit LTD]	*[Illegible signature]* Vera Slavova

Certified in accordance with Auditor's Report by:
Ivan Simov, Registered Auditor
Date: 7 May 2021 *Oval seal of Moore Bulgaria Audit OOD, Sofia, Reg. No. 131*

Evian Agency Ltd. * Sofia * Агенция Евиан ЕООД София

The notes on pages 10 to 40 form an integral part of these financial statements.

(All amounts are presented in thousands of BGN)

Relating to equity holders

	Fixed capital	Retained earnings	Total equity
Balance as at 1 January 2019	**2,800**	**5,348**	**8,148**
Total comprehensive income	-	5,301	5,301
Distribution of profit		(450)	(450)
including for dividends		(450)	(450)
Other changes in equity	-	(1)	(1)
Balance as at 31 December 2019	**2,800**	**10,198**	**12,998**
Balance as at 1 January 2020	**2,800**	**10,198**	**12,998**
Share issue	55		55
Total comprehensive income	-	6,512	6,512
Distribution of profit		(2,400)	(2,400)
including for dividends		(2,400)	(2,400)
Balance as at 31 December 2020	**2,855**	**14,310**	**17,165**

The financial statements on pages 6 to 40 were approved on 5 May 2021.

Manager		Chief Accountant:
[Illegible signature]	[Round seal of Viva	*[Illegible signature]*
Desislava Dimitrova	Credit LTD]	Vera Slavova

Certified in accordance with Auditor's Report by:
Ivan Simov, Registered Auditor
Date: 7 May 2021 *Oval seal of Moore Bulgaria Audit OOD, Sofia, Reg. No. 131*

Evian Agency Ltd. Sofia
Евиан ЕООД София

VIVA CREDIT LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

(All amounts are presented in thousands of BGN)

	Note	31 December 2020	2019
Cash flows from operating activities			
Loans granted to customers		(23,273)	(23,913)
Loans repaid by customers, including fee repayments		32,042	32,118
Individually significant loans granted		(3,900)	(500)
Cash receipts from business relations, etc.		1,932	1,319
Payments to suppliers and other counterparties, net		(2,811)	(2,926)
Payments to staff and social security institutions		(3,710)	(3,462)
Tax payments		(507)	(568)
Other operating cash flows		453	618
Net cash flow from operating activities		**226**	**2,686**
Investing activities			
Acquisition of tangible assets		(27)	(41)
Acquisition of intangible assets		-	(18)
Net cash flow from investing activities		**(27)**	**(59)**
Net cash flows from financing activities			
Loans received from non-bank financial institutions		55	-
Payments on loans received from non-bank financial institutions		-	(389)
Cash flows from interest, commissions, dividends and the like		(23)	(450)
Other cash flows		(205)	(1,824)
Net cash flows from financing activities		**(173)**	**(2,663)**
Net (decrease) / increase in cash		**26**	**(36)**
Cash at the beginning of the year		677	713
Cash at the end of the year		**703**	**677**

The financial statements on pages 6 to 40 were approved on 5 May 2021.

Manager		Chief Accountant:
[Illegible signature] Desislava Dimitrova	[Round seal of Viva Credit LTD]	*[Illegible signature]* Vera Slavova

Certified in accordance with Auditor's Report by:
Ivan Simov, Registered Auditor
Date: 7 May 2021 *Oval seal of Moore Bulgaria Audit OOD, Sofia, Reg. No. 131*

Evlan Agency Ltd. Sofia София Евлан ЕООД

The notes on pages 10 to 40 form an integral part of these financial statements.

Notes to the Financial Statements

1. Business overview

The Company is a financial institution within the meaning of the Credit Institutions Act (CIA) entered under number BGR00277 in the Register of Credit Institutions pursuant to Order RD22-0857/27.04.2012. Principal activities of the Company: Provision of cash loans using own funds in accordance with the Credit Institutions Act.

The Company was registered as a limited liability Company in the City of Sofia. The Company's seat and registered office is located in the City of Sofia, Sofia City Region, Sofia Capital Municipality, District of Lyulin, 7 Lyulin Residential Area, 28 Jawaharlal Nehru Blvd., Silver Center ABC, Floor 2, Apt. office 73D.

The Company is represented by Desislava Dimitrova - Manager.

2. Accounting policy

The accounting policy applied in the preparation of the financial statements is described below.

The policy has been consistently applied for all years presented, unless explicitly stated otherwise.

2.1. Basis of preparation of financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRS as adopted by the EU) and IFRIC interpretations. These financial statements have been prepared on a historical cost basis, except for the cases of revaluation of land and buildings, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) carried at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. When applying the entity's accounting policies, management relied on its own judgment. The elements of the financial statements whose presentation involves a higher degree of judgment or subjectivity, as well as those elements for which assumptions and estimates have a significant impact on the financial statements as a whole, are separately disclosed in Note 3.

2.1.1. Going concern basis

Management has reasonable expectations that the Company has adequate resources to continue to operate in the foreseeable future. For this reason, the Company continues to accept the going concern basis of accounting in preparing its financial statements.

2.1.2. Changes in accounting policies and disclosures

New and amended standards adopted by the Company.

The Company applies, for the first time, the following standards and amendments to its annual reporting period beginning on 1 January 2020:

- ***Definition of Material - amendments to IAS 1 and IAS 8***
- ***Definition of a Business - amendments to IFRS 3***
- ***Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7***
- ***Revised Conceptual Framework for Financial Reporting***

a) New standards and amendments applicable from 1 January 2020

The following standards and interpretations apply for the first time to financial reporting periods beginning on or after 1 January 2020:

- ***Definition of Material - amendments to IAS 1 and IAS 8***

The IASB has amended IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to use a uniform definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarifying when information is
material and includes guidance on irrelevant information.
In particular, the amendments clarify:

- that the reference to obscuring information applies to situations where the effect is similar to the omission or misstatement of that information and that the entity assesses materiality in the light of the financial statements as a whole; and
- that "primary users of financial statements for general use" mean those to whom the financial statements are addressed and include "many current and potential investors, lenders and other creditors" who must rely on general purpose financial statements for the most part of the financial information they need.

Effective date 1 January 2020

- ***Definition of a Business - amendments to IFRS 3***

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

The changes are likely to result in more acquisitions, which are reported as asset acquisitions.

Effective date 1 January 2020

- ***Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7***

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments ("IFRS 9") and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms.

The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the comprehensive nature of hedging, including IBOR-based contracts, the benefits will affect businesses in all industries.

Effective date 1 January 2020

Агенция Евиан ЕООД София Sofia EviaAgency Ltd.

- ***Revised Conceptual Framework for Financial Reporting***

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be reclassified where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. Entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with in accordance with accounting standards will be required to apply the revised Framework from 1 January 2020. These entities will need to assess whether their accounting policies are still appropriate under the revised framework.

Effective date 1 January 2020

b) Forthcoming requirements

The following standards and interpretations were issued as at 31 May 2020, but they are not mandatory for the annual reporting periods ending on 31 December 2020:

- ***Covid-19-Related Rent Concessions – amendment to IFRS 16***

As a result of the COVID-19 pandemic, lessees were granted rent concessions. Such concessions may be of various types, including payment holidays and deferral of lease payments). In May 2020, the IASB amended IFRS 16 Leases, which allows lessees to treat qualifying rents concessions in the same way as they would if they were not modifications to the lease. In many cases, this will result in reporting of concessions as variable lease payments in the period in which they are granted.

Undertakings applying practical expediency shall disclose that fact, whether or not it has been applied to all rent concessions, information on the nature of the contracts to which it is applied and the amount recognized in profit or loss arising from rent concessions.

Effective date 1 June 2020

- ***Classification of liabilities as current or non-current - Amendments to IAS 1***

The narrow-scope amendments to IAS 1, "Presentation of Financial Statements," clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant).

The amendments also clarify what IAS 1 means when it refers to the "settlement" of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors."

In May 2020, the IASB published a draft exposure proposing to postpone the effective date of the amendments to 1 January 2023.

Effective date 1 January 2023

Property, plant and equipment: Proceeds before Intended Use - Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds arising from selling items produced while the entity prepares the asset to operate as intended. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to such assessment.

Entities must separately disclose the amounts of income and expenses related to items produced that are not the result of the enterprise's ordinary activities.

Effective date 1 January 2022.

- ***Reference to the Conceptual Framework - Amendments to IFRS 3***

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception to the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 'Taxes'. The amendments also confirm that contingent assets should not be recognized at the acquisition date.

Effective date 1 January 2022

- ***Onerous Contracts—Cost of Fulfilling a Contract - amendments to IAS 37***

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Effective date 1 January 2022

- ***Annual Improvements to IFRS Standards 2018 – 2020 Cycle***

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities
- IFRS 16 Leases- amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of IFRS - allows entities that have measured their assets and liabilities at the carrying amounts recorded in the books of the parent entity to also measure any cumulative foreign exchange differences using the amounts reported by the parent

company. This amendment will also apply to associates and joint ventures that have undertaken the same exemption under IFRS 1

- IAS 41 Agriculture - abolishment of the requirement for entities to exclude tax cash flows when measuring fair value under IAS 41. This amendment seeks to bring it into line with the requirement in the standard for discounting cash flows on a post-tax basis.
-

Effective date 1 January 2022 г.

- ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28***

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitutes a business (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognize the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognized by the investor only to the extent of the other investor´s is interests in the associate or joint venture. The amendments apply prospectively.

**** In December 2015, the IASB decided to defer the effective date of this amendment until such time as the IASB has finalised its research project using the equity method.

2.2 Foreign currency transactions

(a) Functional currency and presentation currency

The individual items of the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').
The annual financial statements are presented in thousands of BGN, which is the functional and presentation currency.
The Bulgarian lev is pegged to the euro (EUR) through the currency board mechanism introduced in the Republic of Bulgaria on 1 January 1999.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from revaluation of assets and liabilities denominated in foreign currencies using the closing exchange rate are generally recognised in the income statement.

Foreign exchange gains and losses that relate to receivable and cash are presented in the income statement as "financial income or expense". All other foreign exchange gains and losses are presented in the income statement on a net basis within other gains/(losses).

Monetary assets and liabilities denominated in foreign currencies are reported at the closing exchange rate of the BNB as at the balance sheet date.

Significant exchange rates:

	31 December 2020 BGN	31 December 2019 BGN
1 US dollar is equivalent to	1.59386	1.74099
1 Euro is equivalent to	1.95583	1.95583

2.3. Property, plant and equipment

Property, plant and equipment is recognised and initially measured at cost, which includes the purchase price, customs duties and non-recoverable taxes, as well as all direct costs necessary to bring the asset to working condition and at the place for its intended use designated by the Management. After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The costs of maintenance, repair and replacement of minor components of property, plant and equipment are charged on an ongoing basis as maintenance costs. The costs of upgrading and modernization are capitalized. Upon sale or scrapping, the carrying amount and the corresponding accumulated depreciation are written off.
Depreciation of assets is calculated using the straight-line method over the estimated useful liv of the individual assets, as follows:

- Buildings - 25 years
- Plant - 3.3 years
- Vehicles - 4 years
- Fixture and fittings - 6.7 years
- Computers 2 years
- Right-of-use assets - 3 years
- Other - 6.7 years

An item of property, plant or equipment is derecognised upon sale or when no future economic benefits are expected from its use or disposal. Gains or losses arising on thederecognition of the asset (representing the difference between the net proceeds from the sale, if any, and the carrying amount of the asset) are included in the statement of comprehensive income in the year in which the asset is derecognised.

At the end of each financial year, a review of residual values, useful lives and asset depreciation methods is performed and, if necessary, the latter are changed.

2.4. Intangible assets

София
Sofia

Intangible assets are carried at cost, which includes the purchase price or the cost of acquisition less accumulated depreciation and the reported impairment of assets. The intangible assets of the Company are amortised by applying the straight-line method of amortization. The useful lives of the main asset classes as at 31 December 2020 and 2019 are as follows:

Assets	Useful life (years)
Software products	2
Other intangible assets	3

2.4. Impairment of non-financial assets

Assets that have an indefinite useful life are not depreciated but are tested for impairment on an annual basis. Assets that are depreciated are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher between the net selling price and the value in use. To determine value in use, assets are grouped into the smallest identifiable group of assets that generates cash flows. Non-financial assets other than goodwill that are subject to impairment are reviewed for impairment at each reporting date.
At each balance sheet date, impaired non-financial assets other than goodwill are reviewed for any reintegration of impairment losses.
For the purposes of the impairment test, assets are grouped at the lowest levels for which a cash-generating unit can be identified.

2.5. Inventories

Inventories are initially recognised at cost, which is formed by purchase value, import duties and taxes, as well as other costs directly related to delivery. Subsequent valuation is lower than the acquisition cost and net realizable value. The net realizable value is formed by the selling price in the ordinary course of business less selling expenses. The consumption of inventories is carried out at a specific price for each delivery.

2.6. Financial assets and liabilities

2.6.1. Financial assets

The Company classifies its financial assets in the category ‘Loans and receivables’.
The classification depends on the purpose of the acquisition of the financial asset. Management determines the classification of financial assets at initial acquisition and makes a subsequent measurement of the classification at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, with the exception of those

maturing more than 12 months after the balance sheet date, which are classified as non-current.
a) loans that the Company intends to sell immediately that are classified as held for trading and those that, after initial recognition, are designated at fair value through profit or loss;
b) loans that, after initial recognition, are classified as available-for-sale; or
c) loans for which the Company may not recover significantly the entire initial investment for a reason other than deterioration of the borrower's condition.

These financial assets are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses or uncollectibility.

Amortised cost is calculated by taking into account any discount or premiums on acquisition and includes fees that are an integral part of the applicable interest rate as well as transaction costs. Loans and receivables are presented in the statement of financial position as 'Loans and receivables from customers'. Accrued interest is included in the statement of profit or loss and other comprehensive income as 'Revenue from interest and penalties for non-performance of contractual obligations'. In the event of impairment, impairment loss is recognised as a deduction from the carrying amount of the investment and is recognised in the statement of profit or loss and other comprehensive income as 'Impairment losses on financial assets'. The amortised part included in the calculation of the effective interest for the period is reported as an adjustment to interest revenue in the statement of profit or loss and other comprehensive income. Impairment losses are included in the statement of profit or loss and other comprehensive income for the period of impairment.

The Company may enter into credit commitments in which the loans are classified as held for trading, as the intention is to sell the loans in the short term. These loan commitments are reported as derivatives, and are measured at fair value through profit or loss for the period.
Loan commitments that are expected to be retained by the Company after their disbursement are reported as a liability only in cases where there is an onerous contract that is likely to result in a loss.

2.6.2. Financial liabilities

Financial instruments issued by the Company that are not elements of equity in nature and are not carried at fair value through profit or loss for the period are classified as liabilities (borrowings), if the contractual agreement gives rise to a liability for the Company or provides cash or another financial asset to the holder or performs the obligation in another way - by exchanging a fixed amount in cash or another type of financial asset for part of the equity. Financial liabilities are initially recognised at fair value, net of direct costs incurred.

A compound financial instrument that contains both a debt and an equity component is divided on the date of issue. The portion of the net proceeds of the instrument allocated to the debt component on the date of issue is calculated on the basis of fair value (determined on the basis of the quoted market price for similar debt instruments). The part of the proceeds allocated to the equity component is equal to the residual amount after deducting the amount determined for the debt component. The value of all embedded derivatives (e.g. call options) that are different from the equity component is included in the debt component.

2.6.3. Derecognition of financial assets and liabilities

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from that asset have expired or the Company has transferred its right to receive cash flows from the asset, or has undertaken to pay the cash flows received in full and without material delay to a third party under a transfer agreement, and the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither received nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

In cases where the Company has transferred its rights to receive cash flows from the asset or has entered into a transfer agreement and has neither transferred nor retained substantially all the risks and rewards of the asset or has not transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In this case, the Company also recognizes the obligation related to the asset (liability). The transferred asset and the related liability are measured in a way that reflects the rights and obligations that the Company retains.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the original financial liability and the consideration paid is recognised in profit or loss for the period.

2.6.4. Determining fair value

For financial instruments that are traded in active markets, the determination of fair value is based on market prices or dealer quotes. A financial instrument is considered to be traded in an active market if quoted prices are regularly available from an exchange, dealer, broker, industry group or regulatory agency, and these prices represent current and regularly traded transactions. If the above criteria are not met, the market is considered inactive.

For all other financial instruments, fair value is determined using valuation models. The fair values of loans and receivables, as well as liabilities to third parties, are determined using a current value model based on agreed cash flows, taking into account the quality of the credit, liquidity and costs; their fair value does not materially differ from their net carrying amount. The fair values of contingent liabilities and irrevocable loan liabilities correspond to their carrying amounts.

For financial assets and financial liabilities that have a short maturity (less than three months), the carrying amount is assumed to be close to their fair value. This assumption also applies to demand deposits and demand deposits.

Агенция Евиан ЕООД София Sofia Evian Agency Ltd.

IFRS 7 Financial Instruments: Disclosures requires the accompanying notes to the financial statements to contain information about the determination of fair value in accordance with IFRS 13 "Fair Value Measurement" of financial assets and liabilities that are not presented at fair value in the statement of financial position. IFRS 13 defines a hierarchy of valuation techniques depending on the extent to which inputs to models can be observed or not. Observable inputs include market data obtained from external sources of information; unobservable inputs include assumptions and estimates of the Company.

These two types of inputs define the following hierarchy of fair value measurements:

- Level 1 - quotes from active markets for identical financial instruments. This includes listed equity and debt instruments.
- Level 2 - inputs other than Level 1 data that can be observed directly or indirectly (i.e. can be derived from market prices).
- Level 3 - unobservable inputs/or based on external market data. This group includes instruments whose significant components cannot be observed.

The hierarchy of measurement methods outlined above requires the use of market data whenever possible. In making the measurements, the Company takes into account the relevant observable market prices where possible.

Fair value of financial instruments

	As at 31 December 2020		As at 31 December 2019	
Financial assets	Book value	Fair value	Book value	Fair value
Cash and cash equivalents	703	703	677	677
Loans and receivables	15,242	15,242	13,490	13,490
Individually significant loans granted to natural persons	2,182	2,182	509	509
Trade and other receivables	527	527	299	299
Total assets	18,654	18,654	14,975	14,975
Financial liabilities				
Payables to staff	280	280	315	315
Trade and other payables	1,096	1,096	1,738	1,738
Total liabilities	1,376	1,376	2,053	2,053

The following table provides information on financial instruments that require fair value disclosures in accordance with IFRS 7, allocated according to the valuation methods used as at 31 December 2020:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	703	-	-	703
Loans and receivables	-	-	15,242	15,242
Individually significant loans granted to natural persons	-	-	2,182	2,182

Trade and other receivables	-	-	527	527
Financial liabilities				
Payables to staff	-	-	280	280
Trade and other payables	-	-	1,096	1,096

The table provides information on financial instruments for which fair value disclosure is required in accordance with IFRS 7, allocated according to the valuation methods used as at 31 December 2019:

	Level 1	Level 2	Level 3	Total
Financial assets				
Cash and cash equivalents	677	-	-	677
Loans and receivables	-	-	13,490	13,490
Individually significant loans granted to natural persons	-	-	509	509
Trade receivables and others	-	-	299	299
Financial liabilities				
Loan payables				
Payables to staff	-	-	315	315
Trade and other payables	-	-	1,738	1,738

2.6.5. Offsetting of financial instruments

Financial assets and liabilities are netted and the net amount is presented in the statement of financial position in cases where there is an enforceable right to offset the recognised amounts and it is intended to reach an agreement on a net basis or to realise the asset and settle the liability at the same time.

2.6.6. Impairment of financial assets

a) Impairment of assets carried at amortised cost

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired only where there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("loss event") and that event (or events) of loss has had a negative impact on the expected future cash flows from the financial asset or group of financial assets of the Company that can be measured reliably. The criteria that the Company uses to determine whether objective evidence of impairment loss is available include:

a) significant financial difficulties of the debtor;
b) breach of a contract, such as default or delay in payment of interest or installments of principal;
c) existence of objective evidence that there is a measurable decrease in the expected future cash flows of a portfolio of financial assets after the initial recognition of those assets, although the decrease cannot yet be identified relative to the individual financial assets in that portfolio;
d) adverse changes in borrowers' payment status in the portfolio.

There may also be other circumstances (e.g. fraud, adverse changes in the unemployment rate, etc.) that are accepted as an indication of loan impairment.
The amount of the loss is measured as the difference between the carrying amount of an asset or group of assets and its recoverable amount, which is the present value of expected future cash flows (excluding future credit losses that have not occurred).
The carrying amount of loans is reduced by the amount of impairment and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income for the period in which the loss has occurred.

Future cash flows of a group of financial assets that are tested for impairment on a portfolio basis are calculated on the basis of contractual cash flows, taking into account historical losses on assets with similar credit risk characteristics. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. In cases where a loan cannot be repaid, it is written off against the accumulated impairment. These loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease is objectively related to an event occurring after the impairment was recognised, the impairment loss that was previously recognised is reversed in the statement of profit or loss and other comprehensive income.

b) Impairment of assets classified as available-for-sale

At each statement of financial position date, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. A significant or prolonged decline in the fair value of an available-for-sale financial asset is objective evidence of impairment that results in an impairment loss. If any such evidence exists for available-for-sale assets, the cumulative loss, measured as the difference between the acquisition value and the current fair value, is transferred from equity and recognised in profit or loss for the period.

If, in a subsequent period, the fair value of an available-for-sale debt instrument increases and the increase is due to an event that occurred after the period in which the impairment was recognised in profit or loss, the impairment is reversed through profit or loss and other comprehensive income.

Impairment losses recognised in profit or loss on investments in equity instruments classified as available-for-sale are not reversed in profit or loss.

2.7. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost (using the effective interest method), less any provision for impairment based on management's review of the balances at the end of each month. A provision for impairment is made when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the relevant receivables. Significant financial difficulties of a client, declaring bankruptcy, late payment or non-payment at all are considered indicators of the existence of grounds for impairment. The amount of impairment is the difference between the carrying amount and the recoverable amount. The latter represents the present value of cash flows, discounted at the effective interest rate. The amount of the provision for impairment is recognised in the income statement.

2.8. Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash in bank accounts, other highly liquid short-term investments with an original maturity of 3 months or less, and bank overdrafts. Overdrafts are included in the balance sheet as a short-term liability in the category of short-term loans.

2.9. Equity

The company shares are classified as fixed capital. The capital of the Company is presented in an amount corresponding to the registered one.

2.10. Current and deferred taxes

The tax expense for the period consists of current and deferred tax. The tax is recognised in the income statement except in the case of transactions recognised directly in equity. In these cases, the tax is also recognised in equity.

The current tax expense recognised in the income statement is determined in accordance with the applicable tax legislation in force in the country at the date of preparation of the annual financial statements.

Deferred tax is charged using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the temporary tax differences arise from the initial recognition of an asset or liability in a transaction other than a business combination that did not affect the accounting or the tax profit /loss/ during the transaction, then such difference is not accounted for.

In calculating deferred taxes, the tax rates and regulations in force at the balance sheet date are used, which relate to the periods of expected reversal of temporary tax differences.
A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

2.11. Employee benefits

Liabilities at retirement

The Company has an approved supplementary pension scheme. In accordance with the Labor Code, upon termination of employment, after the employee has acquired the right to a pension for length of service and age, the Company is obliged to pay them compensation in the amount of two gross monthly salaries as at the date of termination of employment. In case that the employee has worked in the Company in the last 10 years, the amount of the compensation is equal to their six-month gross remuneration.
The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the expected future cash outflows with the interest rates on high-quality government securities with a maturity close to that of the liability, and in the currency in which the payments are denominated.
Actuarial gains and losses arising from practical adjustments and changes in actuarial assumptions are recognised in the income statement on the basis of the remaining average length of service of the relevant employees. Past service cost is recognised in the income statement when incurred, except in cases where the pension scheme is created on condition that employees must remain in employment

for a certain period of time. In such case, past service cost is amortised on a straight-line basis over the 'acquisition period'.

2.12. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and when the amount of the obligation itself can be determined in a sufficiently precise manner. Provisions for future operating losses are not recognised.
When there are several similar obligations, the probability of cash outflows arising from their repayment is assessed by considering the entire class of liabilities. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions are measured at the present value of the costs expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the risks associated with the obligation.

2.13. Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.14. Revenue recognition

Revenue includes the fair value of goods and services, net of value added taxes, rebates and discounts.

The Company recognizes revenue when: it can be reliably measured, there is certainty that future benefits will flow to the Company and the specific conditions set out below are met for each sale made by the Company. A reliable valuation of revenue is not considered to have been made when there are conditions regarding its occurrence. Once they are eliminated, it is possible to make a reliable valuation of the revenue.

Interest revenue
Revenue is recognised when interest is accrued using the effective interest method (EIR - the rate that most accurately discounts expected future payments or receipts over the expected useful life of the financial instrument or a shorter period, as appropriate, to the net carrying amount of the financial asset or liability). Interest revenue is included as finance income in the statement of comprehensive income.

2.15. Recognition of expenses

Financial costs
Interest costs on loans are accrued in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method.

2.16. Related parties

For the purposes of these financial statements, the Company presents as related parties the partners, their subsidiaries and associates, managerial staff, as well as close members of their families, including companies controlled by all the above persons, are considered and treated as related parties.

2.17. Distribution of dividends

The distribution of dividends to the shareholders of the Company is recognised as a liability in the financial statements of the Company in the period in which it is approved at the General Meeting of the partners of the Company.

2.18. Lease

The Company as a lessee:

As at the commencement date or in case of change of a contract that contains a lease component, the Company distributes the remuneration under the contract to each lease component on the basis of its relative unit price. For real estate leases, the Company has chosen not to separate the non-lease components and to report the lease and non-lease components as one lease component.

As at the commencement date of the lease the Company recognizes a right-of-use asset and a lease liability.

The right-of-use asset is initially measured at cost, which is the initial value of the lease liability, adjusted for all lease payments made as of or before the commencement date, plus any initial direct costs incurred, as well as an estimate of the costs of dismantling and relocation of the underlying asset or recovery of the underlying asset or the terrain on which it is located, reduced by the lease incentives received.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the end of the lease term, unless the lease transfers ownership of the Company's underlying asset at the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise an option to purchase. In this case, the right-of-use asset will be depreciated on the same basis as those properties or facilities or equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if necessary, and adjusted by certain revaluations of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the date of discount, discounted at the interest rate specified in the lease or, if it cannot be determined directly, the differential interest rate as a discount rate.

The Company determines its differential interest rate by receiving interest rates from various external financing sources and making adjustments to reflect the terms of the lease and the type of leased asset.

Lease payments that are included in determining the lease liability include the following:

- fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or percentage, which are valued according to the value of the index or percentage at the commencement date;

- amounts expected to be payable by the lessee under residual value guarantees;

- the exercise price of a purchase option that the lessee is reasonably certain that the Company will exercise lease payments in the possible period for exercising renewal, if the Company is sufficiently certain that it will exercise the option of extension and penalties for early termination of the lease unless it is reasonably certain that early termination will not occur.

The lease liability is measured at amortised cost using the effective interest rate. The liability is remeasured when there is a change in future lease payments arising from a change in an index or percentage or if there is a change in the Company's estimate of the amount expected to be paid under residual value guarantees if the Company changes its estimate for whether to exercise a purchase, extension or termination option or if there is a change in in-substance fixed payments.

When the lease liability is remeasured in this way, an appropriate adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset is reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as separate items in the statement of financial position.

3. Significant accounting estimates and judgments

The presentation of the financial statements in accordance with IFRS requires management to make the best estimates and reasonable assumptions that affect the reported values of assets and liabilities, and the disclosure of contingent receivables and liabilities at the date of the report, and accordingly the values of income and expenses for the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are appropriate in the circumstances, the results of which form the basis for judgments about the carrying amount of assets and liabilities that are not apparent from other sources. Actual results may differ from estimates.

Accounting estimates and underlying assumptions are reviewed on a regular basis. An adjustment to the accounting estimates is made in the year of the revision of the estimates if the adjustment relates to the current and future years. Management's estimates of the application of IFRS that have a material effect on the financial statements and accounting estimates with a material risk of material adjustment in the following year are set out below.

Агенция Евиан ЕООД * Evian Agency Ltd. * София Sofia

(All amounts indicated in the accompanying notes are expressed in thousands of BGN, unless otherwise stated)

4. Property, plant and equipment and intangible assets

	Computer equipment	Fixture and fittings and other assets	Right-of-use assets	Intangible assets	Total
1 January 2019					
Book value	42	54	1,543	47	1,686
Acquired	54	13	28	19	114
Written-off assets	-	-	(77)	-	(77)
Depreciation and amortization costs	(39)	(20)	(508)	(26)	(593)
Written-off depreciation	-	-	11	-	11
Book value at the end of the period	**57**	**47**	**997**	**40**	**1,141**
31 December 2019					
Carrying amount	209	149	1,494	368	2,220
Accumulated depreciation	(152)	(102)	(497)	(328)	(1,079)
Book value	**57**	**47**	**997**	**40**	**1,141**
1 January 2020					
Book value	57	47	997	40	1,141
Acquired	15	18	1,664	-	1,697
Written-off assets	-	(7)	(1,494)	-	(1,501)
Depreciation and amortization costs	(44)	(17)	(461)	(18)	(540)
Written-off depreciation	-	2	958	-	960
Book value at the end of the period	**28**	**43**	**1,664**	**22**	**1,757**
31 December 2020					
Book value	224	160	1,664	367	2,415
Accumulated depreciation	(196)	(117)	-	(345)	(658)
Book value	**28**	**43**	**1,664**	**22**	**1,757**

5. Lease

Агенция Евиан ЕООД * Evian Agency
София Sofia

Lease liabilities are as follows

As at 31 December 2020	Up to 1 year	From 1 to 5 years	Total
	538	1,126	1,664

6. Cash and cash equivalents

	2020	2019
Cash in banks and cash in hand	703	677
	703	**677**

For the purposes of the Statement of Cash Flows, cash includes

	2020	2019
Cash in hand	151	159
Cash in bank accounts	552	518
	703	**677**

7. Loans and receivables

7.1. Loans and receivables from customers

	2020	2019
Principals and accrued interest	22,602	19,248
Minus – impairment losses chargd	(7,360)	(5,758)
	15,242	**13,490**

All loans have a fixed interest rate

The change in impairment losses on loans to customers is as follows:

	2020	2019
At the beginning of the period	**5,758**	**5,145**
Accrued during the year, net of reintegrated impairments	10,746	6,041
Written-off	(9,144)	(5,428)
At the end of the period	**7,360**	**5,758**

The Company uses its own models for measuring and analyzing credit risk for its internal needs. These rating and valuation models are used in the analysis of the loan portfolio and serve as a basis for calculating the loss on non-performing loans.

7.2. Individually significant loans granted to legal entities and natural persons

	2020	2019
Principal and accrued interest	2,182	509

	2,182	**509**
	2020	**2019**

8. Trade and other receivables

	2020	2019
Prepayments	4	6
Guarantees	74	67
Receivables from trade counterparties	62	66
Other receivables	387	160
	527	**299**

9. Assets and disposal groups classified as held for sale

Assets classified as held for sale are:

- Land property located in the town of Sozopol, Municipality of Sozopol, Burgas Region, postcode 8130, Misarya, with an area of 1207 sq. m., with a book value of BGN 142 thousand.
- Land property located in the town of Sozopol, Municipality of Sozopol, Burgas Region, postcode 8130, Misarya, with an area of 580 sq.m., with a book value of BGN 73 thousand.

The carrying amount of assets and liabilities held for sale may be presented as follows:

	2020 BGN '000
Non-current assets	
Land	215
Assets classified as held for sale	**215**

10. Equity

- **Fixed capital**

The registered capital of the Company consists of 2,800,000 shares with a par value of BGN 1 per share. All shares entitle their holders to receive dividends and liquidation quotas and represent one vote at the General Meeting of Partners of the Company.

	2020 Number	2019 Number
Shares issued and fully paid up as at 31 December	2,855,000	2,800,000
Total shares authorized as at 31 December	2,855,000	2,800,000

11. Retained earnings

The retained earnings of the Company amount to BGN 14,310 thousand and the profit formed in the current year amounts to BGN 6,512 thousand.

12. Payables to staff and social security institutions

	2020	2019
Payables related to staff	219	218
Social insurance obligations	84	87
Unused leave and other employee benefits	61	97
Total	**364**	**402**

Long-term employee benefits

In accordance with the Labor Code of the Republic of Bulgaria, the Company, as an employer, is obliged to pay from two to six gross monthly salaries to its employees upon retirement based on their length of service, as follows:

Length of service	Number of monthly salaries
The last 10 years of employment with the Company	2
Over 10 years of employment with the Company	6

The main assumptions at the reporting date are the following:

	As at 31 December 2020	As at 31 December 2019
Discount interest rate	0.5%	0.18%
Future wage growth	2,00%	2,00%

As at 31 December 2019, provisions for liabilities at retirement amount to BGN 24 thousand (as at 31 December 2019: BGN 76 thousand) and are included above in the total payables to staff.

13. Trade and other payables

	2020	2019
Payables to suppliers and counterparties	214	432
Liabilities under guarantees	873	1,051
Tax payables	323	130
Other payables	10	255
Total	**1,420**	**1,868**

14. Deferred tax assets

Movements in taxable temporary differences are as follows:

Агенция Евиан ЕООД * Evian Agency Ltd. София Sofia

	2020	2019
At the beginning of the year	**22**	**16**
(Expense) / Income in the income statement	(11)	6
At the end of the year	**11**	**22**

The movement in the taxable temporary differences (before offsetting the amounts in the respective tax jurisdiction) during the period is as follows:

Deferred tax assets	Unused leave and unpaid remuneration	Lease	Defined income	Total
As at 1 January 2019	**15**	**-**	**1**	**16**
(Expense) / income in the income statement	**2**	**3**	1	6
As at 31 December 2019	**17**	**3**	**2**	**22**
(Expense) / income in the income statement	(8)	(3)	-	(11)
As at 31 December 2020	**9**	**-**	**2**	**11**

15. Revenue from interest and penalties for non-performance of contractual obligations

	2020	2019
Revenue from interest and penalties for non-performance of contractual obligations	21,765	18,736
Total	**21,765**	**18,736**

16. Interest costs

	2020	2019
Interest on financing and finance lease	(66)	(242)
Total	**(66)**	**(242)**

17. Other financial income/(expenses), net

Income:	**2020**	**2019**
Income from assigned receivables	1,645	1,281
Total	**1,645**	**1,281**

Expenses:		
Expenses from assigned receivables	(2,309)	(1,794)
Fees and commission expense and other expenses	(67)	(57)
Total	**(2,376)**	**(1,851)**

18. Other operating revenue

	2020	2019
Sales revenue	1,194	675
Other operating revenue	28	2
Total	**1,222**	**677**

19. Administrative costs

	2020	2019
Expenses on materials	(133)	(125)
Expenses on external services	(2,150)	(2,083)
Personnel costs	(3,570)	(3,576)
Other expenses	(121)	(292)
Total	**(5,974)**	

19.1. Expenses on materials

Expenses on materials include:

	2020	2019
Expenses on energy products for vehicles	(61)	(58)
Other expenses	(72)	(67)
Total	**(133)**	**(125)**

19.2. Expenses on external services and other expenses

	2020	2019
Office rentals	(104)	(59)
Advertising and marketing	(858)	(1,181)
Telecommunication and postage costs	(205)	(202)
Transport and business trips	(61)	(32)
Consulting and legal services	(37)	(18)
Utility bills, including electricity	(70)	(74)
Office security	(40)	(27)
Insurance	(24)	(20)
Repair and technical support	(77)	(37)
Entertainment expenses and expenses not related to the	(12)	(72)
Other operating costs	(662)	(653)
Total	**(2,150**	**(2,375)**

19.3. Personnel costs

	2020	2019
Salaries and wages	(3,025)	(3,026)
Social security contributions	(545)	(550)
Total	**(3,570)**	**(3,576)**

20. Taxation

Tax expenses are based on the effective tax rate, which at the end of 2020 and 2019 was 10%.

	2020	2019

Deferred tax (expense) savings	(11)	6
Total	**(11)**	6

The tax payable by the Company on taxable profit differs from the theoretical amount which results from using the basic tax rate as follows:

	2020	**2019**
Profit/loss before tax	7,238	5,891
Expected income tax expense at tax rate of 10% (2019: 10%)	(724)	(589)
Expenses not recognised for tax purposes	(63)	(79)
Non-taxable income	72	72
Current (expense) on/revenue from income tax	**(715)**	**(596)**
Deferred tax (expenses)/revenues:	(11)	6
Expenses on income tax	**(726)**	**(590)**

21. Related party transactions

Company name	**Type of relatedness**
Management Financial Group JSCo	Parent company
Agency for control of outstanding debts S.R.L, Romania, UIC 39789695	Under common control
Easy Asset Management AD, UIC 131576434	Under common control
Easy Asset Services EOOD, UIC 175113130	Under common control
Access Finance LTD, UIC 202806978	Under common control
Agency for control of outstanding debts LTD, UIC 202527341	Under common control
Fintrade Finance AD, UIC 203429537	Under common control
Prospect Capital AD, UIC 205062449	Under common control
Xpress Pay EOOD, UIC 202813549	Under common control
MFG Investments EOOD, UIC 205628986	Under common control
MFG Partners EOOD, UIC 205658146	Under common control
April Finance EAD, UIC 206010462	Under common control
April Services EOOD, UIC 205969592	Under common control
IUVO GROUP OÜ (Estonia), UIC 14063375	Under common control
IUVO CREDIT OÜ (Estonia), UIC 14247477	Under common control
IUVO Services EOOD, UIC 206251285	Under common control
MFG AB, Lithuania, UIC 304935054	Under common control
MFG Micro-Credit Ghana Limited, UIC CS257312017	Under common control
Flexible Financial Solution LLC, Украйна, UIC 42953538	Under common control
Miafora Limited, UIC HE 411879	Under common control
EASY ASSET MANAGEMENT DOO Beograd-Novi Beograd, UIC 21617075	Under common control
AXI Finance IFN S.A. (Romania), UIC 35116319	Under common control
Financial Bulgaria EOOD, UIC 202513690	Under common control
Easy Payment Services LTD, UIC 204112059	Under common control

Settle Bulgaria AD UIC 206272938	Under common control
Access Finance SL (Spain), UIC B-88519400	Under common control
EASY CREDIT LLC (Ukraine), UIC 36183990	Under common control
EASY ASSET MANAGEMENT INF.S.A (Romania), UIC 28042464	Under common control
Financial Company M Cash Macedonia DOOEL Skopje, UIC 6992960	Under common control
Easy Asset Management Asia Microfinance ltd (Myanmar), UIC 211 FC	Under common control
EASY INDIVIDUAL SOLUTIONS, SA de CV, SOFOM ENR. (Mexico), UIC 201900183911	Under common control
Doorstep Consulting Services, SA de CV, UIC N-2020062724	Under common control
ICREDIT sp.z.o.o (Poland), UIC 495693	Under common control
Liquid Dreams, UIC 205188992	Under common control
Seewines AD, UIC 202972213	Under common control
Seewines Logistics EOOD, UIC 205017678	Under common control
Seewines Spirit AD, UIC 203328730	Under common control
Lucent Investments AD, UIC 205243613	Under common control
Colline Albelle Società Agricola a RL(Italy), UIC PI - 148082	Under common control
Nedelcho Yordanov Spasov	Ultimate owner
Stanimir Svetoslavov Vassilev	Ultimate owner
CHIRON MANAGEMENT AD, UIC 205202828	Other type of relatedness

Unless otherwise stated, related party transactions have not been carried out under special conditions

• **Loan granted**	**2020**	**2019**
Management Financial Group JSco		
- principal	2,024	500
- interest	158	9
	2,182	**509**

Агенция Евиан ЕООД * Evian Agency Ltd.
София
Sofia

22. Management's objectives and policy regarding risk management

Risk management in the Company is subject to the principle of centralization and is structured according to the levels of competencies as follows:

- Manager - determines the acceptable levels of risk within the adopted development strategy;
- Internal control unit - controls the process of approval and implementation of adequate policies and procedures within the adopted risk management strategy;

The risk management activity is performed on a daily basis in compliance with all regulatory requirements and internal rules for risk management. Appropriate assessment tools are used in the risk assessment, their values are analyzed on a daily basis and the restrictions and applicable limits are monitored.

The most significant financial risks to which the Company is exposed are described below.

The Company analyzes the portfolio of microcredits using internal ratings based on customer behavior and other factors combining statistical analysis and analysis of credit advisers.

Data is verified and validated by comparison with data from external sources. Credit risk assessment methods are subject to periodic revaluation, which ensures their compliance with recent developments in portfolio risks.

- Exposure at default
- An exposure at default is the amount that the Company expects to be due at the time when default occurs (for example, for loans, this is the amount under the loan agreement). In the case of credit commitments, the Company includes both the amounts already granted and the amounts that can be granted at the time when default occurs.
- Loss given default

A loss given default is defined as the expected amount of the loss at the time when default occurs, and is reported as a percentage of the exposure. The loss given default varies widely, depending on the characteristics of the counterparty, the type and structural features of the loan, the availability of collateral or credit support of the debtor. The measurement of exposure at default and loss given default is performed on a portfolio basis for the main pool of microcredits. The Company manages the level of credit risk by limiting the total risk exposure to a single borrower or group of borrowers. Regular monitoring of credit exposures is performed. Credit limits are subject to periodic review, depending on changes in market conditions and the probabilities of default.

ЕВИАН ЕООД * Evian Agency * София Sofia

- Impairments

The risk assessment models described above are used to estimate the expected losses – i.e. risks of future events that lead to losses from certain positions in the portfolio are taken into account. On the other hand, impairment and uncollectibility expenses are recognised in the financial statements only to the extent that they have been incurred, and estimates of impairment losses and uncollectibility are based on objective criteria. The Company's Management is of the opinion that it will be able to control and minimize the exposures related to credit risk in the portfolio in the future.

In the case of individually significant loan receivables, credit risk is managed and impairment losses are determined on an individual basis, depending on the characteristics of the receivable.

- Concentration of risks associated with financial instruments

The management of the Company is of the opinion that the portfolio of microcredits and receivables is well diversified and that there are no significant concentrations of credit risk.
Renegotiated loans and receivables.

The Company's exposure to credit risk is limited to the carrying amount of the following financial assets:

	31 December 2020		31 December 2019	
Financial assets	Carrying amount	Maximum risk	Carrying amount	Maximum risk
Loans and receivables from customers	15,242	15,242	13,490	13,490
Individually significant loans granted to legal entities and natural persons	2,182	2,182	509	509
Trade and other receivables	527	527	299	299
Total	**17,951**	**17,951**	**14,298**	**14,298**

The policy of the Company is to sell loans that are overdue for more than 360 days, with complete transfer of risk on the receivables sold.
The Company has not used derivatives to manage credit risk.

	31 December 2020	31 December 2019
Amount of overdue and impaired loans and receivables		
Measured on a portfolio basis	19,507	16,026
Accrued impairment	(7,360)	(5,758)
Total	**12,147**	**10,268**

Евиан ЕООД * Evian Agency
София Sofia

Market risk

The Company is exposed to market risk, which is the likelihood that the fair value or cash flows associated with financial instruments will fluctuate due to changes in market prices. Market risks arise mainly from positions in interest, foreign exchange and capital products, which are exposed to general and specific market movements and changes in the level of dynamics of market rates or prices. Due to the specificity of the Company's financial instruments, the Company is primarily exposed to interest rate risk.

Interest rate risk

Interest rate risk associated with cash flows is related to the fact that future cash flows from financial instruments are affected by changes in market interest rates. Interest rate risk associated with fair value is related to the fact that the value of a financial instrument varies due to changes in market interest rates.

The Company is exposed to both risks - risk associated with fair value and risk associated with cash flows. Interest margins could increase as a result of these changes, which in turn would limit potential losses for the Company caused by changes in market interest rates. The table below presents the structure of the Company's interest-bearing financial assets and liabilities:

Агенция Евиан ЕООД * Evian Agency Ltd. * София Sofia

As at 31 December 2020	Variable interest rate	Fixed interest rate	Interest-free	Total
Loans and receivables from customers	-	15,242	-	15,242
Individually significant loans granted to legal entities and natural persons	-	2,182	-	2,182
Trade and other receivables	-	-	527	527
Total assets	**-**	**17,424**	**527**	**17,951**

As at 31 December 2020	Variable interest rate	Fixed interest rate	Interest-free	Total
Payables to staff	-	-	280	280
Trade and other payables		-	1,096	1,096
Общо Пасиви	**-**	**-**	**1,376**	**1,376**

As at 31 December 2019	Variable interest rate	Fixed interest rate	Interest-free	Total
Кредити и вземания от клиенти	-	13,490	-	13,490
Individually significant loans granted to legal entities and natural persons	-	509	-	509
Trade and other receivables	-	-	299	299
Total assets	**-**	**13,999**	**299**	**14,298**

As at 31 December 2019	Variable interest rate	Fixed interest rate	Interest-free	Total
Payables to staff	-	-	315	315
Trade and other payables		-	1,738	1,738
Total liabilities	**-**	**-**	**2,053**	**2,053**

- Foreign exchange risk

Foreign exchange risk arises as a result of financial assets and liabilities denominated in currency other than the functional currency of the Company (Bulgarian lev). As a result of the currency board, the Bulgarian lev is pegged to the euro at a rate of EUR/BGN 1.95583, which means that positions in that currency could not lead to a significant foreign exchange risk, unless the rate is changed in the future.

The financial assets and liabilities as at 31 December 2020 are presented in the functional currency of the Company (Bulgarian lev).

22.1.3. Liquidity risk

Liquidity risk is related to the Company's inability to meet its liabilities when they become due. Net cash outflows would lead to a reduction in the available cash resources, which play an important role in the Company's lending process and meeting its liabilities. In certain circumstances, a lack of liquidity may result in the sale of assets or the potential inability to meet the credit commitments of pre-approved customers. The risk that the Company will not be able to meet its monetary obligations is inherent in the activity and can be caused by a wide range of institutional-specific and market events such as mergers and acquisitions, systemic shocks and acts of God, etc.

The Company's liquidity management is performed by a separate team in the Accounting and Control Department, and includes monitoring of future cash flows. This includes maintaining a portfolio of highly liquid assets; monitoring the liquidity ratios from the statement of financial position; concentration management and maturity structure of liabilities, etc. Cash flows are measured and forecast for the next day, week and month, as they are key periods for liquidity management. An analysis of the agreed maturities of financial liabilities and financial assets is performed.

The Company has a diversified portfolio of cash and high quality, highly liquid assets to meet its current liabilities.

The table below shows an analysis of the assets and liabilities analyzed according to the period in which they are expected to be recovered or settled.

22.1.4. Operational risk

Operational risk is the risk of loss due to system failure, human errors, fraud or external events. When the control systems and activities in place do not prevent such events, operational risks may damage reputation, have legal or regulatory consequences, or cause financial loss to the Company. The Company does not expect to eliminate all operational risks, but seeks to manage those risks by establishing a good control environment, as well as by monitoring and managing potential risks. Control measures include effective segregation of duties, definition of access rights, authorization of transactions, and reconciliation of information from various sources, staff training and evaluation and other controls, such as the activities of the internal audit department.

23. Capital management

The main objectives of capital management are to maintain the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain a strong capital base to support the development of the Company's operations

Capital adequacy is monitored by the Company's management. Since the Company is in a process of growth, the management believes that an optimal capital structure has not been achieved.

In 2020, the remuneration of the key executives amounted to BGN 140 thousand.

Агенция Евиан ЕООД * Evian Agency
София
Sofia

24. Legal actions

The Company has in place formal control procedures as well as legal risk management policies. In the event that a present obligation has arisen as a result of past events, the settlement of which is likely to require an outflow of cash flows and the amount of any losses can be measured reliably, the Company accrues provisions in order to account for adverse effects that legal action could have on its financial position. At the end of the reporting period, the Company has a number of unresolved legal actions, the effects of which are not expected to be significant (jointly or severally). Accordingly, no provisions have been made for such legal actions in these financial statements.

25. Contingent liabilities

Tax authorities may at any time carry out inspections of accounting books and records for five tax periods, starting from the tax period following the year of issue of the relevant books and records. The Company's management has no information about any circumstances that could lead to potential tax liabilities in a significant amount.

26. Events after the balance sheet date

For the period after the balance sheet date until the date of preparation of the annual financial statements, the Company has not identified other significant or adjusting events that are related to its activities in 2020 г. and which should be separately disclosed or require changes in the financial statements as at 31 December 2020.

I, the undersigned Eva Valerieva Angelova, hereby certify that I have accurately translated the attached document, Annual Financial Statements of Viva Credit LTD for the year ended 31 December 2020 and Independent Auditor's Report, from Bulgarian into English. The translation consists of 42 (forty-two) pages.

Translator:
Eva Valerieva Angelova

Агенция Евиан ЕООД * Evian Agency Ltd. * София Sofia