



**ATTICA EVA AD**  
**FINANCIAL STATEMENTS**  
**31 December 2019**

ATTICA EVA AD  
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31 DECEMBER 2019

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**ATTICA EVA AD**  
**DIRECTOR'S REPORT**  
31 DECEMBER 2019

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**GENERAL INFORMATION**

**Directors:**

Enrico Vigano, Executive Director  
Anatoli Belchev  
Milena Popova - Blaskova  
Teoharis Philipopolus  
Nikolaos Panopoulos

**Seat and registered office**

1, Hristo Belchev Street, floor 6.  
1000 Sofia  
Bulgaria

**Register and registration number**

Sofia, UIC 203710235

**Bankers**

Eurobank Bulgaria AD  
Investbank AD

**Auditor**

Moore Bulgaria Audit OOD

# **ATTICA EVA AD**

## **DIRECTOR'S REPORT**

### **31 DECEMBER 2019**

The Directors present the Director's Report and the Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2019. These financial statements have been audited by Moore Bulgaria Audit OOD.

#### **DESCRIPTION OF THE ACTIVITY**

The principal activity of the Company is the publication of monthly magazines on the Bulgarian market. The titles published are: Playboy, Grazia, Eva, OK, Esquire and In Globo.

#### **Structure of the registered capital**

The Company was registered as a joint-stock company on 24th September 2015 in Sofia, with capital of BGN 1,178 thousand, consisting of 11,780 shares with nominal value of BGN 100 each, which are held as follows:

| <b>Shareholder</b>         | <b>Shareholding</b> | <b>Number of shares</b> | <b>Nominal value BGN'000</b> |
|----------------------------|---------------------|-------------------------|------------------------------|
| Attica Media Bulgaria OOD  | 65%                 | 7,657                   | 766                          |
| Milena Popova-Blaskova     | 7%                  | 824                     | 82                           |
| Nova Broadcasting Group AD | 28%                 | 3299                    | 330                          |

The registered capital is fully paid in. During 2019, there have been no changes in the registered capital of the Company compared to previous year.

#### **REVIEW OF OPERATIONS**

##### **Current results of operations**

The management believes the financial results for the fiscal year 2019 comply with the business plan of the Company.

| <b>Indicators</b>           | <b>2019</b> | <b>2018</b> |
|-----------------------------|-------------|-------------|
|                             | <i>TBGN</i> | <i>TBGN</i> |
| Revenue                     | 2,752       | 3,624       |
| Profit/(loss) before taxes  | (101)       | 2           |
| Profit /(loss) for the year | (107)       | 2           |
| Total assets                | 1,937       | 2,202       |
| Equity                      | 993         | 1,100       |

#### **Management**

Attica Eva AD (The Company) is a joint-stock company, established in Sofia on 24 September 2015 registered under Unified Identification Code (UIC) 203710235. The Company's seat and business address is 1000 Sofia, 1, Hristo Belchev Street, 6th floor, Sofia Region, Bulgaria and its fiscal year ends 31 December.

In 2015 Attica Media Bulgaria OOD and Agencia Eva decided to merge their Bulgarian businesses by setting up a new entity Attica Eva AD. On 24 September 2015, Attica Eva AD was established as a subsidiary of Attica Media Bulgaria OOD. After Attica Eva AD's establishment both entities, Attica Media

# **ATTICA EVA AD**

## **DIRECTOR'S REPORT**

### **31 DECEMBER 2019**

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Bulgaria OOD and Agencia Eva have merged their businesses (including almost all of their assets and liabilities) in the newly established entity in exchange for the issued shares. The aim of this transformation was to combine the management expertise of the two entities in order to achieve cost optimization and future synergies.

In 2018, Eva Ltd. was liquidated and deleted in the Commercial Register and its assets were absorbed proportionally by Milena Popova - Blaskova and Nova Broadcasting Group AD.

As at 31 December 2019 the Company is managed and represented by Mr. Enrico Vigano, Executive Director, Polya Aleksandrova – Deputy Executive Director and Mrs. Elena Boteva Nikolova - Financial and Administrative Director. The Company does not have any branches.

#### **Key Management's Compensation**

The compensation of the key management personnel of the Company for the period ended 31 December 2019 amounts to BGN 137 thousand (31 December 2018 amounts to BGN 146 thousand).

#### **Post balance sheet events**

No significant events have occurred after the annual financial statements reporting date.

#### **Research and development activities**

The Company does not have any research and development activities.

#### **Financial instruments and financial risk**

Financial instruments of the Company include mainly receivables, payables, cash and other financial assets. The company faces the following risks related to financial instruments utilised:

- Credit risk;
- Price risk;
- Liquidity risk
- Cash flow risk

The Company's policy for risk management is developed as such to identify and analyse the risks faced by the Company, establish limits on taking risks and controls to monitor risks and adherence to limits.

Exposure to credit and price risk arises in the normal course of business of the Company. The price risk in turn is composed of two components - interest rate and currency risk. During the reporting period the Company was not exposed to interest rate risk as it operates with sufficient working capital and attends regularly its trade and other payables. The Company does not face significant currency risk.

Financial assets which potentially expose the Company to credit risk are primarily trade receivables. The Company faces credit risk in the event that customers do not pay their obligations. Management of the Company has established a credit policy of 100% advance payments from customers. The credit risk of cash in banks is minimal as the company works with banks with high rating.

The Company's approach to managing liquidity is to ensure, as far as possible, sufficient liquidity to meet its obligations, both under normal and under stress conditions, and without suffering unacceptable losses or risking harm the reputation of the Company.

The Company does not face cash flow risk, as no significant fluctuations in the amount of future cash flows of financial instruments used by the Company are observed.

# **ATTICA EVA AD**

## **DIRECTOR'S REPORT**

### **31 DECEMBER 2019**

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Additional information about the financial instruments of the Company, as well as its objectives and policy regarding the financial risk management, is presented in Note 18 to the financial statements.

#### **Investments**

The Company does not have investments in other Companies.

#### **Acquisition of own shares**

The Company does not acquire own shares.

The Company did not contract any agreements under p.240b of the Bulgarian Commercial act during the year.

#### **Expected future development of the Company**

The management does not foresee any changes in the principal activity of the Company in the short-term and long-term and has set a goal to continue the successful development in 2019. The risks the Company is facing relate to the development of technologies in the media field and the need for an alternative to the traditional periodic editions and the effect of these trends on the financial results of the Company.

#### **Responsibility of the Management**

According to the Bulgarian Legislation Management should prepare annual financial statements, which give a true and fair view of the financial position of the Company as at year end and its financial performance and its cash flows for the year ended 31 December 2019.

Management confirms that appropriate accounting policies have been applied and the financial statements are prepared using the prudence concept for the recognition and valuation of the assets, liabilities, income and expenses and in compliance with the going concern principle.

Management is responsible for proper maintaining of the Company's financial records, for the proper use and control of the assets and for undertaking all necessary measures to avoid and disclose possible fraud and irregularities.

Enrico Vigano  
Executive Director  
Attica Eva AD

28 February 2020  
Sofia

**ATTICA EVA AD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**31 DECEMBER 2019**

(All amounts in Bulgarian leva thousands unless otherwise stated)

|  | <b>Notes</b> | <b>2019</b>  | <b>2018</b>  |
|--|--------------|--------------|--------------|
| Revenue  | 3            | 2,751        | 3,624        |
| Cost of sales                                  | 4            | (1,671)      | (2,312)      |
| <b>Gross profit</b>                            |              | <b>1,080</b> | <b>1,312</b> |
| Administrative expenses                        | 5            | (694)        | (614)        |
| Selling expenses                               | 6            | (481)        | (691)        |
| <b>Operating profit/(loss)</b>                 |              | <b>(95)</b>  | <b>7</b>     |
| Finance costs                                  | 7            | (6)          | (5)          |
| <b>Profit/(loss) before income tax</b>         |              | <b>(101)</b> | <b>2</b>     |
| Income tax expense                             | 8            | (6)          | (1)          |
| <b>Profit/(loss) for the year</b>              |              | <b>(107)</b> | <b>1</b>     |
| Other comprehensive income for the year        |              | -            | -            |
| <b>Total comprehensive income for the year</b> |              | <b>(107)</b> | <b>1</b>     |

The financial statements from page 5 to page 38 are approved on 28.02.2020

Executive Director:  
 \_\_\_\_\_  
 Enriko Vigano

Finance director:  
 \_\_\_\_\_  
 Elena Nikolova

Initialled for identification purposes in reference to the auditor's report:

Ivan Simov

Registered auditor

Date:

**ATTICA EVA AD**  
**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2019**

(All amounts in Bulgarian leva thousands unless otherwise stated)

|                                      | Notes | 2019         | 2018         |
|--------------------------------------|-------|--------------|--------------|
| <b>ASSETS</b>                        |       |              |              |
| <b>Non-current assets</b>            |       |              |              |
| Property, plant and equipment        | 10    | 32           | 11           |
| Intangible assets                    | 11    | 1,143        | 1,146        |
| Non-current receivables              | 12    | 39           | 39           |
| Deferred tax assets                  | 9     | 4            | 10           |
| <b>Total non –current assets</b>     |       | <b>1,218</b> | <b>1,206</b> |
| <b>Current assets</b>                |       |              |              |
| Inventories                          | 13    | 12           | 41           |
| Trade and other receivables          | 14    | 511          | 764          |
| Deferred expenses                    | 15    | 25           | 36           |
| Cash and cash equivalents            | 16    | 171          | 155          |
| <b>Total current assets</b>          |       | <b>720</b>   | <b>996</b>   |
| <b>Total assets</b>                  |       | <b>1,937</b> | <b>2,202</b> |
| <b>EQUITY</b>                        |       |              |              |
| Share capital                        | 17    | 1,178        | 1,178        |
| Retained earnings                    |       | (78)         | (79)         |
| Net profit/(loss)                    |       | (107)        | 1            |
| <b>Total equity</b>                  |       | <b>993</b>   | <b>1,100</b> |
| <b>LIABILITIES</b>                   |       |              |              |
| <b>Non-current liabilities</b>       |       |              |              |
| Retirement benefit obligations       | 18    | 1            | 1            |
| <b>Total non-current liabilities</b> |       | <b>1</b>     | <b>1</b>     |
| <b>Current liabilities</b>           |       |              |              |
| Trade and other payables             | 19    | 867          | 1,008        |
| Deferred revenue                     |       | 76           | 93           |
| <b>Total current liabilities</b>     |       | <b>943</b>   | <b>1,101</b> |
| <b>Total liabilities</b>             |       | <b>944</b>   | <b>1,102</b> |
| <b>Total equity and liabilities</b>  |       | <b>1,937</b> | <b>2,202</b> |

The financial statements from page 5 to page 38 are approved on 28.02.2020

Executive Director:  
 \_\_\_\_\_  
 Enriko Vigano

Finance director:  
 \_\_\_\_\_  
 Elena Nikolova

Initialled for identification purposes in reference to the auditor's report:  
 Ivan Simov  
 Registered auditor  
 Date:

**ATTICA EVA AD**  
**STATEMENT OF CHANGES IN EQUITY**  
**31 DECEMBER 2019**

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(All amounts in Bulgarian leva thousands unless otherwise stated)

|                                      | <b>Share Capital</b> | <b>Retained earnings<br/>/(loss)</b> | <b>Total</b> |
|--------------------------------------|----------------------|--------------------------------------|--------------|
| <b>Balance as at 1 January 2018</b>  | <b>1,178</b>         | <b>(79)</b>                          | <b>1,099</b> |
| Profit/(loss) for the year           | -                    | 1                                    | 1            |
| <b>Balance as at 31December 2018</b> | <b>1,178</b>         | <b>(78)</b>                          | <b>1,100</b> |
| Profit/(loss) for the year           | -                    | <b>(107)</b>                         | <b>(107)</b> |
| <b>Balance as at 31December 2019</b> | <b>1,178</b>         | <b>(185)</b>                         | <b>993</b>   |

The financial statements from page 5 to page 38 are approved on 28.02.2020 г.

Executive Director:

Enriko Vigano

Finance director:

Elena Nikolova

Initialled for identification purposes in reference to the auditor's report:

Ivan Simov

Registered auditor

Date:

**ATTICA EVA AD**  
**STATEMENT OF CASH FLOWS**  
**31 DECEMBER 2019**

|   | <b>Notes</b> | <b>2019</b> | <b>2018</b> |
|---|--------------|-------------|-------------|
| <b>Cash flows from operating activities</b>             |              |             |             |
| Proceeds from clients                                   |              | 3,065       | 4,190       |
| Payments to suppliers                                   |              | (1,603)     | (2,152)     |
| Payments related to employees                           |              | (950)       | (1,544)     |
| Other cash flows  |              | (-)         | (5)         |
| Payments for taxes                                      |              | (495)       | (415)       |
| <b>Net cash flow from operating activities</b>          |              | <b>17</b>   | <b>34</b>   |
| <b>Cash flows from investing activities</b>             |              |             |             |
| Payments for purchase of PPE and intangible assets      |              | (1)         | (3)         |
| <b>Net cash flow used in investment activities</b>      |              | <b>(1)</b>  | <b>(3)</b>  |
| <b>Net effect of changes in foreign exchange rates</b>  |              | <b>16</b>   | <b>31</b>   |
| Cash and cash equivalents at the beginning of the year  |              | <b>155</b>  | <b>124</b>  |
| <b>Cash and cash equivalents at the end of the year</b> | <b>16</b>    | <b>171</b>  | <b>155</b>  |

The financial statements from page 5 to page 38 are approved 28.02.2020

Executive Director:  
 \_\_\_\_\_  
 Enriko Vigano

Finance director:  
 \_\_\_\_\_  
 Elena Nikolova

Initialled for identification purposes in reference to the auditor's report:

Ivan Simov

Registered auditor

Date:

# **ATTICA EVA AD**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **31 DECEMBER 2019**

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#### **1. Corporate information**

Attica Eva AD (The Company) is a joint-stock company, established in Sofia on 24 September 2015 registered under Unified Identification Code (UIC) 203710235. The Company's seat and business address is 1000 Sofia, 1, Hristo Belchev Street, 6th floor, Sofia Region, Bulgaria where the fiscal year ends 31 December.

In 2015 Attica Media Bulgaria OOD and Agencia Eva OOD decided to merge their Bulgarian businesses by setting up a new entity Attica Eva AD. On 24 September 2015, Attica Eva AD was established as a subsidiary of Attica Media Bulgaria OOD. After Attica Eva AD's establishment both entities, Attica Media Bulgaria OOD and Agencia Eva have contributed their businesses (including almost all of their assets and liabilities) in the newly established entity in exchange for the issued shares. The aim of this transformation was to combine the management expertise of the two entities in order to achieve cost optimization and future synergies.

In 2018, Agencia Eva Ltd was liquidated and deleted in the Commercial Register and its assets were absorbed in proportion to Milena Popova - Blaskova and Nova Broadcasting Group AD.

The operations of Attica EVA AD include the trading of publication of monthly magazines. The Company publishes "InGlobo", "Playboy", "Grazia", "EVA", "OK!" and "Esquire" magazines.

Management of the Company includes its Board of Directors, Enrico Vigano - Executive Director, Polya Alexandrova - Deputy Executive Director and Financial and Administrative Director - Elena Nikolova. They are also responsible for the supervision of the financial reporting of the Company.

The financial statements for the year ended 31 December 2019 were approved for issuance by a decision of Board of Directors dated 28.02.2020. The financial statements are subject to approval by the Company's owners..

#### **2.1.1. Basis of preparation**

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Bulgarian Leva (BGN) and all values are rounded to nearest thousand (BGN'000) except when otherwise stated.

#### **Statement of compliance**

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards, as adopted for use in the European Union (IFRS as adopted for use in the EU). Reporting framework "IFRS as adopted by the EU" is essentially the defined national basis of accounting "IAS, as adopted by the EU", specified in the Bulgarian Accountancy Act and defined in paragraph 8 of its Additional provisions.

#### **Going concern**

The Company's financial statements have been prepared on a going concern assumption.

# ATTICA EVA AD

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2019

As of December 31, 2019 the current liabilities exceed the current assets of the Company by BGN 223 thousand and at the same time as of December 31, 2019 the total equity amounting to BGN 993 thousand is below the Company's share capital amounting to BGN 1,178 thousand.

The Company is not subject to contractual requirements or capital requirements imposed by law, except those requirements arising from the fact that the Company is registered as a joint-stock company. In accordance with Art. 252 of the Commercial law the Company should maintain on an individual basis an amount of the equity, which is higher than the share capital and should set aside 10% of the annual profit until it reaches a minimum of 10% of the registered capital..

These circumstances may create material uncertainty and significant doubt regarding the ability of the Company to continue to function as a going concern.

The management of the Company believes that for the Company to continue its operations as a going concern in the foreseeable future, it will have to continue to depend on the realization of the assumptions envisaged in the business plan of the Company for 2019-2023, developed by the management and on the stated readiness for financial support from the ultimate parent company, which is the owner the Company (Attikes Eksdosis S.A., Greece).

#### 2.1.2. Changes in accounting policy and disclosures

##### /New and amended standards adopted by the company/

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- **IFRS 16 Leases**
- *Interpretation 23 Uncertainty over Income Tax Treatments*
- *Prepayment Features with Negative Compensation – Amendments to IFRS 9*
- *Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28*
- *Annual Improvements to IFRS Standards 2015-2017 Cycle*
- *Plan Amendment, Curtailment or Settlement – Amendments to IAS 19*

#### (a) New standards and amendments applicable 1 January 2019

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2019:

- **IFRS 16 Leases**

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

# ATTICA EVA AD

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2019

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Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Effective Date 1 January 2019 Early adoption is permitted only if IFRS 15 is adopted at the same time.

- **Interpretation 23 *Uncertainty over Income Tax Treatments***

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.

Effective Date 1 January 2019

- ***Prepayment Features with Negative Compensation – Amendments to IFRS 9***

The narrow-scope amendments made to IFRS 9 Financial Instruments in October 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.

To qualify for amortised cost measurement, the negative compensation must be ‘reasonable compensation for early termination of the contract’ and the asset must be held within a ‘held to collect’ business model.

Effective Date 1 January 2019

- ***Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28***

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in

# **ATTICA EVA AD**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **31 DECEMBER 2019**

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substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 Financial Instruments before applying the loss allocation and impairment requirements in IAS 28 Investments in Associates and Joint Ventures.

Effective Date 1 January 2019

- ***Annual Improvements to IFRS Standards 2015-2017 Cycle***

The following improvements were finalised in December 2017:

- IFRS 3 Business Combinations – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 Joint Arrangements – clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 Disclosure of Interests in Other Entities – clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 Borrowing Costs – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Effective Date 1 January 2019

- ***Plan Amendment, Curtailment or Settlement – Amendments to IAS 19***

The amendments to IAS 19 Employee Benefits clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling
- separately recognise any changes in the asset ceiling through other comprehensive income.

Effective Date 1 January 2019

#### **Forthcoming requirements**

**As at 31 May 2019, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2019.**

- ***IFRS 17 Insurance Contracts***

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows

# ATTICA EVA AD

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2019

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- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Effective Date 1 January 2021 (likely to be extended to 1 January 2022f)

- **Definition of Material – Amendments to IAS 1 and IAS 8**

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much 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 amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Effective Date 1 January 2020

- **Revised Conceptual Framework for Financial Reporting**

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions

# ATTICA EVA AD

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2019

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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 recycled where this enhances the relevance or faithful representation of the financial statements.

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

Effective Date 1 January 2020

- **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 nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise 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 recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

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

## 2.2. Foreign currency transactions

The financial statements are presented in Bulgarian Leva (BGN), which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency at the end of each month at the closing exchange rate of the Bulgarian National Bank for the last working day of the respective month. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions (date of acquisition).

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#### 2.3. Revenue

Till 31 December 2017, revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at fair value of the remuneration received or due based on agreed payment terms net of discounts, rebates and other taxes on sales.

Effective 1 January 2018 The Company recognizes revenue complying with the principle that the revenue recognition shall reflect the transfer of contractual goods or services to customers at the amount of the consideration that the Company has the right to receive in exchange of these goods or services. Revenues are recognized by applying a five- step model to customer contracts.

The Company recognizes revenue from contracts with customers only when all of the following criteria are met:

- a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- b) the Company can identify each party's rights regarding the goods or services to be transferred;
- c) the Company can identify the payment terms for the goods or services to be transferred;
- d) the contract has commercial substance (ie the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- e) it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the Company will be entitled may be less than the price stated in the contract if the consideration is variable because the entity may offer the customer a price concession.

#### *Sales of goods*

Revenue from the sales of magazines is recognized upon dispatch of the magazines on the basis of the estimated circulation (delivered magazines less estimated returns) of the respective magazine. Some magazines are launched in the market in the month prior to the cover month. The revenues from these magazines are recognized in the month of their issue, irrespectively of their cover month.

#### *Rendering of services*

Till 31 December 2017, revenue from services rendered is recognized by reference to the state of completion of the transaction as at the reporting period, if that stage can be reliably measured, as well as to the costs incurred on and the estimated costs to complete the transaction. After this date, revenue from rendering of services is recognized when the services are rendered. The revenue is recognized on the base of the consideration to which the Company is entitled in exchange for the services provided.

Revenues from advertisement services are recognized when the respective advertisements are published, which is the month of issue of the magazines in circulation.

#### *Barter transactions*

Barter transaction to provide advertising services in exchange for receiving advertising services from customers are recognized at the fair value. As such revenues from barter transactions are only recognized in relation to the barter transactions that also involve receipt of material goods or other non-advertising revenues.

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## NOTES TO THE FINANCIAL STATEMENTS

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#### *Interest*

Interest income is recognized as the interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

## **2.4. Taxes**

#### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

#### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxes are recognized depending on the transaction associated with them either directly in equity or in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### *Value Added Tax (VAT)*

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

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The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### **2.5. Employee benefits**

Short-term employee benefits include salaries, social security contributions and paid annual leave of current employees expected to be settled wholly within twelve months after the end of the reporting period. They are recognised as an employee benefit expense in the profit or loss or included in the cost of an asset when service is rendered to the Company and measured at the undiscounted amount of the expected cost of the benefit.

The Company operates defined benefit plan arising from the requirement of the Bulgarian labour legislation to pay two or six gross monthly salaries to its employees upon retirement, depending on the length of their service. If an employee has worked for the Company for 10 years, the retirement benefit amounts to six gross monthly salaries upon retirement, otherwise, two gross monthly salaries. These retirement benefits are unfunded. The cost of providing benefits under the retirement benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises restructuring-related costs.

Interest expense is calculated by applying the discount rate to the defined benefit liability. The Company recognises the following changes in the defined benefit obligation in profit or loss for the period:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and nonroutine settlements within “Employee benefits expense”
- Interest expense within “Finance costs”.

The total recognized long-term liability related to employee retirement benefits as at 31 December 2019 amounts to BGN 1 thousand ( 31 December 2018 amounts to BGN 1 thousand). Further details are given in Note 14.

#### **2.6. Financial instruments**

##### **Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding.

#### **Initial recognition and valuation**

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset

#### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### ***Financial assets at amortised cost***

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company’s financial assets at amortised cost includes trade receivables.

#### ***Financial assets at fair value through OCI (debt instruments)***

The debt instruments are measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Company has no financial assets at fair value through OCI.

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#### ***Financial assets designated at fair value through OCI (equity instruments)***

##### ***Initial recognition and evaluation***

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company has no financial assets in this category.

##### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

##### ***Impairment of financial assets***

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

##### ***Financial assets at fair value through other comprehensive income (equity instruments)***

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, and derivative financial instruments.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss..

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

#### 2.7. Trade and other receivables

Till 31 December 2017, trade and other receivables are stated at amortized cost less the allowance for impairment and uncollectability. As these receivables bear no interest, their amortized cost is the same as their nominal value. The allowance for impairment and uncollectability of receivables is determined after balances review at the end of the reporting period and is accrued individually for certain items for which there are indications for impairment and uncollectability.

Effective 1 January 2018, expected credit losses (ECLs) are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Management assesses the appropriateness of this allowance based on the ageing analysis of the receivables, historical experience as to the write-off rates of bad debts, as well as an analysis of the solvency of the respective customer, changes in the contractual payment terms, etc. If the financial position and performance of the customers deteriorate (in excess of the expected), the amount of the receivables to be written off in the next reporting periods may be higher than the one estimated at the current statement of financial position.

#### 2.8. Trade and other payables

Trade and other payables are stated at amortized cost. As these payables bear no interest, their amortized cost is the same as their nominal value.

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#### 2.9. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount recognised in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 2.10. Equipment and vehicles

Equipment and vehicles are stated at cost, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of equipment and vehicles when that cost is incurred and borrowing costs on long-term construction contracts, if the recognition criteria are met. When a major inspection of an item of plant and/or equipment is performed, its cost is recognised in the carrying amount of the respective assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income for the period in which they were incurred.

Depreciation is calculated on a straight line basis over the useful life of the assets.

|                       | <i>Useful life</i> | <i>Depreciation rates</i> |
|-----------------------|--------------------|---------------------------|
| Computer equipment    | 2 years            | 50 %                      |
| Transport vehicles    | 4 years            | 25 %                      |
| Fixtures and fittings | 6-7 years          | 15%                       |

An item of equipment and vehicles is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if the expectations differ from the previous estimates.

#### 2.11. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and

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treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income in the expense category consistent with the function of the intangible asset. Amortization is calculated on a straight line basis over the estimated useful life of the asset.

Intangible assets with indefinite useful lives (brand name) are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit or loss for the period when the asset is derecognized.

#### **2.12. Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exist s, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss for the period unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. The impairment loss reversal is recognized in the statement of comprehensive income.

The following criteria are also applied in assessing impairment of specific assets:

#### *Goodwill*

Goodwill is tested for impairment by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

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#### **2.13. Inventories**

Inventories are valued at the lower of cost or net realizable value. Costs incurred to bring a product to its current condition are included in the cost as follows:

- goods - cost is accounted for on weighted-average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **2.14. Cash and cash equivalents**

Cash and short term deposits in the statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less..

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

#### **2.15. Cash dividend and non-cash distribution to the owners**

The Company recognizes a liability to make cash distributions to the owners when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the Corporate Act in Bulgaria, a distribution is authorized when it is approved by the owners. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at fair value of the assets subject of distribution and subsequent valuations are recognized directly in equity.

For actual distribution of non-cash assets difference between the carrying amount of the liability recognized and the value of assets distributed is recognized in profit or loss for the period.

#### **2.16. Leases**

IFRS 16 Leases has been adopted by the Company in 2019. The Standard is applicable for annual reporting periods commencing 1 January 2019 on which date the Company expects to apply the Standard for the first time. The Company has applied the exemptions relating to low – value rights of use assets and short term lease agreements. The company has applied modified retrospective transition approach according to IFRS 16 where the right-of-use asset will be recognised at the date of initial application (1 January 2019) at an amount equal to the lease liability, using the entity's current incremental borrowing rate. Comparative figures are not restated.

#### **2.17. Provisions**

##### *General*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any

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reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to it, except when there is a probability that the cash outflow of economic benefits to be remote. Contingent assets are not recognised in the financial statements but are disclosed when there is a probable cash inflow of economic benefits.

#### **2.18. Fair value measurement**

The Company does not report any financial instruments, such as, derivatives and non-financial assets at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are disclosed in Note 24.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement and for non-recurring fair value measurement.

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At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The management, in conjunction with the valuation experts, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **2.19. Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are recognized in profit or loss for the period.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 Financial Instruments: Recognition and Measurement either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the consideration transferred over the entity's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs because either the fair values to be assigned to the acquiree's identifiable assets and liabilities assumed or the amount of consideration transferred or the amount of any non-

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controlling interest can be determined only provisionally, the Company accounts for the combination using those provisional values. The Company recognises any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date and retrospectively from the acquisition date.

#### **2.20. Group reorganisations**

In the absence of an IFRS that specifically applies to business contributions from parent company the management has applied the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and used current sources (to the extent that these do not conflict with the Framework or any other IFRS or Interpretation) to develop its own accounting policy to account for such transactions. In choosing the appropriate accounting policy the management considers the substance of the transaction and the needs of the key users of the financial statements. Although IFRIC 17 Distribution of non-monetary assets to equity holders scopes out non-monetary distributions under common control, the Company has assessed a subsidiary that receives net assets from its parent will recognize assets acquired and liabilities assumed at their fair values as at the date of the business contribution following the acquisition method.

#### **2.21. Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. There are no significant judgments which have material effect on the amounts recognized in the financial statements.

##### **Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

##### *Contributions of businesses*

The Company's management considers that the business contributions of Attica Media Bulgaria OOD and Agencia Eva OOD are interrelated and assessed that the whole transaction has substance for the Company (taken as a whole and as a separate business contributions). Following that for both business contributions, the management considers that the Company has acquired businesses and applies the acquisition method of accounting to account for these business contributions.

##### **Estimation and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Retirement benefit obligation*

The cost of retirement benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, staff turnover and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The

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Company retirement benefits obligation at 31 December 2019 is BGN 1 thousand (31 December 2018 is BGN 1 thousand). Further details are provided in Note 14.

#### *Write down of inventories*

Inventories are usually written down to net realizable value. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, about the amount at which the inventories are expected to realize. Estimates of net realizable value also take into consideration the purpose for which the inventory is held. A new assessment is made of net realizable value in each subsequent period. As at 31 December 2019 the write down of inventories is BGN 7 thousand (at 31 December 2018 is BGN 35 thousand). Further details are provided in Note 13.

### 3. Revenue

|                                 | 2019         | 2018         |
|---------------------------------|--------------|--------------|
| Revenue from advertising        | 1,089        | 1,745        |
| Revenue from sales of magazines | 533          | 655          |
| Barter deals                    | 396          | 175          |
| Trademark and events revenue    | 319          | 525          |
| Other                           | 414          | 524          |
|                                 | <b>2,751</b> | <b>3,624</b> |

### 4. Cost of sales

|                        | 2019           | 2018           |
|------------------------|----------------|----------------|
| Production costs       | (653)          | (985)          |
| External collaborators | (33)           | (131)          |
| Editorial fees         | (300)          | (300)          |
| Personnel costs        | (685)          | (896)          |
|                        | <b>(1,671)</b> | <b>(2,312)</b> |

### 5. Administrative expenses

|                       | 2019         | 2018         |
|-----------------------|--------------|--------------|
| Hired services        | (375)        | (354)        |
| Personnel costs       | (234)        | (353)        |
| Depreciation expenses | (85)         | (7)          |
|                       | <b>(694)</b> | <b>(614)</b> |

### 6. Selling expenses

|                 | 2019         | 2018         |
|-----------------|--------------|--------------|
| Personnel costs | (276)        | (309)        |
| Hired services  | (205)        | (382)        |
|                 | <b>(481)</b> | <b>(691)</b> |

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**7. Finance income/(expense), net**

|                             | <b>2019</b> | <b>2018</b> |
|-----------------------------|-------------|-------------|
| Interest expenses           | 4           | 3           |
| Exchange gains/(losses) net | 2           | 2           |
|                             | <b>6</b>    | <b>5</b>    |

**8. Tax expense**

|              | <b>2019</b> | <b>2018</b> |
|--------------|-------------|-------------|
| Current tax  | -           | 1           |
| Deferred tax | (6)         | -           |
|              | <b>(6)</b>  | <b>(1)</b>  |

The tax on the Company's financial result before tax differs from the theoretical amount that would arise using the applicable tax rate in the country of incorporation of the Company as follows:

|  | <b>2019</b>  | <b>2018</b> |
|--|--------------|-------------|
| Profit/(Loss) before tax                   | (101)        | 2           |
| Tax calculated at tax rate 10% (2018: 10%) | -            | -           |
| Effect of deferred tax                     | (6)          | (1)         |
| <b>Current tax</b>                         | <b>(107)</b> | <b>1</b>    |

**9. Deferred tax**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

|   | <b>2019</b> | <b>2018</b> |
|---|-------------|-------------|
| Deferred tax assets:                                |             |             |
| - Deferred tax assets: recoverable within 12 months | 4           | 10          |
| - Deferred tax assets: recoverable after 12 months  | -           | -           |

The movement in deferred tax during the period is as follows:

|  | <b>2019</b> | <b>2018</b> |
|--|-------------|-------------|
| Beginning of the year:                   | 10          | 13          |
| (Expense)/Income in the income statement | (6)         | (3)         |
| End of the year                          | <b>4</b>    | <b>10</b>   |

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The movement in deferred tax (before compensating the amounts related to the same fiscal authority ) during the period is as follows:

| <b>Deferred tax assets</b>                          | Impairment<br>of inventories | Unpaid income<br>under civil<br>contracts | Pension provisions | Total      |
|---|------------------------------|---|--------------------|------------|
| <b>As at 31 December 2018</b>                       | <b>3</b>                     | <b>6</b>                                  | <b>1</b>           | <b>10</b>  |
| <b>(EXPENSE)/INCOME IN<br/>THE INCOME STATEMENT</b> | <b>(2)</b>                   | <b>(3)</b>                                | <b>(1)</b>         | <b>(6)</b> |
| <b>As at 31 December 2019</b>                       | <b>1</b>                     | <b>3</b>                                  | <b>-</b>           | <b>4</b>   |

**10. Property, plant and equipment**

|                                | Computers and<br>equipment | Transport vehicles | Right of use assets<br>(Buildings) | Total      |
|--------------------------------|----------------------------|--------------------|------------------------------------|------------|
| <b>01 January 2018</b>         |                            |                    |                                    |            |
| Opening net book amount        |                            |                    |                                    |            |
|                                | <b>329</b>                 | <b>74</b>          |                                    | <b>403</b> |
| Additions                      | 5                          |                    |                                    | 5          |
| Depreciation charge            | (321)                      | (74)               |                                    | (395)      |
| <b>Closing net book amount</b> | <b>13</b>                  | <b>-</b>           |                                    | <b>13</b>  |
| <b>As at 31 December 2018</b>  |                            |                    |                                    |            |
| Cost                           | 335                        | 74                 | -                                  | 409        |
| Accumulated depreciation       | (322)                      | (74)               | -                                  | (396)      |
| <b>Closing net book amount</b> | <b>13</b>                  | <b>-</b>           | <b>-</b>                           | <b>13</b>  |
| <b>01 January 2019</b>         | 13                         | -                  | -                                  | 13         |
| Opening net book amount        |                            |                    |                                    |            |
| Additions                      | 1                          | -                  | 159                                | 160        |
| Disposals                      |                            |                    | (58)                               | (58)       |
| Depreciation charge            | (6)                        | -                  | (77)                               | (6)        |
| <b>Closing net book amount</b> | <b>8</b>                   | <b>-</b>           | <b>24</b>                          | <b>32</b>  |
| <b>As at 31 December 2019</b>  |                            |                    |                                    |            |
| Cost                           | 336                        | 74                 | 101                                | 410        |
| Accumulated depreciation       | (328)                      | (74)               | (77)                               | (402)      |
| <b>Closing net book amount</b> | <b>8</b>                   | <b>-</b>           | <b>24</b>                          | <b>32</b>  |

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**Impairment of equipment and vehicles**

Based on the review for impairment indicators of the equipment and vehicles, the Company's management has not found indicators that the book value of the assets exceeds their recoverable amount. Therefore, no impairment of Equipment and vehicles been recognized at 31 December 2019.

**11. Intangible assets**

|                                | <b>Goodwill</b> | <b>Brand name</b> | <b>Software</b> | <b>Total</b> |
|--------------------------------|-----------------|-------------------|-----------------|--------------|
| <b>01 January 2018</b>         | <b>768</b>      | <b>374</b>        | <b>7</b>        | <b>1149</b>  |
| Opening net book amount        |                 |                   |                 |              |
| Amortization charge            | -               | -                 | (3)             | (3)          |
| <b>Closing net book amount</b> | <b>768</b>      | <b>374</b>        | <b>4</b>        | <b>1146</b>  |
| <b>As at 31 December 2018</b>  |                 |                   |                 |              |
| Cost                           | 768             | 374               | 102             | 1244         |
| Accumulated amortization       | -               | -                 | (98)            | (98)         |
| <b>Closing net book amount</b> | <b>768</b>      | <b>374</b>        | <b>4</b>        | <b>1146</b>  |
| <b>01 January 2019</b>         | <b>768</b>      | <b>374</b>        | <b>4</b>        | <b>1146</b>  |
| Opening net book amount        |                 |                   |                 |              |
| Amortization charge            | -               | -                 | (3)             | (3)          |
| <b>Closing net book amount</b> | <b>768</b>      | <b>374</b>        | <b>1</b>        | <b>1143</b>  |
| <b>As at 31 December 2019</b>  |                 |                   |                 |              |
| Cost                           | 768             | 374               | 102             | 1244         |
| Accumulated amortization       | -               | -                 | (101)           | (101)        |
| <b>Closing net book amount</b> | <b>768</b>      | <b>374</b>        | <b>1</b>        | <b>1143</b>  |

In 2015 Attica Media Bulgaria OOD and Agencia Eva decided to merge their Bulgarian businesses by setting up a new entity Attica Eva AD. On 24 September 2015, Attica Eva AD was established as a subsidiary of Attica Media Bulgaria OOD. Immediately after Attica Eva AD's establishment both entities, Attica Media Bulgaria OOD and Agencia Eva have contributed their businesses (including almost all of their assets and liabilities) in the newly established entity in exchange for the issued shares. The aim of

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this transformation was to combine the management expertise of the two entities in order to achieve cost optimization and future synergies.

Due to the fact, that the two businesses are interrelated the management of the Company believes that the Company has acquired businesses and applies IFRS 3 Business combinations to account for the acquisitions.

Details about the fair value of the identified net assets as of the date of the acquisition, goodwill, arising upon acquisition and the transferred remuneration, are presented for the two partners in the Company, as follows:

#### *Attica Media Bulgaria OOD*

|   | Fair value recognized<br>upon acquisition | Previous carrying<br>amount |
|---|---|-----------------------------|
| Total current and non-current assets      | <b>1,028</b>                              | <b>1,028</b>                |
| Total current and non-current liabilities | <b>(1,014)</b>                            | <b>(1,014)</b>              |
| Net assets                                | <b>14</b>                                 | <b>14</b>                   |
| Goodwill arising upon acquisition         | 752                                       |                             |
| <b>Transferred remuneration</b>           | <b>766</b>                                |                             |

#### *Agency Eva OOD*

|   | Fair value recognized<br>upon acquisition | Previous carrying<br>amount |
|---|---|-----------------------------|
| Intangible assets                         | 385                                       | 11                          |
| Other current and non-current assets      | 259                                       | 259                         |
| Total current and non-current assets      | <b>644</b>                                | <b>270</b>                  |
| Total current and non-current liabilities | <b>(248)</b>                              | <b>(232)</b>                |
| Net assets                                | <b>396</b>                                | <b>38</b>                   |
| Goodwill arising upon acquisition         | 16  |                             |
| <b>Transferred remuneration</b>           | <b>412</b>                                |                             |

The transferred remuneration represents the fair value of the net assets of the share of the acquirer as of the date of acquisition. The expected future synergies of the publishing business have contributed for the excess of the fair value of the acquired net assets, which is reported as goodwill.

#### *Impairment of goodwill and brand name*

At each reporting date the Company tests goodwill for impairment. The Company has been determined as a single Cash Generating Unit (CGU). Intangible assets with indefinite useful life (goodwill of BGN 789 thousand and brand name of BGN 374 thousand), which do not generate largely independent cash-flows, for impairment testing purpose, have been attributed to the CGU. Goodwill and the brand name has been recorded on 24 September 2015 based on external valuation report.

The impairment test of the intangible assets with infinite useful life as of December 31, 2018 was performed by the management of the Company based on assumptions, which it considers as reasonable and sustainable in normal market conditions. IAS 36 envisages that for the purpose of the impairment test of assets, cash flows arising from separate assets or a combination of part of them or all of them should be reviewed (if they are identified as single Cash Generating Unit). In this case, the whole company Attica Eva AD is considered as a CGU and therefore, for the purposes of the impairment test cash flows arising

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from the operations of the Company are taken into consideration. These cash flows are envisaged in the business plan for the period 2019 - 2023 and a growth rate of 3% is set for the period after that.

The basic assumptions of the Company for the impairment test are: average annual increase of revenue of the Company within 5-7%, increase of financial result at 29-42% annually, tax rate of 10%, discount factor equal to the average price of the equity of the Company.

After performing impairment testing of intangible assets with infinite useful life at the amount of BGN 1,142 thousand as of the December 31, 2019 the Company has not reported a difference in its value. The next impairment testing date will be within 2020

**12. Non-current receivables** – long-term receivables are related to deposits for rented office space, warehouses and a paper deposit to one of the printing works subcontractor.

### 13. Inventory

|                                   | 2019      | 2018      |
|-----------------------------------|-----------|-----------|
| Production                        | 12        | 30        |
| Goods to be attached to magazines | -         | 11        |
| <b>Total</b>                      | <b>12</b> | <b>41</b> |

For the period ended 31 December 2019 the Company has recognized in cost of sale expenses for inventory write down to net realizable value of BGN 7 thousand, for the year ended 31 December 2018 is BGN 35 thousand.

### 14. Trade and other receivables

|   | 2019       | 2018       |
|---|------------|------------|
| Trade receivables                             | 580        | 919        |
| Less: provision for impairment of receivables | (80)       | (165)      |
| <b>Trade receivables - net</b>                | <b>500</b> | <b>754</b> |
| Other receivables                             | 11         | 10         |
| <b>Total trade and other receivables</b>      | <b>511</b> | <b>764</b> |

The trade receivables are not pledged, are non-interest bearing and are generally settled on 60 days terms. As at 31 December the aging analysis of trade receivables is as follows:

|      | Total | Neither past due nor impaired | <90 days | 91 – 120 days | >121 days |
|------|-------|-------------------------------|----------|---------------|-----------|
| 2019 | 500   | 385                           | 28       | 16            | 71        |
| 2018 | 754   | 540                           | 92       | 72            | 50        |

During the reporting period the Company has not written-off receivables. (2018: TBGN 34)

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**15. Deferred expenses**

Deferred expenses are related to car insurance, prepaid license fees for 2020, as well as prepaid rentals and fees for taking photo shoots in January 2020 magazines.

**16. Cash and cash equivalents**

|               | <b>2019</b> | <b>2018</b> |
|---------------|-------------|-------------|
| Cash at banks | 171         | 155         |
| <b>Total</b>  | <b>171</b>  | <b>155</b>  |

Cash at bank accounts earns interest of floating rates based on daily bank deposit rates - 0,01%. Cash and cash equivalents are in BGN and EUR. The fair value of the cash and cash equivalents as of 31 December 2019 is BGN 171 thousand (2018 is BGN 154 thousand).

**17. Share capital**

As at 31 December 2019 the Company's capital - authorized and fully paid, amounts to BGN 1,178 thousand and is allocated as follows:

|                            | <b>Equity %</b> | <b>2019</b> | <b>2018</b> |
|----------------------------|-----------------|-------------|-------------|
| Attica Media Bulgaria OOD  | 65%             | 766         | 766         |
| Milena Popova - Blaskova   | 7%              | 82          | 82          |
| Nova Broadcasting Group AD | 28%             | 330         | 330         |
|                            | <b>100%</b>     | <b>1178</b> | <b>1178</b> |

The registered capital of the Company as at 31 December 2019 consisted of 11,780 shares having a BGN 100 (one hundred leva) nominal value each.

The shareholders are entitled to dividend allocation and have one voting right at the General Assembly of the Company for each share held.

**18. Retirement benefits liability**

Pursuant to the Bulgarian labor legislation the Company, as an employer, is obliged to pay from two to six gross monthly salaries to the employees upon retirement depending on the length of their service. If an employee has worked for Attica Eva AD for 10 years, the retirement benefit amounts to six gross monthly salaries upon retirement, otherwise - two gross monthly salaries. The retirement benefits are unfunded.

The retirement benefit liability recognized in the statement of financial position as at 31 December 2019 is BGN 1 thousand.

The principal assumptions used in determining the amount of the retirement benefit provision are shown below:

|                                 | <b>2019</b> | <b>2018</b> |
|---------------------------------|-------------|-------------|
| Discount factor                 | 5 %         | 5 %         |
| Future salary increase          | 1 %         | 1 %         |
| Staff turnover ratio (per year) | 2 %         | 2 %         |

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There are no reasonably possible changes in the key assumptions that could have a significant impact on the retirement benefit liability as of year-end.

#### 19. Trade and other payables

|                                   | 2019       | 2018         |
|-----------------------------------|------------|--------------|
| Payables to local suppliers       | 315        | 342          |
| Payables to foreign suppliers     | 143        | 162          |
| Related party payables (Note. 16) | 253        | 253          |
| VAT payables                      | 40         | 67           |
| Other payables                    | 85         | 142          |
| Payables to social security       | 31         | 42           |
| Payables to employees             | -          | -            |
|                                   | <b>867</b> | <b>1,008</b> |

Trade and other payables have the following terms:

- Trade payables are non-interest bearing and are normally settled on 60-day terms;
- Other liabilities are non-interest bearing and usually are settled in 3-months period.

#### 20. Related party transactions

##### *The ultimate parent*

The ultimate parent company is Attikes Ekdosis S.A., Greece.

##### *Direct parent companies*

As at 31 December 2019 65% of the shares of Attica Eva AD are owned by Attica Media Bulgaria OOD. The remaining of the shares are owned by Milena Popova - Blaskova – 7% and Nova Broadcasting Group AD – 28%. There is no change in the owners' structure compared to 2018.

##### *Entities from Attikes Ekdosis Group (under common control)*

Attica Media Serbia, Lampsi Publishing S.A., Attika Imako Media Srl. and Attica Eva AD are related parties because they are under the common control of Attikes Ekdosis S.A., Greece.

##### *Other related parties*

Mondadori Editore Spa. and its subsidiaries and Attica Eva AD are related parties as Mondadori Editore Spa. has a significant influence over the Company's ultimate parent - Attikes Ekdosis S.A., Greece.

Nova Broadcasting Group AD and its subsidiaries and Agency Eva are related parties as Nova Broadcasting Group AD owns 28 % of the shares of Agency Eva OOD

The following table provides the total amount of transactions, which have been entered into and the outstanding balances for the relevant financial year:

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|  |            |            |
|--|------------|------------|
| Related party transactions                             |            |            |
| - Sales of services                                    | 2019       | 2018       |
|  |            |            |
| - Nova Broadcasting Group AD                           | 163        | 151        |
|  |            |            |
| - Purchases of services                                | 2019       | 2018       |
| - Purchase of service from Attikes Ekdosis S.A. Greece | -          | 10         |
| - Purchase of service from Nova Broadcasting Group AD  |            |            |
| <b>Total purchases of services</b>                     | <b>163</b> | <b>151</b> |
|  |            |            |
|  | 2018       | 2017       |
| <b>Payables to related parties for services</b>        |            |            |
| Attikes Ekdosis S.A. Greece                            | 69         | 69         |
| Attica Media Bulgaria OOD                              | 91         | 91         |
| Nova Broadcasting Group AD                             | 93         | 93         |
|  | <b>253</b> | <b>253</b> |

The sales and purchases from related parties are made at contracted prices. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 December 2019, the Company has not recorded any impairment of receivables relating to amounts due by related parties. This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

#### Key Management's Compensation

The compensation of the key management personnel of the Company for the period ended 31 December 2019 amounts to BGN 137 thousand (31 December 2018 amounts to BGN 146 thousand)

#### 21. Going concern

As a result of the accumulated losses in previous years, the equity of the company as of December 31, 2019 (BGN 993 thousand) has fallen below the amount of the registered capital (BGN 1,178 thousand). Current liabilities exceed current assets by BGN 223 thousand. These facts indicate some uncertainty about the Company's ability to continue as a going concern.

#### 22. Commitments and contingencies

##### Litigation and claims

As at 31 December 2019 the Company has no pending law suits.

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The Company's management believes that no material risks exist as a result of the dynamic fiscal and regulatory environment in Bulgaria, which might require adjustments to the financial statements for the period ended 31 December 2019.

#### Capital commitments

There are no capital commitments as at 31 December 2019.

### 23. Financial risk management, objectives and policies

The Company's financial instrument, other than trade receivables and trade payables which arise directly from its operations, are cash and short-term deposits. The main risks arising from these financial instruments are foreign currency risks, liquidity risk and credit risk.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal effective exposure to the risk of changes in foreign exchange rates arises from the Company's operating activities related to transactions in a currency other than the Company's functional currency, typically the royalty fees denominated in US dollars and movements in the BGN/USD exchange rate. The Company does not use any special financial instruments to hedge against these risks.

As of 31 December 2019 the BGN/USD exchange rate, as announced by the Bulgarian National Bank, is 1.74099

The following table demonstrates the sensitivity to a reasonably possible change in the BGN/USD exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no effect on the other components of the Company's equity.

|      | Change in the exchange rate<br>BGN/USD | Effect on profit before tax<br>BGN'000 |
|------|--|--|
|      |  | TBGN                                   |
| 2019 | +1 %                                   | 1                                      |
| 2019 | -1 %                                   | (1)                                    |
| 2018 | +1%                                    | -                                      |
| 2018 | -1%                                    | -                                      |

#### Credit risk

The Company is exposed to credit risk in the event where its customers from the sale of services and magazines fail to meet their payment obligations. The Company's policy is to trade with recognized, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

#### Liquidity risk

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Liquidity risk arises when the Company does not meet its liabilities when they fall due. The effective management of the liquidity of the Company requires sufficient working capital, primarily through maintaining sufficient cash available.

The table below summarizes the maturity profile of the financial liabilities at 31 December 2019, based on contractual undiscounted payments.

#### As of 31.12.2019

|                             | <b>On demand</b> | <b>Between 1-3 months</b> | <b>Total</b> |
|-----------------------------|------------------|---------------------------|--------------|
| Trade and other payables    | -                | 614                       | 755          |
| Payables to related parties | -                | 253                       | 253          |
| <b>Total</b>                | <b>-</b>         | <b>867</b>                | <b>1,008</b> |

#### As of 31.12.2019

|                             | <b>On demand</b> | <b>Between 1-3 months</b> | <b>Total</b> |
|-----------------------------|------------------|---------------------------|--------------|
| Trade and other payables    | -                | 755                       | 755          |
| Payables to related parties | -                | 243                       | 243          |
| <b>Total</b>                | <b>-</b>         | <b>1,008</b>              | <b>1,008</b> |

#### *Capital management*

The primary objective of the Company's capital management is to ensure stability and healthy capital ratios in view of the continuation of its business and maximizing of its value to its stakeholders.

The Company manages its capital structure and adjusts it, if necessary, depending on the changes in the economic environment. In view of maintaining or changing its capital structure, the Company may adjust the dividend payment to its owners, return capital or issue new capital by virtue of decision of its owners.

The Company monitors its capital through the financial results achieved in the respective reporting periods as follows:

Profit/(Loss) for the year :

| <b>2019</b> | <b>2018</b> |
|-------------|-------------|
| (107)       | 1           |

There are no external equity requirements imposed on the Company. The structure and management of the equity is determined by its owners.

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**24. Fair value of financial instruments**

The fair value of the financial instruments of the Company is included at the amount at which a financial asset could be sold or a financial liability could be settled in a current transaction between willing market parties and which serves as the best indicator of its market price on an active market.

Management of Attica Eva AD believes that the fair value of financial instruments comprising cash items, short-term deposits, trade and other receivables, trade and other payables does not differ significantly from their current carrying amounts, as they are short-term in nature and their interest rates are changing in line with the change in the current market conditions.

**25. Post balance sheet events**

No events have occurred after the date of the statement of financial position that require additional adjustments and/or disclosures in the Company's financial statements for the year ended.