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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Chimimport AD
2, Stefan Karadja Str.,
1000 Sofia, Bulgaria

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Chimimport AD and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of matter

We draw attention to note 2 Basis for the preparation of the consolidated financial statements and note 54 Post reporting date events, which disclose information related to the spread of the coronavirus pandemic (Covid-19), which has had a negative impact on the activities of the Group for the year, as well as the actions taken and planned by the Management of the Group.

Since the beginning of 2020, the Covid-19 pandemic has caused serious difficulties in the business and economic activities of a number of enterprises and entire economic sectors worldwide. Some of the measures taken to limit the spread of the virus were related to travel bans, quarantine, social distancing and the closure of non-essential services. This caused significant disruption to businesses around the world, which led to economic slowdown and had a direct negative effect on the activities of many companies from different sectors of the economy, among the most affected is the transport sector, in which the Group has significant investment. The change in the business environment as a result of the pandemic could lead to a potential change in the carrying amounts of assets and liabilities, and the results of the Group's activities and its investments, which are assessed in the consolidated financial statements after a number of judgments and assumptions by the management, taking into account the most reliable information available at the date of the estimates.

The management of the Group monitors in a timely manner the development of the pandemic, the adopted and imposed anti-epidemiological measures and analyses their possible effects on the operational and financial condition of the Group and its segments, in order to balance liquidity positions and ensure financial stability. With regard to the transportation segment, the effects of the measures taken in response to the deteriorating economic situation, related to continued financial support for these activities, monitoring and control of inflows and outflows, analysis of existing flight capacity and its revision are also taken into account in the short term, in line with the current situation, assistance in renegotiating the terms with key suppliers of the airline in order to optimize costs and effectively manage liquidity flows, as well as steps to engage international experts with proven experience in aviation and other transport crisis management.

Our opinion has not been modified on this issue.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to bank customers	
Note 14 to the consolidated financial statements	
Key audit matter	How this matter was addressed during the audit
<p>Loans and advances to bank customers represent a significant part (25%) of the total assets of the Group as at 31 December 2020, as their gross carrying amount amounts to BGN 2 744 733 thousand and the accumulated impairment amounts to BGN 35 870 thousand. The Group applies an impairment model based on expected credit losses in accordance with the requirements of IFRS 9 Financial Instruments.</p> <p>The assessment of impairment losses on loans and advances to bank customers requires the Group's management to apply a significant level of judgment, especially with respect to the identification of impaired receivables and the quantification of loan impairments. To determine the amount of impairment for expected credit losses, the Group applies statistical models with input data obtained from internal and external sources.</p> <p>In accordance with the requirements of IFRS 9 "Financial Instruments", the Group distinguishes three phases of impairment, as the criteria for classification in the individual phases are based on an assessment of the objective characteristics of loans and borrowers and on the Group's subjective judgments.</p> <p>The assessment of classification in the individual impairment phases is the result of a combination of quantitative and qualitative factors.</p> <p>Expected credit losses are calculated using available historical information and expected future developments determined using macroeconomic indicators.</p> <p>The statistical models used are based on the probability of default (PD), the expected amount of the default loss (LGD), and the default exposition (EAD). The input data for the models, calculation methodologies and their application depend on the judgment of the Group's management.</p>	<p>During our audit, our audit procedures included, but are not limited to the following:</p> <ul style="list-style-type: none"> • gaining an understanding of the impairment processes for loans to customers applied by the Group. • Assessment of the adequacy of the policies, procedures and controls in place in order to develop our further audit procedures in such a way as to be able to address the risks of material misstatement related to the accrued impairment losses on loans and advances to customers. • we included in the audit our experts in the areas requiring specific expertise. • review of the quality of the historical data used in the calculation of the risk parameters. <p>For a sample of exposures, we have performed:</p> <ul style="list-style-type: none"> • assessment of the appropriateness of the methods used to determine impairment • an independent expectation for the level of required impairments of loans and advances to customers as of 31 December 2020 based on a review of internal and external information and compared our expectation with the impairments determined by management and presented in the financial statements. • Assessment of the appropriateness of the phase classification, taking into account whether there are factors indicating a significant increase in credit risk. • professional judgment and assessment of the assumptions used in determining impairment and comparing our estimates with those used by the Group. • analysis of the financial condition of the borrowers and verification of whether there are breaches of contracts and / or deviations in compliance with the contractual terms.

<p>The COVID-19 pandemic has increased uncertainty about the economic outlook and, together with various government measures, including the moratorium on credit payments, has increased the complexity of assessing and monitoring customers' financial condition, which requires an increased level of judgment in calculating impairments of loans and advances.</p> <p>As disclosed in Note 8 to the accompanying consolidated financial statements, the Group has reported as at 31 December 2020 accumulated impairment of loans and advances to customers in the amount of BGN 35 870 thousand.</p> <p>We have determined that the impairment of loans and advances to customers is a key audit issue due to the following factors:</p> <ul style="list-style-type: none"> • the significance of the assessment of loans and advances to customers for the consolidated financial statements; • the fact that the assumptions for determining impairment losses inherently involve significant estimates; • the effect that the COVID-19 pandemic has on these assessments. 	<ul style="list-style-type: none"> • analysis of the main assumptions and judgments of the Group's management, including an assessment of the applied scenarios for the expected cash flows. • analysis of the impact of current economic conditions, collateral estimates and other factors that may affect the collection of loans. • assessing the adequacy of the Group's assumptions and assessments related to the impact of the COVID-19 pandemic, including the moratorium on credit payments and other government measures, the assessment of expected credit losses and all aspects of the identification process. • recalculation of the impairment of a sample of exposures, based on the values of the risk parameters obtained as a result of the application of the models. <p>We have assessed the completeness and adequacy of the disclosures in the consolidated financial statements of the Group related to the valuation of loans and advances to bank customers.</p>
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Impairment of goodwill	
Note 11 to the consolidated financial statements	
Key audit matter	How this matter was addressed during the audit
<p>As of 31 December 2020, the Group's goodwill amounts to BGN 26 066 thousand.</p> <p>We focused on management's estimates used for impairment testing because of the significant assumptions required to predict the expected future cash flows and the applicable discount factors when calculating the recoverable amount of cash-generating units.</p>	<p>During our audit, our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> - assessment of the relevance of key assumptions, including discount factors, expected growth, and other key performance indicators, with our internal valuation experts, by comparing with average market performance of companies with similar activity and the Group's current financial performance, the predicted effects of the COVID-19 pandemic; - analysis of the management calculations related to sensitivity; - assessment of the adequacy of the disclosures of consolidated financial statements, including the disclosures for main assumptions, judgements and sensitivity.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual consolidated management report, including the consolidated corporate governance statement, the consolidated non-financial declaration and the consolidated report on payments to governments, prepared in accordance with Bulgarian Accountancy Act, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a

material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used 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 conditions that may cast significant doubt on the Group'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 consolidated 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. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Consolidated Financial Statements and Auditor's Report Thereon", regarding annual consolidated management report, including the consolidated corporate governance statement, the consolidated non-financial declaration and the consolidated report on payments to governments, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act and Article 100m, paragraph (10) in relation to Article 100m, paragraph (8), subparagraphs (3) and (4) of Bulgarian Public Offering of Securities Act.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

- (a) the information in the consolidated management report is consistent with the consolidated financial statements for the same reporting period;
- (b) the consolidated management report is prepared in accordance with the applicable legal requirements;
- (c) as a result of the acquired knowledge and understanding of the activities of the Group and the environment in which it operates, we have found no cases of material misrepresentation in the consolidated management report;
- (d) the consolidated corporate governance statement for the financial year contains the required information in accordance with the applicable legal requirements, including Article 100m, paragraph (8) of Bulgarian Public Offering of Securities Act;
- (e) the consolidated non-financial declaration is prepared and made available in accordance with the requirements of Bulgarian Accountancy Act;
- (f) the consolidated report on payments to governments is and made available in accordance with the requirements of Bulgarian Accountancy Act.

Statement Pursuant to Article 100m, Paragraph (10) of Bulgarian Public Offering of Securities Act

Based on the procedures performed and our knowledge of the Group and the environment in which it operates, in our opinion, there is no material misstatement in the description of the main characteristics of the internal control system and of the risk management system of the Group in connection with the financial reporting process and also in the information pursuant to Article 10, paragraph 1, items "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, which are included in the consolidated corporate governance statement, being a component of the annual consolidated management report.

Reporting Pursuant to Article 59 of Bulgarian Independent Financial Audit Act in relation to Article 10 of Regulation (EC) № 537/2014

In accordance with the requirements of Bulgarian Independent Financial Audit Act and in relation with Article 10 of Regulation (EC) № 537/2014, we report additionally the information as follows:

- Grant Thornton OOD was appointed as statutory auditor of the financial statements of Chimimport AD for the year ended on 31 December 2020 by the general meeting of shareholders, held on 30.09.2020, for a period of one year.
- The audit of the consolidated financial statements of the Group for the year ended on 31 December 2020 has been made for nineteenth consecutive year.
- In support of our audit opinion, we have provided a description of the most significant assessed risks of material misstatement, a summary of the auditor's response and where relevant, key observations arising with respect to those risks in the section „Key audit matters“ of this report.
- We confirm that our audit opinion is consistent with the additional report to the audit committee of Chimimport AD, which was provided in accordance with Article 60 of Bulgarian Independent Financial Audit Act.

- We declare that prohibited non-audit services referred to in Article 64 of Bulgarian Independent Financial Audit Act were not provided.
- We confirm that we remained independent of the Group in conducting the audit.
- For the period for which we were engaged as statutory auditors, we have not provided any other services to Chimimport AD and its subsidiaries in addition to the statutory audit, which have not been disclosed in the management report or financial statements.

Mariy Apostolov
Managing partner

Zornitza Djambazka
Registered auditor responsible for the audit

Grant Thornton Ltd.
Audit firm

Bulgaria, Sofia

29 April 2021

