ATTICA MEDIA SRB D.O.O., BEOGRAD

Financial Statements
Year Ended December 31, 2020 and
Independent Auditors' Report

CONTENTS

MOORE STEPHENS Revizija i Računovodstvo d.o.o.
Privredno društvo za reviziju računovodstvo i konsalting
Studentski Trg 4/V, 11000 Beograd, Srbija
Tel: +381 (0) 11 3033 250, 3033 260; Fax: 2181 072
Matični broj/ID: 06974848; PIB/VAT: 100300288
www.moore-serbia.rs

No 24/21

INDEPENDENT AUDITORS' REVIEW REPORT

To the Stakeholders of Attica Media SRB d.o.o., Beograd

We have reviewed the accompanying financial statements (pages 3 to 21) of Attica Media SRB d.o.o., Beograd (the "Entity"), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and notes to the financial statements. This financial information has been prepared solely to enable the Group to prepare its consolidated financial statements.

Management's Responsibility

Management is responsible for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and the Group's accounting policies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements.* ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with International Financial Reporting Standards and the Group's accounting policies. This Standard also requires us to comply with relevant ethical requirement.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less then those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS) and the Group's accounting policies.

Limitation on use

This report is intended solely for the information and use of the Parent Entity management and the management of the Entity for use in the preparation of the Parent Entity consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards, and accordingly, the specified forms state the assets, liabilities, shareholder's equity and revenues and expenses as adjusted for that purpose. These financial statements have not been prepared for use by other parties and may not be appropriate for such use.

Belgrade, 3 March 2021

„MOORE STEPHENS Revizija i Računovodstvo" d.o.o.. Beograd	„MOORE STEPHENS Revizija i Računovodstvo" d.o.o., Beograd
Филиповић Марко	
Marko Filipović	Bogoljub Aleksić
Certified auditor	Managing Partner

Privredno društvo za reviziju, računovodstvo i konsalting MOORE STEPHENS Beograd 11 Revizija i Računovodstvo d.o.o.

STATEMENT OF COMPREHENSIVE INCOME
Year Ended December 31, 2020
All amounts are in thousands of Euro, unless otherwise stated

	Notes	Year Ended December 31, 2020	2019
Sales	5	794	1,688
Cost of sales	6	(342)	(768)
Gross profit		452	920
Selling and distribution cost	7	(254)	(318)
Administrative expenses	8	(320)	(304)
		(574)	(622)
Profit from operation		(122)	298
Financial loss	9	(27)	(47)
Profit before income tax	10	(149)	251
Deferred tax income	10	(40)	(37)
NET PROFIT FOR THE YEAR		(189)	214

The accompanying notes on the following pages form
an integral part of these financial statements.

These financial statements were approved by the General Manager of Attica Media SRB d.o.o., Beograd on February 28, 2021.

Signed on behalf of Attica Media SRB d.o.o., Beograd:

Danijela Jovanovic
General Manager

ATTICA MEDIA SRB DOO BEOGRAD

Ljubinka Blagojević
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION
As of December 31, 2020
All amounts are in thousands of EUR, unless otherwise stated

BALANCE SHEET	Notes	December 31, 2020	December 31, 2019
ASSETS			
Non-current assets			
Tangible fixed assets	3.3, 11	28	34
Current assets			
Inventory	3.4	9	26
Trade receivables	3.5, 12	282	476
Other receivables		16	16
Other assets	13	78	100
Cash and cash equivalents	3.6, 14	163	152
		548	770
Deferred tax assets	10	23	63
TOTAL ASSETS		**599**	**867**
EQUITY AND LIABILITIES			
Equity			
Permanent investment	15	2,358	2,358
Accumulated losses		(2,501)	(2.311)
Foreign currency translation reserve		174	174
	2.3	31	221
Long-term liabilities			
Borrowings	3.8, 16	187	-
Other long-term liabilities		6	-
		193	-
Current liabilities			
Trade and other payables	3.7, 17	80	144
Borrowings	3.8, 16	258	488
Accrued liabilities		37	14
		375	646
TOTAL EQUITY AND LIABILITIES		**599**	**867**

The accompanying notes on the following pages form an integral part of these financial statements.

These financial statements were approved by the General Manager of Attica Media SRB d.o.o., Beograd on February 28, 2021.

Signed on behalf of Attica Media SRB d.o.o., Beograd:

Danijela Jovanovic
General Manager

ATTICA MEDIA SRB DOO
BEOGRAD

Ljubinka Blagojević
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
Year Ended December 31, 2020
All amounts are in thousands of Euro, unless otherwise stated

	Permanent Investment	Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
Balance, January 1, 2019	2,358	(2,523)	184	19
Translation difference	-	(2)	(10)	(12)
Net profit for the year	-	214	-	214
At December 31, 2019	2,358	(2,311)	174	221
Balance, January 1, 2020	2,358	(2,311)	174	221
Translation difference	-	(1)	-	(1)
Net profit for the year	-	(189)	-	(189)
At December 31, 2020	2,358	(2,501)	174	31

The accompanying notes on the following pages form
an integral part of these financial statements.

These financial statements were approved by the General Manager of Attica Media SRB d.o.o., Beograd on February 28, 2021.

Signed on behalf of Attica Media SRB d.o.o., Beograd:

ATTICA MEDIA SRB DOO BEOGRAD

Danijela Jovanovic
General Manager

Ljubinka Blagojević
Chief Financial Officer

CASH FLOW STATEMENT
Year Ended December 31, 2020
All amounts are in thousands of Euro, unless otherwise stated

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	1,061	2,129
Cash paid to suppliers	(746)	(1,317)
Cash paid to employees and social securities	(126)	(155)
Cash paid to collaborators	(12)	(37)
Interest paid	(18)	(83)
Cash paid to the State (VAT and other taxes)	(90)	(214)
Net cash generated by operating activities	69	327
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(4)	(2)
Net cash used in investing activities	(4)	(2)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings	(54)	(248)
Finance lease	-	-
Net decrease in cash from financing activities	(54)	(248)
Net increase in cash and cash equivalents	11	77
Cash and cash equivalents, beginning of year	152	75
Cash and cash equivalents, end of year	163	152

The accompanying notes on the following pages form
an integral part of these financial statements.

These financial statements were approved by the General Manager
of Attica Media SRB d.o.o., Beograd on February 28, 2021.

Signed on behalf of Attica Media SRB d.o.o., Beograd:

Danijela Jovanovic
General Manager

ATTICA MEDIA SRB DOO BEOGRAD

Ljubinka Blagojević
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2020
All amounts expressed in thousands of Euro, unless otherwise stated

1. GENERAL INFORMATION

Attica Media SRB DOO (hereinafter referred to as “the Entity”) is a limited liability company, established in Belgrade on November 19, 2004 (the Entity’s tax identification number - “PIN” is SR103618033). The Entity is a subsidiary of Attica Publications S.A., a company registered in Greece.

The Entity’s registered office is located at the address: Belgrade, Takovska 45. The Entity is represented by the Managing Director Mrs. Danijela Jovanovic.

The operations of Attica Media SRB DOO include the trading and publication of monthly magazines. The Entity publishes the Serbian Edition of the Italian magazines Grazia, and Serbian edition of the U.S. title Harper’s Bazaar.

In 2020 the results of the company dropped significantly compared to 2019 as a result of COVID 19 pandemic. The Company decided to terminate the publication of the magazine Esquire due to the fact that the performances were not as planned. The company is now concentrating in developing digital activities related to the websites of the magazines and female portals.

As at December 31, 2020 the total number of the Entity’s employees was 10 (December 31, 2019: 12 employees).

2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING CONVENTION

2.1. Statements of compliance

The financial statements of the Entity have been prepared in accordance with International Financial Reporting Standards for small and medium-sized entities as issued by the International Accounting Standards Board (IASB).

2.2. Basis of Preparation and Presentation of Financial Statements

The accompanying financial statements are prepared under the historical cost convention.

The functional currency of the Entity in the Republic of Serbia is Serbian Dinar (RSD). For the purpose of presenting financial statements into the presentation currency EUR, the Entity’s assets and liabilities are expressed in EUR using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognized in the Entity’s foreign currency translation reserve.

2.3. Going Concern

For the last several years, the Entity has been doing more and more effectively. As at 31 December 2020, the entity's current assets are higher than current liabilities of EUR 173 thousand. Positive business has led to the total assets of the Entity exceeding their total liabilities. All this indicates that the Entity can continue to operate in accordance with the going concern assumption, so that the owners no longer have the need or obligation to provide financial support.

3. SUMMARY OF SINGNIFICANT ACCOUNTING POLICIES

3.1. Revenue

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

3.1.1. Sales of goods

Revenues derived from the sale of goods are recognized when the risks and rewards associated with the right of ownership are transferred to the customer.

All amounts expressed in thousands of Euro, unless otherwise stated

3. SUMMARY OF SINGNIFICANT ACCOUNTING POLICIES (Continued)

3.1. Revenue (Continued)

3.1.1. Sales of goods (Continued)

The Group policy concerning revenue recognition is as follows:

- Revenue from circulation: the revenues have to be included in the Entity's P&L as of the date of the first magazines sold, the base of assumption is that most of the copies are sold during the first week of sale, accordingly revenues from the sale of January (cover) issue are included in previous year results.

3.1.2. Rendering of services

Revenue from services rendered is recognized by reference to the state of completion of the transaction as at the balance sheet date, if that stage can be reliably measured, as well as the costs incurred on and the costs to complete the transaction. The stage of completion is determined following analysis of the completed work.

Revenues from advertisement services are recognized when the respective advertisements are published.

No revenue is recognized when significant doubt exists regarding the recovery of the amount due, the related costs or when there is probability for the goods to be returned.

3.1.3. Interest

Interest income is recognized as the interest accrues (using the effective interest rate 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.

3.2. Barter transactions

Barter transactions related to exchange of dissimilar advertising services are recognized in the income statement at the fair value of the advertising services that the Entity provides in a barter transaction, by reference to non-barter transactions that involve advertising similar to the advertising in the barter transaction; occur frequently and do not involve same counterparty as in the barter transaction.

Revenue from barter transactions (advertising space in the magazines provided in exchange for goods and services) are recognized as income when commercials are published, and merchandise or service received are charged to expense or capitalized as appropriate when received or used.

3.3. Tangible fixed assets

Equipment is stated at cost, including their purchase price and all costs to the commissioning of the asset less accumulated depreciation and any impairment in value.

Depreciation

Depreciation is calculated on straight-line basis over the estimated useful life of the assets as follows:

Description	Depreciation rates p.a.
Computer equipment	20 %
Other equipment	15 - 20%

The carrying values of equipment are reviewed for impairment when events change or changes in circumstances indicate that the carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. Impairment losses and reversal of impairment losses reported in prior periods are taken to the income statement. The recoverable amount of equipment is the greater of net selling price and value in use.

The Entity's management believes that in 2020 no circumstances existed that would result in impairment of equipment; accordingly, no impairment losses were recorded in 2020.

3. SUMMARY OF SINGNIFICANT ACCOUNTING POLICIES (Continued)

3.4. Inventories

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to complete this asset and the estimated costs to make the sale.

Inventories mainly includes gadgets that have not been utilized in 2019 and will be inserted in the magazines in next financial years.

As the Group policy prescribes the inventory related to the unsold copies had been impaired to zero value.

3.5. Trade and other receivables

Trade receivables are presented and carried at the amount of the originally issued invoice, less any allowance for any uncollectible amounts.

The estimate of doubtful and uncollectible amounts is made when the collectability of the total amount is no longer probable. Uncollectible receivables are fully written down when identified.

3.6. Cash and cash equivalents

Cash includes cash in hand and cash held at current accounts with domestic banks.

3.7. Payables to suppliers and other payables

Payables to suppliers and other current payables are stated at the original invoice amount (acquisition cost), which is considered as the fair value of the transaction and will be paid in the future for the goods and services received.

3.8. Borrowings

Borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

3.9. Income tax – Current and Deferred

Current Income Taxes

Income tax is payable at the rate of 15% on the tax base reported in the annual corporate income tax return as reduced by any applicable tax credits. The taxable base stated in the income tax return includes the profit shown in the statutory statement of income, as adjusted for differences that are specifically defined under statutory tax rules.

The tax regulations of the Republic of Serbia do not envisage that any tax losses of the current period be used to recover taxes paid within a specific carry back period. However, current period tax losses may be used to reduce or eliminate taxes to be paid in future periods for duration of no longer than five ensuing years. Tax losses incurred before January 1, 2010 are available for carry forward for duration of ten ensuing years.

Deferred Income Taxes

Deferred income taxes are provided using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. The currently enacted tax rates or the substantively enacted rates at the balance sheet date are used to determine the deferred income tax amount. Deferred tax assets are recognized for all deductible temporary differences, and the tax effects of income tax losses and credits are available for carry forward, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the tax loss/credits of the carry forwards can be utilized.

3. SUMMARY OF SINGNIFICANT ACCOUNTING POLICIES (Continued)

3.9. Income tax – Current and Deferred (Continued)

Deferred Income Taxes (Continued)

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to be applied to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. As of December 31, 2020, deferred tax assets and liabilities were measured at the rate of 15% (December 31, 2019: 15%).

Indirect Taxes and Contributions

Indirect taxes and contributions include property taxes and various other taxes and contributions paid pursuant to republic and municipal regulations.

3.10. Financial instruments

The Entity's financial instruments, other than trade debtors and trade creditors which arise directly from its operations, are cash and loans payable. The main risks arising from these financial instruments are foreign currency risks, interest rate risk and credit risk.

Foreign currency risk

The Entity enters into transactions denominated in foreign currencies related to its operating activities; as a result of outstanding at the balance sheet date amount payable in US dollars, Euro and GBP the Entity's balance sheet can be affected by movements in these exchange rates. The Entity does not use any special financial instruments to hedge against these risks.

Credit risk

The Entity 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 Entity'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 Entity's exposure to bed debts is not significant. There are no significant concentrations of credit risk.

Interest rate risk

The Entity's exposure to market risk for changes in interest rates relates to the Entity's interest-bearing loans and borrowings, payable to the parent company, which is at fixed interest rate. Therefore, the Entity is not exposed to material interest rate risk.

Fair value of financial instruments

The fair value of cash and cash equivalents, trade and other receivables, interest bearing loans and borrowings approximates their carrying value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

In the application of the Entity's accounting policies, which are described in note 3, the Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2020
All amounts expressed in thousands of Euro, unless otherwise stated

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS (Continued)

4.1. Key sources of estimation uncertainty

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

4.2. Impairment of trade receivables

Impairment for doubtful accounts is calculated based on estimated losses resulting from the inability of our customers to make required payments. The management estimates are based on the aging of account receivables balance and historical write-off experience, customer creditworthiness and changes in customer payment terms when evaluating the adequacy of the impairment loss for doubtful accounts. These involve assumptions about future customer behaviour and the resulting future cash collections. The management believes that there is no additional impairment provision required to be recognized in these financial statements.

4.3. Fair Value

The fair value of financial instruments for which no active market exists is assessed by means of appropriate methods. The Group applies professional judgment in selecting appropriate methods and assumptions. The methods used for measuring the fair value of financial instruments are presented in note 19.

5. SALES

	Year Ended December 31, 2020	2019
Sale of magazines:		
- Grazia	21	38
- Esquire	-	6
- Harper's Bazaar	75	78
- Marie Claire	(2)	16
	94	138
Advertising services on the domestic market:		
- Grazia	100	277
- Esquire	13	95
- Harper's Bazaar	318	672
- Marie Claire	-	163
	431	1,207
Other	269	343
	794	1,688

6. COST OF SALES

	Year Ended December 31, 2020	2019
Salaries	35	73
Printing cost	123	297
Editorial/Production cost	123	271
Freelancer	13	37
Royalties	37	66
Other	11	24
	342	768

NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2020
All amounts expressed in thousands of Euro, unless otherwise stated

7. SELLING AND DISTRIBUTION COST

	Year Ended December 31, 2020	2019
Salaries	3	3
Promotion cost	239	315
Gadget	12	-
	254	318

8. ADMINISTRATIVE EXPENSES

	Year Ended December 31, 2020	2019
Salaries	88	79
Postage costs	3	8
Rent	29	29
Consulting services	117	120
Audit services	4	4
Depreciation and amortization	10	10
Telephones and Internet cost	6	6
Write-off of receivables	24	7
Maintenance costs	13	12
Office supplies and utilities costs	2	3
Costs of fuel and energy	3	9
Business trips expenses	2	2
Transportation costs	2	1
Fees and taxes	-	2
Other expenses	17	12
	320	304

9. FINANCIAL LOSS

	Year Ended December 31, 2020	2019
Interest expense (net)	29	46
Foreign exchanging gain/loss (net)	(2)	1
	27	47

10. INCOME TAXES

a) Components of Income Taxes

	Year Ended December 31, 2020	2019
Deferred tax income	40	37
	40	37

NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2020
All amounts expressed in thousands of Euro, unless otherwise stated

10. INCOME TAXES (Continued)

b) Numerical Reconciliation of the Tax Expense and the Product of Accounting Results as Multiplied by the Statutory Income Tax Rate

	December 31, 2020	December 31, 2019
Net profit/(loss) before taxation	(149)	251
Income taxes at the statutory tax rate of 15%	-	35
Tax effects of un-deductible expenses	-	5
Tax losses from previous years used in the current year	-	(43)
Tax loss available to carry-forward recognized in the current year	(149)	-
		-

c) Deferred Tax Assets

	2020	2019
Deferred tax assets		
Tax losses available for carry-forward	22	63
Net deferred tax assets	22	63

Deferred tax assets are recognized for the tax effects of income tax losses available for carry-forward, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the tax losses available for carry-forward can be utilized.

11. TANGIBLE FIXED ASSETS

	Computers	Other equipment	Total
Cost			
Balance, January 1, 2019	124	93	217
Additions	2	-	2
Disposals	-	-	-
Balance, December 31, 2019	126	93	219
Disposals	-	-	-
Additions	1	3	4
Balance, December 31, 2020	127	96	223
Accumulated depreciation			
Balance, January 1, 2019	112	63	175
Disposals	-	-	-
Charge for the year	3	7	10
Balance, December 31, 2019	115	70	185
Charge for the year	3	7	10
Balance, December 31, 2020	118	77	195
Net Book Value at:			
- December 31, 2020	9	19	28
- December 31, 2019	11	23	34

NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2020
All amounts expressed in thousands of Euro, unless otherwise stated

12. TRADE RECEIVABLES

	December 31, 2020	December 31, 2019
Trade receivables:		
- from domestic customers	242	429
- from foreign customers	40	47
Provision for bad debts	-	-
	282	476

13. OTHER ASSETS

	December 31, 2020	December 31, 2019
Prepaid expenses	49	71
Un-invoiced receivables	29	29
	78	100

14. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Current accounts:		
- in RSD	121	127
- in foreign currencies	42	25
	163	152

15. PERMANENT INVESTMENT

As of December 31, 2020, the capital amounts to EUR 2,358 thousand and is allocated among owners as follows:

- Attica Publications S.A. - Greece – 2,144,276 EUR
- Simeon Tshomokos - Cyprus – 213,394 EUR

As of December 31, 2020, subscribed and paid-in capital were as follows:

	% of stake	Subscribed Capital December 31, 2020	Paid in Capital December 31, 2019
Attica Publications S.A. - Greece	90.95	2,144,276	2,144,276
Simeon Tsomokos - Cyprus	9.05	213,394	213,394
	100.00	2,357,670	2,357,670

16. BORROWINGS

	December 31, 2020	December 31, 2019
Current	258	488
Non-current	187	-
	445	488

All amounts expressed in thousands of Euro, unless otherwise stated

16. BORROWINGS (Continued)

Long-term borrowings

The structure of long-term borrowings as of December 31, 2020 and December 31, 2019 is presented in the following table:

	December 31, 2020	December 31, 2019
Borrowing from banks – Direktna Banka a.d., Beograd	187	-
	187	-

Short-term borrowings

The structure of short-term borrowings as of December 31, 2020 and December 31, 2019 is presented in the following table:

	December 31, 2020	December 31, 2019
Borrowing from banks – Direktna Banka a.d., Beograd (current portion)	98	336
Attica Publications S.A., Athens	160	152
	258	488

Loan from Piraeus Bank a.d., Beograd was approved to the Entity in December 2011 in the amount of EUR 500 thousand with the repayment period one year at the interest rate of 3M EURIBOR + 6% p.a. In January 2013, Annex 1 of the loan contract was concluded between the bank and the Entity which extended maturity date of the loan up to January 8, 2016. The loan repayment is securitized by the guarantee issued by Pireus bank S.A., Athens valid up to June 17, 2018, based on the last Annex concluded. On 29 September 2017 the Entity agreed with Piraeus to transform the loan in local currency (RSD) with an interest rate which is 3M BELIBOR + 5,5% p.a. and to start repaying the credit line every trimester, starting December 2017 of 10.000 Euro. The repayment will last till 31.12.2020 when in total the Entity will have repaid 150.000 Euro. As of January 21, 2021, the Company signed annex 6 with the bank (new name Direktna banka) in which it is agreed that the repayment will last till 31.12.2023. Repayment will be done in 36 monthly instalments starting from 31.01.2021.

In June 2005 the Entity received an intercompany loan from the Parent company (Attica Publications S.A.) amounting to EUR 200 thousand at the interest rate of 5% p.a. As per the Annex to the Borrowing Agreement executed between the Entity and Attica Publications S.A. on June 23, 2006, maturity date has been extended until December 26, 2009. The Entity received two new tranches of the loan in the amount of EUR 25 thousand and EUR 16 thousand in April and November 2014, respectively. In November 2014, new Annex to the Borrowing Agreement was concluded and December 31, 2015 was agreed as a new maturity date for repayment of the loan. Interests on the loan is not paid but capitalized to the principal (capitalized interest for the year 2016 amounts to EUR 19). The Entity agreed with Attica Publications to extend the repayment plan due to the effect on cash flow caused by pandemic and will resume repay once the business conditions will stabilize.

NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2020
All amounts expressed in thousands of Euro, unless otherwise stated

17. TRADE AND OTHER PAYABLES

	December 31, 2020	December 31, 2019
Liabilities for advances received	13	7
Payables to domestic suppliers	54	104
Payables to foreign suppliers	1	16
Other	12	17
	80	144

18. RELATED PARTY DISCLOSURES

a) Items included in the income statement (in Euro)

	2020	2019
Income from services		
- Arnoldo Mondadori Editore Spa., Milano, Italy	0,00	10,235
	0,00	10,235
Royalty fees		
- Arnoldo Mondadori Editore Spa., Milano, Italy	6,188	13,524
	6,188	13,524
Net expenses	(6,188)	(3,289)

b) Outstanding receivables and liabilities (in Euro)

	December 31, 2020	December 31, 2019
Trade receivables		
- Mondadori International Business S.R.L.	0,00	5,200
	0,00	5,200
Trade payables		
- Attica Media Bulgaria ltd, Bulgaria	-	-
- G. Dragounis Publications, S.A.	-	-
- Mondadori International Business S.R.L.	1,190	2,904
- Attica Publications S.A., Greece	-	-
	1,190	2,904
Intercompany Loan and interest		
- Attica Publications S.A., Greece	160,017	152,398
	161,207	154,694

19. FINANCIAL INSTRUMENTS

19.1. Capital risk management

There is no formal capital risk management framework implemented in the Entity. The Management focuses on capital risk on a case basis to mitigate risks and ensure that the Entity will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance**.** The capital structure of the Entity consists of equity attributable to equity holders, comprising issued capital (permanent investments), as disclosed in note 15, and accumulated loss.

The persons controlling finances review the capital structure on an annual basis. As a part of this review the Management considers the cost of capital and the risks associated with each class of capital. Based on this review, the Entity will balance its overall capital structure through the further decrease of accumulated loss. The Entity’s overall strategy remains unchanged from 2008.

All amounts expressed in thousands of Euro, unless otherwise stated

19. FINANCIAL INSTRUMENTS (Continued)

The gearing ratios of the Company as of the year-end were as follows:

	December 31, 2020	December 31, 2019
Debt (a)	445	488
Cash and cash equivalents	163	152
Net indebtedness	282	336
Equity b)	31	221
Debt to equity ratio	9,10	1,52

a) Debt is related to long-term and short-term borrowings.

b) Equity includes permanent investments, foreign currency translation reserve and accumulated loss.

19.2. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the recognition criteria, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

19.3. Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Cash and cash equivalents	163	152
Trade receivables	282	476
	445	628
Financial liabilities		
Trade payables	80	144
Borrowings	445	488
	525	632

19.4. Financial risk management objectives

The Entity's activities expose it to a variety of financial risks. These risks include credit risk, liquidity risk and market risk (including foreign currency exchange risk and interest rate risk). The Entity does not use derivative financial instruments or any other form of hedges against these risks.

There is no formal risk management framework implemented in the Entity. The Management focuses mainly on credit risk, liquidity risk and foreign currency exchange risk and acts on a case basis to mitigate risks and minimize losses. However, such activities, on as needed basis, may be not entirely effective, and therefore it cannot be precluded that fluctuations in the risk variables, might have some adverse effects on the operations, financial position and financial performance of the Entity.

Foreign currency risk exposure is measured using the sensitivity analysis. There has been no change in the manner in which the Entity mitigates and measures the risk.

Foreign currency risk

Currency risks arise on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature; differences resulting from the translation of financial statements into the Entity's functional currency are not taken into consideration. Relevant risk variables are generally all non-functional currencies in which the Entity has financial instruments.

All amounts expressed in thousands of Euro, unless otherwise stated

19. FINANCIAL INSTRUMENTS (Continued)

The book value of financial assets and liabilities of the Entity denominated in foreign currency as of the reporting dates is as follows:

	Assets		Liabilities	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
RSD	82	85	161	168

Foreign currency sensitivity analysis

The following table details the Entity's sensitivity to a 10% increase and decrease in the functional currency against the non-functional foreign currency (RSD). The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10% change in foreign currency rates of RSD currency, with all other variables remaining constant.

	December 31, 2020		December 31, 2019	
	RSD impact		RSD impact	
	+10%	-10%	+10%	-10%
Profit or (loss)	(8)	8	(8)	8

Foreign currency risk (Continued)

The Entity's sensitivity to foreign currency has been primarily driven by RSD denominated accounts receivables and accounts payable.

The amounts generated from the sensitivity analysis are forward-looking estimates of foreign currency exchange risk assuming certain market conditions. Actual results in the future may differ materially from those projected results due to the inherent uncertainty of global and local financial markets. The methods and assumptions used are the same as those applied in the previous reporting period.

19.5. Interest rate risk

The Entity is exposed to the risk from movements in interest rates inherent in liabilities linked to variable interest rates. Such risk depends upon the financial market and the Entity does not have instruments which may mitigate its effects.

The carrying values of financial assets and liabilities at the end of the period under review were as follows:

	December 31, 2020	December 31, 2019
Financial assets		
Non-interest bearing		
Cash and cash equivalents	163	152
Trade receivables	282	476
	445	628
Financial liabilities		
Non-interest bearing		
Trade payables	80	144
Fixed interest rate		
Borrowings	445	488
Variable interest rate		
Borrowings	-	-
	525	632

NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2020
All amounts expressed in thousands of Euro, unless otherwise stated

19. FINANCIAL INSTRUMENTS (Continued)

19.6. Credit risk

The Entity was exposed to credit risk inherent in the possibility that debtors may not be able to settle their liabilities to the Entity when due and in full, which could lead to financial loss for the Entity. The Entity's exposure to this risk is limited to accounts receivable as of the balance sheet date.

The most significant customers, gross is presented in the following table:

	2020	%
Media Pool d.o.o. Beograd	25	9%
CENTROSINERGIJA DOO Beograd	25	9%
MINI STUDIO PUBLISHING GROUP Beograd	21	8%
Zdravstvena ustanova Apoteka Lilly Drogerie	18	6%
The Walt Disney Company Bulgaria EOOD Sofia	17	6%
New Moment New Ideas Company d.o.o.	12	4%
Other	164	58%
	282	100%

The structure of accounts receivable as of December 31, 2020 is presented in the following table:

	Gross Exposure	Allowance for Impairment	Net Exposure
Accounts receivable not matured	177	-	177
Matured accounts receivable, provided for	-	-	-
Matured accounts receivable, not provided for	105	-	105
	282	-	282

The structure of accounts receivable as of December 31, 2019 is presented in the following table:

	Gross Exposure	Allowance for Impairment	Net Exposure
Accounts receivable not matured	326	-	326
Matured accounts receivable, provided for	-	-	-
Matured accounts receivable, not provided for	150	-	150
	476	-	476

Matured accounts receivable, not provided for

The age structure of matured accounts receivable, not provided for is presented in the following table:

	December 31, 2020	December 31, 2019
Up to 90 days	62	52
91 to 180 days	4	47
181 to 365 days	21	15
Over 365 days	18	36
	105	150

NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2020
All amounts expressed in thousands of Euro, unless otherwise stated

19. FINANCIAL INSTRUMENTS (Continued)

19.7. Liquidity risk

Responsibility for liquidity risk management rests with the Entity's Management, which is responsible for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate cash reserves, by borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables present details of outstanding contractual maturities of financial assets. The amounts presented are based on the undiscounted cash flows arising from financial assets at the earliest collection date.

Maturities of financial assets

	Up to one month	From one month to three months	From three months to six months	From six months to one year	Over one year	Total
2020						
Non-interest bearing	340	62	4	21	18	445
	340	62	4	21	18	445
2019						
Non-interest bearing	478	52	47	15	36	628
	478	52	47	15	36	628

Maturities of financial liabilities

The following table details the Entity's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Entity can be required to pay.

	Up to one month	From one month to three months	From three months to six months	From six months to one year	Over one year	Total
2020						
Non-interest bearing	-	80	-	-		80
Fixed interest rate	160	25	25	48	187	445
Variable interest rate	-	-	-	-	-	-
	160	105	25	48	187	525
2019						
Non-interest bearing	57	33	34	34	-	158
Fixed interest rate	-	50	50	52	-	152
Variable interest rate	-	90	246		-	336
	57	173	330	86	-	646

19.8. Fair values

The fair values of financial assets and financial liabilities are determined taking into account the assumption that the book value of receivables and payables balances approximates to fair value due to their relatively short maturities.

NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2020
All amounts expressed in thousands of Euro, unless otherwise stated

20. LITIGATIONS

The Company has filed several legal suits against third parties for which bad debt provisions have been formed and included in the financial statements as of December 31, 2020. Moreover, as of that date there were three legal suits involving the Company as a defendant with former employees. Based on the management's estimates, no provisions were made in respect thereof.

21. EVENTS AFTER THE REPORTING PERIOD

Since December 31, 2020 there have been no events that would require adjustments to or additional disclosures in the Entity's financial statements or notes to the financial statements.

22. TAXATION RISKS

The Republic of Serbia tax legislation is subject to different interpretations and changes occur frequently. The interpretation of tax legislation by tax authorities as applied to the transactions and activity of the Entity may not coincide with that of the management. As a result, transactions may be challenged by tax authorities and the Entity may be assessed additional taxes, penalties and interest, which can be significant. The periods remain open to review by the tax authorities with respect to tax liabilities for five years.

23. EXCHANGE RATES

The official exchange rates for major currencies used in the translation of the balance sheet components denominated in foreign currencies, into EUR were as follows:

	December 31, 2020	December 31, 2019
1000 RSD	8,5048	8,5039
1000 GBP	1,109.0166	1,170.1379
1000 USD	813,6038	892.2195

These financial statements were approved by the General Manager of Attica Media SRB d.o.o., Beograd on February 28, 2021.

Signed on behalf of Attica Media SRB d.o.o., Beograd:

Danijela Jovanovic
General Manager

Ljubinka Blagojević
Chief Financial Officer