INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF PETROL GROUP AND CONDENSED EXPLANATORY NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2021

(This document is a translated condensed version of the original Bulgarian document, in case of divergence the Bulgarian original text shall prevail)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period ended June 30

	Note	**2021 BGN'000**	**2020 BGN'000**
Revenue	*2*	215,630	185,144
Other income	*3*	3,642	382
Cost of goods sold		(187,158)	(156,554)
Materials and consumables	*4*	(1,903)	(1,770)
Hired services	*5*	(17,099)	(17,324)
Employee benefits	*6*	(10,975)	(9,307)
Depreciation and amortisation	*10,11,12*	(2,870)	(2,803)
Reversal of (impairment) losses		4	(2,181)
Other expenses	*7*	(422)	(289)
Finance income	*8*	731	969
Finance costs	*8*	(2,459)	(2,630)
Loss before tax		**(2,879)**	**(6,363)**
Tax income	*9*	95	461
Loss for the period		**(2,784)**	**(5,902)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation		-	27,730
Income tax relating to items not reclassified		-	(2,771)
Other comprehensive income for the period		**-**	**24,959**
Total comprehensive income for the period		**(2,784)**	**19,057**
Loss attributable to:			
Owners of the Parent company		(2,784)	(5,902)
Non-controlling interest		-	-
Loss for the period		**(2,784)**	**(5,902)**
Total comprehensive income attributable to:			
Owners of the Parent company		(2,784)	19,057
Non-controlling interest		-	-
Total comprehensive income for the period		**(2,784)**	**19,057**
Loss per share (BGN)	*19*	**(0.10)**	**(0.22)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**June 30 2021 BGN'000**	**Dec. 31 2020 BGN'000**
Non-current assets			
Property, plant and equipment and intangible assets	*10*	39,605	40,479
Investment properties	*12*	1,675	1,699
Right-of-use asset	*11*	11,970	14,176
Goodwill	*13*	19,844	19,844
Deferred tax assets	*9*	2,122	1,977
Total non-current assets		75,216	78,175
Current assets			
Inventories	*14*	19,692	18,779
Loans granted	*16*	23,346	23,202
Trade and other receivables	*17*	33,853	26,779
Non-current assets held-for-sale	*15*	1,422	8
Cash and cash equivalents	*18*	3,066	2,773
Total current assets		81,379	71,541
Total assets		**156,595**	**149,716**
Equity			
Registered capital	*19*	109,250	109,250
Reserves		43,371	43,682
Accumulated loss		(126,626)	(124,153)
Total equity attributable to the owners of the Parent company		25,995	28,779
Non-controlling interests		23	23
Total equity		26,018	28,802
Non-current liabilities			
Loans and borrowings	*20*	36,453	36,543
Liabilities under lease agreements	*11*	8,079	9,796
Employee defined benefit obligations	*21*	773	773
Total non-current liabilities		45,305	47,112
Current liabilities			
Trade and other payables	*22*	71,609	59,543
Loans and borrowings	*20*	9,696	10,008
Liabilities under lease agreements	*11*	3,917	4,251
Current income tax liabilities	*23*	50	-
Total current liabilities		85,272	73,802
Total liabilities		130,577	120,914
Total equity and liabilities		**156,595**	**149,716**

COMPREHENSIVE STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the Parent company					Non-controlling interests	Total equity
	Registered capital BGN'000	General reserves BGN'000	Reval. reserve BGN'000	Accumulated profit (loss) BGN'000	Total BGN'000	BGN'000	BGN'000
Balance at January 1, 2020	**109,250**	**18,864**	**-**	**(113,564)**	**14,550**	**23**	**14,573**
Comprehensive income for the period							
Loss for the period	-	-	-	(8,929)	(8,929)	-	(8,929)
Revaluation of defined benefit obligations	-	-	-	(27)	(27)	-	(27)
Revaluation of property, plant and equipment	-	-	27,730	(1,968)	25,762	-	25,762
Tax effect on revaluation of property, plant and equipment	-	-	(2,774)	197	(2,577)	-	(2,577)
Total comprehensive income	**-**	**-**	**24,956**	**(10,727)**	**14,229**	**-**	**14,229**
Transfer of revaluation reserve of assets to retained earnings, net of assets	-	-	(138)	138	-	-	-
Balance at December 31, 2020	**109,250**	**18,864**	**24,818**	**(124,153)**	**28,779**	**23**	**28,802**
Comprehensive income for the period							
Loss for the period	-	-	-	(2,784)	(2,784)	-	(2,784)
Total comprehensive income	**-**	**-**	**-**	**(2,784)**	**(2,784)**	**-**	**(2,784)**
Transfer of revaluation reserve of assets to retained earnings, net of assets	-	-	(311)	311	-	-	-
Balance at June 30, 2021	**109,250**	**18,864**	**24,507**	**(126,626)**	**25,995**	**23**	**26,018**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended June 30

	2021 BGN'000	2020 BGN'000
Cash flows from operating activities		
Net loss before taxes	(2,879)	(6,363)
Adjustments for:		
Depreciation/amortization of property, plant and equipment and intangible assets	2,870	2,803
Interest expense and bank commissions, net	1,723	1,663
Shortages and normal loss, net of excess assets	(298)	(163)
Provisions for unused paid leave and retirement benefits	439	294
(Reversal of) impairment loss on assets	(4)	2,181
Payables written-off	-	(96)
Loss (profit) on sale of assets	(1,155)	3
	696	**322**
Change in trade payables	10,004	(896)
Change in inventories	(590)	4,138
Change in trade and other receivables	(7,023)	3,284
Cash flows generated from operating activities	**3,087**	**6,848**
Interest, bank fees and commissions paid	(1,497)	(2,624)
Income tax paid	-	(3)
Net cash from operating activities	**1,590**	**4,221**
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(400)	(147)
Proceeds from sale of property, plant and equipment	1,524	40
Payments for loans granted, net	(249)	(3,230)
Proceeds from loans granted, net	187	1,268
Interest received on loans granted	17	74
Proceed (payments) for acquisitions of other investments	-	158
Net cash flows used in investing activities	**1,079**	**(1,837)**
Cash flows from financing activities		
Proceeds from loans and borrowings	350	-
Payments of loans and borrowings	(424)	(87)
Lease payments	(2,307)	(2,257)
Net cash flows from financing activities	**(2,381)**	**(2,344)**
Net decrease in cash flows during the period	**288**	**40**
Cash and cash equivalents at the beginning of the period	**2,722**	**3,486**
Effect of movements in exchange rates	5	(2)
Cash and cash equivalents at the end of the period	**3,015**	**3,524**

CONDENSED NOTES

TO THE INTERIM CONSOLIDATED FINANCIAL REPORT

FOR THE PERIOD ENDED JUNE 30, 2021

1. Segments reporting

The Group has identified the following operating segments, based on the reports presented to the Group's Management, which are used in the process of strategic decision-making:

- ***Wholesale of fuels*** – wholesale of petroleum products in Bulgaria;
- ***Retail of fuels*** – retail of petroleum and other products through a network of petrol stations.
- ***Other activities*** – financial and accounting services, consultancy, rental income and other activities.

The segment information, presented to the Group's Management for the periods ended as of June 30, 2021 and 2020 is as follows:

June 30 2021	**Wholesale of fuels**	**Retail of fuels**	**All other segments**	**Total for the Group**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Total segment revenue	9,785	208,394	1,700	219,879
Intra-group revenue	-	70	537	607
Revenue from external customers	**9,785**	**208,324**	**1,163**	**219,272**
Adjusted EBITDA	**1,691**	**(905)**	**929**	**1,715**
Depreciation/amortization	1,129	1,588	153	2,870
Impairment	-	(3)	(1)	(4)

June 30 2020	**Wholesale of fuels**	**Retail of fuels**	**All other segments**	**Total for the Group**
	BGN'000	**BGN'000**	**BGN'000**	**BGN'000**
Total segment revenue	11,220	173,823	1,362	186,405
Intra-group revenue	-	58	821	879
Revenue from external customers	**11,220**	**173,765**	**541**	**185,526**
Adjusted EBITDA	**1,501**	**(1,848)**	**629**	**282**
Depreciation/amortization	1,137	1,503	163	2,803
Impairment	-	278	1,903	2,181

The policies for recognition of revenue from intra-group sales and sales to external clients for the purposes of the reporting by segments do not differ from these applied by the Group for revenue recognition in the consolidated statement of profit and loss and other comprehensive income.

The Management of the Group evaluates the results of the performance of the segments based on the adjusted EBITDA[1]. In the calculation of the adjusted EBITDA the effect of the impairment of assets is not taken into account. The reconciliation of the adjusted EBITDA and the profit (loss) before tax is presented in the table below:

[1] EBITDA (earnings before interest, tax, depreciation and amortization)

	June 30 2021 BGN’000	June 30 2020 BGN’000
Adjusted EBITDA - reporting segments	786	(347)
Adjusted EBITDA - all other segments	929	629
Depreciation/amortization	(2,870)	(2,803)
Impairment of assets	4	(2,181)
Finance income (costs), net	(1,728)	(1,661)
Profit (loss) before tax	**(2,879)**	**(6,363)**

2. Revenue from sales

	June 30 2021 BGN’000	June 30 2020 BGN’000
Sales of goods	210,849	180,952
Sales of services	4,781	4,192
	215,630	**185,144**

3. Other income

	June 30 2021 BGN’000	June 30 2020 BGN’000
Income from financing	1,955	86
Gain on sale of property, plant, equipment and materials including:	1,155	-
Income from sales	*1,730*	-
Carrying amount	*(575)*	-
Surpluses of assets	337	180
Penalties and indemnities	18	10
Insurance claims	11	10
Payables written-off	-	96
Other	166	-
	3,642	**382**

As a result of the negative impact and consequences of the global pandemic from the spread of a new type of coronavirus - Covid-19, the Group has taken a series of actions to reorganize the activities of some of its trade sites and establish reduced working hours for some of the staff. From the end of March 2020, the Employment Agency opens an application procedure under Art. 1 of Decree №55 of March 30, 2020 on determining the terms and conditions for payment of compensations to employers in order to maintain the employment of employees in the state of emergency, declared by a Decision of the National Assembly as of March 13, 2020. The Group has submitted documents for application under this procedure and as of June 30, 2021 has received funding from the state in the amount of BGN 1,955 thousand (June 30, 2020: BGN 86 thousand).

4. Materials and consumables

	June 30 2021 BGN'000	June 30 2020 BGN'000
Electricity and heating	1,122	1,013
Fuels and lubricants	227	189
Office consumables	193	196
Spare parts	132	122
Working clothes	99	99
Water supply	48	51
Advertising materials	17	14
Other	65	86
	1,903	**1,770**

5. Hired services

	June 30 2021 BGN'000	June 30 2020 BGN'000
Rents	7,472	7,488
Dealer and other commissions	5,506	5,320
Maintenance and repairs	1,412	1,571
Consulting, training and audit	613	760
Security	372	305
State, municipal fees and other costs	331	404
Communications	315	417
Cash collection expense	307	315
Insurances	195	181
Software licenses	103	126
Advertising	92	159
Transport	35	25
Other	346	253
	17,099	**17,324**

The rent expenses include rent costs of trade sites for BGN 7,439 thousand (June, 30 2020: BGN 7,443 thousand) leased under operating lease, which fall under the exclusions of IFRS 16 and whose agreements comprise a contractual clause, that the both parties have the right to cease the contract for separate trade sites or as a whole with an insignificant sanction.

6. Employee benefits

	June 30 2021 BGN'000	June 30 2020 BGN'000
Wages and salaries	9,171	7,662
Social security contributions and benefits	1,804	1,645
	10,975	**9,307**

7. Other expenses

	June 30 2021 BGN’000	June 30 2020 BGN’000
Local taxes and taxes on expenses	177	162
Penalties and indemnities	99	28
Entertainment expenses and sponsorship	80	60
Loss on liquidation of property, plant, equipment and materials including:	25	-
Carrying amount	*27*	-
Revenue from sales	*(2)*	-
Scrap and shortages	14	17
Business trips	7	6
Loss on sale of property, plant, equipment and materials including:	-	3
Carrying amount	-	*45*
Revenue from sales	-	*(42)*
Other	20	13
	422	**289**

8. Finance income and costs

	June 30 2021 BGN’000	June 30 2020 BGN’000
Finance income		
Interest income, including	731	967
Interest income on loans granted	*666*	*900*
Interest income on trade receivables	*65*	*67*
Net foreign exchange gain	-	2
	731	***969***
Finance costs		
Interest costs, including:	(2,246)	(2,396)
Interest expenses on debenture loans	*(897)*	*(1,287)*
Interest expenses on trade and other payables	*(865)*	*(386)*
Interest expenses on the lease	*(277)*	*(483)*
Interest expenses on bank loans	*(203)*	*(221)*
Interest expenses to the state budget	*(2)*	*(19)*
Interest expenses on trade loans	*(2)*	-
Loss from cession contracts	(5)	-
Bank fees, commissions and other financial expenses	(208)	(234)
	(2,459)	***(2,630)***
Finance income (costs), net	**(1,728)**	**(1,661)**

9. Taxation

9.1. Tax expenses

Tax expense recognised in profit or loss includes the amount of current and deferred income tax expenses in accordance with IAS 12 *Income taxes*.

	June 30 2021 BGN'000	**June 30 2020 BGN'000**
Current tax expense	50	-
Change in deferred tax, including:	(145)	(461)
Temporary differences recognised during the period	*33*	*96*
Temporary differences arising during the period	*(178)*	*(360)*
Adjustments	-	*(197)*
Tax income	**(95)**	**(461)**

9.2. Effective tax rate

The reconciliation between the accounting loss and tax expense, as well as calculation of the effective tax rate as of June 30, 2021 and June 30, 2020 is presented in the table below:

	June 30 2021 BGN'000	**June 30 2020 BGN'000**
Loss before tax for the period	(2,879)	(6,363)
Applicable tax rate	10%	10%
Tax expense at the applicable tax rate	(288)	(636)
Tax effect of permanent differences	(15)	16
Tax effect of a tax asset not recognised in the current period that arose in the current period	203	371
Tax effect of adjustments to a recognized tax asset that arose in previous reporting periods	-	(197)
Tax effect from consolidation adjustments	5	(15)
Tax income	**(95)**	**(461)**
Effective tax rate	**-**	**-**

The respective tax periods of the Group may be subject to inspection by the tax authorities until the expiration of 5 years from the end of the year in which a declaration was submitted, or should have been submitted. Consequently additional taxes or penalties may be imposed in accordance with the interpretation of the tax legislation. The Group's management is not aware of any circumstances, which may give rise to a contingent additional liability in this respect.

In November 2017 the issued tax assessment from March 2016 on the security contributions tax audit for BGN 543 thousand principal and BGN 248 thousand interest, appealed entirely by the Parent company as unjustified and secured by a bank guarantee of BGN 800 thousand, was entirely repealed due to decision of Administrative Court – Sofia city. The tax administration appealed the decision and SAC repealed the decision of AC – Sofia city and returned the court proceeding to the initial judicial body for new examination. In order to secure the additionally calculated interest liabilities on this tax assessment, an additional bank guarantee for BGN 255 thousand was issued in February 2019. With a decision from March 2020. the first-instance court has partially annulled the appealed amended assessment, as a result the liabilities of the Parent company have been reduced to BGN 53 thousand. The Appel and Tax Insurance Practice has appealed the decision of the first-instance court. With a decision of the Supreme Administrative Court from November 2020, the decision of the first-instance court was finally confirmed, repealing partially the tax assessment form 2016. The Group has paid the outstanding liabilities and the effect is recognized in the financial statement as at December 31, 2020.

9.3. Recognised deferred tax assets and liabilities

	Asset (liability) as at January 1, 2020	Recognised in profit and loss	Recognised in profit and loss	Asset (liabilitiy) as at December 31, 2020	Recognised in other compre-hensive income	Asset (liability) as at June 30, 2021
	BGN'000	BGN'000	BGN'000		BGN'000	BGN'000
Property, plant and equipment	(175)	(2,577)	49	(2,703)	88	(2,615)
Impairment of assets	4,107	-	235	4,342	(6)	4,336
Tax loss carry-forwards	9	-	(2)	7	4	11
Provisions for unused paid leave and other provisions	125	-	16	141	2	143
Excess of interest payments in accordance with CITA	104	-	67	171	46	217
Other temporary differences, including unpaid benefits to individuals	46	-	(27)	19	11	30
	4,216	**(2,577)**	**338**	**1,977**	**145**	**2,122**

The Group has the right to carry forward deferred tax assets on tax losses until 2026.

9.4. Unrecognized deferred tax assets

As of June 31, 2021 and December 31, 2020 the Group's Management reviews the recoverability of deductible temporary differences and tax loss carry-forward, forming tax assets. Because of this review, the Group's Management estimates that there might be no sufficient taxable profits in the near future against which the assets will be utilized. Consequently, the Group does not recognize tax assets on the following deductible temporary differences and tax loss carry forward and impairment of assets, incurred during the current and previous reporting periods.

10. Property, plant, equipment and intangible assets

	Land	Buildings	Plant and equipment	Vehicles	Other	Assets under constr.	Intangible assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cost								
Balance at January 1, 2020	**7,201**	**6,761**	**9,716**	**572**	**1,844**	**244**	**675**	**27,013**
Additions	-	26	97	-	42	468	27	660
Transfer of held-for-sale assets	2,345	700	381	-	4	-	-	3,430
Transfers	-	10	171	-	312	(493)	-	-
Netting accumulated depreciation	-	(3,867)	(6,707)	(561)	(937)	-	(452)	(12,524)
Revaluation	4,817	2,598	16,142	419	1,570	-	308	25,854

Impairment losses	(1,751)	(554)	(113)	-	(13)	(34)	-	(2,465)
Disposals	(53)	(18)	(115)	-	(48)	(17)	-	(251)
Balance at December 31, 2020	**12,559**	**5,656**	**19,572**	**430**	**2,774**	**168**	**558**	**41,717**
Additions	-	8	38	-	45	268	6	365
Transfers	-	-	98	-	9	(107)	-	-
Disposals	(90)	(55)	(449)	-	(42)	-	-	(636)
Balance at June 30, 2021	**12,469**	**5,609**	**19,259**	**430**	**2,786**	**329**	**564**	**41,446**
Accumulated depreciation								
Balance at January 1, 2020	**-**	**3,867**	**6,707**	**561**	**937**	**-**	**452**	**12,524**
Accumulated	-	206	763	10	217	-	48	1,244
Disposals for the period	-	-	(6)	-	-	-	-	(6)
Netting accumulated depreciation	-	(3,867)	(6,707)	(561)	(937)	-	(452)	(12,524)
Balance at December 31, 2020	**-**	**206**	**757**	**10**	**217**	**-**	**48**	**1,238**
Additions	-	102	391	5	120	-	13	631
Transfers	-	(2)	(21)	-	(5)	-	-	(28)
Balance at June 30, 2021	**-**	**306**	**1,127**	**15**	**332**	**-**	**61**	**1,841**
Carrying amount at January 1, 2020	**7,201**	**2,894**	**3,009**	**11**	**907**	**244**	**223**	**14,489**
Carrying amount at December 31, 2020	**12,559**	**5,450**	**18,815**	**420**	**2,557**	**168**	**510**	**40,479**
Carrying amount at June 30, 2021	**12,469**	**5,303**	**18,132**	**415**	**2,454**	**329**	**503**	**39,605**

As at June 30, 2021 property, plant and equipment with a carrying amount of BGN 23,444 thousand (December 31, 2020: BGN 22,874 thousand) are mortgaged or pledged as collaterals under bank loans, granted to the Parent company and to unrelated parties, under credit limit agreements for issuance of bank guarantees.

The assets under construction include mainly incurred expenses for reconstruction of trade sites.

In 2020 the Group has changed its approach to the subsequent valuation of property, plant and equipment under the revaluation model under IAS 16 and intangible assets under IAS 38. The revalued (to fair) value of property, plant and equipment and intangible assets was initially determined through a market valuation by an independent appraiser and applied in the accounting policy as of January 1, 2020.

The revaluation model provides, after initial recognition for an asset, any property, plant and equipment whose fair value may to be measured reliably, to be carried at revalued amount, which is the fair value of the asset at the date of revaluation less any subsequent accumulated depreciation as well as subsequent accumulated impairment losses. Revaluations should be carried out at sufficiently regular intervals to ensure that the carrying amount does not differ materially from the fair value that would be determined using the fair value at the statement of financial position date.

11. Investment property

	June 30, 2021 BGN'000	December 31, 2020 BGN'000
Cost		
Balance at the beginning of the period	**1,883**	**1,883**
Acquisitions	-	-
Balance at the end of the period	**1,883**	**1,883**
Accumulated depreciation		
Balance at the beginning of the period	**184**	**137**
Depreciation	24	47
Balance at the end of the period	**208**	**184**
Carrying amount at the beginning of the period	**1,699**	**1,746**
Carrying amount at the end of the period	**1,675**	**1,699**

Investment property representing land and building were acquired through business combination in December 2016. The carrying amount of the investment property is a maximum approximation of their fair value of 1,726 thousand. The Group determines the fair value of the investment property for reporting purposes, using a valuation report of independent appraiser, which is calculated by method of net assets value and discounted free cash flows. The investment properties are part of a set of assets, which worth BGN 1,500 thousand, serving to secure the credit limit under a revolving credit line agreement concluded in 2016.

12. Assets and liabilities under leases

In the consolidated statement of financial position as at June 30, 2021 and December 31, 2020 are disclosed the following items and amounts related to lease agreements:

Consolidated statement of financial position	June 30, 2021 BGN'000	December 31, 2020 BGN'000
Right-of-use assets, incl.:	**11,970**	**14,176**
Property (lands and buildings)	*6,129*	*7,037*
Machinery, plants and equipment	*5,525*	*6,630*
Transport vehicles	*316*	*509*
Liabilities under leases, incl.:	**(11,996)**	**(14,047)**
Current liabilities	*(3,917)*	*(4,251)*
Non-current liabilities	*(8,079)*	*(9,796)*
Net effect on equity	**(26)**	**129**

Costs recognised in the consolidated statement of comprehensive income

Consolidated statements of profit or loss and other comprehensive income	June 30, 2021 BGN'000	June 30, 2020 BGN'000

Depreciation costs of right-of-use assets, incl.:	2,215	2,169
Property (lands and buildings)	*914*	*777*
Machinery, plants and equipment	*1,108*	*1,111*
Transport vehicles	*193*	*281*
Interest under lease contracts for right-of-use assets	277	483
	2,492	**2,652**

13. Goodwill

The recognised goodwill as at June 30, 2021 and December 31, 2020 is at the amount of BGN 19,844 thousand and arose as a result of the acquisition of the subsidiaries: Varna Storage EOOD - BGN 19,787 thousand, Lozen Asset AD - BGN 29 thousand and Petrol Technologies OOD - BGN 28 thousand.

14. Inventory

	June 30, 2021 BGN'000	December 31, 2020 BGN'000
Goods, including:	19,010	18,137
Fuels	*11,452*	*10,859*
Lubricants and other goods	*7,558*	*7,278*
Materials	682	642
	19,692	**18,779**

15. Non-current assets held for sale

	June 30, 2021 BGN'000	December 31, 2020 BGN'000
Non-current assets held for sale incl.:	1,422	8
Land	*744*	-
Buildings	*438*	*8*
Plant and equipment	*240*	-
	1,422	**8**

In January 2021, as a creditor in an enforcement case for overdue receivables on loans and trade and other receivables against an unrelated entity, the Group was declared as a buyer through a distribution protocol by a private bailiff due to a public sale of property owned by the unrelated entity - debtor. The acquisition price of the property was paid by setoff of counter receivables on loan granted in previous periods and interest on it, and also trade receivables and re-invoicing and also legal interest on them for the total amount of BGN 1,339 thousand and by additional payment of BGN 210 thousand. The Group paid the price within the statutory term and in February 2021 when the award decree issued by the private bailiff came to force, the Group made the setoff and acquired the ownership of the property. As at June 30, 2021 the property representing storage depot, mortgaged as a collateral in favor of a commercial bank under revolving credit line contract signed in 2016 is recognized in the consolidated financial statements as held-for-sale asset.

16. Loans granted

	June 30, 2021 BGN'000	December 31, 2020 BGN'000
Loans granted to unrelated parties, including	23,346	23,202
Initial value	*36,105*	*35,970*
Allowance for impairment	*(12,759)*	*(12,768)*
	23,346	**23,202**

In April 2021 the Group granted a cash loan to an unrelated party with a credit limit of up to BGN 500 thousand, available in tranches for the period of one year from the signing date at 5% annual interest rate. As at June 30, 2021 the Group has no unsettled receivables under this agreement.

In April 2021 the Group granted a cash loan to an unrelated party with a credit limit of up to BGN 75 thousand available in tranches for the period until December 31, 2021 at 5% annual interest rate. As at June 30, 2021 the Group has receivables under this contract at the amount of BGN 72 thousand principal.

In February 2020 the Group signed a cash loan agreement with an unrelated party with a credit limit of up to BGN 50 thousand and interest rate of 5%. The repayment period has been additionally extended until December 31, 2021. As at June 30, 2021 the Group has no unsettled receivables under this loan.

In January 2019, the Group granted a cash loan to an unrelated party with a credit limit of up to BGN 5,500 thousand with an interest rate of 6.7%, which is additionally annexed until December 31, 2021. As at June 30, 2021 the receivables under the contract amount to BGN 5,180 thousand principal, net of impairment and BGN 739 thousand interest.

In April 2019 the Group entered into an agreement for granting a cash loan to an unrelated party with a credit limit of up to BGN 1,448 thousand at 6.7% annual interest rate. As June 30, 2021 the receivables under this contract are at the amount of BGN 43 thousand, net of impairment.

In May 2019 the Group granted a cash loan to an unrelated party with credit limit up to BGN 11 thousand and interest rate of 6.7%. As at June 30, 2021 the receivables are at the amount of BGN 3 thousand, net of impairment.

In August 2019 the Group granted a cash loan to an unrelated party with a credit limit of up to BGN 1,000 thousand with interest rate of 6.7%, available in tranches for one year since the date of signing. With an annexes the repayment period of the loan has been extended, the loan limit has been increased and from the beginning of 2021 the interest decreased to 5%. As of June 30, 2021 the loan has been fully repaid.

In August 2019 the Group signed a contract for granting a cash loan to an unrelated party at 7% annual interest rate and one year repayment period. With an annex the repayment period of the loan is extended to August 2021. As at June 30, 2021 the receivables under this loan are BGN 313 thousand principal and BGN 37 thousand interest.

In February 2018 the Group granted a cash loan to unrelated party at the amount of BGN 2,000 thousand, subsequently the amount was increased to BGN 3,500 thousand at 6.7% interest and repayment period extended until December 31, 2018. With annexes the credit limit was increased to BGN 5,000 thousand and the term of the loan was extended until December 31, 2021. As at June 30, 2021 the receivables under this loan are BGN 2,027 thousand principal and BGN 592 thousand interest net of impairment.

In March 2018 the Group entered into an agreement for granting a cash loan to unrelated party with a credit limit of up to BGN 300 thousand at 6.7% annual interest rate and repayment period until December 31, 2018. With annexes the term of the loan was extended and the limit was increased. As at December 31, 2020 the receivables under this loan are BGN 825 thousand principal and BGN 97 thousand interest. In February 2021 the Group has made a set-off of counter obligations concerning the right of acquisition of a property by a bailiff public sale. As at June 30, 2021 the granted funds under this contract were BGN 496 thousand principal and BGN 28 thousand interest.

In November 2017 the Group signed two contracts for granting interest bearing loans with unrelated parties amounting up to BGN 5,050 thousand and up to BGN 6,150 thousand at 6.7% annual interest rate and repayment period until December 31, 2021. As at June 30, 2021 the granted amounts under these contracts are BGN 3,448 thousand net of impairments principal and BGN 1,059 thousand interest and BGN 4,417 thousand net of impairments principal and BGN 1,278 thousand interest. The contract is annexed and the interest rate decreased to 5% from January 1, 2021.

In December 2017, the Group signed a contract for granting cash loan, which requires the Group to grant interest bearing loan up to BGN 3,000 thousand to unrelated party at 6.7% annual interest with repayment period until December 31, 2021. As at June 30, 2021 the receivables under this loan are BGN 2,483 thousand principal, net of impairment and BGN 698 thousand interest.

17. Trade and other receivables

	June 30, 2021 BGN'000	**December 31, 2020 BGN'000**
Receivables from clients, including	22,853	19,013
Initial value	*24,119*	*20,281*
Allowance for impairment	*(1,266)*	*(1,268)*
Prepaid expenses	3,716	96
Receivables under cession agreements, assumption of debt and regress	3,380	3,378
Initial value	*4,009*	*4,007*
Allowance for impairment	*(629)*	*(629)*
Financial assets, measured at fair value through profit or loss	2,235	2,235
Guarantees for participation in tender procedures	922	904
Advances granted, including	477	188
Initial value	*547*	*258*
Allowance for impairment	*(70)*	*(70)*
Litigations and writs	169	169
Initial value	*179*	*179*
Allowance for impairment	*(10)*	*(10)*

Tax refundable, incl.:	18	5
VAT	*18*	*5*
Other	83	791
Initial value	*110*	*829*
Allowance for impairment	*(27)*	*(38)*
	33,853	**26,779**

In accordance with the established policy, the Group provides its clients a credit period, after which an interest for delay is charged on the unpaid balance. An interest for delay is provided for in every particular contract. As at the end of every reporting period the Group carries out a detailed review and analysis of the significant due trade receivables and the assessed as uncollectible are impaired.

The adoption of the new IFRS 9 changed essentially the accounting of the impairment losses of financial assets and substitute the method of the accrued losses under IAS 39 with the oriented to a greater extent to the future model of the expected credit losses. The IFRS 9 obligates the Group to recognize a provision for the expected credit losses for all debt instruments, which are not recognised at fair value in the profit or loss and for the assets under contracts.

The Group considers that unimpaired overdue receivables are collectible based on historical information about payments, guarantees received and a detailed analysis of the credit risk and collaterals of its customers.

18. Cash and cash equivalents

	June 30, 2021 BGN'000	December 31, 2020 BGN'000
Cash in transit	1,433	1,570
Cash at banks	1,457	1,052
Cash on hand	125	100
Cash in statement of cash flows	**3,015**	**2,722**
Blocked cash	51	51
Cash in statement of financial position	**3,066**	**2,773**

As at June 30, 2021 and December 31, 2020 cash at the amount of BGN 51 thousand, blocked under enforcement court cases to which the Group is a party, were presented as blocked cash.

Cash in transit comprises cash collected from fuel stations as at the end of the reporting period, but actually received in the bank accounts of the Group in the beginning of the next reporting period.

19. Registered capital

The Group's registered capital is presented at its nominal value. The registered capital of the Group represents the registered capital of the Parent company Petrol AD.

As at June 30, 2021 and December 31, 2020 the shareholders in the Parent company are as follows:

Shareholder	June 30, 2021	December 31, 2020
Alfa Capital AD	28.85%	28.85%
Yulinor EOOD	23.11%	23.11%
Perfeto consulting EOOD	16.43%	16.43%
Trans Express Oil EOOD	9.86%	9.86%
Petrol Bulgaria AD	7.32%	7.32%
Corporate Commercial Bank AD	5.51%	5.51%
Correct Pharm EOOD	3.66%	3.66%
VIP Properties EOOD	2.26%	2.26%
The Ministry of Energy	0.65%	0.65%
Other minority shareholders	2.35%	2.35%
	100.00%	**100.00%**

The Management of the Parent company has undertaken series of measures related to optimization of its capital adequacy. At several General Meetings of Shareholders (GMS) held in the period of 2016 – 2017 a decision for reverse-split procedure for merging 4 old shares with a nominal value of BGN 1 into 1 share with a nominal value of BGN 4 and consequent decrease of the capital of the Parent company in order to cover losses by decreasing the nominal value of the shares from BGN 4 to BGN 1, was voted. In March 2018, following a decision of the Lovech Regional Court, which repealed the refusal of the Commercial Register (CR) to register the decision voted on EGMS for merging 4 old shares with a nominal value of BGN 1 into 1 new share with a nominal value of BGN 4, the applied change was registered in CR resulting in registered capital of the Parent company of BGN 109 249 612, distributed in 27 312 403 shares with a nominal value of BGN 4 each. The change in the capital structure of the Parent company was registered also in Central Depositary AD. The submitted in April 2018 application for registration of the voted on EGMS decision for the second stage of the procedure of the Parent company's capital to be decreased by decreasing the nominal value of the shares from BGN 4 to BGN 1 in order to cover losses, was refused by the Commercial Register.

At EGMS of Petrol AD held on November 8, 2018 the decision to decrease the capital of the Parent company in order to cover losses by decreasing the nominal value of the shares from BGN 4 to BGN 1 was voted again. A refusal of the application for registration of the decision in CR was enacted, which was appealed by the Parent company within the statutory term. The minority shareholders disputed the decision of the EGMS and additionally to the refusal the application proceeding was postponed until the pronouncing of the Lovech Regional Court on the court proceedings, initiated on minority shareholders request. In March 2019 the Lovech Regional Court enacted a decision, which rules the CR to register the decrease of the capital after a resumption of the registration proceedings following the pronouncing on the legal proceedings initiated by the minority shareholders request. At present the court proceedings for the claims of annulment of decisions taken on EGMS from November 2018 are pending.

In February 2019 was held a new EGMS, where the decision for reduction of capital was voted again and a decision for substitution of the deceased member of Supervisory Board Ivan Voynovski with Rumen Konstantinov was taken. A refusal on the application for registration of these circumstances in the file of the Parent company was enacted, which was appealed by the Parent company within the statutory term. In addition to the refusal, the registration proceeding was ceased on request of minority shareholders until the Lovech Regional Court rules on.

In May 2019 the Lovech Regional Court enacted a decision, which repealed the enacted refusal and turn back the case to the Registry Agency for a registration of the application after a resumption of the ceased registration proceedings. At present, the court proceedings for repealing of the decisions of EGMS from February 2019 are pending.

The procedure for distribution of profits and coverage of losses is provided in the Commercial Act and the Articles of Association of the Parent company.

Loss per share

The loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares held during the reporting period.

	June 30, 2021	June 30, 2020
Weighted average number of shares (BGN'000)	27,312	27,312
Loss (BGN'000)	(2,784)	(5,902)
Loss per share (BGN)	**(0.10)**	**(0.22)**

20. Loans and borrowings

	June 30, 2021 BGN'000	December 31, 2020 BGN'000
Non-current liabilities		
Debenture loans	36,299	36,234
Loans from financial institutions	154	309
	36,453	**36,543**
Current liabilities		
Debenture loans	1,806	2,183
Loans from financial institutions	7,538	7,825
Trade loans from unrelated parties	352	-
	9,696	**10,008**
	46,149	**46,551**

20.1. Debenture loans

In October 2006, the Parent company issued 2,000 registered transferable bonds with fixed annual interest rate of 8.375% and emission value of 99.507% of the nominal, which is determined at EUR 50,000 per bond. The purpose of the issue is to provide funds for working capital, financing of investment projects and restructuring of previous debt of the Parent company. The principal is due
The principal is due in one payment at the maturity date and the interest is paid once per year. At the general meetings of the bondholders conducted in October and December 2011, it was decided to extend the term of the issue until January 26, 2017. On 23 December 2016, a procedure for extension of the bond issue to 2022 and reduction of the interest rate in the range from 5.5% to 8% was successfully completed.

In September 2020 the Parent company successfully completed a new procedure for renegotiating the conditions of the debenture loan. The maturity of the principal of the debenture loan is deferred until January 2027, the agreed interest rate is reduced to 4.24% per annum, and the periodicity of the interest (coupon) payments is every six months - in January and in July of each year to the maturity of the loan.

As at the date of preparation of these financial statements the nominal value of the debenture loan is EUR 18,659 thousand, and the fair value is BGN 34,897 thousand (2020: BGN 34,897 thousand), calculated at 8.23% interest rate (2020: 8.23%).

The debenture loan liabilities are disclosed in the statement of financial position at amortised cost. The annual interest rate as at June 30, 2021 is 4.66%.

20.2. Loans from financial institutions

In July 2016, the Parent company entered into an investment loan agreement, prepaying the liabilities on finance lease contract from November 2015. Collateral of the loan is mortgage of property, acquired through finance lease and pledge of receivables. The term of the contract is May 2022 and the contracted interest rate is 3mEuribor+5.25%. As at June 30, 2020 the liabilities under the bank loan amounting to BGN 624 thousand current liabilities and BGN 565 thousand non-current liabilities. In April 2020 the Parent company has renegotiated the terms under the investment loan agreement, as the agreed interest rate on principal was reduced to 3mEuribor plus 3.5%, but not less than 3.5%. With an additional agreement from January 2021 the repayment period of the loan is extended to September 30, 2022. The Group's liabilities as at June 30, 2021 under this bank loan are at the amount of BGN 615 thousand current and BGN 154 non-current liabilities (December 31, 2020: BGN 628 thousand current and BGN 309 thousand non-current liabilities).

In September 2018 the Parent company entered into a credit-overdraft agreement on current account in commercial bank, intended for working capital with maximum allowed amount of BGN 2,000 thousand and repayment period until January 31, 2019 and contracted interest rate as Savings-based Interest Rate (SIR) plus added amount of 6,1872 points, but cumulatively not less than 6.5% annually. The credit is secured with a special pledge of its goods in turnover, representing oil products and with a pledge of receivables on bank accounts. In December 2018, as a result of a signed annex to an agreement from 2016 for revolving credit line with the same bank, the Group negotiated an increase of the amount of the credit line of BGN 9,500 thousand with an additional amount of BGN 11,500 thousand, by which the total amount of credit line rose to BGN 21,000 thousand. The line is separated in total limit of BGN 13,500 for issuance of bank guarantees and BGN 7,500 for refinancing of the received credit-overdraft of BGN 2,000 thousand and the rest for working capital. The increased amount of the credit limit on the revolving credit line is covered additionally with establishment of mortgages and pledges of properties, plants and equipment with a carrying amount of BGN 6,543 thousand as at June 30, 2020. In June 2019 the loan was partially repaid and the limit for working capital decreased from BGN 7,500 thousand to BGN 7,000 thousand as at June 30, 2020. In January 2020 the Parent company renegotiated the terms of the used credit line granted to it by a commercial bank under a revolving credit line agreement dated September 21, 2016, with a credit limit of BGN 7,000 thousand and achieved a reduction of the annual compound IRBS + 5,2802%, but not less than 5.5%. In March 2021 the Group partially repaid BGN 270 thousand principal and the outstanding amount as at June 30, 2021 was decreased to BGN 6,730 thousand.

20.3 Trade loans received

In February 2021 the Group received a short-term trade loan from an unrelated party with a credit limit of BGN 200 thousand, available in tranches at 4% annual interest rate on the received amount and due until December 31, 2021. With an annex from May 2021 the contracted credit limit is increased from BGN 200 thousand to BGN 500 thousand. As at June 30, 2021 the Group has BGN 350 thousand outstanding principal and BGN 2 thousand interest liabilities under this loan.

20.3. Factoring

In February 2019 the Group entered into an agreement with a commercial bank for factoring with special terms and without regress for transferring of preliminary approved receivables with a maximum period of the deferred payments up to 120 days from the date of invoice issuance with a payment in advance of 90% of the value of the transferred receivables including VAT. The commission for factoring services is 0.35% of the total value of the transferred invoices plus additional annual taxes. The interest for the amounts paid in advance is Base Deposit Index for Legal Entities + 1.95%, accrued daily and paid on monthly basis at the end of every calendar month. As at June 30, 2021 the Group has no exposure under this factoring agreement.

In March 2021 the Group signed with a commercial bank an agreement for purchasing of receivables on trade invoices (standard factoring) with a total limit of advance payment of BGN 402 thousand and interest rate, based on savings (IRBS) in BGN, increased with a margin of 3.8382 points, but not less than 4% annually on the amount paid in advance. The contract is secured by a pledge of receivables on bank accounts of the Group, opened in the bank. As at June 30, 2021 the Group has no liabilities related to this factoring agreement.

21. Obligation for defined benefit retirement compensations

As at June 30,2021 and December 31, 2020 the Group accrued obligation for defined benefit retirement compensations amounting to BGN 773 thousand. The amount of the liability is determined based on an actuarial valuation, based on assumptions for mortality, disability, employment turnover, salary increases, etc. The present value of the liability is calculated using a discount factor of 0.34% and increase of the expected salary by 4%

The demographic assumptions are related to the likelihood individuals to leave the plan before retirement due to various reasons: withdrawal, staff reduction, illness, death, disability, etc. They are based on a statistical information about the population and are attached to the staff structure by gender and age at the time of the assessment.

22. Trade and other payables

	June 30, 2021 BGN'000	**December 31, 2020 BGN'000**
Payables to suppliers	63,853	51,083
Tax payables, including	4,063	4,841
Excise duty and other taxes	*3,986*	*4,590*
VAT	*77*	*251*
Payables to personnel and social security funds	2,548	2,506
Advances received and deferred income	254	278

Payables to related parties	12	12
Other	879	823
	71,609	**59,543**

The Group accrues unused paid leave provision of employees in compliance with IAS 19 *Employee Benefits*. The movement of these provisions for the period is as follows:

	June 30, 2021 BGN'000	**December 31, 2020 BGN'000**
Balance at the beginning of the year	674	608
Accrued during the period	439	578
Utilised during the period	(425)	(512)
Balance at the end of the period, including:	**688**	**674**
Paid leaves	*576*	*569*
Social security on paid leaves	*112*	*105*

The balance at the end of the year is presented in the consolidated statement of financial position together with current payables to personnel.

23. Current income tax

	June 30, 2021 BGN'000	**December 31, 2020 BGN'000**
Income tax payable at the beginning of the period	-	3
Corporate income tax accrued	50	-
Corporate income tax paid	-	(3)
Refundable corporate income tax at the end of the period	**50**	**-**

24. Subsidiaries

The subsidiaries, included in the consolidation, over which the Group has control as of June 30, 2021 and December 31, 2020 are as follows:

Subsidiary	**Main activity**	**Investment at June 30 2021**	**Investment at Dec. 31 2020**
Varna Storage EOOD	Trade with petrol and petroleum products	100%	100%
Petrol Finance EOOD	Financial and accounting services	100%	100%
Elit Petrol –Lovech AD	Trade with petrol and petroleum products	100%	100%
Lozen Asset AD	Acquisition, management and exploitation of property	100%	100%
Petrol Properties EOOD	Trading movable and immovable property	100%	100%
Kremikovtsi Oil EOOD	Processing, import, export and trading with petroleum products	100%	100%
Shumen Storage EOOD	Processing, import, export and trading with petroleum products	100%	100%
Office Estate EOOD	Ownership and management of real estates	100%	100%

Svilengrad Oil EOOD	Processing, import, export and trading with petroleum products	100%	100%
Varna 2130 EOOD	Trade with petrol and petroleum products	100%	100%
Petrol Finances OOD	Financial and accounting services	99%	99%
Petrol Technologies OOD	IT services and consultancy	98,80%	98,80%

25. Disclosure of transactions with related parties

The Parent company (Controlling company) is Petrol AD. It has a two-tier management system, which includes a Management Board (MB) and a Supervisory Board (SB). Below are the names and functions of the members of the Supervisory and Management Board of Petrol AD.

Supervisory Board

Ivan Voynovski[2]	Chairman
Petrol Correct EOOD, represented by Nikolay Gergov	Member
Petrol Asset Management EOOD, represented by Armen Nazaryan	Member

Management Board

Grisha Ganchev	Chairman of the Management Board
Georgy Tatarski	Deputy chairman of MB and Executive director
Milko Dimitrov	Member of MB and Executive director
Lachezar Gramatikov	Member of MB
Kiril Shilegov	Member of MB

The total amount of the accrued remunerations of the members of Management and Supervisory Board of the Parent company, included in the personnel expenses as at June 30, 2021, amounted to BGN 883 thousand (BGN 511 thousand as at June 30, 2020) and unsettled liabilities of BGN 73 thousand (BGN 31 thousand as at December 31, 2020).

In the first half of 2020 other transactions with related parties have been not carried out.

26. Capital management

In order to ensure the going concern functioning of the Group, the Management has undertaken series of purely procedural and business oriented measures, aimed to bring the capital of the Parent company in consistence with the requirements of Art. 252, par. 1, item 5 of the Commercial Act (CA) and overall improvement of the financial position of the Group.

The Management of the Group has undertaken series of measures in order to optimize the capital adequacy of the company. As a result of the several General Meetings of Shareholders held during 2016 and 2017 a decision for reverse split procedure for merging 4 old shares with a nominal of BGN 1 into 1 new share with nominal of BGN 4 and subsequent decrease of capital of the Parent company in order to cover losses by decreasing the nominal value of the shares from BGN 4 to BGN 1 was voted. In

[2] Ivan Alipiev Voynovski– passed away on 23.02.2017

March 2018 following a decision of the Lovech Regional Court, which cancelled the refusal of the Commercial Register (CR) to register the decision taken on EGMS for merging of 4 old shares with BGN 1 nominal in 1 new share with BGN 4 nominal. The submitted change was registered in Commercial Register and the registered capital of the Parent company of BGN 109,249,612 was distributed in 27,312,403 shares with nominal of BGN 4 each. The change in capital structure was registered also in the register of Central Depository AD. The Commercial Register enacted a refusal on the submitted in April 2018 application for registration of the decision of EGMS for the second stage of the procedure reducing the nominal value of the shares from BGN 4 to BGN 1 in order to cover losses.

At EGSM of Petrol AD held on November 8, 2018 the decision for reduction of capital of the Parent company in order to cover losses by decreasing the nominal value of the shares from BGN 4 to BGN 1 was voted again. A refusal was given on the application for registration of the decision in CR, which was appealed by the Group within the statutory term.

The minority shareholders disputed the decision of the EGMS and additionally to the refusal, the application proceedings was postponed until the pronouncing of the Lovech Regional Court on the court proceedings, initiated on minority shareholders request. In March 2019, the Lovech Regional Court ruled a decision instructing Commercial Register to reflect the reduction of capital after the resumption of the registration proceedings and ruling on the cases initiated at the request of the minority shareholders.

The decision for reduction of the capital was voted again on a new EGMS held in February 2019. On the same EGMS was also taken a decision for replacement of the deceased member of the Supervisory Board Ivan Voynovski with Rumen Konstantinov. The application for registration of these circumstances in the account of the Parent company was refused, which was disputed within the legal term by the Parent company.

In addition to the refusal the registration proceedings was postponed by a request of minority shareholders until the pronouncing of the Lovech Regional Court. In May 2019 the Lovech Regional Court enacted a decision, which repealed the enacted refusal and turn back the case to the Registry Agency for a registration of the application after a resumption of the ceased registration proceedings. At present, the court proceedings for repealing of the decisions of EGMS from February 2019 are pending.

From the beginning of 2019 the Law on the Administrative Regulation of Economic Activities Related to Oil and Petroleum Products become effective. The effect of the law directly affects the main activity of the Group. In September 2020 the Parent company has been entered within the register to the Ordinance on the terms and conditions for keeping a register of persons carrying out economic activities related to oil and petroleum products and issued a bank guarantee for wholesale trading in favour of the Ministry of economics at the amount of BGN 500 thousand. As at the date of publishing of these consolidated financial statements the Parent company is registered for its retail trading with oil and petroleum products.

In May 2020, the Parent company received from the Commission for Protection of Competition (CPC) a decision for initiated proceedings to establish any violations under Art. 15 and Art. 21 of LPC and / or under Art. 101 and Art. 102 of the Treaty on the Functioning of the European Union (TFEU) in determining the prices of mass automotive fuels in the production / import - storage – wholesale - retail trade, both at the individual horizontal levels and vertically, by eleven companies, including the Parent company. At present, the inspection has not yet been completed.

Next capital adequacy measure, which the Group has taken is a change in accounting policy in relation to non-current tangible assets - property, plant and equipment of the policy applied in its financial statements until 2019 including the cost model, with the application from the beginning of 2020 of the other applicable model - the revaluation model, which the Management considers to reflect more objectively the value of the held non-current tangible and intangible assets.

To carry out its business activity the Group needs free capital to provide the necessary working capital, to pay its obligations on timely manner and to follow its investment intentions. Major sources of liquidity are cash and its equivalents, intra-group cash flows, long-term and short-term loans, the decrease of receivables collection period and extension of the liabilities paying period.

In the first half of 2021 the current liquidity ratio of the Group remain at level 0.95 compared to 0.97 at the end of 2020, as during the period the current assets increase by BGN 9,838 thousand (EUR 5,030 thousand) and the current liabilities grow by BGN 11,470 thousand (EUR 5,865 thousand) compared to 2020. Contribution for the increase of the current liabilities has the increase by BGN 12,746 thousand (EUR 6,517 thousand) of the current trade liabilities.

During the current period the consolidated total indebtedness of the Group includes trade loans, credits from financial institutions and finance lease agreements declines by BGN 402 thousand (EUR 206 thousand) to BGN 46,149 thousand (EUR 23,596 thousand). The decline of total debt is due to a greatest extend to the repayment of the received bank loans, as the bank loan liability of the Group decline by BGN 422 thousand (EUR 226 thousand). As at the end of the first six months of 2021 the Debt/Assets ratio declines to 0.29 compared to 0.31 at the end of 2020.

For the first six months of 2021 the goods turnover ratio declines to 18 days compared to 21 days as at the end of 2020. The time required for the Group to collect its receivables from clients declines to 18 days compared to 21 days for 2020.

The Group's Management expectations are in the coming years as a result of a growing competition mainly in retail market, part of the small independent players to be forced out gradually of fuels business. At the same time, the expectations in terms of the levels of trade margins, in particular in the retail market, are the margins to stabilize around the average European levels.

At the end of 2019, a new coronavirus was identified in China. Due to the fast widespread of the virus worldwide at the beginning of 2020, the World Health Organization declared a global pandemic. On March 13, 2020 the Parliament of the Republic of Bulgaria declared a state of emergency on request of the Government of the Republic of Bulgaria and on March 24, 2020 the Law on Measures and Actions during a State of Emergency became effective. In order to restrict the widespread of coronavirus infection, an Order of the Health Minister was issued for the introduction of anti-epidemic measures, which directly affect the business activity of the Group. Part of the measures include extension and interruption of the administrative deadlines, extension of the of administrative acts, suspension of the procedural court terms and the statute of limitations, changes in the labor legislation, referring to new working hours, suspension of work and / or reduction of working hours and use of leave, etc.

The pandemic causes a significant reduction in economic activity in the country and raises significant uncertainty about future processes in macroeconomics in 2020, 2021 and beyond. The Group's Management monitors the emergence of risks and negative consequences in the outcome of the pandemic with Covid-19, currently assessing the possible effects on the assets, liabilities and activities of the Group, striving to comply with contractual commitments, despite the uncertainties and force majeure circumstances. In view of the introduced anti-epidemic measures and restrictions in the pandemic, which cause a significant reduction in economic activity and creates significant uncertainty about future business processes, there is a real risk of a decline in sales of the Group. However, Management believes that it will be able to successfully bring the Group out of the state of emergency in which it is placed.

The plans for the future development of the company are closely related and depend to a greater extent to the stated expectations for changes in the market environment. The Management continues to follow the program outlined and started in the beginning of 2014 for restructuring the activities of Petrol Group, aiming to concentrate the efforts to optimize and develop the core business – wholesale and retail trading with fuels. With the aim to improve the financial position, the Management continues to analyze actively all expenses and to look for hidden reserves for optimization.

In the coming years the results of the Group will also depend on the possibilities to carry out the investments and the successful delivering of new projects. The investments of the Group will be focused predominantly on the development of new sites and increasing the sales and market share of Petrol AD, mainly through transformation of the trade sites managed by the Parent – company into modern places for complex customer service.

Following the strategy of expanding the market share in retail market, the Group plans to attract new sites under Petrol brand through the franchise program.

In the next year the Management of the Group will direct its effort towards conducting an active marketing campaign. It is provided marketing activities – games, promotions and other, supported by enough media appearances to increase the sales of fuels. The Management will continue to develop its card system and plans to create a loyalty clients system.

The Group's Management activities are directed to validation of the principles and traditions of good corporate governance, increasing the trust of the interested parties, namely shareholders, investors and counterparties, and to disclosure of timely and precise information in accordance with the legal requirements.

27. Contingent liabilities

As at June 30, 2021 the Group has contingent liabilities, including issued mortgages and pledges of property, plant and equipment and non-current assets held for sale, which serve as a collateral for bank loans granted to the Group and unrelated parties and credit limits for issuance of bank guarantees with total carrying amount of BGN 23,444 thousand.

The Group is a joint co-debtor under loan agreement of unrelated supplier, including limit for overdraft and limit for stand-by credit for issuance of bank guarantees in favour of Customs Agency. The total amount of the utilized funds and issued bank guarantees of all borrower's exposures to the Bank shall not exceed BGN 45,000 thousand. In relation to this credit agreement, the Group has established a special pledge on its cash in the bank account opened in the bank-creditor with total amount of BGN 51 thousand as at June 30, 2021 and a special pledge on receivables from contractors for BGN 4,000 thousand average monthly turnover. The Group is a joint debtor of a promissory note under a credit agreement - overdraft from a financial institution, granted to an unrelated party - a major fuel supplier for a total amount of BGN 60,975 thousand.

The Group bears a joint obligation according to a contract for debt from January 2017 on an obligation of a subsidiary until February 2018 for BGN 2,346 thousand as at June 30, 2021.

Under a bank agreement for revolving credit line signed in 2016, bank guarantees were issued for a total amount of BGN 9,642 thousand as at June 30, 2021, including BGN 7,800 thousand in favor of third parties – Group's suppliers, BGN 500 thousand in favor of Ministry of Economy to its registration under the Law on the Administrative Regulation of Economic Activities Related to Oil and Petroleum Products and BGN 1,342 thousand to secure own liabilities related to contracts under the Public Procurement Act. In December 2020 bank guarantees at the amount of BGN 1,055 thousand, securing tax assessments appealed by the Group, were returned to the bank by the National Revenue Agency as a result of the final completion of the court proceedings. The contract is secured by mortgages of property, pledge of plants and equipment, pledge of all receivables on bank accounts of the Parent company and a subsidiary. In July 2017 the credit limit under the revolving credit line was increased from BGN 8,500 thousand to BGN 9,500 thousand. Assets amounted to BGN 1,500 thousand, owned by a subsidiary, additionally secured the credit limit. With an annex from December 2018 the limit is increased to BGN 21,000 thousand and is additionally secured with mortgages and pledge of property, plants and equipment, and special pledge of goods in turnover, namely petroleum products. In March 2021 the Group partially repaid principal of BGN 270 thousand and the outstanding amount as at June 30, 2021 is BGN 6,730 thousand.

As a collateral of an investment loan signed in July 2016, a mortgage of property, acquired through the investment loan and a pledge of receivables, arising from opened bank accounts of the Parent company to the amount of the outstanding balance of the loan, which as at the June 30, 2021 amounting to BGN 769 thousand.

In relation to a signed in 2015 guarantee contract for obligations of another subsidiary, arising of a cession contract with outstanding book value as at December 31,2019 of BGN 245 thousand, in April 2020 the Court ruled a final decision on this pending litigation. The Court assumed that the Parent company is responsible as a guarantor for the obligations of the subsidiary under the cession agreement. The Court of Appeal has entirely annulled the decision of the first instance court and admitted the receivable of the Parent company under the guarantee contract jointly with the other related party. The decision of the appellate court was appealed by the Parent company before the Supreme Court of Cassation, but was not allowed. The Group file a claim to establish the non-existence of these receivables and the court case is pending. The funds given as collateral under Art. 180 and Art. 181 of the CPA in the amount of BGN 245 thousand under the case initiated against the Group in 2015, together with the amount of BGN 93 thousand, were collected by the bailiff in the course of the enforcement proceedings initiated against the Group. However, they have not been distributed due to the suspension of the enforcement case, based on the security of a future claim provided in favor of the Group and remain blocked on the account of the bailiff until the final conclusion of the litigation.

In the previous reporting periods companies from the Group have entered into the debt under two loan agreements of a subsidiary with a bank-creditor for USD 15,000 thousand and USD 20,000 thousand, respectively. In 2015 the bank –creditor acquired court orders for immediate execution and receiving orders against the subsidiaries – joint debtors. In relation to the complains filed by the subsidiaries, the competent court has revoked the immediate enforcement orders and has invalidated the receiving orders. In October and December 2015 the creditor has filed claims under Art. 422 of Civil Procedure Code (CPC) against the subsidiaries for the existence of the receivables under each loan agreement. The court proceedings of the creditor are still pending.

In December 2016 the first instance court decreed a decision (the Decision) which admit for established that the bank has a receivable amounted to USD 15,527 thousand from the subsidiaries – joint debtors, arising from a signed loan agreement for USD 15,000 thousand. With the same decision the court has ordered the joint-debtors to pay BGN 411 thousand to the bank – creditor for legal advisory fees and court dispute expenses and BGN 538 thousand state fee in favor of the judiciary state for the ordered proceedings and BGN 538 thousand state fee for claim proceedings. In January 2017, the co-debtors have filed in time appeals against the court decision, because of that the decision did not come into force. As at the date of the preparation of these explanatory notes, the dispute is pending in the appeal court. The Group's Management considers that there are grounded chances the Decision to be entirely repealed.

As at the date of the preparation of these explanatory notes, the filed proceedings against the subsidiaries – joint debtors for estimation of the bank receivables due to the loan agreement for USD 20,000 thousand is pending before the first-instance court. The Management expects favorable decision by the competent court. In 2018 the Parent company sold its interest in one of co-debtor subsidiaries and the potential risk for the Group is reduced to the court proceedings against the second subsidiary.

A creditor of a subsidiary (until December 2015) unreasonably claimed in court the responsibility of the Parent company under a contract of guarantee for liabilities arising from a contract for a framework credit limit as a result of that the bank accounts of the Parent company amounting to USD 29,983 thousand were garnished. This claim was disputed in court by Petrol AD because the liability as guarantor has not occurred and / or extinguished pursuant to Art. 147, par. 2 of the LOC. At the time of conclusion of the guarantee deadline of the arrangements between the lender and subsidiary contractual framework for credit limit was July 1, 2014. The term of the framework credit limit was extended without the consent of the customer, therefore the responsibility of the latter has fallen by six months after initially agreed period, during which the creditor has brought an action against the principal debtor. The term of Art. 147, par. 1 of the LOC is final and upon its expiration the company's guarantee has been terminated, so the objection of the Parent company was granted by the court and imposed liens on bank accounts lifted.

After the writ of execution, pursuant to order proceedings, was canceled on which were imposed liens on bank accounts of the Parent company, the creditor has initiated legal claim proceedings under Art. 422 of the CPC to establish the same claims against the subsidiary (until December 2015) and the guarantor Petrol AD. In these proceedings the objections are repeated, that liability as guarantor has not occurred and / or extinguished pursuant to Art. 147, par. 2 of the LOC, and therefore the Management expects that the claim of the creditor against the Parent company will be dismissed permanently by a court decision on those cases. At present, the case is suspended due to the existence of a preliminary ruling, which is important for the correct resolution of the case.

In March 2021 the Group signed with a commercial bank an agreement for purchasing of receivables on trade invoices (standard factoring) with a total limit of advance payment of BGN 402 thousand and interest rate, based on savings (IRBS) in BGN, increased with a margin of 3.8382 points, but not less than 4% annually on the amount paid in advance. The contract is secured by a pledge of receivables on bank accounts of the Group, opened in the bank with a balance of BGN 162 thousand as at June 30, 2021. As at June 30, 2021 the Group has no liabilities related to this factoring agreement.

The Group has signed a promissory note as collateral to a contract for purchase and sale of electricity for the amount of BGN 100 thousand.

In May 2020, the Parent company received from the Commission for Protection of Competition a decision for initiated proceedings to establish any violations under Art. 15 and Art. 21 of LPC and / or under Art. 101 and Art. 102 of the Treaty on the Functioning of the European Union (TFEU) in determining the prices of mass automotive fuels in the production / import - storage – wholesale - retail trade, both at the individual horizontal and vertical levels, by eleven companies, including the Parent company. At present, the proceedings in the case are pending.

As at June 30, 2021 funds in bank accounts at the amount of BGN 51 thousand are blocked in enforcement cases to which the Group is a party.