ANNUAL REPORT
of Big Bang, d.o.o. for

2020

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INTRODUCTION

In 2020, Big Bang successfully dealt with the consequences of the epidemic, deeply affecting both the Slovenian and global economy. As a result of preventive measures aimed at preventing the spread of the Covid-19 virus, Big Bang was forced to close down its stores for more than five months. This period of the epidemic was seized upon to accelerate the continuation of the company's strategic transformation and to achieve a greater shift towards successful online sales. Aside from the epidemic, the year was also marked by a split-off of the distribution segment of Big Bang to a new company, Big Partner, d.o.o.

MANAGEMENT PRESENTATION

UROŠ MESOJEDEC

Managing Director

ROBERT SRAKA

IT and Digital Transformation Director

KEY PERFORMANCE INDICATORS

Overview of major events in 2020

In thousands of euros

Item	2017	2018	2019	2020
Sales revenues	127,811	133,042	139,177	106,378
Gross profit or loss	25,738	26,748	28,132	21,323
EBIT	3,066	3,055	3,197	110
EBITDA	4,128	4,119	7,458	3,525
Net profit or loss	2,470	2,625	2,432	-394
Balance sheet total as at 31 December	35,708	37,882	52,480	42,963
Equity capital as at 31 December	10,997	13,724	13,087	8,314
Return on equity - ROE (in %)	23.70 %	21.24 %	18.16 %	-3.7 %
Investments in fixed and intangible assets	1,428	1,228	17,640	7,740
Employees as at 31 December	373	391	409	350

2020 was a special year for Big Bang. Planned activities were cut short in mid-March due to the declaration of the Covid-19 epidemic, which resulted in a lockdown of the country and, thus, a closure of all stores. Our response to the epidemic was swift – a share of employees was immediately sent to work from home, some envisaged projects were brought to a halt, particular attention was paid to a stable cash flow, and the business was fully transferred to the Internet. Furthermore, an advisory service was set up via online chat, and, following a few weeks, a video advisory service as well. In addition to that, the delivery service was reorganised, which enabled the speedy delivery of our products around Ljubljana and the surrounding areas. The increased volume of internet commerce accelerated major changes in the processes, followed also by organisational changes.

The fact that stores are crucial for our operations was clearly evident at the occasion of their reopening - at that time, online purchases quickly shifted back to physical stores. In that respect, the number of shoppers declined as compared with the previous year, while, at the same time, purchases became more target-oriented and their average value increased. Since stores remain the most important sales channel for Big Bang, planned renovations also continued in 2020, namely, in line with the company's new strategy. At the start of 2020, a new store was opened in Murska Sobota and in May, a new store in the Aleja shopping centre in Ljubljana. A Huawei store was opened in Ljubljana's City Park, followed by an end-of-summer renovation of the store in Novo mesto and the refurbishment and enlargement of the store in Kamnik. The year ended with a modernisation of the store in Nova Gorica.

The relief that set in at the onset of summer among people after the first wave of the pandemic, and a new energy at the opening of new and renovated stores, was followed by a new closure of stores in October. In the last two months of the year, which are the most important for Big Bang, our stores were opened only for a few days. As a result, online sales once again saw a significant increase. Throughout the entire year, we sold almost three times as many goods online than in the previous year.
Due to all the changes in the business, catalysed by the epidemic, we managed to quickly and smoothly process the notably increased volume of online orders in the winter months. This worked thanks to proper organisation with a sufficient supply of goods, a newly organised logistics centre, and our own delivery service. Also, we were able to execute orders of large items of goods significantly faster than the suppliers who entirely depended on external delivery services.

2020 was also a milestone year with regards to distribution. At the beginning of October, we successfully carried out a split-off of the distribution segment to a separate company, Big Partner, d.o.o. At the split-off, we changed a number of processes and upgraded almost all information systems, so they are now able to support two separate companies. Moreover, we also divided the central warehouse. The new processes were already operational as per the last quarter of the year, and the new company was operating independently. The split off and specialisation will enable for a faster development of distribution activities, the acquisition of new distribution brands and sales partners, as well as an increase in the opportunities for regional cooperation.

In terms of sales, distribution was marked by the economic war between the USA and China, which resulted in sanctions by the USA against Huawei. As a consequence, sales of the Huawei's products and the number of its sales products sharply decreased in comparison with 2019. On the other hand, Beko, our key trademark, was also faced with many challenges. Namely, some Beko factories were closed down due to the epidemic, thus, numerous orders were late or were not even realised. This led to a drop in Beko's sales. However, on the other hand, we managed to acquire some new distribution brands and expand the portfolio of products we offer to the market.

Despite poorer financial results than planned, we estimate the business year 2020 as highly successful. Although our stores were closed down for almost a third of the year, this did not lead to a major loss, while, at the same time, we made a big step, organisationally and procedurally towards the digitalisation of our operations. The epidemic actually allowed us a faster transformation than we could have carried out during normal business operations. This is why we have entered 2021 on a positive note.

The Covid-19 epidemic represented a catalyst for Big Bang, which accelerated the transformation of the company into a hybrid retailer with blurred lines between physical stores and online sales.

BUSINESS REPORT

SALES PROGRAMME AND SERVICES

The key orientation of Big Bang, as a specialist retailer for the sales of entertainment electronics and household appliances with a multi-channel approach to its customers, is to strive by way of the products it offers to innovation, specialisation, upgrades, and a large enough width, interesting both for the Slovenian and foreign buyers. In 2020, the aim was to consolidate the key product groups in depth and to enter some new segments with a sufficiently wide range of offer, where trends on the global and European scale showed potential growth. This, in particular, included leisure and health categories, in addition to the continuation of smart home solutions development. Common to all product groups was that Big Bang has always offered its customers the latest technological solutions on the market of entertainment electronics and household appliances. Seeking synergies between the product offer and services, proved to be the right move in 2020, as it offered comprehensive solutions demanded by customers.

2020 was specific mainly due to the epidemic, which in turn, made the market react differently than in the previous years. Work from home brought forward new milestones in society, while demand for computers, printers and categories falling within the digital product pillar, exceeded all expectations. In 2020, we introduced the greatest number of novelties in the leisure and sports sales programme, and we continued to strengthen the programme of small household appliances, due to the large demand for such products. We also accelerated the professional competencies of our employees despite being faced with the limitations of work from home.

Moreover, in 2020, we added some new trademarks to our portfolio.

An important advantage of Big Bang is that we have always allowed our customers to return faulty appliances to all our establishments throughout Slovenia, and have also ensured an individual customer approach, as we are aware that a quick and quality-based complaint solution represents the key factor to guarantee the satisfaction of our customers. We are also aware that accessibility to customers is highly important, which is why we are constantly optimising the process of deliveries and convenience in order to ensure the delivery of goods and services in the time promised to the end customer, or even earlier. In 2020, we were able to provide delivery to our customers within 24 hours, and in Ljubljana even within just 3 hours.

We continued to develop our offer to small and medium-sized companies to which we provide special solutions in all major product groups, such as computers, computer displays, mobile technologies, televisions, and small household appliances. The strongest brands were Samsung, Apple, HP, and Bosch. Huawei, too, was also among the five best brands. Rapid growth was achieved by the brands from the field of computing and mobile technology.

With regard to white goods, we had some problems due to limited deliveries of certain brands, however, we managed to fully meet the demand. Also, the first investments in the brands TCL, Ring, and Marshall have already started to show encouraging results. Due to online demand, we also added brands of a lower to medium price range, such as Chuwi, Tesla, and Xiaomi.

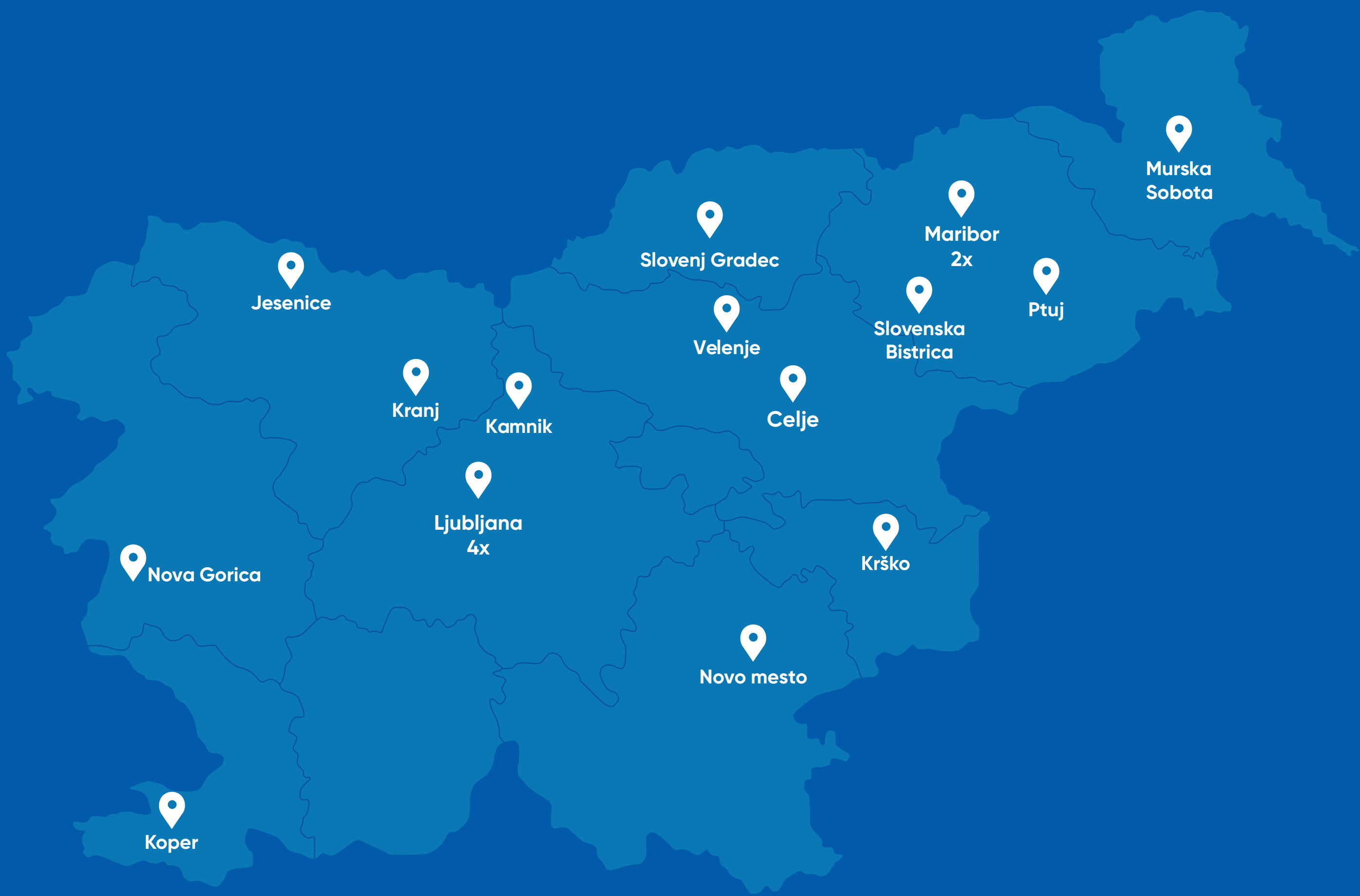
Significant growth was also achieved with brands from the gaming segment, such as Red Dragon, UVI Chair, and others. The much-anticipated release of the PS5 PlayStation at the end of 2020, will undoubtedly attract a lot of interest among customers in 2021.

Suppliers and brands trust us mainly because of the width of our sales channels, the professional and consultancy-based support of our sales officers, our efficient marketing activities, the development of additional content, and our efficient logistics that enable quick delivery to points of sale or directly to end customers throughout Slovenia.

STORES

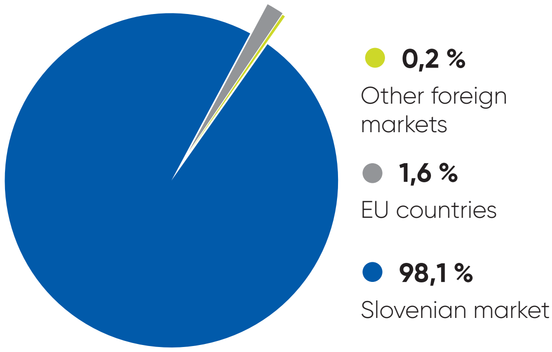
BIG BANG STORES	Address
BIG BANG CITYPARK	MOSKOVSKA ULICA 4, 1000 LJUBLJANA
BIG BANG BTC	MADŽARSKA ULICA 12, 1000 LJUBLJANA
BIG BANG ALEJA, ŠIŠKA	CELOVŠKA CESTA 182, 1000 LJUBLJANA
BIG BANG RUDNIK	JURČKOVA CESTA 228, 1000 LJUBLJANA
BIG BANG MARIBOR – TRŽAŠKA	TRŽAŠKA CESTA 7, 2000 MARIBOR
BIG BANG MARIBOR – EUROPARK	POBREŠKA CESTA 18, 2000 MARIBOR
BIG BANG SLOVENJ GRADEC	FRANCETOVA 16, 2380 SLOVENJ GRADEC
BIG BANG CELJE	MARIBORSKA CESTA 100, 3000 CELJE
BIG BANG KOPER	ANKARANSKA CESTA 3 a, 6000 KOPER
BIG BANG KRANJ	CESTA STANETA ŽAGARJA 71, 4000 KRANJ
BIG BANG NOVO MESTO	OTOŠKA 5, 8000 NOVO MESTO
BIG BANG MURSKA SOBOTA	BTC – NEMČAVCI 1 d, 9000 MURSKA SOBOTA
BIG BANG JESENICE	FUŽINSKA CESTA 8, 4270 JESENICE
BIG BANG PTUJ	ORMOŠKA CESTA 15, 2250 PTUJ
BIG BANG SLOVENSKA BISTRICA	ŽOLGARJEVA ULICA 14, 2310 SLOVENSKA BISTRICA
BIG BANG NOVA GORICA	CESTA 25. JUNIJA 1 A, 5000 NOVA GORICA
BIG BANG KRŠKO	CESTA KRŠKIH ŽRTEV 141, 8270 KRŠKO
BIG BANG KAMNIK	DOMŽALSKA CESTA 3, 1241 KAMNIK
BIG BANG VELENJE*	CELJSKA CESTA 40, 3320 VELENJE
HUAWEI SHOP	MOSKOVSKA ULICA 4, 1000 LJUBLJANA

*Closed down in the course of 2020.


Murska Sobota
Maribor 2x
Slovenj Gradec
Jesenice
Ptuj
Slovenska Bistrica
Velenje
Kranj
Kamnik
Celje
Ljubljana 4x
Nova Gorica
Krško
Novo mesto
Koper

SALES MARKET

The Slovenian market, which represents 98.1% of total sales, is Big Bang's most important market, followed by other EU country markets with a 1.6% share, and other foreign markets (0.2%).



Economic situation in 2019

	2020	2019	2018
Gross domestic product (real growth rate in %)	-5.5	2.4	4.5
Unemployment rate. ILO. in %	5.1	4.0	5.1
Inflation. HICP (average year-on-year growth. December)	-1.0	1.8	1.9
Economic Sentiment Indicator. December	-10.2	14.0	10.0

2020 was marked by the Covid-19 epidemic. In Slovenia, we had two waves of the disease, namely, in the first half of the year and in the last quarter. (Because of Covid-19, Big Bang's stores were closed for 5 weeks in the first wave and 8 weeks in the second wave.)

Despite poorer health conditions during the second epidemic wave, the economic crisis was not as severe as it was during the first wave. With somewhat less restrictive health measures, extensive economic policy support and a supportive international environment, the last quarter of 2020 saw GDP in the euro area decrease by only 0.6%. The year-on-year fall amounted to 5.0%, which is 9.7 percentage points less than in the second quarter when the crisis shock was at its peak.

The domestic economy also weathered the second wave far better than the first. GDP fell by only 1.0% in the last

quarter of last year. The year-on-year fall was 5.5%. In contrast to the first wave, the second wave affected only those activities, which, due to the nature of the business, could not satisfactorily adapt to the restrictive health measures, for example the catering industry, where the year-on-year fall in sales volume in the last quarter of 2020 amounted to 62.4%, meaning it was slightly higher than in the first wave.

Despite high growth in online sales, a considerable loss was also sustained by trade that had an 8.1% drop in turnover due to the partial restriction of business. Otherwise, private services largely adapted to limitations by online migration and home delivery, which is why they suffered a slightly smaller decline than during the first wave.

Better than at the beginning of the epidemic were the trading conditions in the field of industry, which emerged from the crisis by growth of foreign demand, as well as in the field of construction that was strengthened mainly due to the implementation of infrastructure projects.

EMPLOYMENT

Measures aimed at preserving jobs severely restricted an increase in unemployment. The number of unemployed at the end of the year increased only in line with ordinary seasonal trends, by which the number of unemployed at the peak of the second wave amounted to 91.5 thousand, which was almost 40 thousand less than at the peak of the previous crisis. The growth of average gross salaries strengthened again due to the payments of crisis allowances during the second wave, which was mainly attributable to the growth of wages in the health care and social welfare sectors. At the end of the year, companies raised their estimations regarding expected employment, and consumer opinion about the future situation in the labour market also became less negative. However, the situation continues to be significantly uncertain, since the pandemic has still continued on in 2021.

GROSS DOMESTIC PRODUCT

Foreign demand recovered despite the epidemic, which also led to an improvement of the situation in the domestic export sector. According to Markit, the supply of raw materials was disrupted because of the re-tightening of restrictive measures during the second wave; disruptions reappeared in supply chains, but they did not have a visible impact on global industrial production growth. The shock of the second wave of infections was, thus, significantly smaller for the European economy and was sector-limited when compared to the first wave, which also stimulated Slovenian merchandise exports. Towards the end of 2020, the situation also improved in the exchange of most types of services. The only exemption was seen in the travel exchange sector, which was hampered by measures aimed at the mitigation of the pandemic and, thus, presented the main reason for the year-on-year decrease in total international trade in the last quarter of the previous year. Thanks to a fast response from manufacturing to strengthening foreign demand and the shock in travel exchange sector, in 2020, we experienced distinctive changes in the structure and size of the balance of payments' current account surplus. The surplus increased by EUR 640 million to almost EUR 3.4 billion, where, for the first time, the majority of which was contributed by a surplus in the trade of goods, namely, over EUR 2.5 billion.

Although GDP fell by 5.5% in 2020, the situation in the labour market did not deteriorate sharply and the financial position of companies and households in the aggregate remained relatively stable. This shows that, for now, the measures have helped maintain the predominant part of the economic potential, which will present the basis for a recovery with regard to the settling of the epidemic.

MOVEMENT OF PRICES

In 2020, deflation was mainly caused by a year-on-year decline in energy prices, while, in the last months of 2020, domestic inflation factors also emerged. The annual fall in prices also deepened due to the negative contribution of non-energy industrial products, which, in February, fell by 1% on a year-on-year basis, particularly because of extended winter sales of clothing and footwear. With weakened domestic price pressure, the prices of services remained annually unchanged for the first time since August 2011.

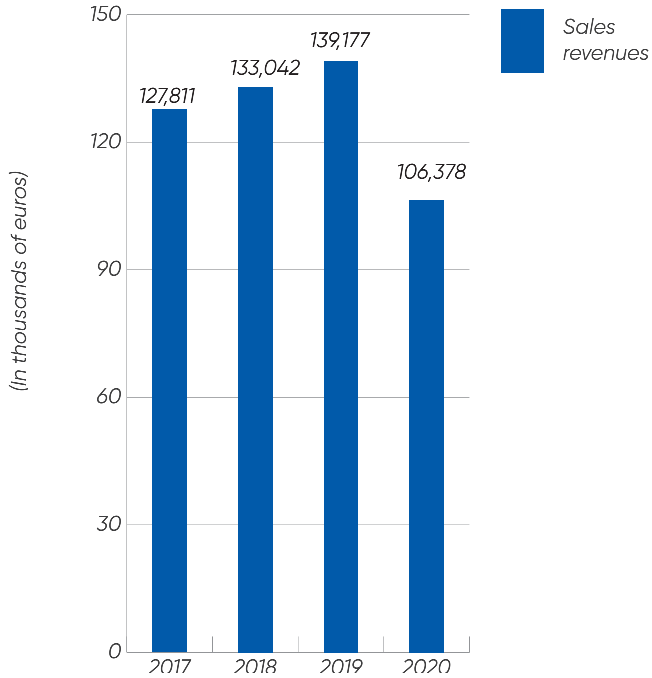
PUBLIC FINANCE

The fall in economic activity led to a drop of government revenue. The decrease was seen mainly in tax revenues, in particular in consumption and company tax. The deterioration of the balance was strongly influenced by higher expenses that primarily reflect the financing of coronavirus measures. According to the state budget data, in 2020, expenses related to the epidemic amounted to around EUR 2 billion. In June, they reached the highest level. Some of the measures implemented in 2020, were extended to the first months of 2021.

The anti-crisis measures made a positive contribution towards economic recovery at the end of 2020 (and in the beginning of 2021) and to the preservation of economic potential, but at a cost of the impairment of the general government position. Last year, after two years of recorded surpluses, the consolidated general government budgetary accounts incurred a deficit of EUR 3.5 billion (or 7.7% of GDP).

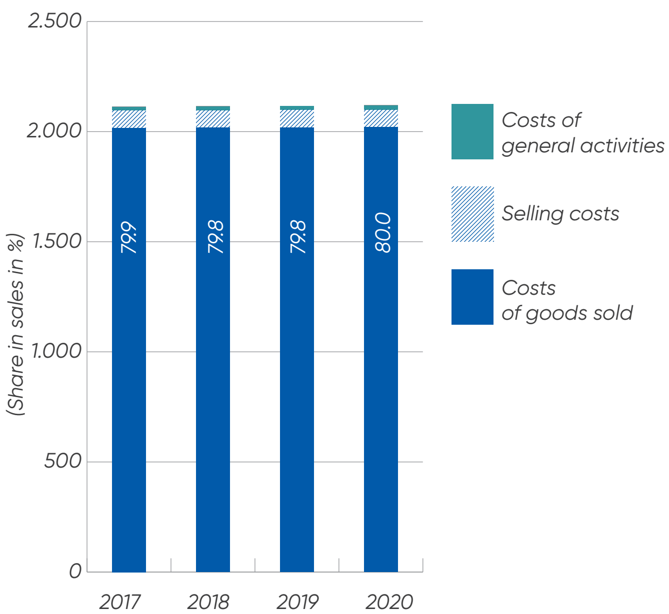
OPERATION ANALYSIS IN 2020

SALES



In 2020, the company noted a drop in sales revenues, which were down by 24% when compared to 2019, mainly due to the split-off of wholesale and the pandemic.

OPERATING EXPENSES



In 2020, operating expenses amounted to EUR 107 million and were down 21% compared to the previous year. Operating expenses in 2020 exceeded sales revenues. The majority of operating expenses in sales are accounted for by costs of goods sold, which, within the last four years, has been around 80% of total revenues, with the share in sales in 2020 being almost the same as that in 2019, at 80%.

In terms of size, selling costs are the second largest in the structure of sales-related operating expenses. Over the last four years, they have on average amounted to around 16.6%, and in 2020, increased by 2.5 percentage points in the share of sales, as they accounted for 18.6% of sales, compared to 16.10% in the previous year.

In 2020, costs of general activities increased by 0.3 percentage points in the share of sales, amounting to 2.3% of total sales.

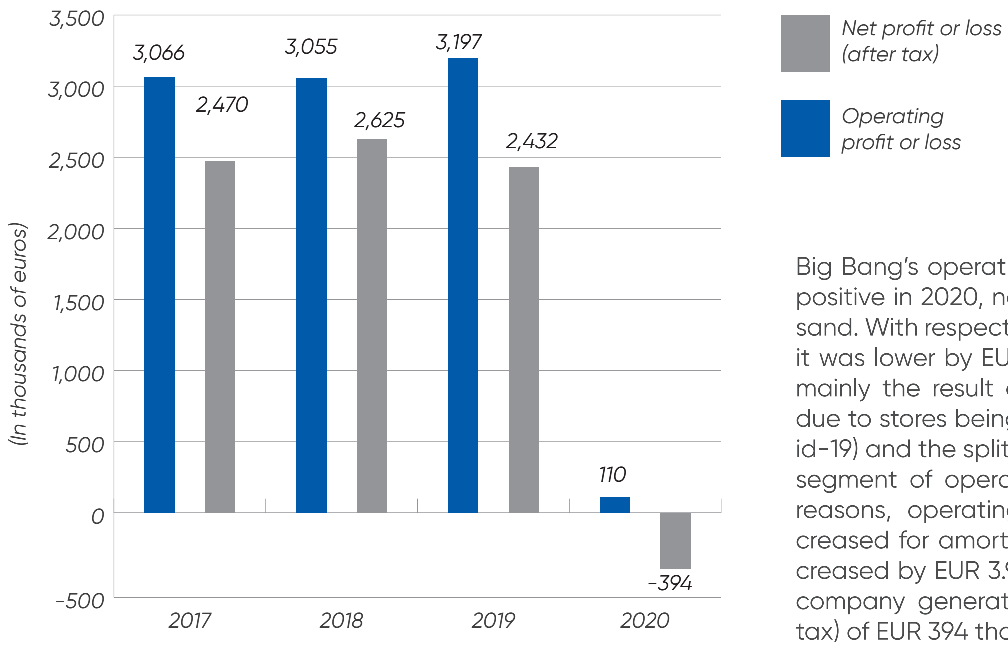
FINANCIAL REVENUES AND EXPENSES

In thousands of euros

FINANCIAL REVENUES AND EXPENSES	2017	2018	2019	2020
Financial revenues	8	6	6	23
Financial expenses	50	61	347	406
Net financial result	-42	-54	-341	-384

Compared to the year before, financial revenues increased by EUR 17 thousand. Financial expenses also increased, namely, by EUR 59 thousand, mainly related to financing (short-term and revolving credit).

PROFIT OR LOSS

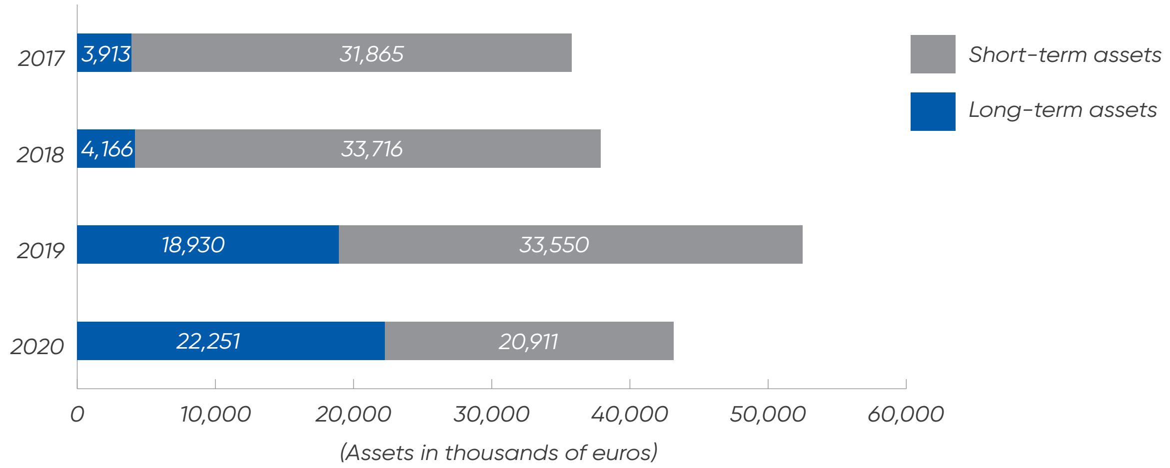


Big Bang's operating profit or loss was positive in 2020, namely, EUR 110 thousand. With respect to the previous year, it was lower by EUR 3.1 million, which is mainly the result of decrease in sales due to stores being closed down (Covid-19) and the split-off of the wholesale segment of operations. For the same reasons, operating profit or loss, increased for amortisation (EBITDA), decreased by EUR 3.9 million. In 2020, the company generated a net loss (after tax) of EUR 394 thousand.

In thousands of euros

Item	2016	2017	2018	2019
Operating profit or loss	3,066	3,055	3,197	110
Net financial result	-42	-54	-341	-384
Other expenses	0	0	-43	-33
Profit or loss before tax	3,024	3,001	2,813	-307

ASSESTS

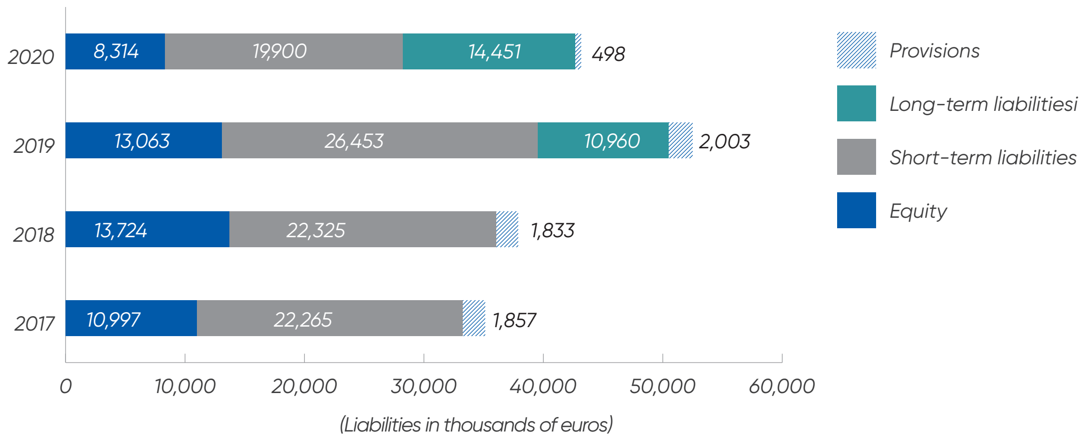


At the end of 2020, the company's assets totalled EUR 43.2 million, which is EUR 9.3 million less than at the end of 2019. This results in particular from the split-off of the wholesale segment of operations.

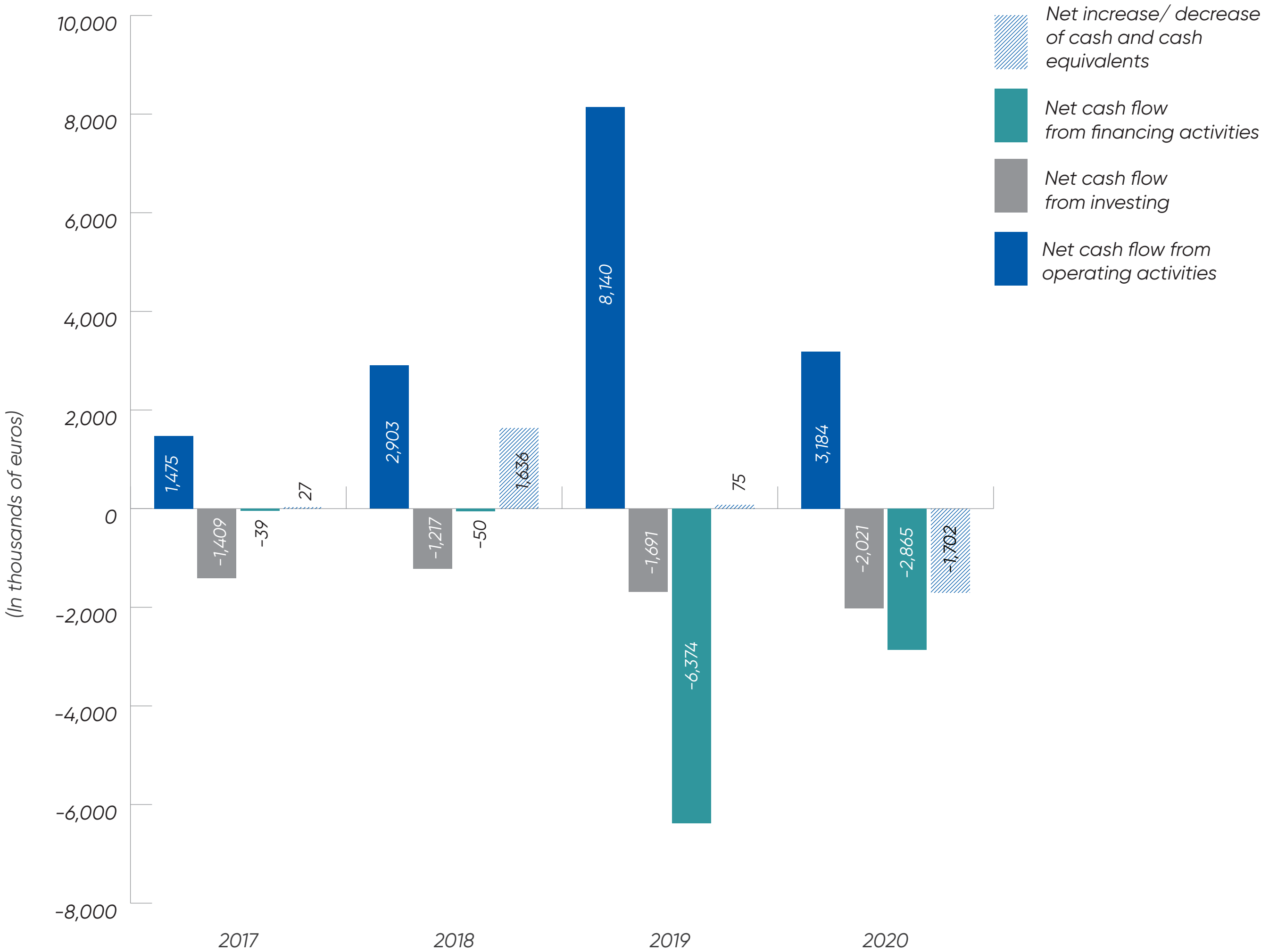
EQUITY AND LIABILITIES

Compared to 2019, Big Bang's equity decreased by EUR 4.7 million due to the split-off of the wholesale segment of the operations and a negative profit or loss. Short-term liabilities were down 25% compared to 2019. Long-term liabilities were largely associated with the use of IFRS 16 and increased in 2020 due to an extension of leasing agreements.

Provisions decreased as a result of a split-off of the wholesale segment of the operations; provisions for repairs under guarantee were also split-off to Big Partner, d.o.o.



CHANGES IN CASH FLOW



In thousands of euros

CASH FLOW STATEMENT	2017	2018	2019	2020
Net cash flow from operating activities	1,475	2,903	8,140	3,184
Net cash flow from investing	-1,409	-1,217	-1,691	-2,021
Net cash flow from financing activities	-39	-50	-6,374	-2,865
Net increase/decrease of cash and cash equivalents	27	1,636	75	-1,702

In 2020, the company generated a negative cash flow in the amount of EUR 1.7 million. Moreover, the company had a positive net cash flow from operating activities of EUR 3.2 million also on account of a decrease of net operating current assets and provisions amounting to EUR 1.2 million.

PLANS FOR THE FUTURE

In 2021, Big Bang will continue to implement the changes outlined in the previous two years. Further digitalisation of operations will enable us to completely blur the lines between the experience of a physical store and online shopping. Regardless of whether a buyer starts their purchase online or in a physical store, the order execution process will be of a uniform nature. This will bring about considerable improvements in the user experience when shopping. Improving the user experience at all points of contact will encompass one of our main activities in 2021.

Special attention will be paid to expanding sales shelves. Shelves in physical stores that are spatially limited, will be upgraded with a virtual shelf, which will enable us to offer a larger range of products and some new categories in physical stores, as well as online. In 2021, we will gradually introduce a mobile application in stores for our shop assistants, which will allow for better and faster services for customers and easy ordering of all products, even from a virtual shelf. With the purchase of one-click insurance and new options for the financing of purchases, we will further support our focus on a better provision of services. These will be additionally expanded in particular with after-sales services. Also, we will continue to develop the delivery service, giving particular thought to complaints and servicing.

Technological innovations and enthusiasm for technology represent the essence of Big Bang. With a complete renovation of the largest Mega BTC Ljubljana store, we will set new standards for the consumer electronics store. Mega BTC Ljubljana will not only be a store, but a place, where we will enthral our customers and provide them with new experiences. Within the store, there will be a fully operational logistics centre that will enable an even faster execution of online purchases.

Moreover, we will continue to develop our online platform. Thus, online shoppers will be provided with improved information, while services, such as video consulting, will enable a safe and informed purchase from the comfort of their homes, with an excellent and speedy home delivery or delivery to the nearest Big Bang store. 2021 will also be dedicated to the Big Bang Club – Club members will be offered new and advanced services and more comfortable management of their appliances throughout their life-cycle. Additional care will be placed on user communities. We will add new communities to the Game Gang gamer community that will support enthusiasm for technology and a healthy lifestyle.
In addition to that, we will put an emphasis on Big Bang's development that is underpinned by the support of employees, as we believe it represents the foundation for a good user experience. For this purpose, we will renew human resources processes and, thus, increase our diligence. The employee competencies management system will also be modernised, and a modern and fully accessible manner of education will be established. Also, our focus will be dedicated to monitoring the well-being, development, efficiency, and distribution of surpluses.

The future will be hybrid themed: It is not a dilemma between online sales or sales in physical stores – the real question is how to best combine both experiences into one? The best.

MANAGEMENT OF POTENTIAL

Employee potential in the changed conditions

The Covid-19 epidemic and the split-off of distribution segment to a separate company, Big Partner, d.o.o., represent the key events that affected the development and the structure of employees in 2020.

2020 began with the introduction of a renewed system of rewarding sales consultants, department heads, and managers. The renewed system is simple and based on rewarding surpluses of individuals and teams. The system was well-received, however, it did not fully work in 2020, as our stores were closed down for a large portion of the year as part of measures to prevent the Covid-19 virus. The system was temporarily changed in the last quarter of the year, so as to focus on the growth in sales of services and desire to motivate employees to achieve the set goals, adjusted to the epidemic, while, at the same time, we also launched a system of rewarding company sales concierges.

We had to close down the stores, and, thus, the key part of our business, for the first time on 16 March 2020. Because of a significant drop in the work rate, we had to send a large number of our employees to home and wait again for work. Since the health and safety of our employees are a priority for us, we carried out a large portion of our work from home.
However, some work processes do not allow us to work from home, which is why we paid more attention to a safe working environment and precautionary measures. Thus, we reperformed expert risk assessments of individual jobs under the changed conditions. For this purpose, we provided our employees with suitable protective equipment and, through clear communication, communicated the importance of observing the implemented protective measures. Real-time and clear communication with all employees, was crucial in those emergency situations. In the first pandemic wave, we initially communicated with employees on a daily basis, as there were many questions and uncertainties. Gradually, in the second pandemic wave, we adjusted the frequency of communication and, thus, managed important changes with employees in real-time. The new conditions required changes in work processes, as well as their revamping. Also, we split-off the distribution part of the company to a new company, Big Partner. As a result, changes of the company's organisational structure were made, which is now more active and adapted to strategic development and a new way of working, namely:

- We added a new organisational unit to the sales team: new sales channels.
- We formed a Business Support group, which consists of organisational units: operational-procurement service, logistics service, after-sales service, and delivery service.
- A new potential management team was also formed that takes care of the development of the potential of our employees, and connects it with the potential of the market. Thus, the potential management team encompasses the organisational unit of human resources and marketing.
- Compliance with business and law became the company's administration service.
- In October 2020, the distribution team was split-off to the company Big Partner, d.o.o.

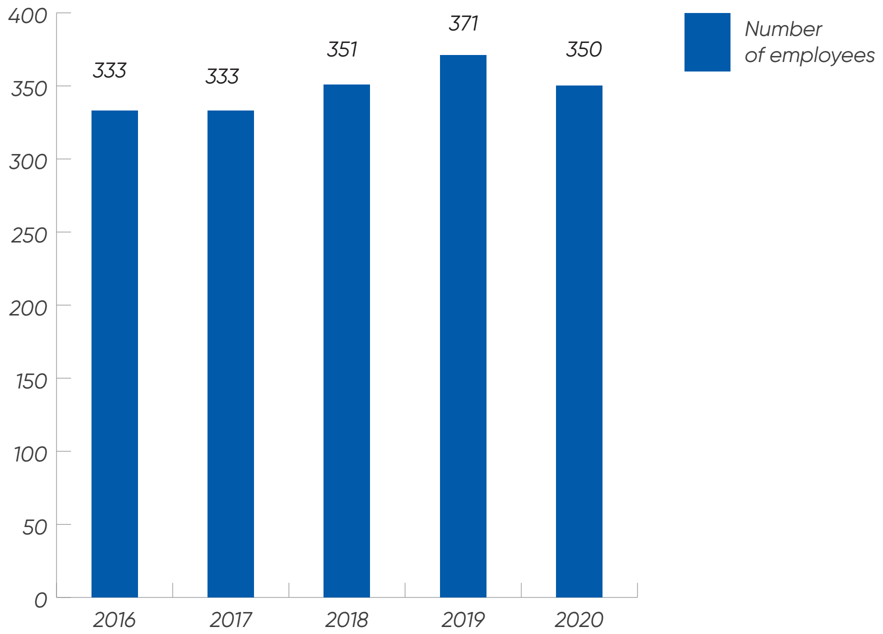
Despite the limitations, we provided education to employees in a modified form, with future needs in mind. To ensure better logistics processes, we enabled 28 employees to take the forklift exam. During working hours and in cooperation with our suppliers, we organised trainings sessions in the field of new products and technologies. The majority of attention was dedicated to store managers, with whom we started performing intensive workshops aimed at building their sales competencies (sales protocols, customer positioning, resolution of objectives, and soft skills) and passing the knowledge onto their teams, as, namely, we firmly believe that the expertise represents the key advantage of our teams. All the measures we adopted and carried out were intended to maintain the maximum number of jobs and to develop employees for the purpose of a successful operation in the changed conditions. We are aware of the fact that the right employees in the right jobs are crucial for the generation of surpluses and development of the company.

Concern for good interpersonal relationships, ensuring quality of life and work, optimal working conditions, interesting work challenges, social security, and a concern for a safe working environment encompass the foundations of any stimulating working environment, in which we are able to link the goals and needs of an individual with those of the company.

THE NUMBER OF EMPLOYEES PER SECTOR

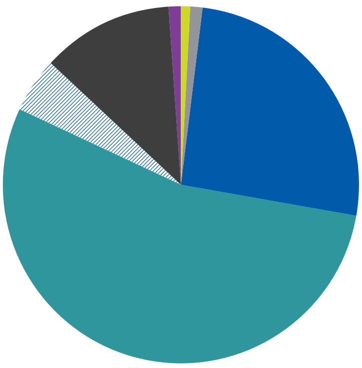
Big Bang, d. o. o.	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020
MANAGEMENT	1	1	1	2	2
SPECIALIST DEPARTMENTS	22	21	24	39	24
B2C SALES	310	311	326	330	324
B2B SALES	41	40	40	38	0*
Total	374	373	391	409	350

CHANGES IN THE NUMBER OF EMPLOYEES BETWEEN 2013 AND 2019



Big Bang is built by qualified individuals

EMPLOYEE EDUCATION STRUCTURE AS AT 31 DECEMBER 2020



Percentage of employees

Level of education as at 31 December 2020	Number of employees	Percentage of employees
Level II	3	1 %
Level III – Semi-qualified	4	1 %
Level IV – Qualified	90	26 %
Level V – Secondary school (4-year)	190	54 %
Level VI – Short-cycle college	18	5 %
Level VII – University study programmes/ Master of Arts	43	12 %
Level VIII, 1st cycle – Master of Science	2	1 %
TOTAL	350	100 %

Big Bang promotes diversity

Big Bang strives to maintain and encourage a fine balance between the number of male and female employees. In 2020, women accounted for 44% and men accounted for 56% of employees, meaning the proportion has remained similar compared to previous years. It is important for us to appreciate the knowledge of our experienced employees and to take care for the introduction and development of our younger employees.

STRUCTURE PER GENDER AND AGE AS AT 31 DECEMBER 2020

Age	Number	Percentage	Men	Women
UP TO 20	3	1 %	3	0
FROM 21 TO 30	91	26 %	57	34
FROM 31 TO 40	104	30 %	67	37
FROM 41 TO 50	105	30 %	50	55
FROM 51 TO 60	40	11 %	17	23
FROM 61 UP	7	2 %	4	3
TOTAL	350	100 %	198	152

RISK MANAGEMENT

Risk management is a proactive systemic approach aimed at anticipating and timely perceiving negative trends and occurrences (risks) and positive trends and occurrences (opportunities) for effective action and exploitation of all possibilities in favour of society. Effective risk management creates the basis for safe and profitable operations, and represents one of the most important factors of business performance. Management of various risks requires different approaches. We manage risks through sectoral services. With a timely detection of risks, we want to increase the achievement of set goals, identify deviations in a timely manner, and adopt corrective measures and, thus, reduce the potential impact of negative events and better manage the resources available to the company to achieve the goals. All key functions are committed to the transfer of knowledge and good practices in society. The risk management system includes all areas, but emphasis is given to those that materially affect the business and the set business goals. Also, very important is the concern for the appropriate culture of the company, especially in knowledge, cooperation, and open communication about risks, whereby the company's management and business compliance service play a key role.

Epidemic risk

In 2020, we were faced with the epidemic of the new coronavirus disease (SARS-CoV-2), which broke out in December 2019 in China. In Slovenia, the epidemic was officially declared on 12 March, and the following day the country began to adopt measures to curb it. As elsewhere throughout the world, the measures in Slovenia severely limited public life and put the economy at a standstill. The first wave in Slovenia lasted 12 weeks. The second wave that followed in the summertime was initially milder, however, in autumn, the numbers of infected and dead began to rise sharply. On 18 October 2020, the government declared an epidemic once again and, consequently, stopped public life and the Slovenian economy for nearly four months. During the pandemic of the coronavirus disease (SARS-CoV-2), Slovenia implemented a number of measures to prevent the spread of the disease, including those that affect jobs.

For Big Bang that meant that it was unexpectedly and suddenly faced with a new risk associated with the company's operation – the risk of business interruption. As a result of the pandemic, we were forced to cope with the risk of resource scarcity (employees, merchandise, open retail outlets, inability to outsource), while, at the same time, to maintain the operation of all major processes. The risk was expressed in many areas: human health, stocks of goods, financial resources, delays in payments by external stakeholders, disruption of certain parts of the business, etc. For many companies, including Big Bang, this was a serious test of how well they prepared for the crisis during the time of the economic boom. It, namely, turned out that common measures aimed at risk management and successful operations during economic instability were not sufficient. Business partners and customers operated differently, sales were limited, the country directed both public and private life, with additional problems stemming from uncertainty in all areas.

The most obvious consequence of the combination of unfavourable factors represented the loss of revenue and existing expenses of employees, stocks, and other current operating expenses. At Big Bang, we began to implement crisis management immediately after the declaration of the epidemic in March, and adapt to the circumstances on an ongoing basis, so as to reduce business risks. Also, we complied with the government decrees and the recommendations by the National Institute of Public Health (NIJZ) in order to reduce the transmission of infections and enable a safe and uninterrupted operation of the company's working process. In accordance with the instructions obtained, we provided a safe shopping environment for our customers. Moreover, we regularly informed our employees of all things new, kept regular communication, and provided them with the necessary support and protection. We reduced the risk of new infections among employees by enabling them to work from home, while, at the same time, we enabled waiting for work at home for those employees who could not carry out their work from home. In addition to that, we redeployed workers in regard to the needs of the work process (due to the increased online sales), and provided all other measures for safe operations. Also, we continually took care of the availability and stocks of goods, liquidity facilities, relations with business partners, and the digitalisation of business processes by adjusting the business strategy to the new conditions and organising work teams that took care of it safely at the operational level. Based on the experiences gained during the crisis management at Big Bang in relation to the coronavirus epidemics, we plan to re-examine key work processes and prepare updated information to improve the response and reduce any negative effects of possible similar events in the future.

Business risks

STRATEGIC RISK

Strategic risks are risks of loss due to inadequate strategic decisions, the inconsistent implementation of strategic decisions, and the insufficient responsiveness to changes in the business environment (including legal and regulatory risk). Strategic risks are properly managed with the established organisation and processes that enable the company to have real-time and important information necessary for the adoption of business decisions. In 2019, the company's renewed strategy for the period 2019 to 2020 was adopted, in the framework of which strategic indicators, which enable the company's management an appropriate and continuous overview of the implementation of the set strategic orientations and goals, were also updated. However, the company adjusted the strategy to the epidemiological developments in the country by introducing crisis and essential measures to maintain current operations.

OPERATIONAL RISK

The company manages operational risks through defined work processes and both internal and external controls, the purpose of which is to reduce the probability of losses from operational risk. The company's internal measures and rules, thus, include the appropriate definition of work processes, an appropriate personnel policy, separation of important functions in the company, control over the flow of information within the company, establishment of internal controls, and other relevant acts and rules governing the company's operations. In a rapidly changing environment, Big Bang needs to effectively manage changes and implement improvements. We make every effort to make real process improvements through a more structured and consistent approach to the entire organization, namely, by defining key strategic measures and processes that need to be upgraded, adopted or changed, by identifying key process owners, by managing human resources in raising expertise/competencies and the number of employees needed for it, and by eliminating activities bringing no added value.

PURCHASING RISK

Risk of changes in purchase prices: Changes in purchase prices represent a strategic, business, and financial risk to the company. On the one hand, there is a risk that the prices of certain stocked goods may decrease on the market. The resulting adaptation to changed market conditions incurs stock revaluation costs. Moreover, if a supplier increases a certain price, this may lead to a problem of non-competitiveness and consequently, a drop in sales. The instrument for the reduction of risk associated with the movement of prices is the purchase contract, which determines the procedures for price changes. Another important instrument for the management of such risk is stock regulation, given the level of risk for an individual type or groups of goods. The movement of purchase prices poses a high risk to a trading company, however, Big Bang's exposure to this risk is moderate.

Risk of obsolete inventories: Obsolete inventories (non-sellable or poorly sellable goods, goods, goods with expired shelf life, etc.) cause longer tying up of financial resources and require sales at discounted sale prices, as well as write-offs, which affect the company's profit and loss. This type of risk is managed by constant monitoring such inventories in accordance with defined criteria and by taking prompt measures, whereby we include our suppliers in the solutions with regard to the obsolete inventories. The instruments for the management of such a risk are the purchase contract and effective management of the goods' sales cycle. While obsolete inventories can have a serious impact on the operations of the company, they do not represent a high risk to Big Bang, as the percentage of obsolete inventories is very low and we have an impairment formed for them. Due to regular monitoring and the implementation of suitable activities, the likelihood of a significant increase in obsolete inventories is low.

Untimely delivery risk: Is a risk that a supplier may fail to deliver goods within the agreed time period, which poses a risk for special offers and seasonal products in particular. A consequence of untimely delivery in this context is failure to reach the planned effect of the special offer and a loss of the company's goodwill. Untimely delivery of products also incurs an opportunity cost, as it may result in a low stock level of goods and thereby a loss of sales opportunities. The instrument for management of this type of risk is the purchase contract, where contractual penalties are determined separately for the untimely delivery of special offer products and for untimely deliveries of products that are not in the special offer. Untimely deliveries represent a moderate risk, which slightly decreases with stock optimisation. The likelihood of occurrence is moderate. Risk due to the non-compliance of goods or supporting documents with legal requirements: At Big Bang we trade with a wide range of products, which must meet numerous legal requirements. There is a risk that a certain product may not entirely comply with these, thus resulting in consequences, such as the prohibition of sale demanded by supervisory bodies, costs of procedures, and high financial penalties, which have a direct negative impact on profit and loss. To limit this type of risk, we follow the current legislation and keep our employees at the sales department informed of it. Logistics risk: At Big Bang, the logistics activity represents risks in the management of resources and costs. The goal of logistics activities is to ensure the constant and timely delivery of goods and their storage with as little deviation as possible in the volume of stock or delivery times. In doing so, we are mainly dependent on our external partners, which is especially true for deliveries from abroad.

The risks arising from it include uncoordinated large arrivals of goods, congestion of storage facilities, delays in deliveries to the central warehouse and a sub-optimal movement of goods. In order to have these risks limited, logistics actively cooperates with the purchasing department, commercial establishments and external partners, and constantly improves logistics processes. Logistics risks are assessed as moderate, while the likelihood of the occurrence of a major negative is low.

INFORMATION RISK

The information infrastructure is becoming increasingly important for the operation of society. The risk of systems not being adequately set up, not functioning correctly, not being properly secured, being vulnerable to downtime and errors in collecting or processing data, or not adjusting to changes in the external and internal environments, as well as to the needs of its users, are critical to us, which is why we put a strong emphasis on this area. We reduced the risks in the infrastructure part by renting the server infrastructure in the form of a hybrid cloud, whereby we are provided with a maintained and protected server environment in accordance with the contracts on the level of service provision. IT-architecture is gradually being transformed into a micro-service architecture, with each service independently protected in terms of safety. In this way, we reduce security risks, while, at the same time, the interdependence of the individual information system part, enables for faster and easier changes. We assess information risks as moderate, as well as the likelihood of an incident.

HEALTH RISK AND SAFETY AT WORK

The company takes a comprehensive approach to ensure safe and healthy working conditions and recognise, decrease, and manage the risks originating from work tasks and the work environment. We maintain such an attitude with the introduction of the envisaged standards of health and safety at work and compliance with laws. All jobs are assessed with the Safety Statement and risk assessment, anticipated and described are the possible hazards and harmful effects, which may affect the health of employees, and foreseen are the measures for their mitigation. This is a process, where we perform regular audits of assessments and supplement measures. The process also directly includes employees. In carrying out the audits of health risk assessments, we cooperate with occupational medicine, which is especially important in order to manage the risks. In 2020, due to the coronavirus epidemic, the Safety Statement, along with the risk assessment, were revised and adapted in order to lower the risk of transmission or to prevent coronavirus infections. Based on the audited risk assessments, the company carried out planned activities for the protection of health and safety of employees, customers, and other external visitors. Moreover, we also prepared instructions for all employees on safety behaviour and procedures for action in exceptional and other security-based events related to the coronavirus. The company also provides its employees with psychosocial assistance, as the current coronavirus situation has had a strong impact on the psychosocial conditions of our employees. In accordance with the risk assessment, we regularly refer our employees for periodic medical examinations, and each new employee undergoes a legally prescribed medical examination. We pay special attention to preventive actions and the elimination of potential hazards. Employees may report any dangerous occurrence or accident at work. All reported incidents at the company, are widely researched and appropriate actions are taken. With regard to fire protection, we carry out preventive measures, monitor fire safety conditions in accordance with legal requirements, and take care for the regular training and education of employees and the constant improvement of fire safety at all business locations. The company's external contractor that is authorised to carry out fire safety, also performs regular inspections of premises and work equipment.

HUMAN RESOURCES RISK

This type of risk represents a lack of adequate and specialist staff, and the health, satisfaction and engagement of existing staff. Measures to manage HR risks include the development of a reward system which encourages outstanding individuals and their achievements, the development and education of motivated individuals, and the regular monitoring and planning of careers of key employees. We monitor the education and development of employees, while, at the same time, we increase their responsibility at work and encourage them to take on new assignments and reallocations to new job positions. In particular, by applying soft methods we try to ensure employee motivation and a sense of initiative, and a sense of belonging to the company. This helps reduce the risk of staff departure. There is also information (non-)flow risk, which is mitigated by introducing measures, such as the development of human resource programmes and other IT programmes to support working processes and mutual business communication. In addition to this, we also regularly monitor how well employees at all levels are informed through expert, commercial meeting, and weekly meetings in the retail stores. In accordance with the above-mentioned activities, we assess HR risks to be moderate and manageable.

LEGAL RISK

The legal safety and compliance of operations at Big Bang are handled by the Legal Affairs Department, with the additional support of external legal advisors. Together they are involved in all areas of work where collaboration with the Legal Affairs Department is necessary, but in particular they monitor legislation prepare and review contracts, prepare internal acts, and direct and coordinate or co-operate in the resolution of disputes that may arise in the operations of the company.

The business compliance function assesses the risks of the company's business compliance with regulations and other internal acts of the company and, thus, informs the company's management. In addition to that, it also assesses the possible effects of legislative and other changes in the legal environment with regards to the company's operations, advises on their compliance, and monitors the adequacy and efficiency of measures aimed at the harmonisation of operations with the perceived changes. The essential function of business compliance is also to assist sectoral services in detecting business risks and possible violations of regulations, as well as to establish internal controls necessary in order to prevent violations and reduce risks. The compliance function plays an important role in striving for fair and transparent behaviour of the company's employees.

We estimate the level of legal risks during the time of the epidemic, in particular in the first wave, to be significantly increased in the entire economic area. Companies such as ours were suddenly forced to adjust their operations in accordance with the precedent rules and the regulatory measures adopted by the country, with different and often inconsistent or delayed interpretations of the competent national authorities. Our company was especially exposed to such a legal risk, as we had to consider intervention measures to help mitigate the effects of the Covid-19 illness on the economy. It was necessary to act in accordance with the legislation and regulations that were new in our legal area. Legal risks were higher also due to the tighter control of the competent national bodies and stricter sanctions in the event of non-compliance with "epidemiological regulations". We firmly believe that we operated legally and in accordance with all the country's regulations and measures also in these conditions.

RISK OF FRAUD AND OTHER UNLAWFUL ACTS

The risk of fraud and other unlawful acts includes administrative fraud, illegal acts, scams, disposals, fraud committed by employees and third persons, the unauthorised use of various resources, and intentional damage. Management of these risks requires continuous supervision.

Some risks are also posed by the possible disposal of assets – operating fixed assets and merchandise. The experience gathered so far has shown that an important factor in reducing risk represents adequate technical protection of premises and merchandise, both during and outside of the operation of commercial establishments. As part of the protection of property and merchandise, we have appropriately organised technical security, a surveillance system, and an intervention service. We estimate that the risk of burglary and theft is relatively high, but the likelihood of its occurrence is moderate, especially in terms of the amount of potential loss or damage. Due to the nature of its activities, Big Bang is exposed to higher fraud risk, which is why we reduce it with insurance instruments, regular and extraordinary inventory of goods, internal controls, and external performance audits. Big Bang has a zero-tolerance policy when it comes to such actions.

REPUTATIONAL RISK

Reputational risk is the possibility of losing future or current business due to the negative image of the company by its employees, business partners, customers, owners, and others interested from the public. Reputational risk is understood as the risk of potential damage done to the Big Bang trademark and its reputation, which can have a negative impact on the company's capability to maintain established business relations or to make new ones. The basic element of the reputational risk management system is a good corporate governance system, which is monitored and supported by the company through activities that assess the attitude of employees and external stakeholders on the company. In order to manage reputational risk effectively, it is important to have an effective system of internal flow of information and communication with employees and between them. This helps raise the awareness of employees and provides their sufficient understanding of the strategy, operations, plans, and the current circumstances. Also important is to maintain harmonised, consistent, and up-to-date information to external stakeholders regarding the company's operations and activities, thus strengthening mutual trust and long-term relations.

The company is exposed to liquidity, credit, and market financial risks (interest rate, currency, and inflation risks). The epidemic of the new coronavirus disease has further exacerbated some financial risks, in particular liquidity and credit risk. When having exposure to financial risks in mind, we follow the conditions on global markets. As obtaining and managing financial resources needed for uninterrupted operations and investments might become more demanding, we pay special attention to global events. When managing and controlling financial risks, we follow the adopted financial policy that includes the starting points for efficient and systematic financial risk management. The goals of the active risk management process are as follows:

- To achieve business stability and reduce exposure to individual risks to an acceptable level,
- To increase market value, competitiveness, and creditworthiness,
- Greater predictability of cash flows and profit levels,
- Optimisation of tax liabilities,
- To reduce the effects of exceptional major disasters.

LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulties in raising the funds needed to meet its financial obligations. The company managed this mentioned risk with an active liquidity management policy in order to prevent non-coordinated cash inflows and outflows. This encompasses the following:

- A system of limits determining the minimum cash and high-liquid assets the company must have available at any time,
- Credit risk management policy ensuring the envisaged payment of receivables,
- Real-time planning and monitoring of cash flow, and
- Credit line with banks intended for loan draws with regard to the current needs.

Easier management and the regulation of current liquidity also enables constant flow from retail buyers. We assess that the insolvency risk exposure is constant and low in relation to the aforementioned protection measures and the current situation. Even with the closure of stores due to the COVID-19 epidemic, Big Bang was still able to provide sufficient liquidity through online sales. Liquidity was not jeopardised at any given moment.

CREDIT RISK

Credit risk exposure depends on individual buyers and the economic conditions in the countries of the buyers' origin. At Big Bang, we have developed an active credit risk management policy which includes the ongoing monitoring of outstanding receivables, limitation of exposure to any individual buyer through a system of limits, default interest, insurance of receivables, and a receivables recovery policy. This system covers all buyers. In doing so, we take into account the awareness that an overly strict credit risk management policy could decrease the competitiveness of the company, which would, therefore, result in the loss of a certain number of customers and amount of income.

In order to limit exposure to this risk, we us and elaborate and formalised credit rating system, which includes the following:

- Insurance of potential future receivables upon signing the contract and the evaluation of a credit rating of new and existing buyers,
- Determining the volume of the limit granted and its maximum amount for regular and known buyers given the assessed credit rating, the extent of turnover and previous payment discipline, depending on the amount and quality of insurance,
- Setting the limit for new buyers based on assessed credit rating and insurance,
- A detailed trade receivable recovery procedure (including court recovery).

Big Bang generates the largest part of its sales revenue in the retail segment. In addition to cash payments, other payment instruments (cards, consumer lending) enable us to receive practically the entire revenue from this segment of sales immediately or in a few days following the sales. In the wholesale segment, we consistently implement the above-mentioned measures for risk hedging, therefore, management believes the credit risk exposure is moderate.

OTHER FINANCIAL RISKS

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity instruments, may affect the revenue of financial instruments. The aim of market risk management is to manage and control the exposure to market risks within reasonable limits while simultaneously aiming for profit optimisation.

Interest rate risk is a risk that the value of a financial instrument will fluctuate due to a change in market interest rates. In 2020, Big Bang had the possibility to draw a loan tied to the EURIBOR variable interest rate, thus its operations are exposed to interest rate risk. In 2020, the EURIBOR rates were more or less constant and remained low. Forecasts for 2021 show the continuation of a similar trend and so, in other words, the rates are not expected to rise. Given the fact that the company is expected to have only short-term loans available in 2021, which it may not even decide to draw upon, the exposure to interest rate risk will be low. As such, the management of the company assesses the exposure to interest rate risk to be low.

Currency risk is a risk where the economic benefits of the company may decrease as a result of the changed rate of an individual currency. We assess the company is not exposed to currency risk, as the share of foreign currency transactions in overall operations is negligible.

Inflation risk includes all risks associated with higher level of inflation in an economy. Management assesses that the exposure to the inflation risk is low

STATEMENT IN ACCORDANCE WITH ARTICLE 545 OF THE COMPANIES ACT (ZGD-1)

The Managing Director of Big Bang, d.o.o., Ljubljana hereby declares that in 2020 there was no action taken or abandoned on the initiative of the parent company or its associated companies, that would represent a deprivation for the company Big Bang, d.o.o., Ljubljana.

In Ljubljana, 7 May 2021

Uroš Mesojedec
Director

Robert Sraka
IT and Digital
Transformation Director

SUSTAINABLE DEVELOPMENT

Responsibility towards employees

The largest contribution to a firm's success in a dynamic environment comes from its employees.

Employees at Big Bang help shape a working environment that encourages team spirit, collaboration, engagement, and achievement. We support our employees in order to further strengthen the culture of engagement, challenge, development, and acceptance of change. We encourage all employees to achieve their full potential and work together in the promotion of the development and growth of the company. Our organization is aligned with a business strategy and organisational culture that is based on engaged, dynamic, responsible, and highly qualified employees. The firm's and staff's core values and competencies are part of all employee activities, as well as the company's processes. Therefore, we strive to ensure that all our operations reflect our responsibility to our employees and the values we stand for. These values guide us in setting goals, achieving results, and cooperating and working with employees.

We pay special attention to attracting, recognising, and developing talented individuals, and thus ensuring the success of the company in the future. In order for the firm to establish itself on the market successfully, and to develop and market new products, highly qualified staff are needed, which is why we are creating a work environment that promotes both professional and personal development of employees. We believe the success of an individual is founded on the desire to achieve excellence in their work and on continuous professional and personal development, and the development of interpersonal relationships. Due to quality being important to us at every step of the work process, we encourage employees to engage in mutual cooperation, transfer relevant information, and creativity. We create an environment in which the individual's goals and needs are connected with those of the company. This is achieved through demanding and interesting work challenges, ensuring optimal working conditions, enabling the development of skills and competencies, and cooperating in career development.

We offer our employees regular employment in a dynamic team, with incentive structures, and the opportunity for professional and personal development. At Big Bang, employees also receive other non-financial benefits, such as direct contact with new technologies and digitalisation trends, the possibility of participating in innovative/development projects, an attractive working space, continuous development in sales and other skills, and a number of other benefits. We provide:

- Work in places of business furnished in a modern style,
- A pleasant working environment,
- Mentorship and ongoing support of staff in the department,
- An opportunity for advancement to managerial positions for ambitious staff members,
- Besides regular payment, additional remuneration of employees who achieve objectives beyond those set,
- Annual awards for the best employees,
- Gifts to all employees for their youngest family members at the end of the year,
- Supplementary pension insurance payment for employees,
- Investment in knowledge, as we are convinced it is key for the progress of the entire company.

We care for the well-being of our employees

At Big Bang, d.o.o. we recognise that occupational health and safety, in addition to its basic purpose, ensures a high level of staff satisfaction. The company thus strives continuously to decrease the risk of injuries and health impairments resulting from the implementation of work processes. This is why we are seeking solutions to make employees safer, and the work environment even healthier.

All risks are assessed periodically and kept at a level deemed acceptable by implementing security measures. In 2020, we carried out an audit of the Declaration of Safety with Risk assessment. Employees are trained periodically for occupational health and fire protection, as well as fighting incipient stage fires. Together with an external contractor, we periodically monitor and inspect workplaces and equipment, carry out ecological work condition inspections and measurements, and perform regular technical inspections of the hydrant network and fire-extinguishing apparatuses in order to lower risks and provide a safe and healthy working environment for our employees.

In 2020, we carried out an inspection of premises and equipment in sixteen places of business and performed periodical occupational health and fire protection training sessions in six retail shops. Moreover, we also carry out periodic and preventive health checks of all employees in the company in accordance with the health-risk assessment.

Collective supplementary pension insurance

At Big Bang, we look after our employees by helping create a more secure future, therefore, we contribute together with employees to supplementary pension insurance at two insurance companies, namely, Skupna pokojninska družba, d.d. and Prva osebna zavarovalnica, d.d.

The objective of inclusion into the saving-pension bonus scheme is to ensure an adequate supplementary pension in order to fill the pension gap and loss of income following an employee's retirement. The company made this decision due to the benefits inclusion it has for employees.

These benefits are: additional motivation of employees, lower employee inclusion costs, subsidy from the state in the case of own contribution, additional benefits offered by the insurance company, and greater financial security before and after retirement (early retirement pension). The inclusion provides certain benefits for the company as well, namely a tax allowance and a contribution to corporate social responsibility.

Responsibility towards the owner

The basic objective of Big Bang is to achieve profitable operations and generate a positive free cash flow. Responsible behaviour towards the owner is reflected in achieving our operating goals, with suitable transparency of operations and communication with the owner.

Responsibility towards customers

In 2020, we continued our consumer-oriented strategy called the "caretaker's vision".

Since the essence of our brand is professionalism, we clearly defined the objectives to achieve consistent market effectiveness. The caretaker's strategy means being available to the customer throughout the entire purchasing process, irrespective of whether the purchase takes place in a physical or an online store. Customers deciding to shop in one of our physical stores can use the support of a special adviser in the individual department, customers making an online purchase can make use of the call centre and e-support via e-mail and social networks, while the after-sales service ensures customer satisfaction in cases when additional services are needed after the purchase. Based on an external survey, consumers recognise our professionalism and excellent recommendations, arguments, and purchase support. Our guideline is once again the one that matters most – to provide the utmost satisfaction of the customer's shopping experience.
This was followed by development activities during the epidemic, as we were the first retailer in Slovenia to set up online video consulting and sales to help users who were dealing with online purchases for the first time, or those who appreciate expert advice.

For the purposes of an improved customer experience, we strengthened the delivery service team with a new van and, thus increased the capacities of the service that enjoys particular popularity among our customers.

A great deal of time and knowledge is invested into the provision of updated and current information with the aim of creating a better user experience, both online and in our physical stores. Our physical stores are continuously stocked with new and interesting products for our customers, and the online shop presents the contents clearly, and in an eye-pleasing manner, making purchases easier and more manageable. The webpage includes information for customers, the so-called "landing pages", descriptions and advantages of services, informative and entertaining video content, and information about special prizes related to certain products. We strive to remain the leading provider of product and service information, and in this way persuade customers in the purchase process, and thus increase their confidence in the Big Bang brand.

Responsibility towards the natural environment

A responsible attitude towards the environment is a key guideline of our company. We strive to be an environmentally friendly company and pursue this objective in all areas of our operations. We make proper arrangements for the disposal of all waste produced by way of our operations.

Trade activities produce different types of waste. One of the main types is packaging, but since we are a seller of entertainment electronics and household appliances, we also produce waste electric and electronic equipment. Therefore, we collect and properly dispose of both types of waste. In accordance with statutory provisions, we have transferred our obligations to companies formed for the handling of electric and electronic equipment and batteries (Zeos, d.o.o.) and the handling of waste packaging (Dinos, d.o.o.).

The companies ensure for the payment of recycling and re-use of our waste. Therefore, proper waste management represents a cost to us, but most of all it has a positive effect on the environment, which is a natural asset and must be properly protected. Both types of waste are collected separately.

At most of our stores, we collect packaging within the premises of shopping centres, while in two stores and in our central warehouse we have our own containers and separate waste disposal system. Also, we temporarily store the collected electric and electronic equipment at our waste collection points. For the Ljubljana region, we have a temporary collection point at the BTC Eco-Island, in the Maribor region such waste is temporarily stored by Europark, while our business unit in Celje also has a specific premise intended for the temporary storage of such waste. Other small stores deliver waste electric and electronic equipment to contractual waste collection points. At Big Bang, the collection of waste electric and electronic equipment is carried out in a way that is environmentally friendly and convenient for customers. We have containers for the separate collection of batteries, light bulbs, and small electric devices at all our stores, where every customer can dispose of their devices when no longer useful, regardless of where the items were purchased. Large devices (home appliances), however, can only be left with us for recycling if initially purchased from us. On the demand of a customer, we can also take away old devices and appliances when we deliver new ones.

In 2020, we collected and handed to our contractual waste disposal centres the following amounts of waste electric and electronic equipment:

Light bulbs	262
Large household appliances	150,367
Refrigerators and freezers	81,534
TV monitors	4,469
Small household appliances	3,592
Batteries	1,238
Total kg	241,462

CORPORATE GOVERNANCE STATEMENT OF BIG BANG, D.O.O.

In accordance with paragraph 5 of Article 70 of the Companies Act (Official Gazette of the RS, No. 65/09 and the following; hereinafter "ZGD-1"), the company Big Bang, d.o.o. (hereinafter the "company") provides, as part of its Business Report, the following Corporate Governance Statement:

1. Referring to the Corporate Governance Code

The company's management declares that management of the company in 2020 was carried out in accordance with laws and other regulations, Big Bang's Articles of Association, the company's internal acts, and good business practice. The company does not have its own code, and in 2020, with regard to this, the management did not decide to follow the publicly accessible referential governance code. Namely, in 2020, Big Bang, d.o.o. was completely marked by the Covid-19 virus epidemic, as we, as a trading company, operated in accordance with the state measures aimed at curbing the spread of the Covid-19 virus for the entire year, with the exception of the first two months. Accordingly, the Covid-19 situation affected several areas of the company's operations, which had to quickly adjust its operations to the new conditions by revising the company's strategy, internal rules, operational policies and processes, and employment and contractual relationships with business partners. We were also forced to look for new ways of working from home, deal with employees and focus on their protection, as well as adapt the workplaces, and manage legal and other business and financial risks. In addition to that, we had to pay more attention to managing the company's compliance with the state regulations and measures, promoting digital business content, and creating an organisational culture according to the epidemiological situation. We also took care to further manage the negative effects of the epidemiological situation on the company's operations.

In 2020, based on the Company Split-off and Takeover Contract of 15 September 2020 and the Annex to the Company Division and Takeover Contract, there was a split-off of the company by way of takeover. By split-off with a takeover, the transferring company, Big Bang, d.o.o., transferred a part of its assets, stipulated under the Contract, as well as the rights and liabilities associated with the assets to the acquiring company, Big Partner, d.o.o. This means that the management of the company, according to the recommendations and guidelines of the recommended governance codes, was still difficult in the financial year 2020.

2. Main features of the internal control system and risk management in the company associated with the financial reporting process

In accordance with the provisions of the Companies Act (ZGD-1), Articles of Association, the company's internal acts, and legislative provisions, the company establishes and maintains an appropriate internal control system and risk management with effective procedures for identifying, assessing, managing, and monitoring risks. The internal control system is defined as the composition of accounting and other controls, including the organisational structure, methods and procedures established by the company's management as part of their objectives in order to assist them in the economic, effective, and successful implementation of activities. Internal controls play an important role in the discovery and prevention of fraud, corrupt actions, asset protection, and the company's reputation. Their purpose is to ensure the efficiency and effectiveness of operations, correctness, completeness and reality of financial reporting, and compliance with applicable laws and other external and internal regulations, which we seek to achieve primarily by providing and implementing the following measures and internal controls:

- Formulating clear and uniform accounting policies and their consistent use,
- Control over the regularity of accountancy data, which include the verification of monthly adjustments of turnover, the harmonisation of items with business partners, and control over the conduct of annual inventory and asset balances,

- Protection of assets against theft, losses and inefficient use,
- Control of access restrictions – the accounting and business information system provides adequate restrictions of access to data and control over discrepancies,
- Recognition and analysis of discrepancies from planned events and the implementation of activities for their elimination,
- Checking the correctness of accountancy data within the reporting function or analysing and studying deviations from planned or previous turnovers and balances (regular monthly and occasional periodic reports on the company's operations).

In all important respects, the internal control system provides adequate guarantees for achieving objectives with regard to the compliance of operations with laws, regulations, the company's adopted internal acts and other instructions, successful operations, the protection of assets against loss due to negligence, abusive practices, bad management, mistakes, fraud, and other irregularities in order to maintain reliable accounting and other data and the correctness of data presentation in financial reports.

- Risks related to financial statements are managed by directing and controlling the implementation of activities within the company's accounting function, and by performing audits of the financial statements, carried out by accredited auditors. We assess that the implementation of individual internal controls was effective despite the epidemiological conditions, and that they were carried out regularly, as the company's accounting department, which, due to protection against infection with Covid-19, worked alternately in the office and from home, and was well-organised. On the other hand, the managerial staff was always present at the company's headquarters.

3. Information on the composition and operations of the management or supervisory boards and their key competences and the manner of their enforcement

The management or supervisory bodies of the company include the partner, the manager and the advisory committee. The management of Big Bang, d.o.o. is comprised of the Managing Director (CEO) and the IT and Operations Support Director (CIO/COO).

The Managing Director manages the company's operations and independently represents it in accordance with the law, Articles of Association, general acts of the company, general acts of the partner, directly applicable in the partner's companies, employment contract and the general and specific instructions and powers of the partner under the administration and management of the company. The Managing Director may grant another person written authorisation to conclude certain types of contracts and certain types of legal transactions (general authorisation), or for concluding an individually specified contract, as well as other specific legal tasks (special authorisation), by which they are not able to transfer more rights and obligations than they themselves hold under the law or the Articles of Association.

The partner decides autonomously on the:

- Adoption of general company acts, which are the responsibility of the partner, and of its amendments and supplements,
- Adoption of amendments to the Articles of Association,
- Status amendments and changes in the company form,
- Adoption of the annual balance sheet and the profit or loss statement, as well as the distribution of profit,
- Appointment and removal of directors,
- Appointment and removal of the advisory committee members,
- Appointment of a procuration holder,
- Appointment of the company's revisor,
- Enforcement of the company's claims against a director,
- Representation of the company in judicial procedures against a director and in business transactions between the company and a director,
- Changes in the nominal capital and dismemberment and termination of the business shares,
- Entering into employment contracts with a director,
- Winding-up the company,
- Other matters that the law stipulates must be decided on at the general meeting.

The company has an advisory committee, which consists of the partner's representatives. In accordance with the provisions of the Companies Act (ZGD-1), the advisory committee is not a supervisory board of the company, but rather a specialised body of the company, established by the partner in accordance with the Articles of Association, predominately for advisory purposes and to execute the tasks of the partner. The provisions of laws with regard to the supervisory board are not used for the advisory committee unless otherwise explicitly defined in the Articles of Association. The existence of the advisory committee is the partner's right and not duty, meaning if the partner does not appoint the advisory committee, the company's operations will not be affected by it. The advisory committee is comprised of four members. The members of the advisory committee are appointed and removed by the partner upon the proposal of the partner's partners. Any member of the partner holding at least 40-percent of the partner's equity interest may put forward a proposal for the appointment of half of the members of the advisory committee. A partner's partner having over 60-percent of the partner's equity interest has the right to request the appointment of three-fourths of the members of the advisory committee. The advisory committee members then appoint a chairman to the advisory committee from amongst the members appointed on the proposal of the majority partner.

The advisory committee's competence and decision-making method is laid down in the Rules of Procedure of the advisory committee adopted by the partner. In the Rules of Procedure of the advisory committee, the partner may determine the business transactions for which management is required to ask for the prior consent of the partner.
The advisory committee is composed of four members, namely, Dejan Rajbar, Robert Močnik, Tilen Klarič in Aleš Škerlak, the Chairman of the advisory committee.

In 2020, the company was managed and represented autonomously by the company's Director Uroš Mesojedec. In addition to that, the company is also represented by Robert Sraka, but alongside the company's Director, Uroš Mesojedec.

4. Diversity policy

The company has no formally adopted diversity policy that would be implemented in relation to representation in the company's management or supervisory bodies with regard to the aspects, such as gender, age, or education. Notwithstanding the foregoing, the company follows the principle of diversity when defining the structure of managerial staff or the company's supervisory body, which means that it does not discriminate in the selection of managerial staff, respects diversity and provides equal opportunities to all, regardless of nationality, race, gender, age, religion, belief, financial status, and other personal characteristics.
Candidates wishing to have the possibility of running for some managerial function in the company have to have/be:

- A different type and level of education obtained under current educational programmes,
- A varied professional profile i.e., work experience and skills from different areas of expertise needed for in-depth understanding of the company's activities and the risks the company is exposed to,
- Representatives of both genders and different age groups, nationalities, race, religion, beliefs, financial status, etc.,
- Free of any conflict of interests under the provisions of the Companies Act (ZGD-1).

When selecting the best-qualified candidate for work in a managerial or supervisory function, in particular the following will be assessed:
the level and nature of the candidate's knowledge, skills, and experience, reputation, openness and honesty (ethical integrity), the candidate's ability to constructively exchange views, proposals, and professional approaches in formulating the company's business objectives and objectives related to risk assumption and management or in monitoring the achievement of these objectives, the candidate's ability to make the right decisions, supported by arguments, despite differing views and experience, and to express independent opinions, functional complementarity of knowledge, skills, and experience (complementarity) that help maintain the body's adequate level of expertise, and a sufficient amount of time that the candidate must devote to the performance of the function.

In 2021, the company will strive for the formal adoption of a diversity policy that will promote a diverse composition of the managerial and supervisory staff in order to effectively manage the company, achieve greater efficiency of the management bodies, supervision and greater business reputation, which will be in line with the amendment of the Companies Act (ZGD-1) of 9 February, 2021.

In Ljubljana, 7 May 2021

Uroš Mesojedec
Director

Robert Sraka
IT and Digital
Transformation Director

FINANCIAL REPORT

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

In thousands of euros

Item	Note	31 Dec 2020	31 Dec 2019 (adjusted)
TOTAL ASSETS		43,163	54,922
Long-term assets		**22,251**	**21,372**
Intangible assets	5.1	1,224	1,109
Property, plant and equipment	5.2	20,387	19,486
Investment property	5.3	320	320
Long-term financial investments in subsidiaries	5.4	0	0
Long-term loans	5.5	0	0
Long-term operating receivables		0	50
Deferred tax assets	5.6	321	407
Short-term assets		**20,911**	**33,550**
Inventories	5.7	11,905	19,400
Short-term loans		1,200	0
Current tax assets	5.8.	296	0
Short-term operating receivables	5.9	6,579	11,517
Cash assets	5.10	931	2,633
TOTAL LIABILITIES		43,163	54,922
Equity	**5.11**	**8,314**	**13,076**
Nominal capital		4,204	4,204
Capital surplus		421	2,705
Profit reserves		420	420
Retained earnings		3,704	3,309
Net profit or loss for the period		-394	2,421
Reserves, arising from the valuation at fair value		-42	17
Other reserves		0	0
Liabilities		**34,849**	**41,846**
Provisions and long-term accrued and deferred liability items		**498**	**2,003**
Provisions	5.13	498	2,003
Long-term liabilities		**14,451**	**13,448**
Long-term financial liabilities	5.12	14,451	13,448
Short-term liabilities		**19,900**	**26,395**
Short-term financial liabilities	5.12	3,267	3,166
Short-term operating liabilities	5.14	16,633	23,177
Current tax liabilities	5.15	0	52

**See Disclosure 2.6.*
The notes form an integral part of these financial statements and should be read in conjunction with them.

INCOME STATEMENT

In thousands of euros

Item	Note	2020	2019
Net sales revenues	**6.1**	**77,927**	**139,177**
Costs of goods sold	6.2	-60,272	-111,045
GROSS PROFIT OR LOSS FROM SALES		**17,655**	**28,132**
Selling costs	6.3	-16,669	-22,419
General administration costs	6.3	-2,061	-2,771
Revaluation operating expenses	6.4	-1,115	-447
Other operating expenses	6.4	-2	-43
Other operating revenue	6.5	1,998	702
OPERATING PROFIT OR LOSS		-194	3,154
Net financial revenues/expenses	**6.6**	**19**	**6**
NET FINANCIAL REVENUES/EXPENSES		-355	-341
PROFIT OR LOSS BEFORE TAX		-549	2,813
Income tax	6.7	0	392
Deferred taxes	**6.7**	**86**	**-11**
PROFIT OR LOSS BEFORE TAX		**-549**	**2,813**
Income tax	6.7	0	392
Deferred taxes	6.7	86	-11
NET PROFIT OR LOSS FOR THE PERIOD – ORDINARY ACTIVITIES		**-635**	**2,432**
NET PROFIT OR LOSS FROM DISCONTINUED OPERATIONS	**6.8**	**242**	**0**
NET PROFIT OR LOSS		-393	2,432

STATEMENT OF OTHER COMPREHENSIVE INCOME

In thousands of euros

Item	2020	2019
Net profit or loss for the period	**-394**	**2,432**
Other comprehensive income for the period	-45	-93
Items that will be reclassified to profit or loss	0	0
Items that will not be reclassified to profit or loss	-45	-93
Actuarial losses from severance pay upon retirement	-45	-93
Total comprehensive income for the period	-439	2,338

STATEMENT IN CHANGES IN EQUITY

Item	Nominal capital	Capital surplus	Legal reserves
Balance as at 1 Jan 2019	4,204	2,705	420
Comprehensive income for the period			
Profit or loss for the period	0	0	0
Actuarial gains and losses	0	0	0
IFRS 16 revaluation reserve	0	0	0
Total comprehensive income for the period	**0**	**0**	**0**
Changes in equity			
Transfer of net profit from previous year to profit brought forwards	0	0	0
Other changes	0	0	0
Total changes in equity	**0**	**0**	**0**
Transactions with owners recorded in equity			
Covering net loss according to a resolution of the Management Board	0	0	0
Payment of dividends	0	0	0
Adjustment of an error*	0	0	0
Total transactions with owners recorded in equity	**0**	**0**	**0**
Capital outstanding as at 31 Dec 2019*adjusted	4,204	2,705	420
Balance as at 1 Jan 2020*adjusted	4,204	2,705	420
Comprehensive income for the period			
Profit or loss for the period			
Actuarial gains and losses			
IFRS 16 revaluation reserve			
Total comprehensive income for the period	**0**	**0**	**0**
Changes in equity			
Transfer of net profit from previous year to profit brought forwards			
Other changes			
Total changes in equity	**0**	**0**	**0**
Transactions with owners recorded in equity			
Covering net loss according to a resolution of the Management Board			
Payment of dividends			
Discontinued operation - split-off with a transfer		-2,284	
Total transactions with owners recorded in equity	**0**	**-2,284**	**0**
Total transactions with owners recorded in equity	4,204	421	420

In thousands of euros

Other reserves	Reserves, arasing from valuation at fair price	Profit of loss for the year	Retained net profit	TOTAL EQUITY
0	86	2,625	3,684	13,724
0	0	2,432	0	2,432
-93	0	0	0	-93
0	0	0	0	0
-93	**0**	**2,432**	**0**	**2,339**
0	0	-2,625	2,625	0
86	-86	0	0	0
86	**-86**	**-2,625**	**2,625**	**0**
0	0	0	0	0
0	0	0	-3,000	-3,000
24	0	-11	0	0
24	**0**	**-11**	**-3,000**	**-3,000**
17	0	2,421	3,309	13,076
17	0	2,421	3,309	13,076
		-394		-394
-59	0			-59
				0
-59	**0**	**-394**	**0**	**-453**
		-2,421	2,421	0
				0
0	**0**	**-2,421**	**2,421**	**0**
				0
				0
			-2,025	-4,309
0	**0**	**0**	**-2,025**	**-4,309**
-42	0	-394	3,704	8,314

PROPOSAL OF BALANCE-SHEET PROFIT ALLOCATION

In thousands of euros

The balance-sheet profit established for 2020 is made up of the following elements:	**Net profit or loss for 2020**	**-394**
	Retained net profits from previous years	5,740
	Discontinued operations – split-off with a transfer	2,025
	BALANCE-SHEET PROFIT FOR THE PERIOD	**3,321**

Management proposes leaving retained net profits from previous years completely undistributed.

CASH FLOW STATEMENT

In thousands of euros

Item	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit or loss	**-394**	**2,431**
Adjustments for:	**5,110**	**5,413**
Amortisation	3,415	4,258
Revenues from dissolved provisions for long-service bonuses and severance pay at retirement	-21	-5
Profit from the sale of tangible fixed assets	0	-10
Write-down of inventories	1,168	375
Impairment and write-offs of operating receivables	5	71
Write-offs of tangible fixed assets	13	1
Expenditure for the provision of given guarantees, warranties and lawsuits	89	0
Net financial expenses	355	341
Income tax	86	382
Changes in net operating current assets and provisions	**-1,184**	**589**
Changes in operating and other receivables	4,983	-877
Changes in inventories	6,327	205
Changes in operating and other liabilities	-6,544	1,223
Changes in accrued and deferred items and provisions	-1,641	38
Elimination of discontinued operations – split-off	-4,309	0
Paid/returned corporate income tax	**-348**	**-293**
Net cash flow from operating activities	**3,184**	**8,140**
CASH FLOW FROM INVESTING ACTIVITIES		
Cash receipts from investing activities	**19**	**16**
Interest received	19	6
Cash receipts from the sale of property, plant and equipment	0	10
Cash receipts from loan repayment	0	0
Cash disbursements from investing activities	**-2,040**	**-1,707**
Cash disbursements for the acquisition of property, plant and equipment	-383	-1,083
Cash disbursements for the acquisition of intangible assets	-457	-624
Cash disbursements for the acquisition of investment property	0	0
Cash disbursements for loans given	-1,200	0
Net cash flow from investing activities	-2,021	-1,691
CASH FLOW FROM FINANCING ACTIVITIES		
Cash receipts from financing activities	**16,000**	**5,643**
Cash receipts from the increase in short-term financial liabilities	16,000	5,512
Cash receipts from financial leasing		131
Cash disbursements for financing activities	**-18,865**	**-12,017**
Cash disbursements for interest paid	-365	-347
Cash disbursements for repayment of long-term financial liabilities	0	0
Cash disbursements for dividend payment	0	-3,000
Cash disbursements for repayment of lease liabilities	-2,500	-3,161
Cash disbursements for repayment of short-term financial liabilities	-16,000	-5,509
Net cash flow from financing activities	**-2,865**	**-6,374**
CASH FOR THE PERIOD	-1,702	75
Opening balance of cash	2,633	2,558
Closing balance of cash	**931**	**2,633**

Notes to the audited financial statements

1. REPORTING COMPANY

Big Bang, d.o.o., (hereinafter referred to as the "company") has its registered address at Šmartinska cesta 152, 1000 Ljubljana, Slovenia. The company compiles consolidated financial statements and prepares its annual report in accordance with the International Financial Reporting Standards (hereinafter referred to as "IFRS") as adopted by the European Union and in accordance with the Companies Act. The financial year is the same as the calendar year.

The firm and the registered office of the controlling company:

The company is an affiliated company of Bidigital, d.o.o., with its registered office at Vošnjakova ulica 3, 1000 Ljubljana, Slovenia. As at 31 December 2020, Bidigital, d.o.o. is the 100-percent owner of the company's capital. The company Big Bang, d.o.o., is included in the consolidated financial statements of the ADVENTURA HOLDING Group. The consolidated Annual Report can be found at the registered office of ADVENTURA HOLDING, d.d., Vošnjakova ulica 3, 1000 Ljubljana.

2. BASIS FOR COMPILATION

2.1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the IFRS as adopted by the European Union and in accordance with the explanatory notes adopted by the International Accounting Standards Board (hereinafter referred to as "IASB").

The company's management endorsed the financial statements on 31 March 2021.

New standards, explanatory notes, and amendments to the existing standards adopted by the EU, but becoming applicable for the annual periods beginning after 1 January 2020:

Amendments to IFRS	The company's assessment of the amendment's impact on the financial statements
Amendments to IFRS 16 Leases: COVID-19-Related Rent Concessions	The company expects the amendments to have a material impact on its financial statements.

Standards and explanatory notes that have not yet been adopted by the European Union as at 31 December 2020:

Amendments to IFRS	The company's assessment of the amendment's impact on the financial statements
Amendments to IFRS 16 Leases: COVID-19-Related Rent Concession	The company expects the amendments to have a material impact on its financial statements.
Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture	The company expects the amendments not to materially impact its financial statements on the initial application date.
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	The company expects the amendments not to materially impact its financial statements on the initial application date.
Amendment to IAS 16 Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use	The company expects the amendments not to materially impact its financial statements on the initial application date.
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	The company expects the amendments not to materially impact its financial statements on the initial application date.
Annual Improvements to IFRS Standards 2018–2020	The company expects the amendments not to materially impact its financial statements on the initial application date.

2.2 BASIS FOR PREPARATION

The financial statements have been prepared taking into account the historical costs and on a going concern basis.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in euro, which is the company's functional currency. All accounting data presented in euros is rounded to one thousand units. The rounding may result in slight differences in summation.

2.4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with IFRS requires the management to make certain estimates, judgments and assumptions, which impact the use of the accounting policies and the disclosure of the values of assets, liabilities, revenue, and expenses. The actual results may deviate from these estimates. The estimates and assumptions must be continuously verified. Adjustments of accounting estimates are recognized for the period in which an estimate is adjusted, and for all the future years affected by the adjustment.

The data about relevant estimates of uncertainty and critical judgements, which were prepared by the management during the accounting policies implementation process, and which most affect the amounts in the financial statements, are indicated in the notes below, which constitute an integral part of this Annual Report:

- Property, plant and equipment (disclosed in Chapters 5.1 and 5.2),
- Investment property (disclosed in Chapter 5.3),
- Inventories (disclosed in Chapter 5.7),
- Provisions (disclosed in Chapter 5.13),
- Revenues (disclosed in Chapter 6.1),
- Liabilities (disclosed in Chapter 5.10),
- Long-term liabilities to employees (disclosed in Chapter 5.13), and
- Deferred tax liability (disclosed in Chapter 5.6.).

Fair value measurement:

Part of the company's accounting policies and, consequently, disclosure in this annual report, envisages the measurement of assets at fair value, for both financial and non-financial assets and liabilities. The company has put in place a method to monitor the valuation of assets and obligations at fair value. The calculation of fair value takes into account various aspects of the unadjusted market price on the free market, whereby the individual assets or liabilities are classified in three levels, namely:

- The first level of fair value considers the unadjusted market prices on the free market for assets of the same nature.
- The second level of fair value takes into account other factors not included in the first level of fair value, which can be determined directly on the basis of assessments or indirectly on the basis of a calculation based on market prices.
- The third level of fair value is determined on the basis of assessments having no direct basis with market prices, such as value assessments and the like.

When the fair value of an individual asset is determined on the basis of different levels of the fair value hierarchy, these are placed in the lowest level of the fair value for the whole asset. In these cases, the group of assets or liabilities is transferred to an individual level at the end of the reporting period in which the change of hierarchy occurred. The significant effects of recognising assets and liabilities at fair value are presented in the context of individual disclosures in this Annual Report, whereby we emphasis in particular the following:

- Investment property (disclosed in Chapters 5.3 and 3.8),
- Financial investments (disclosed in Chapter 5.4), and
- Financial instruments (disclosed in Chapter 5.5).
- Cash-generating units:

The company regularly revises assets and liabilities at the level of cash-generating units, in particular to check expected losses. The assessment of cash-generating units at 31 December 2020 did not show any need for additional adjustments or the establishment of additional provisions.

2.5 EXPLANATORY NOTES AND DISCLOSURES TO THE BALANCE SHEET

The balance sheet is published in an abbreviated form for greater transparency. A more detailed breakdown of individual items, data, and information disclosed is presented below.

2.6 CORRECTION OF A FUNDAMENTAL ERROR

In drawing up the financial statements for 2020, the company discovered that a fundamental error occurred in drawing up the financial statements in previous years, which resulted in a recalculation of the accounting data, as shown in the tables and the revised balance sheet of the company Big Bang, d.o.o. on 31 December 2019.

In 2019, the company extended one of the lease agreements for space, but did not record it in its business accounts. The error was adjusted by increasing the value of plant, property and equipment by EUR 2,443 thousand as at 31 December 2019. Long-term financial liabilities also increased by EUR 2,488 thousand, short-term financial liabilities decreased by EUR 52 thousand, as well as did short-term operating liabilities, namely, by EUR 6 thousand.

The effect of the error on the statement of financial position:

In thousands of euros

31 Dec 2019	Reported before the adjustment	Error	Reported after the adjustment of the error
ASSETS	**52,480**	**+2,442**	**54,922**
Property, plant and equipment	*17,043*	*+2,442*	*19,486*
Other assets	35,436	0	35,436
LIABILITIES	**52,480**	**+,2,442**	**54,922**
Long-term financial liabilities	*10,960*	*+2,488*	*13,448*
Short-term financial liabilities	*3,218*	*-52*	*3,166*
Short-term operating liabilities	*23,183*	*-6*	*23,177*
Net profit or loss for the period	*2,432*	*-11*	*2,421*
Reserves, arising from the valuation at fair value	*0*	*17*	*17*
Other reserves	*-7*	*7*	*0*
Other liabilities and sources of assets	12,693	0	12,693

3. SIGNIFICANT ACCOUNTING POLICIES

From period to period, the company consistently applies the same accounting policies presented in the accompanying financial statements. The company changes its financial policy only if the change is:

- Required by a standard or interpretation or
- If the results in the financial statements provide more reliable and relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.
- The comparative information is harmonised with the presentation of information within the current financial year. The policies amended are disclosed in Section 3.2.

3.1 FOREIGN CURRENCY

Transactions expressed in a foreign currency are converted into the functional currency of the company at the exchange rate on the date of the transaction. Monetary assets and liabilities expressed in a foreign currency on the balance sheet date are converted into the functional currency at the relevant exchange rate. Positive or negative exchange differences are differences between the amortised cost in the functional currency at the beginning of the period, adjusted for the amount of effective interest and payments in the period, and the amortised cost in a foreign currency converted at the exchange rate at the end of the period. Exchange differences are recognised in the income statement.

3.2 FINANCIAL ASSETS

The company initially recognises financial assets at fair value, except trade receivables, which are recognized at transaction price.

The company recognises purchases and sales of financial assets on the day of closing of a deal, that is, on the date when the company undertakes to purchase or sell and asset. On the same day, the company also recognises profits or losses from the disposal of financial assets.

Cash represents sight deposits and cash in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Thus, the company defines the short-term time deposits with agreed maturity date.

The company classifies other financial assets into financial asset groups based on the business model for managing the financial assets and the features of contractual financial asset cash flows.

The essential characteristics of financial assets:

Financial assets measured at amortised cost

- After initial recognition, the company measures financial assets at amortised cost, provided both of the following conditions are met:
- The company possesses the financial asset in the context of its business model, the goal of which is achieved by receiving contractual cash flows.
- In accordance with the contractual conditions of the financial asset, the cash flow occurs on specific dates, which are exclusively payments of the principal and interest on the outstanding amount of the principal.
- The company calculates interest income from the mentioned assets by using the effective interest method, and recognises them in the income statement.

Financial assets measured at fair value through other comprehensive income

Interest and currency differences arising from such assets are recognised in the income statement, while other gains and losses are recognised in other comprehensive income (revaluation surplus) are transferred to retained net profit or loss. Upon asset de-recognition, gains and losses recognised in other comprehensive income (revaluation surplus) are transferred to retained net profit or loss.

Financial assets measured at fair value through profit or loss

Financial assets, which are not measured by the company at amortised cost are not financial investments in subsidiaries and associates, but are measured at fair value through profit or loss. Gains and losses are recognised in the income statement.

Financial investments in a subsidiary enterprise

The subsidiary, Big Bang, d.o.o., Belgrade – in bankruptcy proceedings, had no carrying amount as at 1 January 2020 and, as such, is not significant to the company's financial statements and does not produce consolidated financial statements. In accordance with the IAS 27 – Separate Financial Statements, the company has chosen the accounting policy for the valuation of this investment in accordance with IFRS 9, at fair value through other comprehensive income.

Impairment of financial investments in a subsidiary enterprise

At the end of every financial year, the company assesses whether there are signs that an investment could be impaired. If such a sign exists, the company assesses the recoverable value of investments in a subsidiary enterprise. The recoverable value of the asset is: Its fair value decreased for the cost of sale or value in use, depending on whichever is higher.

If by using the discounted cash flow model the value is lower than the carrying amount of the investment in a subsidiary, the value of the company is also assessed on the basis of the estimated net value of assets, whichever is the greater. If the carrying amount of the financial asset exceeds the recoverable amount, the impairment of a financial investment in a subsidiary must be made. For companies at a standstill, the recoverable value calculation cannot be made by using the discounted cash flow model, therefore, the assessment is made on other bases (net value of asset assessment).

Impairment of operating receivables

The company impairs operating receivables by making value adjustments for the expected credit loss in the entire period of the duration of such assets. The amount of impairment loss (including a reversal of an impairment loss) of trade receivables and other operating receivables is recognized as a receivable impairment loss in the income statement.

The company impairs trade receivables (including lease receivables), which are not in lawsuits, recovery, bankruptcy, or reported in compulsory settlements, until the announced confirmation of compulsory settlement is made at recovery proceedings at specialised institutions, and are not classified as doubtful based on other objective reasons, that is by making a value adjustment with an impairment percentage based on their age.

When measuring the expected credit loss of such assets, the company uses a simplified approach, using the "provisions matrix", which is based on past experience with regard to the written-off receivables from the past and future estimates.

The company impairs receivables which are subject to lawsuit, recovery, bankruptcy, or reported compulsory settlements until the announced confirmation of compulsory settlement is made at recovery proceedings at specialised institutions, and are not classified as doubtful based on other objective reasons in the amount of 100-percent, except when the law permits a liability decrease in relation to charged and unpaid value added tax, the impairment being reduced by this amount.

Impairment of loans given and deposits

The company impairs loans and deposits on the basis of judgment by management regarding their collectability.

When judging loan impairment, the company evaluates evidence on loan impairment for each loan individually. If the company estimates that the carrying amount of a loan exceeds its fair value, namely, its collectible value, it impairs the loan. The impairment estimate is based on the expected credit loss associated with a probability of loan default in the next 12 months, unless the credit risk has significantly increased since the initial recognition. In these cases, the impairment estimate is based on the probability of default over the entire duration of the financial asset. The expected credit losses represent the difference between contractual cash flow that have matured according to the contract, and all the cash flows the company expects to receive. The expected cash flow will also include the cash flow from the sale of insurance assets.

Impairments for expected credit losses are assessed in two steps. For credit exposures, where no significant increase of credit risk was recorded after the initial recognition, the impairment for the expected credit loss is recognised as a credit loss resulting from default possible in the next 12 months. For the credit exposure, where a significant increase of credit risk was recorded after the initial recognition, the company recognises an adjustment for losses it expects in the remaining life cycle of the exposure, regardless of the default period. The company estimates that in the case of financial assets, default contractual payments are 90 days past due date.

In certain cases, the company can assess increased credit risk, even though based on information, it is probable that the company will not receive the unsettled contractual amount in full.

The company recognises write-offs of financial assets when it has reason to expect that it will not be able to recover the contractual cash flow. The amount of such an asset impairment loss is presented as other financial expenses in the income statement.

3.3 FINANCIAL LIABILITIES

A financial liability is any contractual obligation to:

- Deliver cash or another financial asset (for example liabilities to suppliers, liabilities from received loans) to another company,
- Exchange the financial assets or financial liabilities with another company under conditions that are potentially unfavourable for the company.

The company recognises financial liabilities on the day of their occurrence. Financial liabilities are initially recognised on the transaction conclusion date, when the company becomes a contracting party with regard to the instrument. The company de-recognises a financial liability if obligations determined in the contract are fulfilled, annulled or expired. On initial recognition, the company measures a financial liability according to its fair value including transaction cost. After initial recognition, the non-derivative financial liabilities are measured by amortised cost under the effective interest method.

3.4 OPERATING LIABILITIES

Liabilities are generally measured at amortised cost using the effective interest method. Short-term operating liabilities are not discounted at the balance sheet date.

Upon initial recognition, operating liabilities are valued with amounts from the relevant documents on their occurrence, which prove the receipt of a product or service or a performed work or accounted cost, expense or share in the profit or loss for operating liabilities.

Liabilities from contracts with customers
Liabilities from contracts with customers are an obligation for the transfer of goods or services to a customer, for which the customer received compensation (liabilities for the advances received).

3.5 EQUITY

Nominal capital

The company's nominal capital is nominally determined in the company's Articles of Incorporation and registered at a court and paid for by its owners.

Capital surplus

A company's capital surplus is based on amounts from the simplified nominal capital reduction. It may be used under the conditions and for the purposes determined by law.

Legal reserves

Legal reserves are amounts retained from profit from previous years, especially for the settlement of potential future losses.

Fair value reserves

Fair value reserves refer to increases in asset carrying amounts according to the regulation model. They consist of the revaluation relating to land.

Liabilities for dividends and other profit sharing

Liabilities for dividends and other profit sharing are recognised on the date when the shareholder's or owner's rights to payment is enforced.

3.6 TANGIBLE FIXED ASSETS

Measurement at recognition

Tangible fixed assets include immovable property, plant and equipment, and are carried at their cost less any accumulated amortisation and any accumulated impairment losses (see the accounting policy "Impairment of Assets"). Upon initial recognition tangible fixed assets are measured at cost, which is composed of the purchase price, import duties, and non-refundable purchase taxed and costs directly attributable to bringing the asset to its working condition for its intended use. The cost also comprises borrowing costs (interest) concerning the construction of immovable property until their readiness for use, as well as decommissioning costs.

Additional or agreed investments in assets and in improvements of assets, which the company has in financial or operating lease, are stated among immovable property, plant and equipment or their parts.

Subsequent costs

The cost of replacing part of an item of tangible fixed assets is recognised in the carrying amount of such assets, if it is likely that the future economic benefits will be associated with the part of the item of such an asset and that the fair value can be measured reliably. The carrying amount of the replaced part of an item is de-recognised.

Based on the originally assessed level of asset efficiency and useful life, repairs or maintenance of tangible fixed assets for renewing or keeping the future economic benefits are stated in the income statement as maintenance expenditure as incurred.

Start of depreciation, depreciation method and useful life

Tangible fixed assets start being depreciated on the next day after they are made available for use. Depreciation is recognized in the income statement by the straight-line depreciation method, taking into account the useful life of each individual item of immovable property, plant and equipment. The estimated useful lives of assets for the current and comparable period are as follows:

- Buildings - 33.33 years,
- Investments in leased premises - 10 years,
- Plant and equipment - 2 to 10 years,
- Furniture - 5 years,
- Computer equipment - 3 to 5 years,
- Means of transport - 5 years.

Land and tangible fixed assets under construction or in acquisition are not depreciated. Depreciation methods, useful lives and residual values are reviewed on the reporting date and adjusted where needed. In 2020, they did not change. The leased assets are depreciated considering the duration of the lease and their useful life.

De-recognition

Items of tangible fixed assets are de-recognised upon their disposal or when no future economic benefit is expected from their use or disposal. Profit or loss deriving from the de-recognition of tangible fixed assets is established as the difference between the possible net returns upon disposal and their carrying amount. Profit or loss is recognized in the income statement upon an asset's de-recognition.

3.7 INTANGIBLE ASSETS

Intangible assets are non-monetary assets without a physical existence, such as purchases of a trademark or software as well as long-term acquired patents and licenses.

The costs of research and development incurred in the company, mastheads, lists of consumers and items similar in content are not recognised as an intangible asset, but are immediately treated as expenses or operating costs in the period when they were incurred. Intangible assets are stated at their cost less any accumulated amortisation and any accumulated impairment losses (see the accounting policy "Impairment of Assets").

Amortisation

Amortisation is recognized in the income statement under the straight-line amortisation method taking into account the useful lives of intangible assets unless they are not determined. Amortisation of intangible assets begins when an asset is ready for use. This method most accurately reflects the expected pattern of the use of future economic benefits embodied in the asset. The estimated useful life for the current and comparable period for software is 5 years, and 2 years for licenses and other rights.
The amortisation methods, useful lives, and residual values are reviewed at the end of each business year and adjusted if necessary.

De-recognition

Intangible assets are de-recognised upon their disposal or when no future economic benefit is expected from their use or disposal. Profit or loss arising from the derecognition of an intangible asset is established as the difference between the possible net returns upon disposal and the carrying amount of the asset. They are stated in the income statement upon derecognition of the asset.

3.8 INVESTMENT PROPERTY

Investment property is property accounted by the company to generate rent or increase the value of a long-term investment, or both.

In cases where it has to be decided if an asset falls under investment property or immovable property it is considered to be an investment property if more than 80-percent of its value is used as rental.

Measurement after recognition

Until 31 December 2017, investment property was initially recognized using the cost model, however, after that day it was stated at fair price based on the changed investment property accounting policy. As of 1 January 2018, the company has thus assessed the fair value of investment property and recognized the difference in the company's profit or loss. All future investment property revaluations are disclosed in the profit or loss for the current year.

Derecognition of investment property

An item of investment property stops being recognised on disposal or when it is permanently removed from use and when no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between its purchase value and carrying amount and stated in profit or loss.

3.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

On each reporting date, the company checks the carrying amount of tangible fixed assets, investment property, and intangible assets, in order to establish whether there are signs of impairment. If such signs exist, the recoverable value of the asset is assessed.

The asset's recoverable amount or cash-generating units is its value of use or fair value less cost of sale, whichever is higher. When determining the asset's value of use, the expected future cash flows are discounted to their current value by using a pre-tax discounted rate, which reflects the current market estimates of the time value of money and the risk specific to the asset.in order to test the impairment, the assets, which cannot be tested individually, are classified into the smallest possible group of assets which generate cash flows from further use, and which are mainly independent of the receipt of the residual assets or groups of assets (cash-generating unit).

The company recognises an asset or cash-generating unit in cases when its carrying amount exceeds its recoverable amount. The impairment is disclosed in the income statement as expenditure.

The company reverses the impairment loss of an asset to an amount at which the increased carrying amount of the asset does not exceed the carrying amount established after subtraction of the amortisation write-down, provided that the impairment loss had not been recognised for the asset in previous years.

Long-term assets classified as available-for-sale

Long-term assets or disposal group includes assets (in the context of long-term assets, this applies to investment property, intangible assets, and long-term financial investments, while in the context of tangible fixed assets, this only applies to land and buildings due to their importance) for which it is expected that their value will be primarily settled by sale and not further use, are classified as assets for sale, namely, their sale is expected no later than in the next twelve months.

Sales are highly probable when the entire programme and plan to locate a buyer are in progress. Moreover, the active marketing of an asset and efforts to achieve a price that corresponds to its current fair value must also take place. Immediately before being classified as available-for-sale assets, revaluation of such assets is carried out. In accordance with this, a long-term asset (or a disposal group) is recognised at the carrying amount or fair value less the cost of sale, whichever is lower.

Due to special events and circumstances that go beyond the company's control, the period required to complete a sale can be extended to more than one year provided there is sufficient evidence that the company has been consistently following its plan to sell the asset.

If the asset for sale no longer meets the criteria to be classified in the group of assets for sale, it must be reclassified to another suitable group of assets, and specifically the one it was classified in before being classified as an asset for sale.

3.10 INVENTORIES

Inventory valuation

Inventory is valued at historical cost or net realisable value, whichever is lower. The net realisable value is the estimated selling price reached during regular operations less the estimated costs of completion and the estimated selling costs. For the purposes of inventory valuation, the company uses the FIFO method (first-in, first-out).

The cost of inventories comprises the purchase price, customs duty, and other charges (excluding those charges which the tax authorities will later refund to the company), transportation costs, handling costs, and other costs, which can be attributable directly to the obtained merchandise or material. Commercial discounts, other discounts and similar items are subtracted at the establishment of the cost. When inventory is sold, its carrying amount is recognised as an expense in the period in which the corresponding income was accounted for.

Net realisable value of inventories

The value of inventories may not be recoverable if the inventories are damaged, if they become wholly or partially obsolete, or if their selling prices have declined. The value of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The practice of writing inventories down below cost to net realisable value is consistent with the view that assets should not be carried in excess of the amounts expected to be realised from their sale or use. The amount of any partial write-down of inventories to net realisable value and all losses of inventories shall be recognized as an expense in the period when the partial write-down or loss occurs.

Write-downs and partial write-downs of damaged, expired or useless inventory are carried out regularly throughout the year or during the inventory according to individual items. At the end of the year, the net realisable value of inventories is checked by related types of goods and, if necessary, the value of inventories is adjusted to the level of realisable value for inventories, especially taking into consideration market prices and current inventories, which include the inventory age and inventory turnover ratio.

3.11 PROVISIONS

Provisions are recognised if the company has a current legal or indirect obligation due to a past event, and if there is a probability that the offset for such an obligation will require an outflow of factors which enable economic benefits. As the effect of the time value of money is substantial, the amount of provision equals the current value of expenses which are expected to be needed to offset the obligation.

Provisions for termination and jubilee benefits

In accordance with the legal provisions and the collective agreement, the company is obliged to pay jubilee benefits to employees and termination benefits on their old-age retirement, for which it has formed long-term provision. No other pension obligations exist.

Provisions are formed on the value of the estimated future payments for old-age retirement termination and the jubilee benefits. They are discounted on the balance sheet date using the book reservation method on the basis of the actuarial calculation or estimate.

Provisions for Beko warranty repairs

The company recognises long-term provisions for warranty repairs, as we provide customers with a two-year warranty for Beko products and a three-year guarantee upon registration when purchasing Beko brand goods. Provisions are formed based on the values of the estimated future payments for warranty repairs. As of 30 September 2020, the company split-off provisions for warranty repairs to the company Big Partner, d.o.o.

3.12 INCOME TAX

Income tax for the financial year comprises current and deferred tax. Income tax is recognised in the income statement as an expense, with the exception of the part that refers to the items recognised directly in equity, which is why it is recognised in equity.

Current tax is a tax that will be paid from the taxable profit for the financial year using tax rates established on the balance sheet date and the possible adjustment of tax liabilities in connection with previous financial years.

In order to record deferred tax, the method of liabilities on the balance sheet is used on the basis of temporary differences between the carrying and tax amounts of individual assets and liabilities. Deferred tax is based on the expected method of recovery or settlement of the carrying amount of assets and liabilities, using the tax rates effective on the balance sheet date, or tax rates in the period in which the write-down of receivable or deferred tax liability is expected.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the deferred asset can be utilised in the future. Deferred tax assets are reduced by the amount for which it is no longer likely that the tax relief associated with the asset will be enforceable.

3.13 REVENUES

A contract with a customer is accounted for only after certain conditions have been met. Upon contract approval with the customer, the compensation expected from the customer in return when the merchandise or services are transferred to the customer is assessed. The received compensation represents the transaction price. The transaction price encompasses the agreed fixed compensation for the promised goods or the services rendered to the customer.

Revenues from goods and products sold

- Revenues from the sale of goods and products are recognised at fair value of the received repayment or related receivable, less returns, rebates for further sale and quantity discounts. Revenues are recorded when the company has fulfilled all contractual performance obligations to the customer. The company transfers merchandise management, and thereby fulfils the performance obligation at a given moment. The company transfers the management if the following criteria are met:
- The company transfers all significant risks and benefits deriving from ownership to the customer,
- The company does not retain as much influence on the handling of goods as is normal in terms of ownership, nor does it actually decide on the products sold,
- The amount of revenue can be reliably assessed,
- It is probable that the economic benefits associated with the transaction will flow to the organisation,
- The expenditure, which has or will be incurred in relation to the transaction, can be measured reliably.
- The typical payment deadline for the sale of goods and services in retail depends on the contractual commitments.

Revenues from services rendered

Revenues from services rendered are recognised in the income statement when the service has been rendered, or by reference to the stage of completion of the transaction at the end of reporting period, or when the performance obligations are fulfilled. The level of completeness is assessed on the basis of a review of costs incurred (review of the work performed – transaction progress measurement).

Revenues from services rendered are measured at the transaction price of completed services indicated on invoices (fulfilment of performance obligations at a certain point in time) or other documents, or at prices of unfinished services depending on the stage of their completion (fulfilment of performance obligation is carried out gradually).

The company estimates that it is not possible to reliably assess what the outcome of the transaction will be if a certain transaction (performance obligation) has not yet been completed on the date of the statement of financial position, but that its progress can be reasonably measured and the revenues recognised only up to the amount of incurred direct costs which are expected to be covered (input method).

The amounts collected to the benefit of third parties, such as calculated VAT and other duties (for example customs duties), are not a component of sales revenues.

Revenues from customer contracts

Revenues are measured based on the provisions of a sales contract. The company recognises revenues when the service is rendered, and according to the provisions from contracts, or when the sale of the goods has been completed, in accordance with the contractual provisions.

The revenues are recognised at amortised cost reduced for all discounts given to customers, including the retrospective discounts that the company subsequently authorises to its customers. In light of the contractual provisions, the company recognises the stated discounts for the period of sales completion. The company does not record the retrospective discounts in the retail sale of goods.

In addition to that, the company performs certain services for its suppliers, such as marketing and customer services. The recognition method for revenues from the stated services is presented in the table below:

Type of service	Success in meeting the obligations with regard to the supplier contracts, including the payment conditions	Revenues' recognition policy
Marketing bonuses	The supplier recognizes reimbursement of the mar-keting services specified in the contract (monthly, quarterly, annually).	Revenues are recognized each month given the contractual provisions.
Service bonuses	The supplier recognizes reimbursement of the expenses specified in the contract (monthly, quarterly, annually).	Revenues are recognized each month given the contractual provisions.

Rental income

Income is measured based on the provisions from contracts with customers. The company recognises the income when the service is rendered and given the provisions of the contracts.

The table below presents data on the success in meeting the obligations with regard to the customer contracts, including the payment conditions and thereby associated income recognition policy.

Other operating revenues

Other operating revenues include revenues from the disposal of immovable property, plant and equipment in the form of the surplus of their selling value over their carrying amount. They also represent the revenues from the realised receivables, including the reversal of impairment of receivables and the revenue from liabilities write-offs.

Type of service	Success in meeting the obligations with regard to the customer contracts, including the payment conditions	Income recognition policy
Rental income	Invoices are issued on a monthly basis, at the end of the month for the current month, with the currency of 8 days.	Income is recognized monthly.

3.14 EXPENSES

Operating expenses

According to their purpose (function) operating expenses are classified as the cost of sold quantities, selling cost, general costs (administrative and purchasing) and other operating expenses, which are not costs.

Cost of quantities sold

The first-in, first-out (FIFO) method is used when derecognising the use of merchandise inventories for the sold quantities. The cost of sold quantities of merchandise is directly decreased by the received rebates and super rebates from the suppliers. The rebates are partially accrued in the cost of inventories.

Selling costs (with amortisation)

Selling costs (with amortisation) include all costs incurred associated with the sale of operating effects. As these costs are not in inventories, they are recognised entirely among the operating expenses in the same accounting period when incurred.

General costs (with amortisation)

General costs (with amortisation) consist of any costs incurred with respect to the purchase function and the administration with auxiliary activities. These costs are also recognised entirely among the operating expenses in the same accounting period when incurred.

Costs by nature

Costs of material and services represent costs indicated on supplier invoices and other documents decreased for discounts obtained during the sale or later. Amortisation is calculated individually in stages taking into account the shortest time of use of an individual tangible fixed asset or intangible asset.
Labour costs are the gross amounts of employee salaries calculated in accordance with the collective agreement and individual contracts of employment, contributions and tax payments, which debit the employer directly, voluntary supplementary pension insurance, and other labour costs (subsidy, commuting allowance, meal allowance, etc.).

Other operating expenses

Appear in connection with the impairment or write-off of assets and with the disposal of immovable property, plant and equipment due to loss in sales.

Financial expenses

Financial expenses comprise borrowing costs and losses due to impairments and write-offs of financial assets, which are recognised in the income statement. Borrowing costs are recognised in the income statement using the effective interest rate method. Foreign exchange gains and losses are recognised in the net amount. Financial expenses are recognised at settlement regardless of the payments associated with them.

Other expenses

Other expenses refer to items which are a result of outstanding (i.e., unique) events, and are not related to the regular operations of the company.

3.15 LEASES

In accordance with the IFRS 16, a lease agreement is an agreement that gives the right to use a particular asset for a specific period in return for payment and whereby the lessee recognises the right-to-use asset (leased asset) and the lease liability at the beginning of the lease. The right-of-use asset is amortised, while interest is added to the liability. The standard introduces possible limited exceptions for the lessee, which include:

- Leases for a period of 12 months or less, without option to buy, and
- Leases with a low value of the asset concerned.

Costs of leases of up to 12 months without the option to buy are recognized as costs of services, while costs of leases exceeding one year are recognised as costs of amortisation. Interest expenses from lease liabilities and costs of amortisation for the leased assets are recognised separately in the related income statement. The lease liability changes at the occurrence of certain events (such as a change in the duration of lease, a change in future rent payments due to a change of price, index or exchange rate used to determine the payments).
The company leases immovable property, forklifts, and personal vehicles. In accordance with the IFRS 16 standard, the company recognises the assets in use for most of the leases, which had thus far been considered as operating leases. When signing or amending a contract containing the lease component, the company shall determine the parameters that, based on its estimates, are important for the calculation (asset value, lease period, and discount rate).

Before the effective rate of the IFRS 16, the company had classified the immovable property, forklifts and personal vehicles' leases; at the initial recognition, the company measures the liabilities using the current value of future leases discounted at the balance sheet date. In addition to this, on the cut-off day, the company also checks whether the stated assets need to be impaired.

4. FINANCIAL RISK MANAGEMENT

With regard to financial risk management, the company follows the adopted financial policy that includes a baseline for efficient and systematic financial risk management. A more detailed overview of activities for the assessment and management of each type of risk is presented in the Risk Management section of the business report. Accounting policies for risk management have been designed with a view to determine and analyse the risks facing the company, based on which suitable restrictions and controls are determined and which risks are monitored. Risk management policies and systems are regularly checked, and information from the environment has a dynamic and proactive effect on the current decisions regarding the operations of the company under the changed circumstances.

4.1 CREDIT RISK

Credit risk is a risk that a party included in a contract for a financial instrument may not fulfil its liabilities and, consequently, incur a financial loss to the company. Credit risk is directly linked to commercial risk and represents a threat that trade receivables and receivables from other business partners will be repaid with a delay or not be repaid at all.

In order to limit credit risk exposure, we use the GVIN formalised business information system. With the aim of having better knowledge of our partners, we use various soft information, which besides the current operations also includes the history of their operations with us and the activities of the founders, owners and representatives of these entities in association with their involvement in critical procedures. In addition to that, we have also conducted a contract with a credit insurance company with which we secure our trade receivables.

We manage credit risk exposure with the buyers' credit rating and the active collection of receivables. Management assesses that due to the stated measures for risk hedging and the fact that the company creates the most revenues in the retail, where cash payment prevails, the exposure to credit risk is moderate (moderate risk).

Maximum credit risk exposure:

In thousands of euros

Item	31.12.2020	31.12.2019
Financial invest-ments in subsidi-aries	**-**	**-**
Loans given	1,200	-
Trade receivables	**4,843**	**8,674**
Other receivables	2,033	2,893
Total	8,076	11,567

Overview of receivables at amortised cost and potential losses:

In thousands of euros

Item	31.12.2020	31.12.2019
Historical cost	**6,178**	**10,089**
Allowances	-1,335	-1,415
Amortised cost of receivables	**4,843**	**8,674**

Overview of receivables at the cut-off day by groups through which the company shows its credit risk exposure:

In thousands of euros

Item	31.12.2020	31.12.2019
Receivables to companies insured at insurance companies	3,409	5,527
Receivables to other companies in Slovenia	1,434	1,981
Receivables to companies abroad	0	1,167
Other receivables	0	0
Total	4,843	8,674

Ageing of trade receivables

In thousands of euros

	31.12.2020				31.12.2019				
Item	Weighted average of credit loss	Gross value	Impairment	Net receiva-bles	Weighted average of credit loss	Gross value	Impairment	Net receiva-bles	Increased credit risk
Not yet due	0.0%	3,999	0	3,999	0.0%	8,044	0	8,044	Ne
Past due 0–30 days	0.0%	454	0	454	0.4%	605	4	601	Ne
Past due 31–180 days	0.0%	201	0	201	70.0%	100	70	30	Ne
Past due 181–365 days	4.0%	125	5	120	75.0%	0	0	0	Da
Over a year	95.0%	1,398	1,330	68	100.0%	1,534	1,534	0	Da
Total	12.5	6,178	1,335	4,843	26.2	10,283	1,609	8,675	

According to the volume of insured receivables and their recoverability, the company assesses the credit risk to be adequately controlled.

In thousands of euros

	31.12.2020		31.12.2019	
Item	Historical cost	Allowances	Historical cost	Allowances
Receivables to companies insured at insurance companies	2,798	0	5,527	0
Receivables to other companies in Slo-venia	**2,335**	**-901**	**3,156**	**-1,175**
Receivables to companies abroad	1,045	-434	2,035	-434
Other receivables	0	0	0	0
Total	6,178	-1,335	10,283	-1,609

Credit risk exposure for items that are past due and are not impaired

In thousands of euros

Item	31.12.2020	31.12.2019
Financial investments in subsidiaries	**0**	**0**
Loans given	1,200	0
Trade receivables	4,843	8,043
Other receivables	2,033	2,893
Total	8,076	10,936

Exposure of trade receivables to credit risk by geographic region

In thousands of euros

Item	31.12.2020	31.12.2019
Trade receivables	844	631
Total	844	631

Securities for trade receivables (in gross amounts, excluding allowances for receivables)

In thousands of euros

Item	31.12.2020	31.12.2019
Domestic	4,666	7,702
Euro area countries	121	633
Countries of the former Yugoslavia	34	311
Other countries	21	28
Total	4,843	8,674

Our trade receivables are secured with a foreign insurance company. Other credit exposure items are not secured.

The company does not have any customers with a share of over 10% of the total amount of receivables.

In thousands of euros

Item	31.12.2020	31.12.2019
Long-term loan	0	0
Long-term loans to companies	1,973	1,973
Allowance of the long-term loans to companies	-1,973	-1,973
Non-current loans to others	0	0
Short-term loans	1,200	0
Short-term loans to companies	1,770	570
Allowance of the short-term loans to companies	-570	-570
Short-term loans to others	0	0

4.2 MARKET RISK

Interest rate change risk

In 2020, the company had short-term revolving loans tied to the EURIBOR variable interest rate risk, which is why its operations are exposed to interest rate risk.

In 2020, the values of EURIBOR were more or less constant and kept at low levels while the forecasts for 2021 show the same trend or, in other words, growth is not expected. Given the fact that the company is expected to have only short-term loans in 2020, the exposure to interest rate risk will be low. Due to the stated facts, management assesses that the exposure to interest rate risk in 2020 and 2021 is low.

Fair value sensitivity analysis for instruments with a fixed interest rate

The company does not take into account financial assets with fixed interest rates at fair value through the profit or loss, and that is why the change of interest rates at the reporting date would not affect the net profit or loss.

Cash flow sensitivity analysis for instruments with a variable interest rate

The company did not carry out the cash flow sensitivity analysis for instruments with a variable interest rate, as it had no such instruments on 31 December 2020.

Cash loss risk

Cash and cash-equivalents are kept by banking institutions rated with AA+ based on the credit ratings.

Impairment of cash and its equivalents was measured based on a 12-month expected loss and reflects short-term maturity exposure. The company believes that its cash and cash equivalents carry a low credit risk with regard to the external credit ratings.

The company uses a similar approach to assess the risk of cash in hand.

Fair value

The fair value of financial assets and financial liabilities does not deviate significantly from the carrying amount.

According to the calculation of their fair value, assets and liabilities are classified in three levels:

- Level 1 – Assets at market price,
- Level 2 – Assets not classified as level 1, their value is determined directly or indirectly based on the comparative market data,
- Level 3 – Assets whose values cannot be obtained from market data.

Fair value levels of assets

In thousands of euros

Item	31.12.2020 Carrying value	Level 1	Level 2	Level 3	Total	31.12.2019 Carrying value	Level 1	Level 2	Level 3	Total
Assets measured at fair value										
Investment property	320	0	0	320	320	320	0	0	320	320
Loan	0	0	0	0	0	0	0	0	0	0
Total assets measured at fair value	320	0	0	320	320	320	0	0	320	320
Assets with disclosed fair value										
Operating receivables and other assets	8,076	0	0	0	0	11,567	0	0	0	0
Total assets with disclosed fair value	8,076	0	0	0	0	11,567	0	0	0	0
Total	8,396	0	0	320	320	11,887	0	0	320	320

Fair value levels of liabilities

In thousands of euros

Item	1.1.2020 Carrying value	Level 1	Level 2	Level 3	Total	31.12.2019 Carrying value	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value										
Total liabilities measured at fair value	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities with disclosed fair value										
Bank loans with a variable interest rate	-	-	-	-	-	-	-	-	-	-
Bank loans with a fixed interest rate	-	-	-	-	-	-	-	-	-	-
Liabilities from financial lease	18,056	-	-	-	-	14,161	-	-	-	-
Liabilities to partners	-	-	-	-	-	-	-	-	-	-
Total liabilities with disclosed fair value	**18,056**	**-**	**-**	**-**	**-**	**14,161**	**-**	**-**	**-**	**-**
Total	18,056	-	-	-	-	14,161	-	-	-	-

4.3 CURRENCY RISK

Sensitivity analysis

The company mainly carries out its transactions in euros, therefore a change in the value of the US dollar would not have a significant influence on the company's equity or profit or loss.

4.4 INFLATION RISK

Management assesses that inflation exposure is low.

4.5 LIQUIDITY RISK

Liquidity risk is the risk of the company encountering problems in raising the funds needed to fulfil its financial liabilities.

The company has been managing the indicated risk with an active liquidity management policy in order to prevent non-reconciled cash inflows and outflows. The easier management and balancing of current liquidity also provide for a constant inflow created by customers in retail.

Given the stated risk protection measures and given the current situation, management assesses the liquidity risk to be low.

The contractual maturities of financial liabilities, including the estimated payments of interest and without the influence of offset arrangements, are presented below.

Contractual maturities of non-derivative financial liabilities in 2020

In thousands of euros

Item	Carrying value	Contractual cash flows	Up to 1 year	1–5 years	Over 5 years
Non-derivative financial assets					
Loans given	1,200	1,201	1,201	0	0
Trade receivables	4,843	4,843	4,843	0	0
Receivables due from others	2,033	2,033	2,033	0	0
Total non-derivative financial assets	**6,876**	**6,876**	**6,876**	**0**	**0**
Non-derivative financial liabilities					
Secured loans	0	0	0	0	0
Financial lease liabilities	-18,056	-18,971	-3,608	-13,716	-1,647
Liabilities to suppliers	-13,470	- 13,470	-13,470	0	0
Liabilities to others	-2,782	-2,782	- 2,782	0	0
Total non-derivative financial liabilities	**-34,308**	**-35,223**	**-19,860**	**-13,716**	**-1,647**
Net as at 31 December 2020	-27,432	-28,347	-12,984	-13,716	-1,647

The contractual cash flows in financial lease liabilities also include interest.

Contractual maturities of non-derivative financial liabilities in 2019

In thousands of euros

Item	Carrying value	Contractual cash flows	Up to 1 year	1–5 years	Over 5 years
Non-derivative financial assets					
Loans given	0	0	0	0	0
Trade receivables	8,674	8,674	8,674	0	0
Receivables due from others	2,893	2,893	2,843	50	0
Non-derivative financial as-sets	**11,567**	**11,567**	**11,517**	**50**	**0**
Non-derivative financial liabilities					
Secured loans	0	0	0	0	0
Financial lease liabilities	-14,161	-15,061	-3,478	-8,108	-3,475
Liabilities to suppliers	-19,320	-19,320	-19,320	0	0
Liabilities to others	-3,857	-3,857	-3,857	0	0
Total non-derivative financial liabilities	-37,338	-38,238	-26,655	-8,108	-3,475
Net as at 31 December 2019	-25,771	-26,671	-15,138	-8,058	-3,475

5. NOTES AND DISCLOSURES TO THE BALANCE SHEET

A more detailed classification of individual items, along with further data and information being disclosed, are presented below.

5.1 INTANGIBLE ASSETS

In thousands of euros

Item	31.12.2020	31.12.2019
Intangible assets	**1,224**	**1,109**
Property rights (trademarks, rights, and licenses)	1,224	1,067
Intangible assets being acquired	**0**	**42**

Intangible assets by type

In 2020, intangible assets increased by 10% due to major acquisitions of software compared to amortisation. In 2020, the company invested mainly in online store and a logistics programme.

Changes in intangible assets

In thousands of euros

Item	Property rights and software	Intangible assets being acquired	Total
Balance at 1 January 2019			
Cost	5,316	10	5,326
Allowance	-4,604	0	-4,604
Carrying value	**712**	**10**	**722**
2019			
Opening carrying value	**712**	**10**	**722**
Acquisitions	583	42	625
Eliminations	-5	0	0
Transfer from assets being acquired	10	-10	0
Amortisation	-237	0	-237
Closing carrying value	**1,063**	**42**	**1,110**
Balance at 31 December 2019			
Cost	3,900	42	3,942
Allowance	-2,832	0	-2,832
Carrying value	**1,068**	**42**	**1,110**
Balance at 1 January 2020			
Cost	3,900	42	3,942
Allowance	-2,832	0	-2,832
Carrying value	**1,068**	**42**	**1,110**
2020			
Opening carrying value	**1,068**	**42**	**1,110**
Acquisitions	457	0	457
Eliminations	-1	0	-1
Transfer from assets being acquired	42	-42	0
Discontinued operations – split-off transfer	-1		-1
Amortisation	-342		-342
Closing carrying value	**1,224**	**0**	**1,224**
Balance at 31 December 2020			
Cost	**6,352**	**0**	**6,352**
Allowance	-5,128	0	-5,128
Carrying value	**1,224**	**0**	**1,224**
Balance at 1 January 2021	1,224	0	1,224

5.2 TANGIBLE FIXED ASSETS

In thousands of euros

Item	31.12.2020	31.12.2019
Tangible fixed assets	20,387	17,043
Land and buildings	2,049	2,311
Plant, machinery and equipment	732	676
Equipment in financial lease	189	113
Equipment and other tangible fixed assets in leases (IFRS 16)	17,417	13,943

In 2020, the company increased its tangible fixed assets by the amount of EUR 3.4 million, especially the right-of-use assets. The accounted amortisation, included in operating expenses, was EUR 4.01 million in 2019 and EUR 3.98 million in 2020.

The company has no mortgages on immovable or movable property.

Changes in tangible fixed assets

In thousands of euros

Item	Buildings	Buildings being acquired	Plant, machinery and equipment	Plant, machinery and equipment being acquired	Total
2019					
Cost					
Balance at 1 January 2019	**10,736**	**0**	**4,429**	**0**	**15,165**
Amendment of the IFRS 16 – right-of-use assets	16,579		583		17,162
Balance at 1 January 2019 – adjusted	27,315	0	5,012	0	32,327
Acquisitions	19,184	169	380	1	19,734
Eliminations	-17,241		-395	0	-17,636
Balance at 31 December 2019	**29,258**	**169**	**4,997**	**1**	**34,425**
Allowance					
Balance at 1 January 2019	**8,707**	**0**	**3,730**	**0**	**12,437**
Amendment of the IFRS 16	0	0	0	0	0
Adjusted balance at 1 January 2019	**8,707**	**0**	**3,730**	**0**	**12,437**
Amortisation	3,580	0	433	0	4,013
Disposals and write-offs	-1,145	0	-364	0	-1,509
Balance at 31 December 2019	**11,142**	**0**	**3,799**	**0**	**14,941**
Carrying value					
Balance at 1 January 2019 – adjusted	18,608	0	1,282	0	19,890
Balance at 31 December 2019 *corrected	18,116	169	1,198	1	19,484
2020					
Cost					
Balance at 1 January 2020	**29,258**	**169**	**4,997**	**0**	**34,425**
Amendment of the IFRS 16 – right-of-use assets	6,485	0	195	0	6,680
Balance at 1 January 2020 – ad-justed	**35,743**	**169**	**5,192**	**0**	**41,105**
Acquisitions	153	0	450	0	603
Eliminations	-2,997	-169	-910	0	-4,076
Balance at 31 December 2020	**32,899**	**0**	**4,732**	**0**	**37,632**
Allowance					
Balance at 1 January 2020	**11,142**	**0**	**3,799**	**0**	**14,941**
Amendment of the IFRS 16	0	0	0	0	0
Adjusted balance at 1 January 2020	**11,142**	**0**	**3,799**	**0**	**14,941**
Amortisation	3,664	0	320	0	3,984
Disposals and write-offs	-3,534	0	-540	0	-4,074
Increase	2,445				2,445
Balance at 31 December 2020	**13,717**	**0**	**3,579**	**0**	**17,296**
Carrying value					
Balance at 1 January 2020 – adjusted	24,601	169	1,393	0	26,163
Discontinued operations – transfer - split-off	0	0	-51	0	-51
Balance at 31 December 2020	19,182	0	1,204	0	20,386

Carrying value of tangible fixed assets acquired through financial leases

In thousands of euros

Item	31.12.2020	31.12.2019	31.12.2018
Equipment	189	113	0
Total	189	113	0

5.3 INVESTMENT PROPERTY

In thousands of euros

Item	31.12.2020	31.12.2019
Investment property	320	320
Cost	320	320

Investment property comprises a building intended for resale or rental. Rental income from the investment property is recognised as other income on a straight-line basis over the term of the lease. The following amounts associated with the investment property were recognised in the income statement:

In thousands of euros

Item	2020	2019
Lease revenues	27	26
Direct costs originating from investment property and generating lease revenues	-9	-9
Total	18	17

Revenues from future leases thus amounted to EUR 27 thousand annually, in net sum, decreased for the direct cost of leasing, and thus totalled EUR 18 thousand. According to current contracts, the company expects to maintain such leases over the next five years.

Under the valid lease contract, the property is occupied and the company expects no changes either in the lease contract or with regard to the property. The fair value of the investment property is based on an appraisal of the value of the property carried out by KF Finance in 2020.

As of 1 January 2019, the company changed its policy in measuring the value of the investment property. From this date, the investment property is valued at fair value. The property valuation, which was carried out by a licensed property surveyor, showed that the value of the investment property on 1 January 2019 amounted to EUR 320 thousand. In accordance with the International Financial reporting Standards, the company has already disclosed changed accounting items for investment property in the preceding years, while the revaluation itself was directly reflected in the current profit or loss. In 2020, there were no revaluation effects.

The fair value of property investment has been determined by external, independent property surveyors with properly recognised qualifications and recent experience with regard to the location and category of property being valued. Each year, the independent property surveyors ensure the fair value of the investment property owned by the company.

The measurement of the investment property's fair value was classified as level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and important data

A summary of the Report on the Value of the Property Owned by Big Bang, d.o.o., as at 31 December 2020, was prepared by a certified property valuer: "The purpose of this evaluation is to evaluate the value of property rights for financial reporting purposes (determining and measuring the fair value). The accounting records show that the property is evaluated as an investment property that is measured in accordance with the fair value model. The basis of value is in accordance with the IFRS 13 – Fair Value. For the needs of evaluation, we verified the suitability of use of all methods of property evaluation that are provided in the International Valuation Standards (IVS).

Based on the findings of the property market analysis and other conclusions, and taking into consideration the purpose of the evaluation, as well as the characteristics of the evaluated property, we used the income capitalisation approach (capitalisation of profits) in carrying out the evaluation of the value. The reason why we used the method is because the evaluated property can be rented out and, thus, generate certain cash flow. From the investor's point of view, the recalculation of the value is appropriate provided there is return on the investment. The value of the property is determined on the basis of the future cash flows received by the property owners from rental activities. The data used for the evaluation of the potential market rent and stabilised revenues, were obtained by analysing the actually concluded rental transactions of comparable business (trade/service) premises. In addition to that, we also examined the possibility of evaluation by way of market comparisons. As part of the analysis performed and a set of purchase transactions with comparable trade/service premises, we identified properties of a similar size, year of construction, and intended use. The set included previous sales of business premises in the wider area of the assessed property. When reviewing and analysing the property market, we established that we lack quality and current data to perform a correct evaluation the of value based on market data, or data with regard to the recently carried out transactions. We did not use the acquisition price in the present case since we deemed our evaluation of the value would not cover the property market potential, but only its realisable value.

The final conclusion with regard to the evaluation of the property's value is, therefore, given on the basis of the capitalisation of profits, because we believe that the used method is the most suitable, both in terms of its purpose, as well as the reliability of data. Thus, assuming a long-term lease-rental relationship, we have indicated the market value of the evaluated property for the property owner."

5.4 LONG-TERM FINANCIAL INVESTMENTS IN SUBSIDIARIES

Long-term financial investments represent the investments in the subsidiary Big Bang, d.o.o., Belgrade – in bankruptcy. The financial investment is 100% impaired.

The company's long-term financial investments are not pledged.

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5.5 LONG-TERM AND SHORT-TERM LOANS

In thousands of euros

Item	31.12.2020	31.12.2019
Long-term loans	0	0
Long-term loans to companies	1,973	1,973
Allowance for long-term loans to companies	-1973	-1,973
Non-current loans to others	0	0
Short-term loans	1,200	0
Short-term loans to companies	1770	570
Allowance for short-term loans to companies	-570	-570
Short-term loans to others	0	0

Changes in loans

In 2020, the company granted a loan to the owner, Bidigital d.o.o., in the amount of EUR 1.2 million.

Valuation of assets and liabilities

	2020			2019		In thousands of euros
	Financial assets at amortised cost	Other financial liabilities	Total	Financial assets at amortised cost	Other financial liabilities	Total
Financial assets not valued at fair value						
Financial assets not valued at fair value	8,076	0	8,076	11,567	0	11,657
Cash and cash equivalents	931	0	931	2,633	0	2,633
TOTAL	9,007	0	9,007	14,200	0	14,200
Financial liabilities not valued at fair value						
Operating and other liabilities	0	16,294	16,294	0	23,229	23,229
TOTAL	0	16,294	16,294	0	23,229	23,229

5.6 DEFERRED TAX ASSETS

Long-term deferred tax assets are calculated based on temporary differences under the method of liabilities from the balance sheet. The rate of tax amounts to 19%.

Changes in temporary differences between accounting gains and tax profit in 2020

In thousands of euros

Item	Balance at 1 January 2020	Recognized in income statement	Balance at 31 December 2020
Donations	0	1	1
Operating fixed assets	0	45	45
Receivables	189	0	189
Provisions	218	-143	75
Tax loss	0	11	11
Total	407	-87	321

In 2020, the company de-recognised EUR 87 thousand of deferred tax assets.

5.7 INVENTORY

In thousands of euros

Item	31.12.2020	31.12.2019
Iinventory	11,905	19,400
Material	133	171
Products and merchandise	12,930	19,604
• merchandise in warehouses	3,948	8,109
• merchandise in stores	8,982	11,496
Inventory allowance	-1158	-375

Inventory includes merchandise in stores and their storage areas, and merchandise in stock in the central warehouse. At the end of 2020, the inventory of merchandise was 39% lower than at the end of 2019. This large drop in stock is mainly due to the split-off. With the split-off, EUR 4,009 thousand of inventories was transferred to the company, Big Partner, d.o.o.

Changes in inventory allowance

In thousands of euros

Item	31.12.2020	31.12.2019
Balance at 1. January	375	482
Final write-off	-307	-482
Allowances in the year	1,168	375
Split-off	-79	0
Balance at 31 December	1,158	375

As at 31 December 2020, the inventory allowance amounted to EUR 1,158 thousand and at 31 December 2019, to EUR 375 thousand.

In 2020, the company made allowance for inventory in the amount of EUR 1,168 thousand and a final write-off in the amount of EUR 307 thousand. With the split-off on 30 September 2020, the company transferred EUR 79 thousand of formed inventory allowances.

The company has no pledged inventories of goods.

The surplus and deficits in inventory established during the year are credited or charged in the cost of goods. A deficit of EUR 127 thousand was established during the process of assessing the inventory.

5.8 SHORT-TERM LOANS

In 2020, the company provided a short-term loan in the amount of EUR 1,200 thousand to the company, Bidigital naložbe, d.o.o. (owner).

5.9 SHORT-TERM OPERATING RECEIVABLES

In thousands of euros

Item	31.12.2020	31.12.2019
Short-term operating receivables and other assets	6,876	11,517
Advances for inventory	0	50
Advances for rents	68	75
Short-term operating trade receivables	3,409	8,671
Short-term operating receivables from affiliated en--terprises	1,434	3
Other short-term operating receivables	768	2,342
Current tax receivables	296	0
Assets under supplier contracts	901	376

As at 31 December 2020, the company's operating receivables amounted to EUR 6,876 thousand, which decreased by 40% in comparison with 2019, mainly due to split-off of the wholesale part.

The company secured 70.39% of trade receivables.

Changes in allowances due to trade receivables impairment

In thousands of euros

Item	31.12.2020	31.12.2019
Balance as at 1 January	1,609	1,688
Final write-off	-30	-111
Allowances in the year	5	56
Reversal of impairment	-56	-24
Balance as at 31 December	1,529	1,609

As at 31 December 2020, allowances for receivables amounted to EUR 1,529 thousand, and as at 31 December 2019 to EUR 1,609 thousand. In 2020, the company made an allowance for receivables in the amount of EUR 5 thousand and entirely wrote-off EUR 30 thousand of receivables. The company also reversed impairments to the amount of EUR 56 thousand.

Structure of allowances due to trade receivables impairment

In thousands of euros

Balance as at 31 December 2020	31.12.2020	31.12.2019
Allowances based on the expected credit loss	1,335	1,415
Specific allowances based on the in-creased credit risk	901	981
Specific allowances based on the increased credit risk	434	434

5.10 CASH

In thousands of euros

Item	31.12.2020	31.12.2019
Cash and cash equivalents	931	2,633
Cash on hand	27	23
Cash on accounts	904	2,610

The balance of cash at the end of 2020 was EUR 1.7 million lower than the balance at the end of 2019.

5.11 CURRENT TAX RECEIVABLES

As at 31 December 2020, the company showed current tax receivables in the amount of EUR 296 thousand.

5.12 EQUITY

Nominal capital

The company's nominal capital is entered at the local court in Ljubljana in the amount of EUR 4,204 thousand, which did not change in 2020. As at 31 December 2020, the 100-percent owner of the equity was the company, Bidigital naložbe, d.o.o.

Reserves

Company reserves comprise the capital surplus (subsequent capital increase) and legal reserves. In accordance with the Companies Act (ZGD-1), they are tied-up reserves.
As at 31 December 2020, the capital surplus amounted to EUR 421 thousand. As at 30 September 2020, the company split-off EUR 2,284 thousand of capital surplus to the company Big Partner, d.o.o.

Legal reserves, which amount to EUR 420 thousand, did not change during the year.

Retained earnings

As at 30 September 2020, the company split-off EUR 2,025 thousand of retained earnings to the company Big Partner, d.o.o. The balance of retained earnings on 31 December 2020 was EUR 3,715 thousand.

5.13 PROVISIONS

In thousands of euros

Item	31.12.2020	31.12.2019
Provisions	498	2.003
Provisions for jubilee benefits	97	120
Provisions for termination bonuses	359	286
Provisions for restoration to the previous state - IFRS 16	42	42
Provisions for warranty repairs	-	1.555

On 30 September 2020, the provisions for warranty repairs were split-off to the company, Big Partner, d.o.o., in full.

Changes in provisions

In thousands of euros

Item	Provisions for jubilee benefits	Provisions for termination bonuses	Provisions for warranty repairs	Provisions for restoration to the previous state - IFRS 16	Total
Balance as at 1 January 2019	90	188	1,555	–	1,833
Interest costs	1	1	–	–	2
Past and current service cost	7	17	- 805	42	- 739
Actuarial gains/losses through in-come statement	35	88	805	-	928
Actuarial gains/losses through bal-ance sheet	–	–	–	–	–
Earnings payment	- 12	- 9	–	–	- 21
Balance as at 31 December 2019	121	285	1,555	42	2,003
Balance as at 1 January 2020	121	285	1,555	42	2,003
Split-off	- 3	- 6	- 1,644		- 1,653
Interest costs	1	3	–		4
Past and current service cost	11	34	- 698		- 653
Actuarial gains/losses through in-come statement	- 21	–	787		766
Actuarial gains/losses through bal-ance sheet		42			42
Earnings payment	- 11	–			- 11
Balance as at 31. 12. 2020	98	358	–	42	498

Provisions for termination and jubilee bonuses are formed for the estimated liabilities of termination bonus payments for old-age retirement, and jubilee bonuses as at the balance sheet date, discounted to the current value. The liability was formed for expected payments and is based on an actuarial calculation, in which the following assumptions were considered:

- Discount rate of 0.6%,
- Currently effective amounts of termination and jubilee bonuses, determined in the company's internal acts, or as laid down by regulations,
- Actual turnover of employees by age group,
- Mortality tables of the Slovenian population between 2005–2007,
- 1.0-percent growth of salaries in the company, and
- 2.0-percent growth of salaries in the country

5.14 FINANCIAL LIABILITIES

In thousands of euros

Item	31.12.2020	31.12.2019
Financial liabilities	17,718	16,510
Long-term financial liabilities	**14,451**	**13,386**
Bank loans	-	-
Financial liabilities from leases	14,379	13,386
Financial liabilities to others	72	62
Short-term financial liabilities	**3,267**	**3,125**
Short-term part of bank loans	-	-
Revolving loan	-	-
Financial liabilities for factoring	-	-
Financial liabilities from leases	3,200	3,125
Financial liabilities to others	67	41
Overdraft utilisation	-	-

Changes of loans received in 2020

In thousands of euros

Balance	Loans raised (increase)	Repayment of loans (de-crease)	Balance as at 31 December 2020
	16,000	16,000	0

Changes of loans received in 2019

In thousands of euros

Balance	Loans raised (increase)	Repayment of loans (de-crease)	Balance as at 31 December 2019
0	5,512	5,512	0

Maturity of financial liabilities in 2020

In thousands of euros

Financial liabilities as at 31 December 2020	Future liabilities from lease	Interest	Current value
Not more than one year	3,608	341	3,267
In more than one year, but not more than five	13,716	876	12,840
In more than five years	1,647	36	1,611
Total	18,971	1,253	17,718

Maturity of financial liabilities in 2019

In thousands of euros

Financial liabilities as at 31 December 2019	Future liabilities from lease	Interest	Current value
Not more than one year	3,437	260	3,177
In more than one year, but not more than five	8,108	539	7,569
In more than five years	3,413	101	3,312
Total	14,958	900	14,058

Non-discounted contractual cash flow

In thousands of euros

	31.12.2020	31.12.2019
Total non-discounted liabilities	17,718	10,163
Less than 1 year	3,267	3,478
1–5 years	12,840	3,108
More than 5 years	1,611	3,577
Liabilities from leases, included in the statement	17,718	14,161
Short-term part	3,267	3,218
Long-term part	14,451	10,943

All lease liabilities are concluded in euros. The company applied a 2.1% discount rate when recognising the lease liabilities; the lease relationships expire between 2020 and 2030. A more detailed presentation of liabilities from lease contracts is shown in Section 5.2.

5.15 SHORT-TERM OPERATING RECEIVABLES

In thousands of euros

Item	31.12.2020	31.12.2019
Short-term operating liabilities	16,633	23,177
Short-term operating liabilities from advances	450	446
Short-term trade payables	13,491	18,864
Short-term operating liabilities to affiliated undertakings	21	9
Short-term operating liabilities to others	2,671	3,857
• liabilities for unpaid salaries	555	900
• liabilities for interest	-	-
• liabilities to state institutions	1,090	2,220
• other liabilities	1,026	737

At 31 December 2020, short-term operating liabilities were lower by 28% compared to the previous year, whereby the short-term trade payables represent 81% of total short-term operating liabilities. Short-term liabilities to others include liabilities for unpaid salaries, interest, liabilities to state institutions, and other liabilities. Short-term operating liabilities to state institutions also include VAT liabilities, which amounted to EUR 2,216 thousand on 31 December 2019 and EUR 1,081 thousand on 31 December 2020.

5.16 CURRENT TAX LIABILITIES

The statutory tax rate for the calculation of corporate income tax for 2020 is 19%. The company ended 2020 with a negative profit or loss.

5.17 CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities

In thousands of euros

Item	31.12.2020	31.12.2019
Contingent liabilities	6,636	9,219
Guarantees given, of which:	**6,636**	**9,219**
• Group enterprisesi	5,417	6,500
• Other enterprises	1,219	2,719

The company's contingent liabilities relate to the security given to the bank for loans taken out by the former parent undertaking in the amount of EUR 1,219 thousand and the security given to the controlling company, Bidigital naložbe in the amount of EUR 5,417 thousand.

Securities given to banks for loans raised by the parent undertaking

In thousands of euros

Recipient of security	Principal as at 31. 12. 2020	Principal as at 31. 12. 2019
NLB	1,219	1,219
Intesa San Polo Bank	5,417	6,500
TOTAL	6,636	7,719

As at 31 December 2020, securities given to banks amounted to EUR 6,636 thousand. The recipient or the beneficiary of EUR 1,219 thousand from securities was NLB, d.d., which transferred it in the context of the transfer of claims due from Merkur, d.d., to Družba za upravljanje terjatev bank, d.d. (DUTB – Bank Asset Management Company). The recipient, or the beneficiary, of EUR 6,500 thousand from the securities to the controlling company, Bidigital naložbe, d.o.o. is Intensa San Paolo Bank d.d.

Contingent assets

In thousands of euros

Item	31.12.2020	31.12.2019
Contingent assets	8,944	8,944
Recourse claims	8,944	8,944

Contingent assets refer to recourse claims to a related enterprise; Merkur, d.d., which has not been a related enterprise since mid-November 2017, and Mersteel, d.o.o., for the payments of security liabilities. Recourse claims to Merkur, d.d., are expressed in the amount that is in accordance with the financial restructuring plan. In accordance with the Code of Obligations, Mersteel, d.o.o., as a joint and several liability, was called to compensate a proportionate share of our payments.

6. NOTES AND DISCLOSURES TO THE INCOME STATEMENT

6.1 SALES REVENUES

In thousands of euros

	2020						
	Slovenia			Foreign countries			Total
	Direct sales to customers	Sales through intermediaries	Total	Direct sales to customers	Sales through intermediaries	Total	
Revenues from the sale of goods	74,362	249	74,611	0	0	0	74,611
• Audio and video	17,457	133	17,590	0	0	0	17,590
• Digital	33,884	97	33,980	0	0	0	33,980
• Household appliances	561	1	562	0	0	0	562
• Smart devices	18,495	13	18,508	0	0	0	18,508
• Home	84	0	84	0	0	0	84
• Sport and leisure time	3,881	5	3,886	0	0	0	3,886
Revenues from the supply of services	2,179	1,017	3,196		120	120	3,316
• Services of direct sales to customers	2,179	0	2,179	0	0	0	2,179
• Services charged to suppliers	0	1,017	1,017	0	120	120	1,137
• Other services	0	0	0	0	0	0	0
Sales revenues			77,807			120	77,927

Revenue recognition timeframe			
Goods sold at a certain moment	74,611	0	74,611
Services performed in a certain time period	3,196	120	3,316
Revenues from supplier contracts	1,017	120	1,137
Other revenues - rent	27	0	207
Sales revenues	77,907	120	77,927

In thousands of euros

2019	Slovenia			Foreign countries			Total
	Direct sales to customers	Sales through intermediaries	Total	Direct sales to customers	Sales through intermediaries	Total	
Revenues from the sale of goods	91,528	34,108	123,157	0	12,527	12,527	135,684
• Audio and video	20,671	2,337	23,008	0	9,556	9,556	32,565
• Digital	42,508	16,793	59,301	0	1,325	1,325	60,626
• Household appliances	23,411	14,463	37,875	0	1,609	1,609	39,484
• Smart devices	120	0	120	0	0	0	120
• Home	987	0	987	0	0	0	987
• Sport and leisure time	3,832	514	4,346	0	37	37	4,346
Revenues from the supply of services	1,717	1,820	2,503	0	989	989	3,492
• Services of direct sales to customers	1,682	0	1,682	0	0	0	1,682
• Services charged to suppliers	0	1,820	1,820	0	989	989	2,809
• Other services	35	0	35	0	0	0	35
Sales revenues			125,661			13,516	139,177

Revenue recognition timeframe			
Goods sold at a certain moment	123,157	12,527	0
Services performed in a certain time period	2,503	989	3,492
Revenues from supplier contracts	1,820	989	2,684
Other revenues - rent	32	0	0
Sales revenues	125,661	13,516	139,177

Revenues from supplier contracts represent super rebates, marketing contributions, campaign (special price) contributions, and the like.

Assets under supplier contracts, liabilities under customer contracts

In thousands of euros

Item	31.12.2020	31.12.2019
Assets from supplier contracts	40	1,547
Receivables from supplier contracts	12	1,171
Other receivables from supplier contracts	28	376
Liabilities from customer contracts	326	404
Liabilities from customer contracts	326	404
Other liabilities from customer contracts	0	0

Assets from supplier contracts mainly represent credit entries received from purchase contracts and bonuses, and the invoices issued for the purpose of marketing. Revenues from these assets decrease the costs of goods sold. Receivables from supplier contracts include open receivables for which the company has already received supplier credit entries or issued invoices. Other receivables from customer contracts comprise accrued bonuses for which suppliers have not yet issued relevant documents on the cut-off date.

Liabilities from customer contracts consist of sales and marketing bonuses, which the company granted to its customers at the end of the year and were not yet due on the cut-off date.

6.2 COSTS OF GOODS SOLD

In thousands of euros

Item	2020	2019
Costs of goods sold	60,272	111,045

The costs of goods sold in 2020 decreased by 46% compared to the previous year, mainly due to the split-off.

6.3 COSTS BY NATURE

In thousands of euros

Item	2020	2019
Costs by nature	18,730	25,190
Costs of material used	573	677
Costs of services	5,695	8,778
Labour costs	7958	9,639
Amortisation costs	3,356	4,261
Other operating costs	361	682
Long-term provisions	787	1,154

In 2020, costs decreased by 26% compared to the year before, which is mostly due to the split-off.

Costs of material used by type

In thousands of euros

Item	2020	2019
Costs of material used	573	677
Electricity costs	254	333
Fuel costs	101	143
Costs of office supplies	22	25
Other costs of material	196	176

Costs of services by type

In thousands of euros

Item	2020	2019
Costs of services	5,695	8,778
Costs of transportation to customers and other costs of transportation	489	484
Advertising, publicity, and participation at fairs	2,443	3,824
Lease for assets	12	22
Maintenance costs	131	1,424
Costs of telecommunication and postal services	135	474
Costs of public utility services, water rates and sewage costs	50	66
Reimbursement of labour-related costs to employees	44	75
Costs of credit card sales, payment transactions, bank services and customs duties	517	745
Insurance premiums	192	209
Entertainment expenses	10	27
Costs of education	4	42
Costs of other services	1,668	1,384

Labour costs by type

In 2020, the company employed on average 362.42 workers, while the average number of employed in 2019 totalled 362.75.

In thousands of euros

Item	2020	2019
Labour costs	7,958	9,639
Costs of wages and salaries	5,540	6,624
Pension insurance costs	591	719
Costs of other insurance	404	495
Holiday allowance	327	389
Commuting allowance	299	425
Meal allowance	328	442
Provisions for termination bonuses and jubilee bene-fits	45	58
Other labour costs	424	486

Amortisation/depreciation costs by type

In thousands of euros

Item	2020	2019
Amortisation/depreciation costs	3,415	4,261
Depreciation of property, plant and equipment	3,073	4,024
• Depreciation of investments in prop-erty - buildings	404	417
• Depreciation of equipment and small tool	173	291
• Depreciation of leased assets	3,408	3,315
• Decrease of depreciation*	-912	0
Amortisation of intangible assets	342	237

*Lessors' credit entries for the time of store close down due to the Covid-19 measures.

Other operating costs

In thousands of euros

Item	2020	2019
Other operating costs	361	682
Contribution for the use of building land	168	159
Environmental tax on the generation of waste electrical and electronic equipment	123	393
Other operating costs	70	129

6.4 REVALUATION AND OTHER OPERATING EXPENSES

In thousands of euros

Item	2020	2019
REVALUATION-BASED OPERATING EXPENSES	1,115	447
Write-downs of tangible fixed assets to recoverable amount	13	1
Impairments and write-downs of inventory	1,109	375
Impairments and write-downs of operating receivables	-7	71

Revaluation-based operating expenses increased by 2.5-times compared to 2019 due to higher merchandise inventory write-downs. The main reason was the close down of stores due to Covid-19.

In thousands of euros

Item	2020	2019
OTHER OPERATING EXPENSES	2	43
Other operating expenses	2	43

Other operating expenses refer to expenses for donations, given indemnities, solidarity aid, and offsets.

6.5 OTHER OPERATING REVENUES

In thousands of euros

Item	2020	2019
OTHER OPERATING REVENUES	1,998	702
Profit from the sale of property, plant and equipment	0	10
Revenues from realized receivables	448	26
Revenues from impairments of provisions	21	5
Other operating revenues	326	662
Government assistance	1,203	0

Other operating revenues increased by 2.85% compared to the same period in 2019. Revenues from government assistance represent 60% of all other operating revenues and relate to subsidies received from the Republic of Slovenia for covering fixed costs and costs of wages and salaries for waiting for work and force majeure.

6.6 NET FINANCIAL REVENUES AND EXPENSES

In thousands of euros

Item	2020	2019
Financial revenues	19	6
Interest revenues	19	6
Revenues from exchange rate differences	0	0
Other financial revenues	0	0
Financial expenses	-373	-347
Interest expenses	-29	-12
Expenses from exchange rate differences	0	-2
Impairments of financial assets	0	0
Other financial expenses	-8	-13
Financial expenses for interest on assets leased	-336	-320
Net financial revenues/expenses	-355	-341

In 2020, financial expenses were 7.5% higher compared to the year before, in particular due to interest from right-of-use assets.

Financial expenses for interest to the amount of EUR 29 thousand refer to interest for overdraft utilisation, interest on the loan received from an affiliated enterprise, a revolving loan, and interest from the sale of receivables to a factoring company.

6.7 DEFERRED TAX AND CORPORATE INCOME TAX

Liability for corporate income tax is established on the basis of the Corporate Income Tax Act (ZDDPO-2), which came into effect on 1 January 2007.

In thousands of euros

Amounts recognised in the income statement	2020	2019
Income tax	**0**	**429**
Tax for the current year	0	392
Deferred tax	86	-11
Deferred tax originating from the occurrence and reversal of temporary differences	86	-11
Total corporate income tax	86	418

6.8 DISCONTINUED OPERATIONS

On 30 September 2020, the company Big Bang split-off the wholesale part of its operations to a newly formed company, Big Partner, d.o.o., that is a sister company, as it is in a 100-percent ownership of Bidigital naložbe, d.o.o.

The cash-generating unit, which was split-off, generated EUR 242 thousand of profit in the period prior to split off, namely, from 1 January to 30 September 2020.

Income statement

In thousands of euros

Item	2020
Net sales revenues	**106,378**
Elimination of revenues between the segments	**28,451**
NET SALES REVENUES - EXTERNAL	**77,927**
Costs of goods sold	-85,055
Costs of goods sold between the segments	-24,783
COSTS OF GOODS SOLD - EXTERNAL	-60,272
GROSS PROFIT OR LOSS FROM SALES - EXTERNAL	**17,655**
Selling costs	-16,669
General administration costs	-2,061
Revaluation operating costs	-1,115
Other operating expenses	-2
Other operating revenue	795
Covid subsidies	1,203
OPERATING PROFIT OR LOSS - EXTERNAL	**-195**
Financial revenues	19
Financial expenses	-373
Interests from leased assets - IFRS 16	-336
NET FINANCIAL REVENUES/EXPENSES	**-355**
PROFIT OR LOSS BEFORE TAX - EXTERNAL	**-549**
Income tax	0
Deferred taxes	86
NET PROFIT OR LOSS FOR THE PERIOD	**-636**
PROFIT ON SALES OF DISCONTINUED OPERATIONS	**0**
INCOME TAX ON SALE OF DISCONTINUED OPERATIONS	**0**
NET PROFIT FROM DISCONTINUED OPERATIONS	**242**

Impact of the elimination of discontinued operations on the financial position

In thousands of euros

Item	2020
Intangible assets	-1
Property, plant and equipment	-51
Inventories	-3,930
Short-term operating receivables	-4,774
Cash assets	-200
Short-term operating liabilities	2,994
Provisions	1,653
NET ASSETS AND LIABILITIES	**-4,309**

Within the framework of the split-off plan, the company split off long-term assets of EUR 52 thousand, EUR 8.9 million of short-term assets, EUR 4.3 million of equity, and EUR 4.6 million of liabilities.

7. OTHER NOTES

7.1 AUDIT COSTS AND COSTS OF LEGAL SERVICES

In 2020, the company paid EUR 21.5 thousand to KPMG Slovenija, d.o.o., an audit firm for the purpose of this Annual report and other reports to be produced by the company.

In addition to that, the company committed EUR 45 thousand to meet the needs of all kinds of legal advice services and enforcement procedures.

7.2 RELATED PARTY TRANSACTIONS

The company has three groups of related parties: The management staff, the parent company, and the affiliated companies. The management staff comprises both directors.

Gross receipts of management and employees under individual contracts

2020						In thousands of euros
Recipient	Number of members	Fixed part of receipts	Variable part of receipts	Other receipts	Total gross receipts	Total net receipts
		2	3	4	5=2 do 4	6
Uroš Mesojedec	1	128	-	10	138	73
Robert Sraka	1	92	-	10	102	58
	2	220	-	20	240	131
Gross structure		92 %	0 %	8 %	100 %	
Employees under individual contracts	25	753	22	98	873	551

Other receipts include holiday allowances, benefits with respect to managerial insurance, company car allowances, termination bonuses, and meal and commuting allowances.

In 2020, the company, Big Bang, did not grant any advances or loans to members of management or employees under individual contracts.

Company transactions with related parties in 2020

In thousands of euros

Item	Sale of goods	Purchase of goods	Service rendering	Purchase of services	Interests received	Interests paid	Balance of receivables as at 31.12.2020	Balance of liabilities as at 31.12.2020	Balance of loans given as at 31.12.2020	Balance of guarantees given as at 31.12.2020
Nomago d.o.o.	34	0	13	0	0	0	4	0	0	0
Adventura holding d.o.o.	0	0	56	0	0	18	0	12	0	0
Big Patner d.o.o.	4,213	1,000	263	0	0	0	1,428	200	0	0
Bidigital naložbe d.o.o.	0	0	13	0	2	0	2	0	1,200	5,417
Marg, inženiring d.o.o.	4	0	0	0	0	0	0	0	0	0
Total Group companies	4,251	1,000	344	0	2	18	1,434	212	1,200	5,417
Total	4,251	1,000	344	0	2	18	1,434	212	1,200	5,417

Company transactions with related parties in 2019

In thousands of euros

Item	Sale of goods	Purchase of goods	Service rendering	Purchase of services	Interests received	Interests paid	Balance of receivables as at 31.12.2020	Balance of liabilities as at 31.12.2020	Balance of loans given as at 31.12.2020	Balance of guarantees given as at 31.12.2020
Nomago d.o.o.	83	0	0	11	0	0	3	4	0	0
Adventura holding d.o.o.	2	0	0	55	0	0	0	6	0	6,500
Total Group companies	85	0	0	66	0	0	3	9	0	0
Total	85	0	0	66	0	0	3	9	0	0

7.3 AFFILIATED COMPANY

Big Bang, d. o. o., Beograd

In thousands of euros

Item	Country	Ownership share from year	Ownership share in %	Investment value at the year end	Company's profit or loss
2019	Serbia	2005	100%	0	In bankruptcy
2020	Serbia	2005	100%	0	In bankruptcy

The affiliated company, Big Bang, d.o.o., Belgrade, entered into bankruptcy proceedings on 28 September 2015.

SIGNIFICANT BUSINESS EVENTS AFTER THE END OF THE FINANCIAL YEAR

2021 began with the continuation of the Covid-19 pandemic. Even though we expected the re-opening of technical goods stores, they remained closed. Big Bangs outlets were closed throughout January and the first half of February. During this time, we carried out the sales through our online shop and other contactless forms: video consultancy and telephone sales. Sales were lower than previously expected due to closed stores in the beginning of the year, which will have a certain impact on the sales results in 2021.

We expect the epidemic will continue to affect the changed purchasing behaviour. Because of fewer shoppers visiting physical stores, there will be less spontaneous and more targeted purchases. This will affect the product sales-mix. If the epidemic continues to cause close downs or limit the stores' operations also in the continuation of the year, this will certainly have an additional impact on business results.

STATEMENT OF THE MANAGEMENT

The management hereby confirms the financial statements of Big Bang, d.o.o., for the year ended 31 December 2020.

The management confirms that appropriate accounting policies were consistently applied in drawing up the financial statements, that the accounting estimates were made following the principle of prudence and good management, and that the Annual Report gives a true and fair view of the company's financial position and its operations in 2020.

The management is also responsible for maintaining proper accounting, the adoption of suitable measures to secure property and other assets, and confirms that the accounting statements, together with explanations, are in accordance with the applicable legislation and the IFRS adopted by the EU.

The management is responsible for measures aimed at the prevention and discovery of fraud and irregularities, and for maintaining the value of assets of the company, Big Bang, d.o.o.

The management is familiar with the content of the integral parts of the Annual Report and thus also with the entire Annual Report of Big Bang, d.o.o. for 2020. The management agrees with it and confirms it with its signature.

Ljubljana, 7 May 2021

Uroš Mesojedec
Director

Robert Sraka
IT and Digital
Transformation Director

AUDITOR'S REPORT

KPMG SLOVENIJA, podjetje za revidiranje, d.o.o.
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Slovenia

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Independent Auditor's report

To the owner of Big Bang, trgovina in storitve, d.o.o.

Opinion

We have audited the financial statements of Big Bang, trgovina in storitve, d.o.o. ("the company"), which include:

- Statement of financial position as at 31 December 2020;

and for the year from 1 January to 31 December 2020:

- Statement of Profit or Loss;
- Statement of Comprehensive Income;
- Statement of Changes in Equity;
- Statement of Cash Flows, and
- Summary of Significant Accounting Policies and Other Explanatory Information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2020, and of its financial performance and cash flows for the year in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS as adopted by the EU").

TRR: SI56 2900 0000 1851 102

Basis for opinion

We conducted our audit in accordance with the International Standards of Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. In accordance with the Code of Ethics for Professional Accountants (including the International Standards of Independence) issued by the International Ethics Standards Board for Accountants (IESBA Code), and ethical requirements relating to auditing of the accounts in Slovenia, we hereby confirm our independence of the audited Company. We also confirm that we have fulfilled all other ethical requirements in accordance with these requirements and the IESBA Code. We believe that the audited evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the Business Report, which is an integral part of Annual report, however, it does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, legislative requirements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Business Report, we have considered whether it includes the disclosures required by the Company's Act, which entered into force on 4 May 2006 (Official Gazette of the RS, No. 42/2006 with amendments and supplements – hereinafter referred to as "legal requirements"). Based on the procedures undertaken in the course of the audit of the financial statements and the procedures above, in our opinion:

- The information given in the Business Report for the financial year for which the financial statements are prepared, is consistent in all material aspects with the financial statements, and
- The Business Report has been prepared in accordance with the legal requirements in all material aspects.

In addition, in light of the knowledge and understanding of the company and its environment in which it operates, obtained during the course of our audit, we are required to report if we have identified material misstatements in the Business Report. We have nothing to report in this respect.

Responsibility of management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement due to error or fraud.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing matters to the going concern, and using of the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or collectively, they could influence the economic decisions of users made on the basis of the financial statements.

Throughout the audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism. We also:

- Identify and assess the risks of material misstatement in financial statements, whether due to fraud or error, design and perform audit procedures as a response to the assessed risks and obtain sufficient and appropriate audit evidence that provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls important to the audit in order to design audit procedures that are appropriate, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances arising doubt in the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and also evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

On behalf of the auditing company

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Polona Repinc Kofol
Certified Auditor

Ljubljana, 7 June 2021

Danilo Bukovec
certified Auditor

Director

KPMG Slovenia, d.o.o.
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Name of company:	Big Bang, trgovina in storitve, d. o. o.
Short name:	Big Bang, d. o. o.
Registered office:	Madžarska ulica 12, 1000 Ljubljana, Slovenia
Web address:	www.bigbang.si
Registered office's telephone number:	+386 (1) 309 3700
Registered office's fax number:	+386 (0) 1 309 3760
E-mail:	uprava@bigbang.si
Identification number:	SI18224326
Registration number:	5464943
Company's principal activity:	G/47.430: Retail sale of audio and vid-eo equipment in specialized stores
Entry in the register of companies:	District Court in Ljubljana, input number 1/11417/00
Nominal capital:	EUR 4,204,400
Transaction accounts:	NLB, d. d.: 02923-0254441325 Intesa Sanpaolo Bank, d. d.: 10100-0057326510
Business premises in m²:	Own: 402 m²
	Rented: 31,205.90 m²
Owner:	100-percent owner of the company's capital is Bidigital, d. o. o., Vošnjakova ulica 3, 1000 Ljubljana
Managing Director:	Uroš Mesojedec