



Annual Separate Management Report  
Independent Auditor's Report  
Separate Financial Statements

**CHIMIMPORT AD**

31 December 2021



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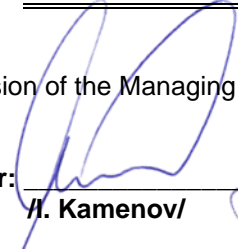
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## Separate statement of financial position

	Note	31 December 2021 BGN '000	31 December 2020 BGN '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2 591	2 941
Investment property	6	35 831	35 831
Investments in subsidiaries	7	789 057	789 057
Long-term financial assets	8	127 846	127 021
Long-term related party receivables	29	160 234	106 879
<b>Non-current assets</b>		<b>1 115 559</b>	<b>1 061 729</b>
<b>Current assets</b>			
Short-term financial assets	10	227 380	224 027
Trade and other financial receivables	11	48 027	49 850
Related party receivables	29	64 429	113 104
Prepayments and other assets		185	120
Cash and cash equivalents	12	70 075	70 472
<b>Current assets</b>		<b>410 096</b>	<b>457 573</b>
<b>Total assets</b>		<b>1 525 655</b>	<b>1 519 302</b>

The separate financial statements are approved for issue by decision of the Managing Board on 30 March 2022.

Prepared by:   
 /A. Kerezov/

Executive director:   
 /J. Kamenov/

Date: 30 March 2022

**Auditor's report issued on 30 March 2022:**

Mariy Apostolov  
**Managing partner**  
**Grant Thornton OOD**  
**Audit firm, registered number 032**

Zornitza Djambazka  
**Registered auditor responsible for the audit**





## Separate statement of financial position (continued)

Equity and liabilities	Note	31 December 2021 BGN '000	31 December 2020 BGN '000
<b>Equity</b>			
Share capital	13.1	239 646	239 646
Share premium	13.2	260 615	260 615
Remeasurement of defined benefit liability		78	67
Other reserves	13.3	59 824	59 824
Retained earnings		702 280	681 473
Net profit for the year		21 318	20 807
<b>Total equity</b>		<b>1 283 761</b>	<b>1 262 432</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings – non-current	15	31 139	41 791
Long-term related party payables	29	21 833	21 321
Pension and other employee obligations	14.2	36	42
Provisions for liabilities	16	1 246	1 547
Deferred tax liabilities	0	16 463	13 916
<b>Non-current liabilities</b>		<b>70 717</b>	<b>78 617</b>
<b>Current liabilities</b>			
Bank and other borrowings-current	15	486	7 801
Trade and other payables	17	3 487	4 232
Short-term related party payables	29	167 103	166 117
Pension and other employee obligations	14.2	101	103
<b>Current liabilities</b>		<b>171 177</b>	<b>178 253</b>
<b>Total liabilities</b>		<b>241 894</b>	<b>256 870</b>
<b>Total equity and liabilities</b>		<b>1 525 655</b>	<b>1 519 302</b>

The separate financial statements are approved for issue by decision of the Managing Board on 30 March 2022.

Prepared by:  \_\_\_\_\_

/A. Kerezov/

Date: 30 March 2022

Executive director:  \_\_\_\_\_

/I. Kamenov/

**Auditor's report issued on 30 March 2022:**

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Managing partner

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## Separate statement of profit or loss and other comprehensive income for the year ended 31 December

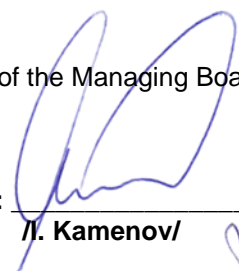
	Note	2021 BGN '000	2020 BGN '000
Gain from transactions with financial instruments	18	34 068	20 902
Loss from transactions with financial instruments	19	(10 523)	(9 170)
<b>Net result from transactions with financial instruments</b>		<b>23 545</b>	<b>11 732</b>
Interest income	20	5 176	6 104
Interest expense	21	(4 270)	(4 524)
<b>Net interest income</b>		<b>906</b>	<b>1 580</b>
Other financial cost	22	(46)	(109)
Dividend income	23	-	11 500
Revenue from non-financial activities	24	3 295	1 669
Non-financial expenses	25	(3 835)	(4 532)
<b>Profit before tax</b>		<b>23 865</b>	<b>21 840</b>
Income tax expense	26	(2 547)	(1 033)
<b>Profit for the year</b>		<b>21 318</b>	<b>20 807</b>
<b>Other comprehensive income/(loss):</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of defined benefit liability	14.2	11	7
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>11</b>	<b>7</b>
<b>Total comprehensive income</b>		<b>21 329</b>	<b>20 814</b>
<b>Earnings per share:</b>	27	<b>0.09</b>	<b>0.09</b>

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/A. Kerezov/

Date: 30 March 2022

Executive director:  \_\_\_\_\_

/I. Kamenov/

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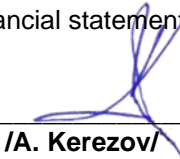
Registered auditor responsible for the audit



## Separate statement of changes in equity for the year ended 31 December

All amounts are presented in BGN '000	Share capital	Share premium	Remeasurement of defined benefit liability	Other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2021</b>	239 646	260 615	67	59 824	702 280	1 262 432
Profit for the year ending 31 December 2021	-	-	-	-	21 318	21 318
Other comprehensive income	-	-	11	-	-	11
<b>Total comprehensive income</b>	-	-	11	-	21 318	21 329
<b>Balance at 31 December 2021</b>	239 646	260 615	78	59 824	723 598	1 283 761

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Prepared by:   
 /A. Kerezov/  
 Date: 30 March 2022

Executive director:   
 /I. Kamenov/

Auditor's report issued on 30 March 2022:  
 Mariy Apostolov  
 Managing partner  
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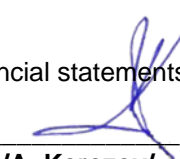
  
 Zornitza Djambazka  
 Registered auditor responsible for the audit



## Separate statement of changes in equity for the year ended 31 December (continued)

All amounts are presented in BGN '000	Share capital	Share premium	Remeasurement of defined benefit liability	Other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2020</b>	<b>239 646</b>	<b>260 615</b>	<b>60</b>	<b>59 824</b>	<b>681 466</b>	<b>1 241 611</b>
Profit for the year ending 31 December 2020	-	-	-	-	20 807	<b>20 807</b>
Other comprehensive income	-	-	7	-	-	<b>7</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>20 807</b>	<b>20 814</b>
Other changes	-	-	-	-	7	<b>7</b>
<b>Balance at 31 December 2020</b>	<b>239 646</b>	<b>260 615</b>	<b>67</b>	<b>59 824</b>	<b>702 280</b>	<b>1 262 432</b>

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Date: 30 March 2022

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## Separate statement of cash flows for the year ended 31 December

	Note	31.12.2021 BGN '000	31.12.2020 BGN '000
<b>Operating activities</b>			
Proceeds from short-term loans		65 526	29 879
Payments for short-term loans		(55 043)	(10 723)
Proceeds from transactions with short-term financial assets		(587)	(89)
Cash receipts from customers		2 061	2 255
Cash paid to suppliers		(2 614)	(1 696)
Interest payments received		6 144	3 679
Payments on interest, commission and other		(491)	(1 545)
Payments to employees and social security institutions		(857)	(2 330)
Income taxes paid		-	(4)
Other taxes paid		(145)	(553)
Proceeds from dividends		-	2 000
Other proceeds		3 208	4 041
<b>Net cash flow from operating activities</b>		<b>17 202</b>	<b>24 914</b>
<b>Investing activities</b>			
Proceeds from sale of subsidiaries and associates		-	-
Acquisition of subsidiaries and associates		-	-
Acquisition of long-term financial assets		-	(7 241)
Long-term loans granted		-	(9 252)
<b>Net cash flow from investing activities</b>		<b>-</b>	<b>(16 493)</b>
<b>Financing activities</b>			
Dividends paid		(16 870)	(7 334)
Repayments of long-term borrowings		194	-
Interest paid		(914)	(1 076)
<b>Net cash flow from financing activities</b>		<b>(17 590)</b>	<b>(8 410)</b>
Net change in cash and cash equivalents		(388)	11
<b>Cash and cash equivalents, beginning of year</b>		<b>70 472</b>	<b>70 469</b>
Exchange loss on cash and cash equivalents		10	(7)
Effect from expected credit losses		(19)	(1)
<b>Cash and cash equivalents, end of year</b>	12	<b>70 075</b>	<b>70 472</b>

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Prepared by:   
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Executive director:   
/I. Kamenov/

Date: 30 March 2022

Auditor's report issued on 30 March 2020:

Mariy Apostolov

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## Notes to the separate financial statements

### 1. Nature of operations

Chimimport AD was registered as a joint-stock company at Sofia city court on 24 January 1990 with UIC 000627519. The address of the Company's registered office is 2 St. Karadja Str., Sofia, Bulgaria.

The Company is listed on the Bulgarian Stock Exchange on 30 October 2006 with stock exchange code 6C4 for safe shares of the Company.

The operations of the Company comprise the following activities:

- The acquisition, management and sale of shares in Bulgarian and foreign companies;
- Financing of companies in which the Company participates;
- Banking services, Finance, Non-life insurance, Life insurance and Pensions;
- Production of oil and gas;
- Building capacity in the oil industry, production of biodiesel and production of rubber products;
- Production and marketing of petroleum, chemical products and natural gas;
- Production of vegetable oil, purchasing, processing and marketing of cereals;
- Aviation transport and ground activities on servicing and repair of aircraft and aircraft engines;
- Inland waterways and maritime transport and port infrastructure;
- Commercial agency and brokerage;
- Commission, forwarding and warehouse activity.

The Company's management system is two-tier management system comprising Supervisory and Managing Boards.

#### **Members of the Supervisory Board of the Company are:**

Invest Capital AD  
CCB Group EAD  
Mariana Bazhdarova

#### **Members of the Managing Board of the Company are:**

Aleksander Kerezov  
Ivo Kamenov  
Marin Mitev  
Nikola Mishev  
Mirolyub Ivanov  
Tsvetan Botev

The Company is represented by its executive directors Ivo Kamenov and Marin Mitev, together and separately.

The number of employees as at 31 December 2021 is 34.

### 2. Basis for the preparation of the separate financial statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (IFRS, as adopted by the EU). The term "IFRS, as adopted by the EU" has the meaning of paragraph 1, subparagraph 8 of the Additional provisions of Bulgarian Accountancy Act, which is International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

The separate financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN '000) (including comparative information for 2020), unless otherwise stated.

These financial statements are separate financial statements. The Company also prepares consolidated financial statements in accordance with International Financial Reporting Standards

(IFRS) developed and published by the International Accounting Standards Board (IASB) and approved by EU. Investments in subsidiaries are accounted for and disclosed in accordance with IFRS 10 "Consolidated Financial Statements".

The separate financial statements are prepared under the going concern principle.

### **Emergency epidemic situation in Bulgaria from 14 May 2020 to 31 March 2022**

On 13 May 2020, the Council of Ministers declared an epidemic emergency situation, as of 14 May 2020, which was extended periodically before its expiration. As of the date of preparation of these financial statements, the emergency epidemic situation was extended by the government to 31 March 2022.

The financial statements have been prepared in accordance with the going concern principle and taking into account the possible effects of the continuing impact of the Covid-19 pandemic. 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 air transport sector, in which the Company has significant investment.

The management of the Company 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 Company and its investments, in order to balance liquidity positions and ensure financial stability. With regard to investments in air transport, 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 crisis management.

Businesses need to deal with challenges related to reduced revenues and disrupted supply chains. The pandemic has led to significant volatility in the financial and commodity markets in Bulgaria and worldwide. Various governments, including Bulgaria, have announced measures to provide both financial and non-financial assistance to the affected sectors and affected business organizations

The effects of the Covid-19 pandemic are presented in the relevant notes to the separate financial statements. The Company has provided detailed disclosures in note 35 regarding risk management policies and the effects of Covid-19 on them.

In the light of the actions taken by various governments, incl. Bulgarian, dynamic measures to restrict the movement of people and the changes imposed by it, directly affecting the development of the economic sectors of the Republic of Bulgaria, EU countries and other trading partners of companies in the country. The Company's management is unable to assess the impact of the COVID-19 pandemic on the future financial condition and performance of the Company but considers that the impact could lead to volatility in market and price risk associated with the Company's financial assets and it is possible to have a negative effect on the activity of borrowers and respectively the results of the activity of the Company.

The Company management expectations are that the negative effects will subside after the restrictions on the movement of people, vehicles and goods are lifted. Economic activity is expected to be positively affected by the announced support measures and the allocated additional state and European funds, leading to additional public guarantees of debt portfolios, additional interest-free financing of economic entities and direct aid to the affected companies and individuals. As far as these measures are supplemented, expanded and extended, the Management of the Company is not able to assess the final effect on the economic activity, which also depends on the currently unknown duration of the introduced quarantine restrictions.

In these circumstances, the Company's management has analyzed and assessed the Company's ability to continue as a going concern based on available information about the foreseeable future. Management expects that the Company has sufficient financial resources to continue its operations in

the near future and continues to apply the going concern principle in preparing the separate financial statements.

### 3. Changes in accounting policy

#### 3.1. New standards, amendments and interpretations to existing standards that are effective for annual periods beginning on or after 1 January 2021

The Company has adopted the new accounting pronouncements which have become effective this year, and are as follows:

##### **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 effective from 1 January 2021 adopted by the EU**

Amendments proposed are such that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. Phase 2 of the project dealt with replacement issues, therefore, the amendments published address issues that might affect financial reporting when an existing interest rate benchmark is actually replaced.

##### **Amendments to IFRS 16 Leases: Covid-19- Related Rent Concessions beyond 30 June 2021 effective from 1 April 2021 adopted by the EU**

'Covid-19-Related Rent Concessions extends by one year, beyond 30 June 2021, the May 2020 amendment that provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification. The Changes in Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) amend IFRS 16 to

- permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021);
- require a lessee applying the amendment to do so for annual reporting periods beginning on or after 1 April 2021;
- require a lessee applying the amendment to do so retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment;
- and specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.

#### 3.2. Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective or adopted by the EU for the financial year beginning on 1 January 2021 and have not been applied early by the Company. They are not expected to have a material impact on the Company's financial statements. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

A list of the changes in the standards is provided below:

- Amendments IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment IAS 37 Provisions, Contingent Liabilities and Contingent Assets effective from 1 January 2022 adopted by the EU
- Annual Improvements 2018-2020 effective from 1 January 2022 adopted by the EU
- IFRS 17 "Insurance Contracts" effective from 1 January 2023, adopted by the EU
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current effective from 1 January 2023 not yet adopted by the EU
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies effective from 1 January 2023 not yet adopted by the EU
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates effective from 1 January 2023 not yet adopted by the EU

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction effective from 1 January 2023 not yet adopted by the EU
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information effective from 1 January 2023 not yet adopted by the EU
- IFRS 14 “Regulatory deferral accounts” effective from 1 January 2016, not adopted by the EU

#### **4. Significant accounting policies**

##### **4.1. Overall considerations**

The significant accounting policies that have been used in the preparation of these separate financial statements are summarized below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used for the preparation of the separate financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

##### **4.2. Presentation of financial statements**

The financial statements are presented in accordance with IAS 1 “Presentation of Financial Statements”. The Company has elected to present the separate statement of profit or loss and other comprehensive income as a single statement.

Two comparative periods are presented for the statement of financial position when the Company:

- i) applies an accounting policy retrospectively;
- ii) makes a retrospective restatement of items in its financial statements; or
- iii) reclassifies items in the financial statements.

In 2021 the Company presents one comparative period.

##### **4.3. Investments in subsidiaries**

Subsidiaries are firms under the control of the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the financial statements of the Company investment in subsidiaries is accounted at cost of the investment.

The Company recognizes a dividend from a subsidiary in profit or loss in its separate financial statements when its right to receive the dividend is established.

##### **4.4. Foreign currency transactions**

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

##### **4.5. Segment reporting**

In identifying its operating segments, management generally follows the Company's main activities performed by the Company. The activity of the Company is performed in one segment on separate financial statements basis, which is the financial sector.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

#### **4.6. Revenue**

Revenue arises from rendering of services. Revenue from rendering of services is presented in note 24.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

##### **4.6.1. Revenue recognized over time**

###### **4.6.1.1. Rendering of services**

Revenue from rendering of services is recognized when the services are provided by reference to the stage of completion of the contract at the reporting date

#### **4.7. Interest and dividend income**

Interest income is reported on an accrual basis using the effective interest method. Dividend income is recognized at the time the right to receive payment is established.

#### **4.8. Operating expenses**

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

#### **4.9. Interest expense and borrowing costs**

Interest expenses are reported on an accrual basis using the effective interest method.

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in the separate statement of profit or loss and other comprehensive income within "Interest expense".

#### **4.10. Property, plant and equipment**

Property, plant and equipment are initially measured at cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

After initial recognition property, plant and equipment are carried at its cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Impairment losses are recognized in the separate statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance. All other subsequent expenditure is recognized as incurred.

Material residual value estimates and estimates of useful life are updated by management as required, but at least annually.

Depreciation is calculated using the straight-line method over the estimated useful life of individual assets as follows:

- Buildings 25 years
- Machines and equipment 3-5 years
- Computers 2 years
- Others 7 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the separate statement of profit or loss and other comprehensive income within "Gain on sale of non-current assets".

The recognition threshold adopted by the Company for property, plant and equipment amounts to BGN 700.

#### **4.11. Leases**

##### Lessor

The accounting policy of the Company, according to IFRS 16, has not changed compared to the comparative period.

As a lessor, the Company classifies its leases as operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset, and as an operating lease if it does not transfer substantially all the risks and rewards of ownership of the underlying asset.

#### **4.12. Impairment testing of intangible assets, property, plant and equipment and investments in subsidiaries**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level.

All assets and cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce the carrying amount of the assets allocated to that cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

#### **4.13. Investment property**

The investment property of the Company includes buildings held to earn rentals and/or for capital appreciation and are accounted for using the fair value model.

The investment property is initially measured at cost, which comprises the purchase price and any directly attributable expenses, e. g. legal fees, property transfer taxes and other transaction costs.

The investment property is revalued annually and is included in the separate statement of financial position at its open market value. This is determined by an independent appraiser with professional qualification and significant experience with respect to both the location and the nature of the investment property and supported by sufficient market evidence.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in profit or loss within "Revenue from non-financial activity".

Subsequent expenditure relating to investment property, which is already recognized in the Company's financial statements, is added to the carrying amount of the investment property when it is probable that this expenditure will enable the existing investment property to generate future economic benefits in excess of its originally assessed value. All other subsequent expenditure is recognized as incurred.

The investment property is derecognized upon its sale or permanent withdrawal from use in case that no future economic benefits are expected from its disposal. Gains or losses arising from the disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

Rental income and operating expenses from investment property are reported within "Revenue from non-financial activities" and "Operating expenses", respectively, and are recognized as described in note 4.6 and note 4.8.

#### **4.14. Financial instruments under IFRS 9**

#### **4.15. Recognition and derecognition**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

##### **4.15.1. Classification and initial measurement of financial assets**

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not contain a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted with transaction costs that are reported as current expenses. The initial measurement of trade receivables that do not contain a significant financial component represents the transaction price in accordance with IFRS 15.

Depending on the method of subsequent measurement, financial assets are classified into the following categories:

- Debt instruments at amortized cost;
- Financial assets at fair value through profit or loss (FVTPL);
- Financial assets at fair value through other comprehensive income (FVOCI) with or without reclassification in profit or loss, depending on whether they are debt or equity instruments.

The classification is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss, are included in gain and loss from transactions with financial instruments in the separate statement of profit or loss and other comprehensive income.

##### **4.15.2. Subsequent measurement of financial assets**

###### **Debt instruments at amortized cost**

Financial assets are measured at amortized cost if the assets meet the following conditions and are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds.

- **Trade receivables**

Trade receivables are amounts due from customers for goods or services sold in the ordinary course of business. Typically, they are due to be settled within a short timeframe and are therefore classified as current. Trade receivables are initially recognized at amortized cost unless they contain significant financial components. The Company holds trade receivables for the purpose of collecting the contractual cash flows and therefore measures them at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

#### **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that are held within a different business model than “hold to collect” or “hold to collect and sell”, and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

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

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is “hold to collect” the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets at FVOCI include:

- Equity securities that are not held for trading and which at initial recognition the company irrevocably has chosen to recognize in this category.
- Debt securities where the contractual cash flows are solely payments of principal and interest, and the purpose of the company's business model is achieved both by collecting contractual cash flows and by selling the financial assets.

On disposal of equity instruments of this category, any amount recognized in the revaluation reserve is reclassified to retained earnings.

On disposal of debt instruments of this category, any amount recognized in the revaluation reserve is reclassified to profit or loss for the period.

#### **4.15.3. Impairment of financial assets**

IFRS 9's impairment requirements use forward-looking information to recognize expected credit losses – the “expected credit loss” (ECL) model.

Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortized cost/ FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2)
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.



“12-month expected credit losses” are recognized for the first category while “lifetime expected credit losses” are recognized for the second category. Expected credit losses are determined as the difference between all contractual cash flows attributable to the Company and the cash flows it is actually expected to receive (“cash shortfall”). This difference is discounted at the original effective interest rate (or credit risk adjusted effective interest rate).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### **Trade and other receivables**

The Company makes use of a simplified approach in estimating the expected credit loss for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

#### **4.15.4. Classification and measurement of financial liabilities**

The Company's financial liabilities include borrowings, finance lease payments, trade, and other financial payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### **4.15.5. Financial liabilities**

The Company's financial liabilities include bank loans, overdrafts, trade and other payables

Financial liabilities are recognized when the Company becomes a party to the contractual agreements for payment of cash amounts or another financial asset to another company or contractual liability for exchange of financial instruments with another company under unfavorable terms. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within “Finance costs” or “Finance income”.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Bank loans are raised for support of long-term funding of the Company's operations. They are recognized in the separate statement of financial position of the Company, net of any costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the separate statement of profit or loss and other comprehensive income on an accrual basis using the effective interest method and are added to the carrying amount of the financial liability to the extent that they are not settled in the period in which they arise.

Trade payables are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Dividends payable to shareholders are recognized when the dividends are approved at the general meeting of the shareholders.

#### **4.16. Income taxes**

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current

tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to utilize against deferred tax assets, see note 4.21.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

#### **4.17. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, current bank accounts and demand deposits.

#### **4.18. Equity, reserves and dividend payments**

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium

Other reserves are based on the requirements of the Trade act for the formation of legal reserves.

Retained earnings include all current and prior period retained profits and uncovered losses.

All transactions with owners of the Company are recorded separately within the separate statement of changes in equity.

#### **4.19. Pension and short-term employee benefits**

The Company reports short-term payables relating to unutilized paid leaves, which shall be compensated in case it is expected the leaves to occur within 12 months after the end of the accounting period during which the employees have performed the work related to those leaves. The short-term payables to personnel include wages, salaries and related social security payments.

In accordance with Labor Code requirements, in case of retirement, after the employee has gained the legal right of pension due to years of services and age, the Company is obliged to pay him/her compensation at the amount of up to six gross wages.

The liability recognized in the separate statement of financial position for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs.

Management estimates the defined benefit obligation annually with the assistance of independent actuaries. The estimate of its post-retirement benefit obligations is based on standard rates of inflation, expected resignation rate and mortality. It also takes into account the Company's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to yield of government bonds.

Actuarial gains and losses are recognized in the other comprehensive income.

Interest expenses related to pension obligations are included in “Interest expenses” in the separate statement of profit or loss and comprehensive income. All other post-employment benefit expenses are included in “Operating expenses”.

Short-term employee benefits, including holiday entitlement, are current liabilities included in “Pension and other employee obligations”, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

#### **4.20. Provision, contingent liabilities and contingent assets**

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. Contingent liabilities are subsequently measured at the higher of the above-described comparable provision and initially recognized value, less accumulated amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

#### **4.21. Significant management judgement in applying accounting policies**

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 4.22.

##### **4.21.1. Deferred tax assets**

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

##### **4.21.2. Debt instruments measured at amortized cost**

Management's analysis and intentions are confirmed by the business model of holding debt instruments, which meet the requirements for receiving payments only of principal and interest and holding assets until the collection of the agreed cash flows from bonds, which are classified as debt instruments measured at amortized cost. This decision is consistent with the current liquidity and capital of the Company.

#### **4.22. Estimation uncertainty**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

#### **4.22.1. Impairment of investments in subsidiaries**

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see note 4.12). In calculating expected future cash flows, management makes assumptions about future gross profits. These assumptions are related to future events and circumstances and may be affected by the economic uncertainty caused by the Covid-19 pandemic. Actual results may vary and require significant adjustments to the Company's assets in the next reporting year, especially in the air transport sector, in which the Company has significant investments. In most cases, the determination of the applicable discount factor assesses the appropriate adjustments in relation to market risk and risk factors that are specific to individual assets.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

#### **4.22.2. Measuring the expected credit losses**

Credit losses represent the difference between all contractual cash flows due to the Company and all cash flows that the Company expects to receive. Expected credit losses are probabilistic weighted estimates of credit losses that require the Company's judgment, which may be affected by the economic uncertainty caused by the Covid-19 pandemic. Expected credit losses are discounted at the original effective interest rate.

#### **4.22.3. Useful lives of depreciable assets**

Management reviews the useful lives of depreciable assets at each reporting date.

At 31 December 2020 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analyzed in note 5. Actual results, however, may vary due to technical obsolescence.

#### **4.22.4. Defined benefit liability**

Management estimates the defined benefit liability annually with the assistance of independent actuaries. The actual outcome may vary due to estimation uncertainties. The actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability BGN 42 thousand (2020 – BGN 45 thousand) is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Company's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to the return on government securities.

#### **4.22.5. Fair value measurement**

Management uses techniques to measure the fair value of financial instruments in the absence of quoted prices in an active market. Details of the assumptions used are provided in the notes on financial assets and liabilities. When applying valuation techniques, management makes maximum use of market data and assumptions that market participants would accept when valuing a financial instrument. When relevant market data are lacking, management uses its best assessment of the assumptions that market participants would make. These estimates may differ from the actual prices that would have been determined in a fair market transaction between informed and willing parties at the end of the reporting period and may be affected by the economic uncertainty associated with the Covid-19 pandemic.

## 5. Property, plant and equipment

Property, plant and equipment of the Company include buildings, machinery and equipment, vehicles, acquisition costs and others. The carrying amount at 31 December 2021 can be analyzed as follows:

	<b>Buildings</b>	<b>Machines and equipment</b>	<b>Vehicles</b>	<b>Other</b>	<b>Total</b>
	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>
<b>Gross carrying amount</b>					
Balance at 1 January 2021	26	249	113	3 774	4 162
Additions	-	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>26</b>	<b>249</b>	<b>113</b>	<b>3 774</b>	<b>4 162</b>
<b>Depreciation</b>					
Balance at 1 January 2021	(24)	(249)	(113)	(835)	(1 221)
Depreciation	-	-	-	(350)	(350)
<b>Balance at 31 December 2021</b>	<b>(24)</b>	<b>(249)</b>	<b>(113)</b>	<b>(1 185)</b>	<b>(1 571)</b>
<b>Carrying amount at 31 December 2021</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2 589</b>	<b>2 591</b>

The carrying amount as at 31 December 2020 can be analyzed as follows:

	<b>Buildings</b>	<b>Machines and equipment</b>	<b>Vehicles</b>	<b>Other</b>	<b>Total</b>
	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>
<b>Gross carrying amount</b>					
Balance at 1 January 2020	26	249	113	3 772	4 160
Additions	-	-	-	2	2
<b>Balance at 31 December 2020</b>	<b>26</b>	<b>249</b>	<b>113</b>	<b>3 774</b>	<b>4 162</b>
<b>Depreciation</b>					
Balance at 1 January 2020	(24)	(242)	(113)	(486)	(865)
Depreciation	-	(7)	-	(349)	(356)
<b>Balance at 31 December 2020</b>	<b>(24)</b>	<b>(249)</b>	<b>(113)</b>	<b>(835)</b>	<b>(1 221)</b>
<b>Carrying amount at 31 December 2020</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2 939</b>	<b>2 941</b>

All depreciation charges are included in the Separate statement of profit or loss and other comprehensive income within "Operating expenses".

The Company has no property, plant and equipment pledged as security for its liabilities.

## 6. Investment property

Investment property includes land and buildings, which are located at 1 Battenberg Str., Sofia, Bulgaria and which are owned for capital appreciation.

The fair value of investment property is determined by the Company on the basis of weighted values by the method of revenue value, comparative method, and method of real value as of 31.12.2021 by independent licensed appraisers.

Changes to the carrying amounts can be summarized as follows:

	<b>Investment property BGN '000</b>
<b>Carrying amount at 1 January 2020</b>	<b>35 831</b>
<b>Carrying amount at 31 December 2020</b>	<b>35 831</b>
<b>Carrying amount at 31 December 2021</b>	<b>35 831</b>

The Company has not identified a change in the fair value of investment property as a result of the Covid-19 pandemic.

No improvements are made to the investment property in 2021 and 2020. No rental income or direct operating expenses were recognized during the presented reporting periods. Investment properties are pledged as collateral for borrowings, see note 15.1.

## 7. Investments in subsidiaries

As at 31 December 2021, the Company has the following investments in subsidiaries:

<b>Name of the subsidiary</b>	<b>Country of incorporation</b>	<b>Main activities</b>	<b>31.12.2021 BGN '000</b>	<b>share %</b>	<b>31.12.2020 BGN '000</b>	<b>share %</b>
CCB Group EAD	Bulgaria	Financial services	249 339	100.00%	249 339	100.00%
Zarneni Hrani Bulgaria AD	Bulgaria	Manufacturing and trade	165 363	63.65%	165 363	63.65%
Bulgarian Airways Group EAD	Bulgaria	Aviation Services	209 611	100.00%	209 611	100.00%
Bulgarian Shipping Company EAD	Bulgaria	Sea and river transport	44 393	100.00%	44 393	100.00%
Central Cooperative Bank AD	Bulgaria	Financial services	32 152	8.24%	32 152	8.24%
Sporten Kompleks Varna AD	Bulgaria	Real estate	22 474	65.00%	22 474	65.00%
Oil and Gas Exploration and Production AD	Bulgaria	Manufacturing and trade	16 929	13.84%	16 929	13.84%
Port Lesport AD	Bulgaria	Sea and river transport	16 380	99.00%	16 380	99.00%
Armeec Insurance JSC	Bulgaria	Financial services	20 419	9.74%	20 419	9.74%
Bulchimex GmbH	Germany	Manufacturing and trade	2 500	100.00%	2 500	100.00%
Energoproekt AD	Bulgaria	Engineering sector	2 168	98.69%	2 168	98.69%
Trans Interkar EAD	Bulgaria	Transport	4 855	100.00%	4 855	100.00%
National Commodity Exchange AD	Bulgaria	Manufacturing and trade	1 879	67.00%	1 879	67.00%
TI AD	Bulgaria	Manufacturing and trade	480	87.67%	480	87.67%
Accounting House "XGX Counsult" OOD	Bulgaria	Services	111	59.34%	111	59.34%
Prime Lega Consult OOD	Bulgaria	Services	4	100.00%	4	100.00%
			<b>789 057</b>		<b>789 057</b>	

The subsidiaries are recognized in the separate financial statements of the Company using the cost method.

During the reporting period the no changes occurred in terms of investments in subsidiaries

The company has significant investments in the air transport sector through Bulgarian Airways Group EAD. This sector continues to be affected by the economic uncertainty caused by the Covid-19 pandemic and reported negative financial results during the period.

## 8. Long-term financial assets

	Note	2021 BGN '000	2020 BGN '000
Debt instruments at amortized cost			
Loans granted and deposits	8.1	94 215	93 390
		<b>94 215</b>	<b>93 390</b>
Equity instruments at fair value through other comprehensive income			
Unquoted equity instruments	8.2	14 073	14 073
		<b>14 073</b>	<b>14 073</b>
Financial assets at fair value through profit or loss			
Unquoted instruments	8.3	19 558	19 558
		<b>19 558</b>	<b>19 558</b>
		<b>127 846</b>	<b>127 021</b>

### 8.1. Debt instruments at amortized cost

Financial assets at amortized cost represent principal and interest on loans granted. The maturity of the aforementioned financial assets occurs after 2022. The carrying amount of financial assets at amortized cost is presented as follows:

	2021 BGN '000	2020 BGN '000
<b>Carrying amount (amortized cost):</b>		
Loans granted	101 999	100 687
Allowance for expected credit losses	(7 784)	(7 297)
Carrying amount	<b>94 215</b>	<b>93 390</b>

### 8.2. Equity instruments at fair value through other comprehensive income

	2021 BGN '000	2020 BGN '000
Unquoted equity instruments	14 073	14 073
	<b>14 073</b>	<b>14 073</b>

In determining the fair value of the Company's unquoted equity instruments, it is determined that the cost is a reliable estimate of the fair value of the equity instruments. Some of unquoted equity instruments are subject to usufruct rights.

### 8.3. Financial assets at fair value through profit or loss

Financial assets that are mandatorily measured at fair value through profit or loss	2021 BGN '000	2020 BGN '000
Unquoted instruments - convertible subordinated deposit	19 558	19 558
	<b>19 558</b>	<b>19 558</b>

Chimimport AD provided to a related party under common control to CCB AD (AO IK Bank) a convertible subordinated deposit amounting to EUR 10 million with a term of 7 years and with an interest rate of 1.8%.

## 9. Deferred tax liabilities

Deferred taxes arising from temporary differences can be summarized as follows:

Deferred tax liabilities/(assets)	01.01.2021	Recognized in	31.12.2021
	BGN '000	profit and loss BGN '000	BGN '000
<b>Non-current assets</b>			
Long-term financial assets	(729)	(49)	(778)
Non-current related party receivables	(543)	(448)	(991)
Investment property	3 171	6	3 177
<b>Current assets</b>			
Short-term financial assets	17 692	909	18 601
Current related party receivables	(4 220)	2 325	(1 895)
Trade and other receivables	(1 100)	(52)	(1 152)
Cash and cash equivalents	(7)	-	(7)
<b>Non-current liabilities</b>			
Pension and other employee obligations	(6)	-	(6)
Provisions	(155)	(30)	(185)
<b>Current liabilities</b>			
Pension and other employee obligations	(6)	-	(6)
Unused tax losses	(181)	(114)	(295)
	<b>13 916</b>	<b>2 547</b>	<b>16 463</b>
<b>Recognized as:</b>			
Deferred tax assets	<b>(6 947)</b>		<b>(5 315)</b>
Deferred tax liabilities	<b>20 863</b>		<b>21 778</b>
<b>Net deferred tax liabilities</b>	<b>13 916</b>		<b>16 463</b>

The deferred taxes for the comparative reporting period in 2020 are summarized as follows:

Deferred tax liabilities/(assets)	01.01.2020	Recognized in	31.12.2020
	BGN '000	profit and loss BGN '000	BGN '000
<b>Non-current assets</b>			
Long-term financial assets	(2 296)	1 567	(729)
Non-current related party receivables	(499)	(44)	(543)
Investment property	3 165	6	3 171
<b>Current assets</b>			
Short-term financial assets	17 689	3	17 692
Current related party receivables	(3 990)	(230)	(4 220)
Trade and other receivables	(985)	(115)	(1 100)
Cash and cash equivalents	(7)	-	(7)
<b>Non-current liabilities</b>			
Pension and other employee obligations	(4)	(12)	(6)
Provisions	(185)	30	(155)
<b>Current liabilities</b>			
Pension and other employee obligations	(5)	(1)	(6)
Unused tax losses	-	(181)	(181)
	<b>12 883</b>	<b>1 033</b>	<b>13 916</b>
<b>Recognized as:</b>			
Deferred tax assets	<b>(7 971)</b>		<b>(6 947)</b>
Deferred tax liabilities	<b>20 854</b>		<b>20 863</b>
<b>Net deferred tax liabilities</b>	<b>12 883</b>		<b>13 916</b>



All deferred tax assets and liabilities are included in the statement of financial position.

### 10. Short-term financial assets

Short-term financial assets during the reported reporting periods are classified into the following categories:

	Note	2021 BGN '000	2020 BGN '000
Debt instruments at amortized cost			
Loans granted	10.1	12 722	17 230
		<b>12 722</b>	<b>17 230</b>
Financial assets at fair value through profit or loss			
Financial instruments – not publicly traded	10.2	214 649	206 788
		<b>214 649</b>	<b>206 788</b>
Equity instruments at fair value through other comprehensive income			
Unquoted financial instruments	10.3	9	9
		<b>9</b>	<b>9</b>
		<b>227 380</b>	<b>224 027</b>

As at 31.12.2021, the Company has not pledged any short-term financial assets.

The effects of the Covid-19 pandemic on market risk on short-term financial assets are set out in Note 35.

#### 10.1. Debt instruments at amortized cost

	2021 BGN '000	2020 BGN '000
<b>Carrying amount (amortized cost):</b>		
Granted loans	17 740	23 476
Allowances for estimated credit losses	(5 018)	(6 246)
Carrying amount	<b>12 722</b>	<b>17 230</b>

Short-term loans are granted at annual market interest rates and depend on the maturity of the loan. The repayment period is until 31 December 2021. The loans are unsecured.

#### 10.2. Financial assets at fair value through profit or loss

Short-term financial assets at the amount of BGN 214 649 thousand (2020: BGN 206 788 thousand) are classified as financial instruments at fair value through profit or loss. As at 31 December 2021 the financial assets are presented at fair value determined on the basis of prepared market assessment by certified appraisers. There is no change in the value of the investment. (Note 36.1).

#### 10.3. Equity instruments at fair value through other comprehensive income

	2021 BGN '000	2020 BGN '000
Unquoted equity instruments	9	9
<b>Total equity instruments at fair value through other comprehensive income</b>	<b>9</b>	<b>9</b>

## 11. Trade and other financial receivables

	2021 BGN '000	2020 BGN '000
Trade receivables, gross amount before impairment	51 967	53 115
Expected credit losses and impairment losses on trade receivables	(10 820)	(10 301)
<b>Trade receivables</b>	<b>41 147</b>	<b>42 814</b>
Deposits	7 070	7 047
Dividend receivables		-
Other financial receivables	402	430
Expected credit losses and impairment losses on other financial receivables	(592)	(441)
<b>Other financial receivables</b>	<b>6 880</b>	<b>7 036</b>
<b>Trade and other financial receivables</b>	<b>48 027</b>	<b>49 850</b>

All trade and other receivables are short term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

For all trade and other receivables, the Company has performed analysis of the expected credit loss. Certain trade and other receivables were found to be impaired, and the impairment has been recognized in the Separate statement of profit or loss and other comprehensive income within 'Operating expenses'. The impaired trade and other receivables are mostly due from trade customers that are experiencing financial difficulties.

As at the reporting date there are no significant not impaired trade and other receivables with expired maturity.

## 12. Cash and cash equivalents

Cash and cash equivalents include the following components:

	2021 BGN '000	2020 BGN '000
Cash at bank and in hand:		
- BGN	302	133
- EUR	69 862	70 409
<b>Cash and cash equivalents, gross</b>	<b>70 164</b>	<b>70 542</b>
Allowance for expected credit loss and impairment	(89)	(70)
<b>Cash and cash equivalents</b>	<b>70 075</b>	<b>70 472</b>

The company has restricted funds as of 31.12.2021 at the amount of BGN 6 025 thousand (2020: BGN 6 025 thousand) representing collateral under a bank loan agreement.

## 13. Equity

### 13.1. Share capital

The share capital of the Company as at 31 December 2021 consists of 239 646 267 ordinary shares with a nominal value of BGN 1. Company's shares are dematerialized, registered and freely transferable and are entitled to a single vote and liquidation share.

	2021 Number of shares	2020 Number of shares
Ordinary shares	239 646 267	239 646 267
<b>Shares issued and fully paid at the end of the period</b>	<b>239 646 267</b>	<b>239 646 267</b>

The list of major shareholders holding ordinary shares of the Company is as follows:

	2021	2021	2020	2020
	Number ordinary shares	%	Number ordinary shares	%
Invest Capital AD	173 487 247	72.39 %	173 487 247	72.39 %
Other legal entities	49 019 954	20.46 %	49 792 119	20.78 %
Other individuals	17 139 066	7.15 %	16 366 901	6.83 %
	<b>239 646 267</b>	<b>100.00 %</b>	<b>239 646 267</b>	<b>100.00 %</b>

### 13.2. Share premium

As at 31 December 2021 the share premium amounts to BGN 260 615 thousand (2020: BGN 260 615 thousand). Share premium is formed by the following share issues:

- Share premium of BGN 28 271 thousand from the issue of preferred shares in 2009. The expenses related to the share issue amounting to BGN 2 033 thousand are deducted from the share premium.
- The premium reserve amounting to BGN 199 419 thousand is accumulated from the Secondary Public Offering (SPO) of the shares of the Company in 2007. The expenses related to the share issue amounting to BGN 581 thousand are deducted from the share premium.
- The premium reserve amounting to BGN 32 925 thousand is accumulated from the Initial Public Offering (IPO) of the shares of the Company in the period from 7 September 2006 to 20 September 2006. The expenses related to the share issue amounting to BGN 327 thousand are deducted from the share premium.

### 13.3. Other reserves

As at 31 December 2021, the other reserves amounted to 59 824 thousand (2020: BGN 59 824 thousand) and were formed on the basis of the requirements of the Commercial Law for the formation of statutory reserves.

## 14. Employee remuneration

### 14.1. Employee benefits expense

Expenses recognized for employee benefits include:

	2021 BGN '000	2020 BGN '000
Wages, salaries	(750)	(2 431)
Social security costs	(111)	(120)
Pensions – defined benefit plans	(6)	(4)
<b>Employee benefits expense</b>	<b>(861)</b>	<b>(2 555)</b>

### 14.2. Pension and other employee obligations

The liabilities for pension and other employee obligations recognized in the statement of financial position consist of the following amounts:

	2021 BGN '000	2020 BGN '000
<b>Non-current:</b>		
Defined benefit plans	36	42
Non-current pension and other employee obligations	<b>36</b>	<b>42</b>
<b>Current:</b>		
Payables to employees	37	39
Payables to social security institutions	43	43
Liabilities on unused leave	21	21
Current pension and other employee obligations	<b>101</b>	<b>103</b>

As a result of the Covid-19 pandemic, the Company did not lay off or restructure its staff.

The current portion of these liabilities represents the Company's obligations to its current employees that are expected to be settled during 2022. Other short-term employee obligations arise mainly from accrued holiday entitlement at the reporting date and current remunerations.

The defined benefit payables to the employees at the end of the reporting periods presented are as follows:

	<b>2021</b>	<b>2020</b>
	<b>BGN '000</b>	<b>BGN '000</b>
Defined benefit obligation at 1 January	42	45
Current service cost	6	4
Remeasurement - actuarial gains from changes in demographic assumptions	(12)	(7)
<b>Defined benefit obligation at 31 December</b>	<b>36</b>	<b>42</b>

For determination of the pension obligation, the following actuarial assumptions were used:

	<b>2021</b>	<b>2020</b>
Discount rate	1%	1%
Expected rate of salary increases	2%	2%
Average life expectancies:		
Male at retirement age at reporting date	65	64
Female at retirement age at reporting date	63	62

A mortality table drawn up by the National Statistical Institute was used.

The management of the Company has made these assumptions with the help of an independent valuer - an actuary. These assumptions were used in determining the amount of obligations for defined benefit for the reporting periods and are considered as the best estimate of management.

## 15. Bank and other borrowings

Bank and other borrowings include the following financial liabilities measured at amortized cost:

	Note	Current		Non-current	
		2021	2020	2021	2020
		BGN '000	BGN '000	BGN '000	BGN '000
Financial liabilities measured at amortized cost:					
Bank borrowings	15.1	486	7 801	10 756	20 843
Cessions and other borrowings	15.2	-	-	20 383	20 948
<b>Total carrying amount</b>		<b>486</b>	<b>7 801</b>	<b>31 139</b>	<b>41 791</b>

### 15.1. Bank borrowings

	Current		Non-current	
	2021	2020	2021	2020
	BGN '000	BGN '000	BGN '000	BGN '000
Bank borrowings	486	7 801	10 756	20 843

#### Investment bank loan

The investment loan agreement was concluded on 30.01.2015 for an amount of BGN 58 675 thousand and the repayment period is 30.04.2023 according to the repayment plan. The loan is secured by investment properties presented in Note 6. The annual interest rate on the loan amounts to an Average Deposit Index (ADI) plus 4.732%. The loan was repaid ahead of schedule

#### Revolving bank loan

The bank loan agreement was concluded on 05.10.2011 for an amount of BGN 3 000 thousand for 1 year, and the repayment period has been extended to 25.10.2024. The loan is secured by real estate. The annual interest rate on the loan is 4%, formed on the basis of 1M EURIBOR plus 4%, and the interest rate cannot be lower than 4%.

#### Revolving bank loan

The loan agreement was concluded on 31.01.2019 for an amount of EUR 4 950 thousand for repayment period until 31.01.2023. The loan is secured by bank deposits. The annual interest rate on the loan is formed on the basis of BIR plus 0.8%.

### 15.2. Cessions and other borrowings

	2021 BGN '000	2020 BGN '000
Long-term obligations under cession agreements	17 598	18 271
Long-term borrowings	2 785	2 677
	<b>20 383</b>	<b>20 948</b>

The long-term liabilities on cession agreements amount to BGN 17 598 thousand (2020: 18 271 thousand), used to acquire deposits in 2014, bear an interest rate of 3.5% on the outstanding principal.

Long-term borrowings amounting to BGN 2 785 thousand represent an obligation under a loan agreement with maturity date 22 August 2023 (2020: BGN 2 677 thousand) at an interest rate of 4.5%.

### 16. Provisions for liabilities

Provisions for expected credit losses according to IFRS 9 are related to off-balance sheet exposures – guarantees and are determined by the Company as at 31 December 2021 in the amount of BGN 1 246 thousand (2020: BGN 1 547 thousand)

### 17. Trade and other payables

Trade and other payables reported in the separate statement of financial position include:

	2021 BGN '000	2020 BGN '000
Trade payables	45	60
Other financial liabilities	429	454
Total trade and other financial payables	<b>474</b>	<b>514</b>
Tax on personal income	16	15
VAT payables	27	10
Withholding tax payables	20	-
Tax on expenditures	-	2
Other payables	2 950	3 691
Total non-financial liabilities	<b>3 013</b>	<b>3 718</b>
Total trade and other payables	<b>3 487</b>	<b>4 232</b>

## 18. Gain from transactions with financial instruments

Gain from transactions with financial instruments for the reporting periods presented can be analyzed as follows:

	2021 BGN '000	2020 BGN '000
Gain from securities and investment transactions	34 068	20 877
Gain from sale of securities and investments	-	25
	<u>34 068</u>	<u>20 902</u>

## 19. Loss from transactions with financial instruments

	2021 BGN '000	2020 BGN '000
Loss from securities and investment transactions	(10 523)	(9 170)
	<u>(10 523)</u>	<u>(9 170)</u>

## 20. Interest income

Interest income for the reporting periods presented include:

	2021 BGN '000	2020 BGN '000
Interest income from:		
- Loans granted	4 915	5 783
- Bank deposits	261	321
	<u>5 176</u>	<u>6 104</u>

## 21. Interest expense

Interest expenses for the reporting periods presented include:

	2021 BGN '000	2020 BGN '000
Interest expense on:		
- Borrowings	(3 193)	(3 238)
- Bank borrowings	(1 077)	(1 286)
	<u>(4 270)</u>	<u>(4 524)</u>

## 22. Other finance costs

Other financial income and expense for the reporting periods presented can be summarized as follows:

<b>Other financial income and costs</b>	2021 BGN '000	2020 BGN '000
Gains from exchange rate fluctuations	17	8
Losses from exchange rate fluctuations	(7)	(20)
Bank fees and commissions	(56)	(97)
	<u>(46)</u>	<u>(109)</u>

## 23. Dividend income

	2021 BGN '000	2020 BGN '000
Dividend income	-	11 500
	<u>-</u>	<u>11 500</u>

## 24. Revenue from non-financial activities

Revenues from sales of the Company can be analyzed as follows:

	2021 BGN '000	2020 BGN '000
Revenue from services	1 565	1 643
Other operating income	1 730	26
	<b>3 295</b>	<b>1 669</b>

## 25. Non-financial expenses

The operating expenses of the Company can be analyzed as follows:

	Note	2021 BGN '000	2020 BGN '000
Hires services expense		(2 249)	(1 430)
Employee benefits expense	14.1	(861)	(2 555)
Depreciation expense	5	(350)	(356)
Cost of materials		(38)	(32)
Other operating expense		(337)	(159)
		<b>(3 835)</b>	<b>(4 532)</b>

The remuneration for the independent financial audit for 2021 amounts to BGN 196 thousand. No tax advice or other non-audit services were provided during the year. The present disclosure is in compliance with the requirements of Art. 30 of the Accountancy Act.

## 26. Income tax expense

The relationship between the expected tax expense based on the applicable tax rate in Bulgaria of 10% (2020: 10 %) and the reported tax expense actually in profit or loss can be reconciled as follows:

	2021 BGN '000	2020 BGN '000
Profit before tax	23 865	21 840
Tax rate	10%	10%
<b>Expected income tax expense</b>	<b>(2 387)</b>	<b>(2 184)</b>
Adjustments for tax-exempt income	3 449	3 320
Adjustments for non-deductible expenses	(948)	(955)
<b>Current tax expense</b>	<b>-</b>	<b>-</b>
<b>Deferred tax expense as a result from:</b>		
- origination and reversal of temporary differences	(2 547)	(1 033)
<b>Income tax expense</b>	<b>(2 547)</b>	<b>(1 033)</b>

Note 9 provides information on the deferred tax assets and liabilities, including the amounts recognized directly in other comprehensive income or retained earnings.

## 27. Earnings per share

Basic earnings per share are calculated using the net profitable amount attributable to holders of ordinary shares as the numerator.

The weighted average number of ordinary shares used for the calculation of basic earnings per share as well as the net profit less the dividend expense to be distributed are as follows:

	<b>2021</b>	<b>2020</b>
Profit attributable to the shareholders (BGN)	21 318 000	20 807 000
Weighted average number of outstanding shares	239 646 267	239 646 267
<b>Basic earnings per share (BGN per share)</b>	<b>0.09</b>	<b>0.09</b>

## 28. Related party transactions

Affiliates of the Company include owners, subsidiaries and associates and key management personnel.

### 28.1. Transactions with owners

	<b>2021</b> <b>BGN '000</b>	<b>2020</b> <b>BGN '000</b>
<b>Purchases</b>		
- <i>purchase of services and interest expense</i>		
- owners	(507)	(433)

### 28.2. Transactions with subsidiaries and other related parties

	<b>2021</b> <b>BGN '000</b>	<b>2020</b> <b>BGN '000</b>
<b>Sales</b>		
<i>sales of services and interest income</i>		
- subsidiaries	4 340	4 876
- other related parties	544	-
<b>Purchases</b>		
<i>purchase of services, goods and interest expense</i>		
- subsidiaries	(3 478)	(2 824)
- other related parties	-	(21)

### 28.3. Transactions with key management personnel

Key management of the Company includes members of the managing board and supervisory board. Key management personnel remuneration includes the following expenses:

	<b>2021</b> <b>BGN '000</b>	<b>2020</b> <b>BGN '000</b>
Short-term employee benefits:		
Salaries including bonuses	(168)	(1 779)
Social security costs	(16)	(24)
<b>Total remunerations</b>	<b>(184)</b>	<b>(1 803)</b>



## 29. Related party balances at year-end

	2021 BGN '000	2020 BGN '000
<b>Non-current receivables from:</b>		
- subsidiaries	126 962	59 120
- other related parties	43 181	53 181
Expected credit losses and impairment losses	(9 909)	(5 422)
<b>Total non-current receivables from related parties:</b>	<b>160 234</b>	<b>106 879</b>

	2021 BGN '000	2020 BGN '000
<b>Current receivables from:</b>		
- owners and key management personnel	20 083	20 083
- subsidiaries	39 632	71 184
- other related parties	24 391	64 333
Expected credit losses and impairment losses	(19 677)	(42 496)
<b>Total current receivables from related parties:</b>	<b>64 429</b>	<b>113 104</b>

A significant part of the loans provided to related parties are secured by guarantees under option contracts on three Airbus A320 aircrafts.

	2021 BGN '000	2020 BGN '000
<b>Non-current payables to:</b>		
- subsidiaries	21 833	21 321
<b>Total non-current payables to related parties</b>	<b>21 833</b>	<b>21 321</b>

	2021 BGN '000	2020 BGN '000
<b>Current payables to:</b>		
- owners	20 804	17 970
- subsidiaries	145 687	140 885
- other related parties	612	7 262
<b>Total current payables to related parties</b>	<b>167 103</b>	<b>166 117</b>

## 30. Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings BGN '000	Short-term borrowings BGN '000	Total BGN '000
<b>1 January 2021</b>	<b>41 791</b>	<b>7 801</b>	<b>49 592</b>
<b>Cash flows:</b>			
Principle repayments	(9 534)	(7 336)	(16 870)
Interest payment	-	(914)	(914)
Proceeds	194	-	194
<b>Non-cash transactions:</b>			
Borrowings reclassification	(551)	551	-
Off-settings	-	(629)	(629)
Accrual of dividend liability	(867)	-	(867)
Accrued interest	106	1 013	1 119
<b>31 December 2021</b>	<b>31 139</b>	<b>486</b>	<b>31 625</b>

	Long-term borrowings BGN '000	Short-term borrowings BGN '000	Total BGN '000
<b>1 January 2020</b>	39 802	17 482	57 284
<b>Cash flows:</b>			
Principle repayments	-	(7 334)	(7 334)
Interest payment	-	(1 076)	(1 076)
<b>Non-cash transactions:</b>			
Borrowings reclassification	1 989	(1 989)	-
Accrual of dividend liability	-	(590)	(590)
Accrued interest	-	1 308	1 308
<b>31 December 2020</b>	<b>41 791</b>	<b>7 801</b>	<b>49 592</b>

### 31. Non-cash transactions

During the presented reporting periods the Company has performed the following transactions in which no cash or cash equivalents have been used and which are not reflected in the separate statement of cash flows from financing activities:

- In 2021, the Company made offsets of receivables against liabilities with related parties in the amount of BGN 49 135 thousand and with unrelated parties in the amount of BGN 629 thousand.

### 32. Dividends

In 2021, no dividends were distributed to the shareholders holding ordinary shares.

In 2020, no dividends were distributed to the shareholders holding ordinary shares.

The tax on dividends to individuals and non-resident legal entities from countries other than EU countries and the EEA Agreement amounts to 5% in 2021 and 2020, with the tax deducted from the gross amount of the dividends.

### 33. Contingent liabilities

The company has provided guarantees under Art. 240 of the Commercial Law as a member of the management and supervisory bodies of Bulgarian River Shipping AD and Exploration and Production of Oil and Gas AD.

The Company is a solidary debtor under the following credit agreements:

- credit line agreement concluded between Commercial Bank and Zarneni Hrani Bulgaria AD in the amount of BGN 1 980 thousand as of 31 December 2021 with a repayment schedule with a deadline of 10 November 2024; The fair value of the assets pledged as collateral, owned by the borrower, amounts to BGN 21 404 thousand.
- loan agreement between commercial bank and Zarneni Hrani Grain EOOD dated 13.12.2013 maturing on 30.09.2024 and present value of the liability BGN 3 153 thousand; The fair value of the collateral owned by the borrower amounts to BGN 13 071 thousand.

The company is a guarantor of the following contracts:

- bank loan agreement №739 / 21.06.2013, concluded between Bulgarian Commercial Bank and Sunbeams Provia AD in the amount of - BGN 7 039 thousand with a repayment schedule with a deadline of 20.12.2029; The fair value of the collateral owned by the borrower amounts to BGN 44 888 thousand.
- Guarantee agreement with a commercial bank to a loan agreement maturing on 20.12.2029, concluded with Zarneni Hrani Grain EOOD with a total balance at the end of the period of BGN 12 266 thousand. The fair value of the assets, pledged as collateral, owned by the borrower amounts to BGN 18 091 thousand.

- loan agreements between commercial bank and Bulgaria Air Maintenance EAD dated 23.12.2015. with present value of the liability BGN 41 801 thousand and maturity on 31 December 2025; The fair value of the collateral owned by the borrower amounts to BGN 63 466 thousand.
- loan agreements between commercial bank and Bulgaria Air Maintenance EAD dated 1 November 2016 with a present value of the liability of BGN 8 581 thousand and maturity on 30 September 2028; The fair value of the collateral owned by the borrower amounts to BGN 20 330 thousand.
- loan agreements between a commercial bank and M Car Sofia OOD dated 02.08.2016 with a present value of the liability of BGN 21 630 thousand and maturity on 2 November 2029; The fair value of the collateral owned by the borrower amounts to BGN 31 927 thousand.
- loan agreements between commercial bank Eurobank Bulgaria AD and M Leasing EAD dated 09.08.2019. with present value of the liability BGN 15 647 thousand and maturity on 30 November 2027; pledge of all receivables under leasing contracts; pledge of cash receivables on all accounts.
- loan agreements between commercial bank Eurobank Bulgaria AD and Finance Info Assistance EOOD from 01.09.2021 with a present value of the liability of BGN 14 395 thousand and maturity on 01.03.2023; The fair value of the assets / receivables / pledged as collateral, owned by the borrower, amounts to BGN 17 994 thousand.
- credit agreements between commercial bank Eurobank Bulgaria AD and Bulgarian Oil Refinery EOOD dated 29 March 2013 with a present value of the liability of BGN 2 600 000 and maturity on 5 November 2022; Chimimport AD guarantees with a promissory note in the amount of BGN 2 600 000.
- loan agreements between commercial bank and Energoproekt AD from 11.08.2017 and from 14.12.2021 and with first utilization on 28.12.2020, under the first and with present value of the obligation BGN 14 305 thousand and present value of the liability under the second BGN 9 464 thousand and with maturities of 28.02.2026 and 31.01.2029 respectively. Total amount of the loan BGN 16 625 thousand and BGN 9 534 thousand.
- The collaterals under the two loans are: mortgage on a building located in Sofia; pledge of shares and all receivables; pledge of cash receivables on all accounts
- The company has a contract for the issuance of bank guarantees to companies in the group with a limit of 1 mil. BGN due September 2022

The company is a co-debtor or guarantor of its subsidiaries on loans granted by CCB AD in the total amount of BGN 71 589 thousand.

### 34. Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

<b>Financial assets</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>BGN '000</b>	<b>BGN '000</b>
Debt instruments measured at amortized cost			
Granted loans and deposits	8.1,10.1	106 937	110 620
Trade and other financial receivables	11	48 027	49 850
Related party receivables	29	224 663	219 983
Cash and cash equivalents	12	70 075	70 472
Equity instruments at fair value through other comprehensive income			
Unlisted capital instruments	8.2,10.3	14 082	14 082
Financial assets at fair value through profit or loss:			
Non-quoted instruments	8.3, 10.2	234 207	226 346
		<b>697 991</b>	<b>691 353</b>

## Financial liabilities

	Note	2021 BGN '000	2020 BGN '000
Financial liabilities at amortized cost:			
Bank and other borrowings	15	31 625	49 592
Trade and other payables	17	474	514
Related party payables	29	188 936	187 438
		<b>221 035</b>	<b>237 544</b>

See note 4.14 about information related to the accounting policy for each category financial instruments. Description of the risk management objectives and policies of the Company related to the financial instruments is presented in note 35.

## 35. Financial instrument risk

### Risk management objectives and policies

The Company is exposed to various types of risks with respect to its financial instruments. For more information on the financial assets and liabilities by categories of the Company, see note 34. The most significant financial risks to which the Company is exposed are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close co-operation with the managing board and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

As a result of the use of financial instruments, the Company is exposed to market risk and in particular to the risk of changes in the exchange rate, interest rate risk and risk of changes in specific prices due to the operating and investment activities of the Company.

### 35.1. Market risk analysis

#### 35.1.1. Foreign currency risk

Most of the Company's transactions are carried out in Bulgarian leva (BGN). Exposures to currency exchange rates arise from the Company's foreign sales and purchases, which are primarily denominated in Euro and US-Dollars.

To mitigate the Company's exposure to foreign currency risk, non-BGN cash flows are monitored, and forward exchange contracts are entered into in accordance with Company's risk management policies. Generally, Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated into Bulgarian leva at the closing rate:

	Short-term exposure		Long-term exposure	
	USD BGN'000	EUR BGN'000	USD BGN'000	EUR BGN'000
<b>31 December 2021</b>				
Financial assets	140	84 796	-	19 588
Financial liabilities	(7)	(1 383)	-	(12 895)
<b>Total exposure</b>	<b>133</b>	<b>83 413</b>	<b>-</b>	<b>6 663</b>
	Short-term exposure		Long-term exposure	
	USD BGN'000	EUR BGN'000	USD BGN'000	EUR BGN'000
<b>31 December 2020</b>				
Financial assets	129	85 545	-	19 558
Financial liabilities	(6)	-	-	(14 447)
<b>Total exposure</b>	<b>123</b>	<b>85 545</b>	<b>-</b>	<b>5 111</b>

The following tables illustrate the sensitivity of post-tax financial result for the year and equity in regard to exchange rate differences between the Bulgarian Lev (BGN) and the following currencies 'all other things being equal.

The table assumes that the percentage change as at 31 December 2021 of the exchange rate of Bulgarian lev against the US dollar is +/-3.8 % (2020: 6.5 %). These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the exchange rate of the Bulgarian lev against the US dollar increases / decreases by +/- 3.8% (2020: +/- 6.5 %), the change will be reflected in the following way:

	<b>Net financial result</b>	<b>Net financial result</b>
	<b>Increase of the exchange rate</b>	<b>Decrease of the exchange rate</b>
	<b>BGN'000</b>	<b>BGN'000</b>
31 December 2021	5	(5)
31 December 2020	7	(7)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

The development of the global pandemic has affected the economies of countries at the global level and, accordingly, has no pronounced effect on the currency of a particular individual country and hence the design of specific currency risk. As the Company's net result of exchange rate fluctuations in 2021 is a loss due mainly to currency revaluation, it is not possible to estimate what part of this result has occurred as a result of the effects of the Covid-19 pandemic and what due to market and political factors related to the development of exchange rates.

The process of economic recovery in different countries is happening at different speeds, influenced by their ability to organize a process of vaccinating their populations, and hence the currency of these countries will change its course from those in which the pandemic continues to rage. The EU and Bulgaria are in a situation of a slow process of dealing with the Covid-19 pandemic, but as far as the Bulgarian lev is pegged to the euro and the Company's exposure in US dollars is not significant, the Company's currency risk has no direct effect from the Covid-19 pandemic.

### 35.1.2. Interest risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Therefore, long-term debt is usually with fixed interest rates. As at 31 December 2021, the bank's variable-rate bank borrowings do not expose the Company to material interest rate risk. All other financial assets and liabilities of the Company are at fixed interest rates.

### 35.1.3. Other price risk

The Company is exposed to other price risk in respect of the following direct investments in subsidiaries, the shares of which are listed on the Bulgarian Stock Exchange:

- Central Cooperative Bank AD – subsidiary;
- Oil and Gas Exploration and Production AD – subsidiary;
- Zarneni Hrani Bulgaria AD - subsidiary

Investments in shares of subsidiary companies traded on the Bulgarian Stock Exchange act as long-term strategic investments. In accordance with the policy of the Company no specific hedging activities have been initiated in connection with such investments. The operation of these companies is monitored on a regular basis and the control or significant influence over these companies is used to maintain the value of the investments in these companies.

## 35.2. Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	2021 BGN'000	2020 BGN'000
Classes of financial assets – carrying amounts:		
Securities / financial assets /	248 289	240 428
Loans granted	106 937	110 620
Related party receivables	224 663	219 983
Trade and other financial receivables	48 027	49 850
Cash and cash equivalents	70 075	70 472
<b>Carrying amount</b>	<b>697 991</b>	<b>691 353</b>

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Company's financial assets are pledged as collateral on other transactions.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, money market funds, debentures and derivate financial instruments is considered negligible since the counterparties are reputable banks with high quality external credit ratings. The carrying amounts disclosed above are the Company's maximum possible risk exposure in relation to these financial instruments.

As the company operates through its investments in various sectors of the economy, supply chain disruptions, disruptions in transport flows and quarantine measures have a direct impact on some sectors such as air transport. The impact of the pandemic is reflected through the effect on the activity of investments and the volatility in the prices of the financial instruments that the Company owns.

Throughout entire 2021 and 2020 there was a high degree of uncertainty in assessing the impact of the coronavirus pandemic on the macroeconomic development of individual economies. Estimates ranged from catastrophic declines to levels close to those initially projected. Individual countries, depending on their approaches to dealing with the pandemic and the introduced closures ("lockdowns"), registered different elasticity of change of the individual macroeconomic indicators compared to the baseline forecasts made since the beginning of the year. Great importance also had the support measures introduced in the various countries, which sought to greatly support the income of employees in closed companies and to prevent rising unemployment and a collapse in consumption. To the extent that these measures varied in intensity, volume and success from country to country, the effect was different in terms of macroeconomic parameters.

In this situation, various governments, including the Bulgarian announcement of measures to provide direct financial assistance and non-financial assistance to detect sectors and business organizations. Similarly, actions were taken to support and stimulate the economy and economic entities the various regulators - the ECB, EBA, BNB.

The models used by the Company to assess credit losses have not been changed related to the global pandemic of Covid-19, as their accuracy and adequacy depends on the risk parameters that serve to calculate the amount of expected credit losses.

### 35.3. Liquidity risk analysis

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing

facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company maintains cash to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 December 2021 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2021	Short-term		Long-term
	Within 6 months	Within 12 months	2 to 5 years
	BGN'000	BGN'000	BGN'000
Bank and other borrowings	486	-	31 139
Related party payables	91 549	75 554	21 833
Trade and other payables	474	-	-
<b>Total</b>	<b>92 509</b>	<b>75 554</b>	<b>52 972</b>

As at 31 December 2020 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2020	Short-term		Long-term
	Within 6 months	Within 12 months	2 to 5 years
	BGN'000	BGN'000	BGN'000
Bank and other borrowings	2 449	5 352	41 791
Related party payables	79 650	86 467	21 321
Trade and other payables	514	-	-
<b>Total</b>	<b>82 613</b>	<b>91 819</b>	<b>63 112</b>

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Annual interest payments amount to BGN 1 405 thousand (2020: BGN 2 621 thousand).

### Financial assets used for managing liquidity risk

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within 1 year.

## 36. Fair value measurement

### 36.1. Fair value measurement of financial instruments

The fair value of financial instruments is presented in comparison with their carrying value at the end of the reporting periods in the table below:

Financial assets	31 December 2021		31 December 2020	
	Fair value	Carrying amount	Fair value	Carrying amount
	BGN'000	BGN'000	BGN'000	BGN'000
Financial assets at fair value through profit or loss	234 207	234 207	226 346	226 346
	<b>234 207</b>	<b>234 207</b>	<b>226 346</b>	<b>226 346</b>

The following table presents financial assets and liabilities measured at fair value in the separate statement of financial position in accordance with the fair value hierarchy. This hierarchy groups

financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the separate statement of financial position are grouped into the fair value hierarchy as follows:

<b>31 December 2021</b>	<b>Level 3 BGN'000</b>
<b>Assets</b>	
Non-listed equity instruments	234 207
Total	<u>234 207</u>
<b>31 December 2020</b>	<b>Level 3 BGN'000</b>
<b>Assets</b>	
Non-listed equity instruments	226 346
Total	<u>226 346</u>

There have been no significant transfers between levels in the reporting periods.

#### **Measurement of fair value**

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period and are as follows.

Shares, not publicly traded

The fair value measurement is based on observed prices of recent market transactions with equities of similar companies adjusted for specific factors.

#### **36.2. Fair value measurement of non-financial assets**

The following table presents the levels in the hierarchy of non-financial assets as at 31 December 2020, measured periodically at fair value:

<b>31 December 2021</b>	<b>Level 3 BGN'000</b>
<b>Investment property</b>	
- land and buildings	35 831
<b>31 December 2020</b>	<b>Level 3 BGN'000</b>
<b>Investment property</b>	
- land and buildings	35 831

Land and buildings (Level 3)

The fair value of the investment properties is determined by the Company on the basis of the weighted average of the values derived from asset approach, market approach and income approach as at 31 December 2021 by independent licensed appraisers.



### 37. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to the shareholder by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the correlation between capital and net debt.

The Company determines the capital based on the carrying amount of equity included in the separate statement of financial position.

Net debt comprises of total liabilities less the carrying amount of cash and cash equivalents.

The objective of the Company is to maintain a ratio of capital to net debt at levels which would ensure relevant and conservative ratio of financing.

The Company manages the capital structure and adjusts according to changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The amount of the correlation for the presented accounting periods is summarized as follows:

	<b>2021</b>	<b>2020</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Equity	1 283 761	1 262 432
<b>Capital</b>	<b>1 283 761</b>	<b>1 262 432</b>
+Total Liabilities	241 894	256 870
- Cash and cash equivalents	(70 075)	(70 472)
<b>Net debt</b>	<b>171 819</b>	<b>186 398</b>
<b>Capital to net debt</b>	<b>1;0.13</b>	<b>1:0.15</b>

The ratio in 2021 is the same compared to 2020. The decrease is mainly due to early repaid bank loans. The Company has complied with the terms of its contractual obligations, including the maintenance of certain capital ratios.

### 38. Post-reporting date events

No significant adjusting or non-adjusting events occurred between the date of the separate financial statements and the date of its approval by management on 31 March 2022 for publication, except for the following non-adjusting events:

In connection with the ongoing global pandemic of Covid-19, described in Note 2 to these separate financial statements, the duration of the emergency epidemic situation in Bulgaria was extended until 31 March 2022.

In view of the ongoing coronavirus pandemic, the Company's management is unable to assess the impact of a potential new wave or strain on its future financial condition and performance, but considers that with a fading effect, the potential impact could lead to more -weak volatility of the market and price risk related to the financial assets of the Company and less likelihood of negative effects on its activities. The abolition of the imposed emergency measures and restrictions by the various countries and governments will have a positive effect on economic activity.

On 21 February 2022, by decree of the President of the Russian Federation, the Donetsk People's Republic and the Luhansk People's Republic were recognized as independent states. On 24 February 2022, the Ministry of Defense of the Russian Federation announced a "special military operation" on the territory of the Republic of Ukraine.

The military actions started on the territory of the Republic of Ukraine and the related measures, which were introduced by the countries of the European Union, incl. Bulgaria vis-à-vis Russia (Russian Federation) and reciprocally - create geopolitical, macroeconomic and market tensions, which are expressed in high prices of goods, energy resources, inflation and market fluctuations.

The economic consequences of the military conflict in Ukraine cannot be assessed, but they are already indicating extremely serious effects on the overall global economy. Energy and raw material prices - including wheat and other cereals - have risen sharply, further exacerbating inflationary pressures from supply chain disruptions and the recovery from the Covid-19 pandemic. Price shocks are expected to have an impact worldwide. If the conflict develops negatively or lasts for a longer period of time, the economic damage will be significant and is expected to affect all sectors of the economy, both Bulgaria and the EU.

As of 31 December 2021, the Company's exposure to persons from Russia / Russian Federation and Ukraine amounts to 0.51% of the balance sheet assets and is formed almost entirely by exposure to equity instruments in a financial institution in Russia / Russian Federation and funds deposited in the same. As of the date of this report, the equity exposure has been sold, with the residual exposure to individuals from Russia / Russian Federation and Ukraine being less than 0.07% of total assets, none of which is to those affected by sanctions regimes. The exposure to these persons is almost entirely formed in euros and in this sense is not affected by the currency fluctuations of the national currencies of the two countries. The capital control measures introduced in Russia / Russian Federation would prevent the withdrawal of this exposure at any time, but the bank has defended its position by attracting deposits from the same persons denominated in the same currency - the euro, in excess of the direct your exposure.

As of the date of the report, no threats for negative changes in the financial condition of the Company's counterparties with indirect business dependence on the Russian and Ukrainian markets have been identified.

The management of the Company will continue to monitor the potential impact and will take all possible measures to mitigate any potential effects.

The management of the Company has taken a set of organizational measures in order for the Company to meet all restrictions and sanctions imposed on the transfer of funds to and from Russia and / or sanctioned persons and institutions, including activities to increase and strengthen protection against potential malicious acts. and attacks on information resources and infrastructure.

### **39. Authorization of the financial statements**

The separate financial statements for the year ended 31 December 2021 (including comparatives) were approved by the Managing board on 30 March 2022.

**2021**

**ANNUAL ACTIVITY  
REPORT**

# CONTENT

GENERAL INFORMATION

INFORMATION ON COMPANY'S OPERATIONS

INFORMATION ACCORDING TO REGULATIONS

INFORMATION according to Annex 2 from Regulation  
2/09.11.2021

INFORMATION according to Annex 3 from Regulation  
2/09.11.2021

GENERAL RISKS AND UNCERTAINTIES

DECLARATION OF CORPORATE MANAGEMENT

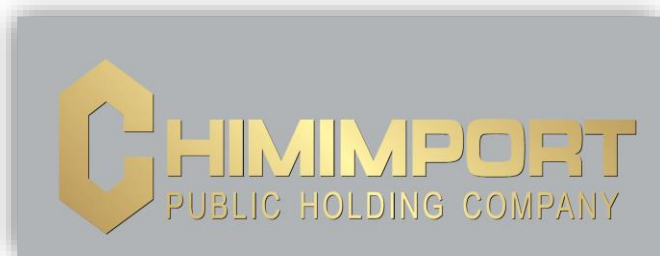
## INTRODUCTION

For more than 70 years, Chimimport AD is one of the most successful Bulgarian enterprises. It started as a foreign trade company specializing in the marketing of chemical products, today "Chimimport" AD is an established holding company, uniting more than 70 successful companies. They hold leading positions in the different economic sectors in which they carry out their activities: banking, insurance and pension insurance; aviation, river and maritime transport; production, extraction and trading of petroleum products and natural gas; production, processing and marketing of cereals, vegetable oils and biofuels.

Each of the 6 000 employees in Chimimport's structure contributes to the successful integration of the Bulgarian business in compliance with the European standards. Recent years have strengthened the company as a leader of the "Bulgarian Stock Exchange - Sofia" AD which is the result of the proper planning of the investments and the professional actions and the efforts of the management.

The company's activity as a public company is the creation and validation of effectively functioning models of corporate management, guaranteeing equal treatment and protection of the rights of all shareholders. Practice is the transparently and correct disclosure of information needed by current shareholders, stakeholders and potential investors.

The goals of Chimimport AD for the following years remain unchanged - increasing the growth rate of the company; consolidating the positions of the investment portfolio companies as leading in their market sectors not only on the Bulgarian market but also on the international market; increasing the efficiency of manufacturing enterprises through the continuous introduction of new technologies and products; raising the reputation and assets of the company.



A handwritten signature in blue ink, consisting of several large, fluid loops and strokes, positioned above the name and title of the CEO.

**IVO KAMENOV**  
**CEO/Chief Executive Officer/**

## GENERAL INFORMATION

### THE COMPANY TODAY

<b>Share capital</b>	BGN 239 646 thousand
<b>Equity</b>	BGN 1 283 761 thousand
<b>Assets</b>	BGN 1 525 655 thousand
<b>Net Profit</b>	BGN 21 318 thousand.

**Executive directors** Ivo Kamenov

Marin Mitev

**Majority Shareholder** „Invest Capital“ AD – 72.39%

**Minority shareholders of Chimimport AD are respected international companies and institutions**

UniCredit Bank Austria - Austria

Eurobank Ergasias - Greece

Eaton Vance Emerging Markets Funds – USA

Raiffeisen Bank International – Austria

BNP Paribas Securities Services S.C.A. – France

UBS Switzerland AG - CI

Approximately 201 legal entities and over 3 200 individuals.

## GENERAL INFORMATION

### MANAGING BODIES



#### *Members of Supervisory Board :*

Chairman of the Supervisory Board  
Invest Capital AD

Member of the Supervisory Board  
CCB Group EAD

Member of the Supervisory Board  
Mariana Bazhdarova.

#### *Members of Managing Board:*

Chairman of the Managing Board  
Tsvetan Botev

Deputy Chairman of the Managing Board;  
Alexander Kerezov

Executive Director and Member of the Managing Board  
Ivo Kamenov

Executive Director and Member of the Managing Board  
Marin Mitev

Member of the Managing Board  
Nikola Mishev

Member of the Managing Board  
Mirolyub Panchev

The Company is managed by a two-tier management system.

Boards are:

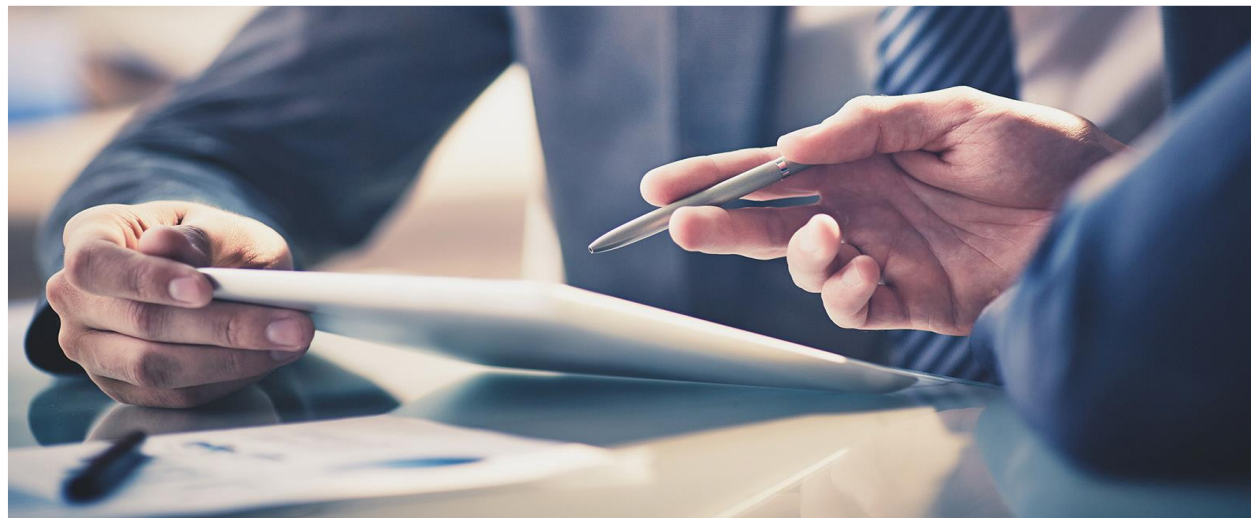
- General Meeting of Shareholders
- Supervisory Board
- Managing Board

“Chimimport” AD is represented by its executive directors Ivo Kamenov and Marin Mitev together and separately.

## GENERAL INFORMATION

**Additional information about the governing bodies according to art. 247, para 2, item 4 of the CA.**

Information on the participation of the members of the Supervisory and Management Board in commercial companies as unlimited partners, the ownership of more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperatives such as procurators, managers or board members according to art. 247 of the CA.



### **SUPERVISORY BOARD**

**Mariana Angelova Bajdarova - Member of the Supervisory Board:**

<b>Company</b>	<b>UIC</b>	<b>Interest</b>
<b>Chimimport AD</b>	000627519	Member of the Supervisory Board
<b>MB CONSULT COMMERS (in liquidation)</b>	203868694	Partner– over 25%
<b>Does not participate in the management of other companies or cooperatives as procurator, manager or member of boards according to art. 247 of the CA;</b>		

### **MANAGEMENT BOARD**

**Tsvetan Tsankov Botev Chairman of the Management Board of Chimimport AD:**

<b>Company</b>	<b>UIC</b>	<b>Interest</b>
<b>Chimimport AD</b>	000627519	Chair of the Supervisory Board
<b>Central Cooperative Bank AD</b>	831447150	Deputy chair of the managing board
<b>Bulhimtrade OOD</b>	200477808	Manager
<b>PHARMA GBS DZZD</b>	176397025	Manager
<b>Chimimport-Biopharm Engineering Consortium DZZD</b>	131071224	Manager

**Does not own more than 25 percent of the capital of other commercial companies.**



## GENERAL INFORMATION

**Ivo Kamenov Georgiev - Executive Director, Representative of a legal entity in the Supervisory Board and member of the Management Board and the Management Board of Chimimport AD:**

<i>Company</i>	<i>UIC</i>	<i>Interest</i>
<b>Chimimport AD</b>	000627519	Member of the Management Board, Member of the Supervisory Board and Executive Director
<b>Invest Capital AD</b>	831541734	Member of the Board of Directors and Executive Director
<b>CCB Group EAD</b>	121749139	Chairman of the Board
<b>Central Cooperative Bank AD</b>	831447150	Chairman of the Supervisory Board
<b>Capital Invest EAD</b>	121878333	Representative who exercises the rights and obligations of the member Invest Capital AD in the Board of Directors
<b>Invest Capital Asset Management EAD</b>	200775128	Representative who exercises the rights and obligations of the member Invest Capital AD in the Board of Directors
<b>Invest Capital Management OOD</b>	103045368	Partner - over 25%
<b>Varna consulting company OOD</b>	103060548	Partner - over 25%
<b>National Martial Arts Association Georgiev Law firm</b>	176868502	Representative and manager
<b>M CAR GROUP AD</b>	177523879	Manager
<b>M CAR PLEVEN OOD</b>	203384266	Procurator
<b>M CAR SOFIA EOOD</b>	114074410	Procurator
	203645296	Procurator

**Marin Velikov Mitev - Executive Director, Member of the Supervisory Board and the Management Board of Chimimport AD:**

<i>Company</i>	<i>UIC</i>	<i>Interest</i>
<b>Chimimport AD</b>	000627519	Member of the Management Board and Executive Director
<b>Golf Shabla AD</b>	124712625	Member of the Management Board and Executive Director
<b>Invest Capital AD</b>	831541734	Member of the Management Board and Executive Director
<b>Sporten Complex Varna AD</b>	103941472	Member of the Management Board and Executive Director
<b>Varna plod AD</b>	103106697	Member of the Management Board
<b>CCB Group EAD</b>	121749139	Member of the Supervisory Board
<b>Central Cooperative Bank AD</b>	831447150	Member of the Supervisory Board
<b>Association Sports Club TIM</b>	103014351	Chairman and Manager
<b>Martial Arts Sports Club Association TIM</b>	103606634	Chairman of the Board and Manager
<b>Bulgarian Karate Kyokoshin Federation</b>	103570622	Chairman of the Board and Manager
<b>Association - Aerobics Club "TIM - Class"</b>	103556156	Member of the Board
<b>Association of Black Sea Sports Clubs</b>	000090542	Member of the Board
<b>National Board of Tourism Association</b>	175090938	Member of the Board
<b>ET Marin Mitev Project Management</b>	103326073	Owner
<b>Varna Consulting Company OOD</b>	103060548	Partner – over 25%
<b>Invest Capital Management OOD</b>	103045368	Partner – over 25%

## GENERAL INFORMATION

**Alexander Dimitrov Kerezov - Deputy. Chairman and member of the Management Board of Chimimport AD:**

<i>Company</i>	<i>UIC</i>	<i>Interest</i>
Chimimport AD	000627519	Member of the Board
Central Cooperative Bank AD	831447150	Member of the Board
Bulgarian Airways Group EAD	131085074	Member of the Board of Directors
CCB Group EAD	121749139	Member of the Board
Zarneni Hrani Bulgaria AD	175410085	Member of the Board and representative
ZAD Armeec AD	121076907	Member of the Board
Parahodstvo Bulgarsko Rechno Plavane AD	827183719	Member of the Board
POAD CCB Sila AD	825240908	Member of the Supervisory Board
Asenova Krepost AD	115012041	Member of the Board
SK HGH Consult OOD	130452457	Manager
Proekt ART OOD	203844348	Manager and Partner - over 25%
Association SAGLASIE 066	176941060	Chairman of the Management Board and representative
Foundation SAGLASIE Sofia	205004556	Chairman of the Management Board and representative
United Grand Lodge of Bulgaria Association	130688048	Member of the Management Board
ALEX AS EOOD	131105146	Manager and Owner
Zarneni Hrani Plovdiv EOOD	130574490	Manager

**Nikola Peev Mishev - Member of the Management Board of Chimimport AD:**

<i>Company</i>	<i>UIC</i>	<i>Interest</i>
Chimimport AD	000627519	Member of the Board
Zarneni Hrani Bulgaria AD	175410085	Member of the Board
Asenova Krepost AD	115012041	Member of the Board and representative
Energoproekt AD	831367237	Member of the Supervisory Board
Ekspert snab OOD	131388356	Manager
Bulhimtrade OOD	200477808	Manager
Rabur Trade OOD	130430425	Manager
Chimceltex EOOD	130434434	Manager
<b>Does not own more than 25 percent of the capital of other commercial companies.</b>		

## GENERAL INFORMATION

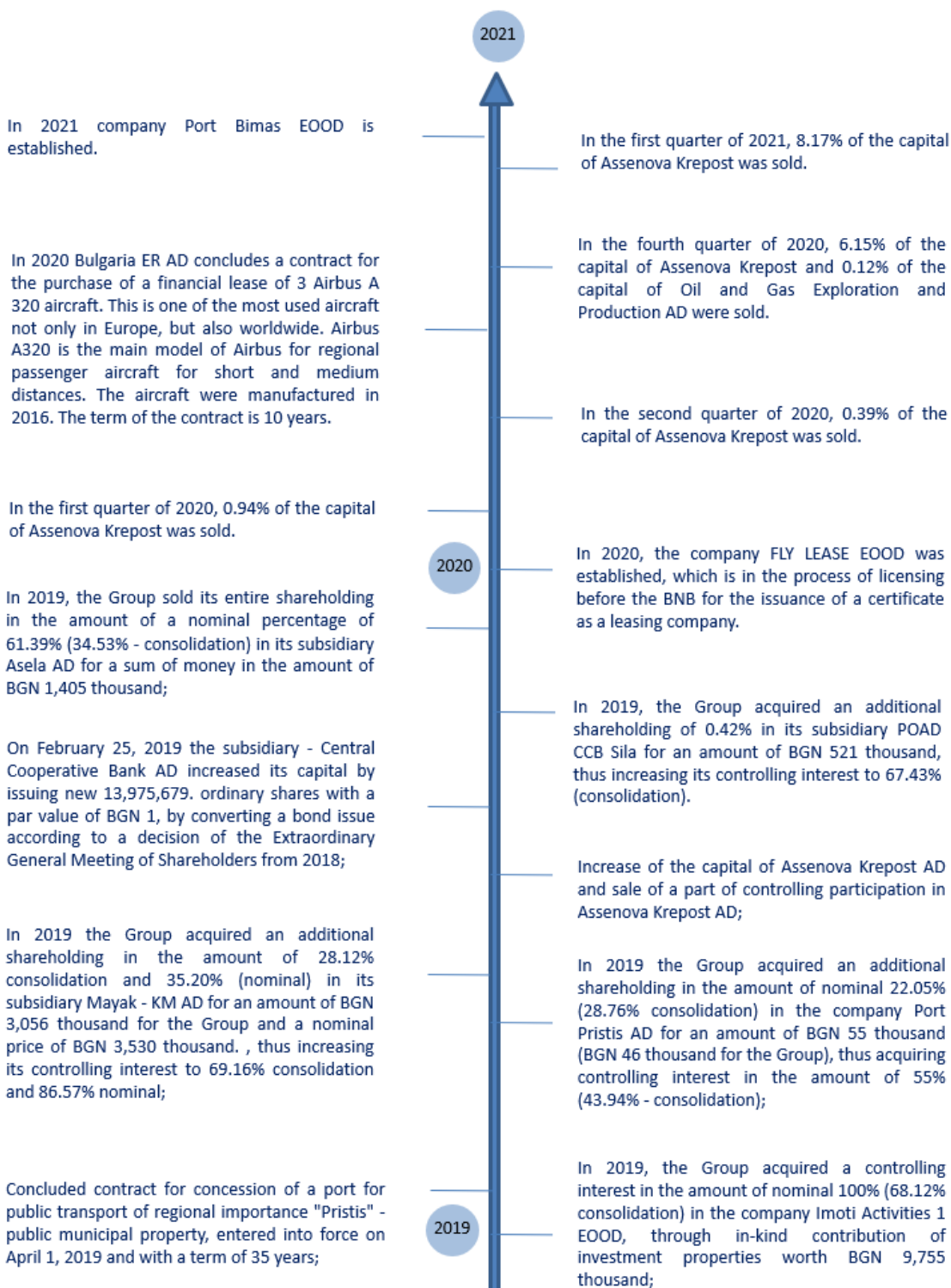
### Mirolyub Panchev Ivanov - Member of the Management Board of Chimimport AD:

<i>Company</i>	<i>UIC</i>	<i>Interest</i>
<b>Chimimport AD</b>	000627519	Member of the Board
<b>ZAD Armeec</b>	121076907	Representative and Member of the Board
<b>National Stock Exchange AD</b>	115223519	Member of the Board of Directors
<b>Bulgarska korabna kompania EAD</b>	175389730	Member of the Board of Directors
<b>CCB Real Estate Fund ADSIC</b>	131550406	Executive Director and Member of the Board of Directors
<b>Oil and Gas production and exploration AD</b>	824033568	Member of the Board
<b>Capital Invest EAD</b>	121878333	Executive Director and Member of the Board of Directors
<b>Invest Capital Asset Management EAD</b>	200775128	Executive Director and Member of the Board of Directors
<b>POAD CCB Sila AD</b>	825240908	Member of the Supervisory Board
<b>Omega Finance OOD</b>	181385114	Manager
<b>Prime Lega Consult EOOD</b>	130993620	Manager
<b>TI AD</b>	121483350	Executive Director and Member of the Board of Directors
<b>Zarneni hrani Bulgaria AD</b>	175410085	Member of the Board
<b>Project Company 1 AD</b>	205105587	Executive Director and Member of the Board of Directors
<b>Rubicon Project EOOD</b>	202902446	Manager
<b>Mutual Fund "Invest Capital-High-yield "</b>	175860666	Manager
<b>ENERGOMAT EOOD</b>	131095780	Manager
<b>ENERGOPROEKT AD</b>	831367237	Member of the Supervisory Board
<b>CONSORTIUM TECHNOCAPITAL DZZD</b>	176018753	Manager
<b>CENTRAL VACUUM SYSTEMS EOOD</b>	200631195	Manager
<b>CRONE BULGARIA AD</b>	130517595	Executive Director and Member of the Board of Directors

**Does not own more than 25 percent of the capital of other commercial companies.**

## GENERAL INFORMATION

## HISTORY OF CHIMIMPORT AD



## GENERAL INFORMATION

## HISTORY OF CHIMIMPORT AD

During December, 2018, Parahodstvo Bulgarsko Rechno Plavane AD submitted to FSC and BSE information about the sale of the tanker-barge "BRP TE-1". Zarneni Hrani Bulgaria AD sells 83,000 shares of the capital of its subsidiary Asenova krepost AD;

On 20th April 2018, with a contract for purchase and sale of shares Zarneni Hrani Bulgaria AD acquired 389 ordinary registered ;shares representing 19.99% of the capital of Dobrich Fair AD;

In the third quarter of 2017, the Group established the company Rest and Fly;

During the first half of the 2017 the Group set up the company Rentintercar EOOD, by an in-kind contribution of motor vehicles;

On 15 June 2016 all 88 770 671 preferred shares of Chimimport AD were mandatory converted into ordinary shares, under the terms of the issue prospectus;

In 2013 the group acquired a 49% investment in Swissport Bulgaria AD . The company has sales of a substantial part of its participation in PIC "Syglasie";

In 2012 is established newly company Port Invest EOD. At the end of 2012 the group acquired 16,425,981 ordinary shares with voting rights of the capital of IK Bank OAO headquartered in Kazan, Russia, which receives a controlling interest in the bank's capital amounted to 59,47%;

In 2010 "CCB" AD acquires 93.72% of the capital of Macedonia "Stater Bank" Kumanovo; Parent Company - Invest Capital AD acquires 85% stake in the authorized representative of BMW's automobile concern Plovdiv, Stara Zagora and Haskovo - "M Car" OOD

On October 23, 2018, Parahodstvo Bulgarsko Rechno Plavane AD sold 3600 shares of the capital of its subsidiary Port Pristis OOD to Balkantours EOOD;

On 30th July 2018 with a contract for purchase and sale of shares Trans Intercas AD sells its full participation in Rentintercar EOOD;

On 15th March 2018, all the shares owned by Zarneni Hrani Bulgaria AD from the capital of its subsidiary Pharmimport AD were sold under a contract for the purchase and sale of a temporary certificate;

On 1st April 2017, Zarneni Hrani Bulgaria AD sold with a contract for the purchase and sale of shares the investment in his subsidiary Texim Trading AD;

In 2013, "Bulgarian Airways Group" EAD acquired 42.50% of the capital of "Silver Wings Bulgaria" OOD - a joint venture for airport catering to "Alpha Flight Group", UK and "Lufthansa Service Europe / Africa," Germany;

Ends the merger of the Macedonian commercial banks owned by the group - through the merger of "Stater Banka" AD Kumanovo " in CCB AD Skopje; "Bulgarian River Shipping" AD and "Bulgarian Maritime Fleet" AD set up a joint venture "Varnaferry" OOD; Bulgarian Airways Group EAD increased the voting rights by 4.9% and its participation in the equity of an associate "Lufthansa Technik Sofia" OOD- up to 24.9 % ; The Group acquired 75% stake in "Natsionalna stokova borsa" AD;;

In 2009 successfully completed the procedure for increasing the capital of "Chimimport" AD from BGN 150 million to BGN 239.65 million by issuing new 89 646 283 preferred registered shares without voting rights with 9% guaranteed dividend, guaranteed liquidation share, convertible into ordinary shares with a par value of one lev and issue price of BGN 2.22. As a result of the share capital increase was cash reserve was formed amounting to BGN 199 million .; The national flag carrier "Bulgaria Air" AD acquired 45% of the company - a leader on the Bulgarian market of reservation services - "Amadeus Bulgaria" OOD. (a subsidiary of the Spanish Amadeus IT Group);

2018

2009

## GENERAL INFORMATION

## HISTORY OF CHIMIMPORT AD

In 2008 "CCB" AD acquired majority stake in the Macedonian bank "Silex Bank" AD Macedonia renamed later "CCB Skopje" AD. In the same year "Chimimport" AD successfully placed an issue of secured exchangeable bonds worth EUR 65 mln, with 7-year maturity, convertible to common shares of "Chimimport" AD;

In 2006 "Chimimport" AD acquired 99.13% of the capital of "Bulgarian River Shipping" AD; The subsidiary "Port Lesport" AD concluded the 30-year contract; Through "Port Balchik" AD, the group won concession for a period of 25 years of "Terminal Balchik";

In 2004 the financial sub-holding "CCB Group Assets Management" AD (currently "CCB Group" EAD) was established ; Chimimport AD acquired the shares of the CCB AD from "Central Cooperative Union" CCB - 23.45% of the bank's capital;

In 2003 privatization of "Oil and gas exploration and production" AD was successfully completed;

On 5 October 1994, the Privatization Agency entered a contract with the company's managerial team, united in Invest Capital AD /Chimimport Invest AD/ for the selling of 58.7% of the capital of Chimimport AD, increase to 63.01 % in the 1995;

The export product list reached more than 125 position in the beginning of 80s ;

Chimimport AD has had nomenclature of more than 70 export positions and 41 import stock groups in the end of 60s;

The 50s mark the beginning of export activity - herbs, essential oils and cultivated plant materials; In 1959 DTP Chimimport merged with DTPP Bulgarian rose and began export of rose oil;

In 2007 "Chimimport" AD acquired 99.99% of the capital of "Bulgaria Air" AD, such as the Bulgarian state retains a "golden share"; Bulgarian Airways Group EAD / Bulgarian Aviation Group "EAD / conclude an agreement establishing a joint venture with Lufthansa Technik AG " Lufthansa Technik Sofia ". In the same year licenses from the Financial Supervision Commission for life insurance company "CCB Life" EAD and Health Insurance Company "CCB Health" EAD were received- sold in 2013;

The capital of "Chimimport" AD increased to BGN 130 million. "Chimimport" AD became a public interest company;

In 2005 the following sub-holding structures were established - "Bulgarian Shipping Company" EAD - for river and sea transport and "Chimimport Group" EAD - commercial and manufacturing activities; "Chimimport" AD acquired 49.28% of the third by assets and market share pension insurance company in Bulgaria - PIC "Syglasie" AD. Nearly 50% of the acquired interest was sold in 2013 realizing a significant return;

In 2002 "Chimimport" AD - acquired 32.77% of "CCB" AD; -acquired 91.92% of the capital of Armeec Insurance JSC - acquired a controlling stake in the capital of POAD "CCB-Sila";

In 2001 "Chimimport" EAD acquired 23% of the capital of "CCB" AD and established consortium to manage the bank with another major shareholder - the "Central Cooperative Union";

On the grounds of Order No. 56 Resolution No. 1 dated January, 24, 1990, company case No 2655/1989 Joint-stock Company named Chimimport was established with own capital at the amount of EUR 5.11 mln.

IDTP "Chimimport" VTP "Neftochim" and VTD "Lesoimpeks" join to create VTO "Chimimport" ", which imports, exports and re-exports chemicals, chemical raw materials, natural gas, petroleum, petrochemicals, pulp and paper in 1977;

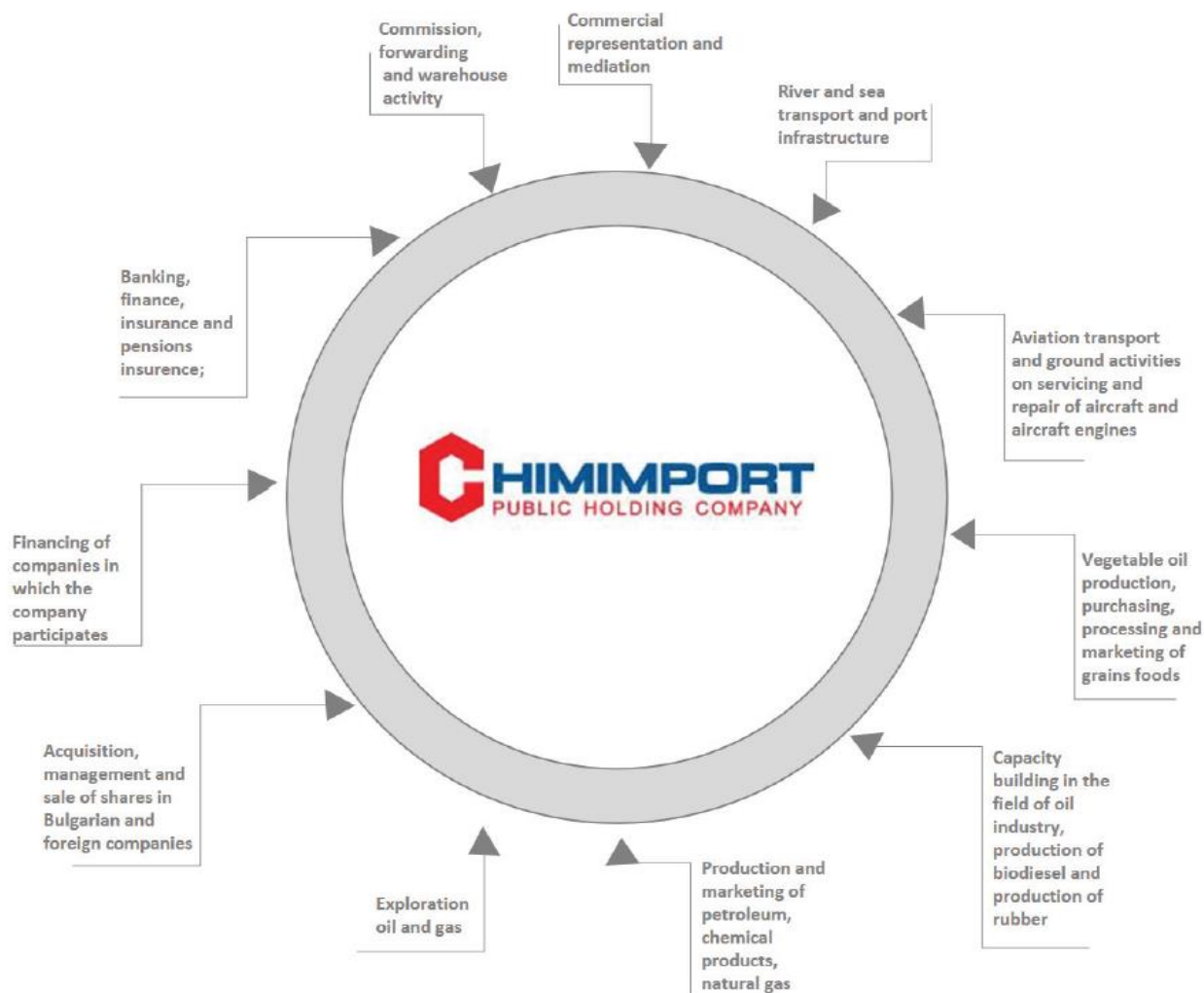
In 1963 the first re-export deal is realized- the sale of calcined sodium from Belgium to Japan;

On the grounds of a report, issued by the Minister of Commerce and Food dated March, 24, 1947, the Council of Ministers on their meeting held on April, 04, 1947, with Resolution No. 7 – Protocol No. 50, established the State Commercial Enterprise under the name "Chimimport" for import of chemical products;



## SCOPE OF ACTIVITY

Chimimport AD develops its activities through its subsidiaries. Its financial position, operating results and prospects are directly dependent on the status, results and prospects of its subsidiaries.



## MAIN STRATEGY AND BUSINESS MODEL

The financial sector, an area where the group strives to offer a full range of services to its clients. The financial group under the "Chimimport" AD now includes a universal commercial bank, which has traditionally good positions in lending, life and non- life insurance companies, pension company, management company (mutual funds).

Transport is an important sector for the group. Bulgaria is geographically located at the crossroads between Europe and Asia / Middle East, as five of the ten Trans-European transport corridors pass through the country. The group of "Chimimport" AD develops air, river and sea transport, and in all three cases seek to cover the entire spectrum of activities, not just transport ( incl. the management of airports and ports, repair and maintenance vehicles, cargo handling, agency).

Both in the transport sector and in agriculture, "Chimimport" AD seeks to spread its activities over the full spectrum of business - in this case, focusing firstly on buying, trading, logistics, storage of grain and oilseeds, actively seeking and exploiting interconnections and synergies with other businesses (transport, finance, etc.).

The sector exploration and production of oil and gas is primarily develop through its subsidiary PDNG AD, which is the only Bulgarian company engaged in the full range of activities in prospecting, exploration, development and exploitation of oil and gas fields and processing crude oil into finished products for the market. And is the successor of the main geological, scientific research and production enterprises and objects of Bulgarian oil industry with over 50 years of history.



The company's development and investment plans in the short term are structured in two main directions - strengthening and optimization of already achieved and entering new markets.



## ОСНОВНА СТРАТЕГИЯ И БИЗНЕС МОДЕЛ

## OVERVIEW OF THE COMPANY'S OPERATIONS

**Analysis of financial and non-financial key performance indicators relevant to the business, including information on environmental issues and staff**

The financial result for the reporting year 2021 is profit before taxes in the amount of BGN 23 865 thousand, and after tax BGN 21 318 thousand. The reported increase in the amount of BGN 9.27% for gross and resp. by 2.46% for the net result or an increase of BGN 2 025 thousand and BGN 511 thousand for the net result compared to the comparative period is mainly due to the slight stabilization, after the difficult for all economic sectors 2020 passed under the sign of the pandemic of Covid-19.

For the reporting year 2021 the Company has the following financial indicators:

Main Financial Indicators	31.12.2021 BGN'000	31.12.2020 BGN'000	Percentage change 2021/2020
Non-current assets	1 115 559	1 061 729	5.07%
Non-current liabilities	70 717	78 617	-10.05%
Cash and cash equivalents	70 075	70 472	-0.56%
Current assets	410 096	457 573	-10.38%
Current liabilities	171 177	178 253	-3.97%
Working capital	238 919	279 320	-14.46%
Equity	1 283 761	1 262 432	1.69%
Fixed capital	1 354 478	1 341 049	1.00%
Financial indebtedness ratio	0.18	0.19	-6.76%
Solvency ratio	6.31	5.91	6.64%
Liquidity ratio	2.40	2.57	-6.67%
Absolute liquidity	0.41	0.40	3.55%
ROE	0.09	0.09	2.46%
ROA	0.014	0.014	2.03%

Chimimport AD has focused its efforts on the management of subsidiaries and associates. The company, as well as the main subsidiaries of the group apply additional incentives and benefits to their employees, which are above the statutory, respectively non-financial key performance indicators and non-financial statement will be included in the consolidated non-financial statement in the consolidated report. Direct expenditures in the field of research and development were not incurred by the Company in 2021, but on a consolidated basis some of the companies in the group are engaged in these areas.

In 2022 the Company will manage and direct its investments in the direction of achieving even better levels of quality in the services and products offered by all sectors of the group.

The parent company has no registered branches.

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- **Information, given in value and quantity, regarding the main categories of goods, products and / or services provided, indicating their share in the revenues from sales of the issuer, respectively the person under § 1e of the additional provisions of LPOS, as a whole and the changes during the reporting financial year.**

The main activities include:

- investment activity
- operations with financial instruments
- sale of non-current assets
- lending
- operation of investment properties

In reference to its core business, the Company realized the following types of income:

- profits from transactions with financial instruments
- revenues from the sale of non-current assets
- interest income, foreign exchange differences and other
- rental income, services and investment property
- dividend income

Presentation

The company ended 2021 with a total operating income of BGN 42,556 thousand.

An increase of 5.9% compared to the comparable ones for 2020 or by BGN 2.3 million more was reported. The reported increase is mainly due to the increase in revenues from financial operations and revenues from services provided and others, despite the decrease in interest income and the lack of dividend income in 2021.

	<b>2021</b>	<b>2020</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Gains from transactions with financial instruments</b>	<b>34 068</b>	<b>20 902</b>
<b>Dividend income</b>	<b>-</b>	<b>11 500</b>
<b>Interest income</b>	<b>5 176</b>	<b>6 104</b>
<b>Gains from foreign exchange</b>	<b>17</b>	<b>8</b>
<b>Revenue from the provision of services</b>	<b>3 295</b>	<b>1 669</b>

State of emergency in Bulgaria from 13 March 2020 to 31 March 2022

During the reporting period, the Company's activities and investments were affected by the global Pavid-19 pandemic. At the beginning of 2020, due to the spread of a new coronavirus (Covid-19) worldwide, difficulties arose in the business and economic activities of a number of enterprises and entire economic sectors. On 11<sup>th</sup> March 2020, the World Health Organization announced the presence of a coronavirus pandemic (Covid-19). On 13<sup>th</sup> March 2020, the National Assembly decided to declare a state of emergency for a period of one month. On 24<sup>th</sup> March 2020, the Parliament adopted the Law on Measures and Actions during the State of Emergency, announced by a decision of the National Assembly of 13<sup>th</sup> March 2020, and on overcoming the consequences (Title, SG No. 44 of 2020, effective 14.05.2020) ". Subsequently, the state of emergency was extended for another month and remained in force until 13<sup>th</sup> May 2020.

## GENERAL INFORMATION

### Emergency epidemic situation in Bulgaria from 14 May 2020 to 30 April 2021

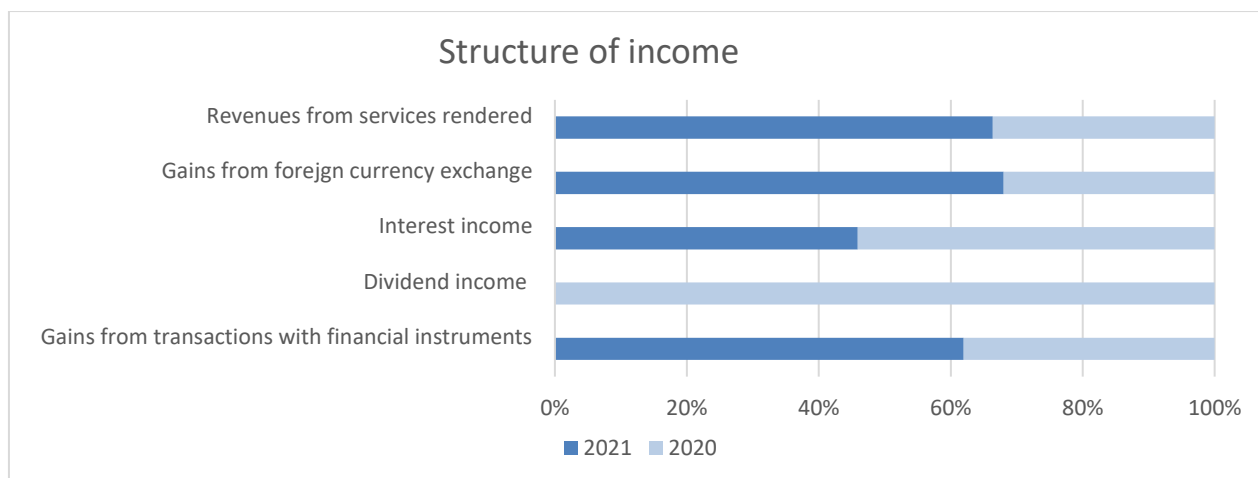
On 13 May 2020, the Council of Ministers declared an epidemic emergency situation, as of 14 May 2020, which was extended periodically before its expiration. As of the date of preparation of these financial statements, the emergency epidemic situation has been extended by the government to 31 March 2022

The preparation of the separate financial statements and the annual individual activity report also took into account the possible effects of the continuing impact of the Covid-19 pandemic. Even as of the date of this activity report, travel bans, quarantine measures and restrictions are in force. Businesses need to deal with challenges related to reduced revenues and disrupted supply chains. The pandemic has led to significant volatility in the financial and commodity markets in Bulgaria and worldwide. Various governments, including Bulgaria, have announced measures to provide both financial and non-financial assistance to affected sectors and affected business organizations.

In view of the actions taken by various governments, incl. Bulgarian, dynamic measures to restrict the movement of people and the resulting changes, directly affecting the development of economic sectors of the Republic of Bulgaria, EU countries and other trading partners of companies in the country, the impact of the coronavirus pandemic on the future financial condition and performance of the Company, but considers that the impact could lead to volatility in market and price risk associated with financial and other assets of the Company and may have a negative impact on its activities .

Management's expectations are that the negative effects will subside after the restrictions on the movement of people, vehicles and goods are lifted, and economic activity is expected to be positively affected by the announced support measures and allocated additional state and European funds, leading to additional public guarantees, receivables portfolios, additional interest-free financing of economic operators and direct aids to affected companies and individuals. To the extent that these measures supplement and extend, the Management of the Company is unable to assess the final effect on economic activity, which also depends on the currently unknown duration of the quarantine restrictions.

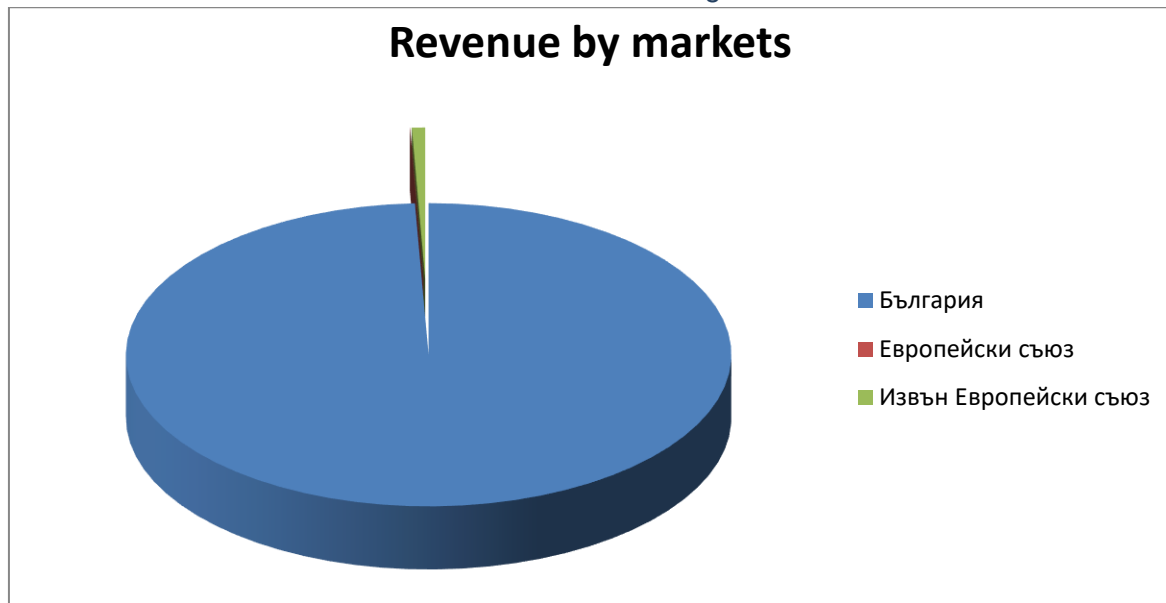
The following table presents the structure of revenues and the percentage increase (decrease) compared to the comparative period:



## GENERAL INFORMATION

- Information on revenues distributed by different categories of activities, internal and external markets, as well as information on the sources of supply of materials needed for the production of goods or provision of services, reflecting the degree of dependence on each individual seller or buyer / consumer , in case the relative share of any of them exceeds 10 percent of the costs or revenues from sales, information shall be provided for each person separately, for his share in sales or purchases and his relations with the issuer, respectively the person under § 1e of the additional provisions of the Law on Public Offering of Securities

Presentation of revenue on domestic and foreign markets:

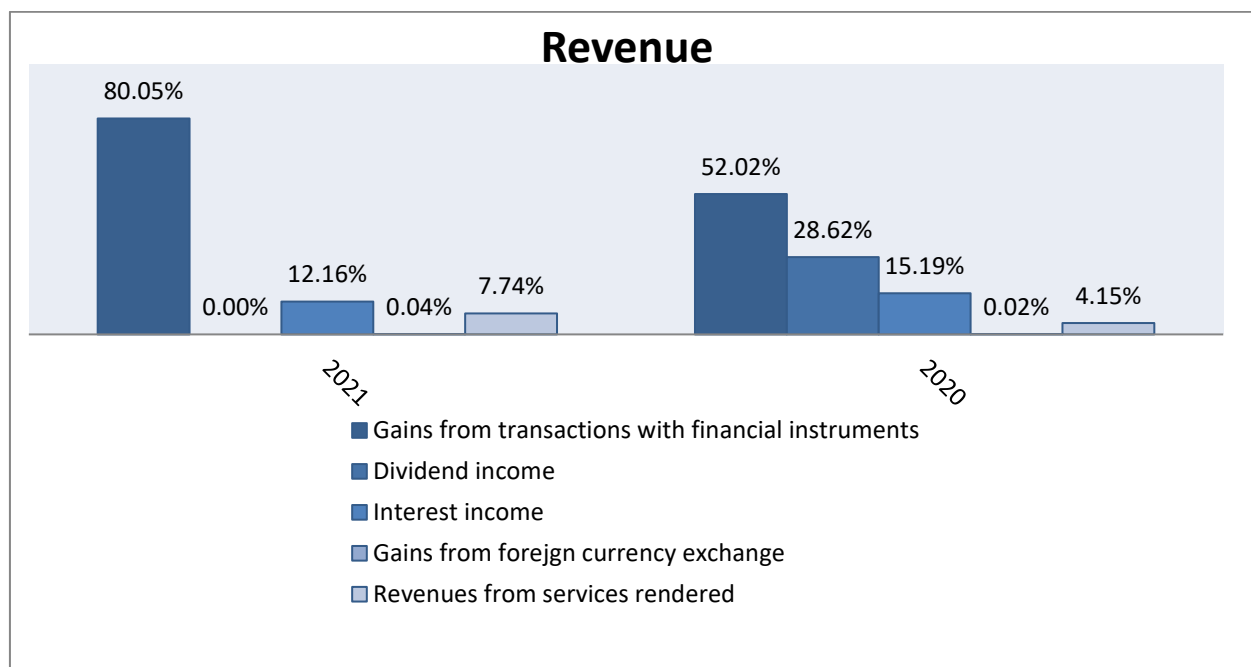


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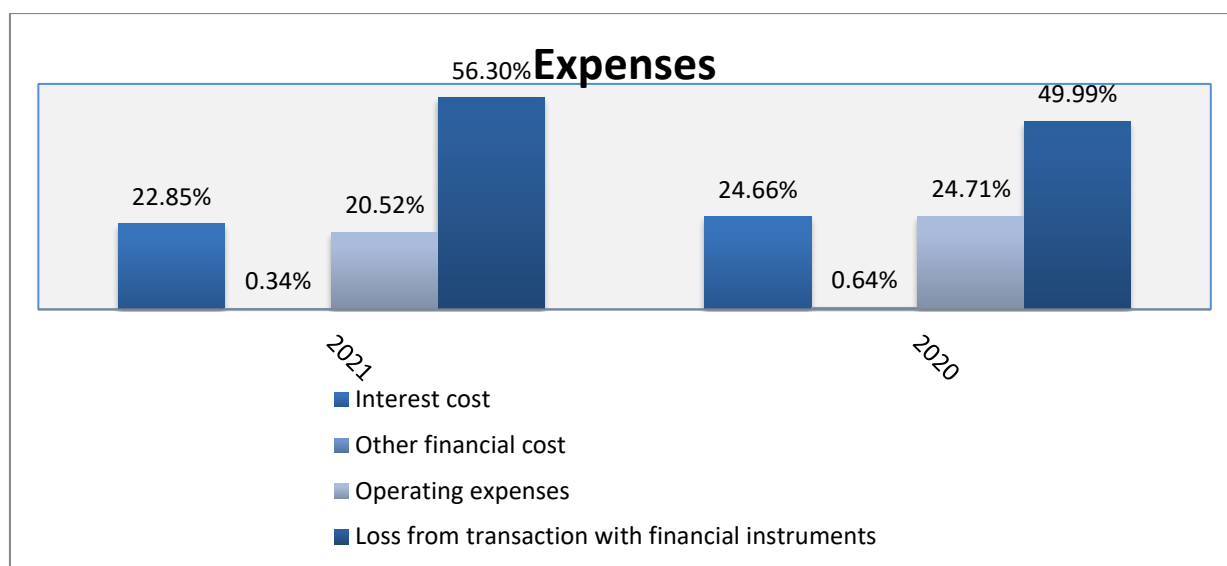
INFORMATION according to Annex 2 of Ordinance 2 / 09.11.2021.

The following table presents the percentage of revenue by type of activity compared to the total size of the respective years.



Operating expenses for the year amounted to BGN 18,691 thousand or BGN 348 thousand more compared to the base period, which is an increase of 1.9%

The following table presents the percentage of costs by type to their total amount for the respective years.



#### – Information on concluded large transactions.

- In 2021, no major and significant transactions were concluded.

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- Information on the transactions concluded between the issuer, respectively the person under § 1e of the additional provisions of LPOS, and related parties, during the reporting period, proposals for such transactions, as well as transactions that are outside its normal activities or significantly deviate from the market conditions under which the issuer, respectively the person under § 1e of the additional provisions of LPOS or its subsidiary, is a party indicating the value of transactions, the nature of connectivity and any information necessary to assess the impact on the financial condition of the issuer, respectively the person under § 1e of the additional provisions of LPOS

The Company has made a number of transactions with related parties, all transactions being concluded under normal commercial conditions in the course of the Company's activities and do not differ from market conditions.

- The Group's related parties include owners, subsidiaries, key management personnel, and others described below.

	2021 BGN'000	2020 BGN'000
<b>Purchases</b>		
- -owners	(507)	(433)
- - subsidiaries	(3 478)	(2 824)
- - other related parties	-	(21)
<b>Sales</b>		
- subsidiaries	4 340	4 876
- other related parties	544	-

- Information on events and indicators of an unusual nature for the issuer, respectively the person under § 1e of the additional provisions of the Law on Public Offering of Securities, having a significant impact on its activities, and the revenues and expenses incurred by it; assessment of their impact on the results in the current year.

- In 2021, there are no events of an unusual nature for the issuer, which have a significant impact on the activities of the issuer, except for the general pandemic situation related to Covid-19.

- Information on off-balance sheet transactions - nature and business purpose, indication of the financial impact of the transactions on the activity, if the risk and benefits of these transactions are significant for the issuer, respectively the person under § 1e of the additional provisions of LPOS, and if the disclosure of this information is essential for assessing the financial condition of the issuer under § 1e of the additional provisions of LPOS

The company has provided guarantees under Art. 240 of the Commercial Law as a member of the management and supervisory bodies of Bulgarian River Shipping AD and Exploration and Production of Oil and Gas AD.

The Company is a solidary debtor under the following credit agreements:

- credit line agreement concluded between Commercial Bank and Zarneni Hrani Bulgaria AD in the amount of BGN 1,980 thousand as of 31 December 2021 with a repayment schedule with a deadline of 10 November 2024; The fair value of the assets pledged as collateral, owned by the borrower, amounts to BGN 21,404 thousand.

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- - loan agreement between commercial bank and Zarneni Hrani Grain EOOD dated 13.12.2013 maturing on 30.09.2024 and present value of the liability BGN 3,153 thousand; The fair value of the collateral owned by the borrower amounts to BGN 13,071 thousand.
- The company is a guarantor of the following contracts:
  - - bank loan agreement №739 / 21.06.2013, concluded between Bulgarian Commercial Bank and Sunbeams Provadia AD in the amount of - BGN 7,039 thousand with a repayment schedule with a deadline of 20.12.2029; The fair value of the collateral owned by the borrower amounts to BGN 44,888 thousand.
  - - Guarantee agreement with a commercial bank to a loan agreement maturing on 20.12.2029, concluded with Zarneni Hrani Grain EOOD with a total balance at the end of the period of BGN 12,266 thousand. The fair value of the assets pledged as collateral; property of the borrower amounts to BGN 18,091 thousand.
  - - loan agreements between commercial bank and Bulgaria Air Maintenance EAD dated 23.12.2015. with present value of the liability BGN 41,801 thousand and maturity on 31 December 2025; The fair value of the collateral owned by the borrower amounts to BGN 63,466 thousand.
  - - loan agreements between commercial bank and Bulgaria Air Maintenance EAD dated 1 November 2016 with a present value of the liability of BGN 8,581 thousand and maturity on 30 September 2028; The fair value of the collateral owned by the borrower amounts to BGN 20,330 thousand.
  - - loan agreements between a commercial bank and M Car Sofia OOD dated 02.08.2016 with a present value of the liability of BGN 21,630 thousand and maturity on November 2, 2029; The fair value of the collateral owned by the borrower amounts to BGN 31,927 thousand.
  - - loan agreements between commercial bank Eurobank Bulgaria AD and M Leasing EAD dated 09.08.2019. with present value of the liability BGN 15,647 thousand and maturity on November 30, 2027; pledge of all receivables under leasing contracts; pledge of cash receivables on all accounts.
  - - loan agreements between commercial bank Eurobank Bulgaria AD and Finance Info Assistance EOOD from 01.09.2021 with a present value of the liability of BGN 14,395 thousand and maturity on 01.03.2023; The fair value of the assets / receivables / pledged as collateral, owned by the borrower, amounts to BGN 17,994 thousand.
  - - credit agreements between commercial bank Eurobank Bulgaria AD and Bulgarian Oil Refinery EOOD dated 29 March 2013 with a present value of the liability of BGN 2,600,000 and maturity on November 5, 2022; Chimimport AD guarantees with a promissory note in the amount of BGN 2,600,000.
  - - loan agreements between commercial bank and Energoproekt AD from 11.08.2017 and from 14.12.2021 and with first utilization on 28.12.2020, under the first and with present value of the obligation BGN 14 305 thousand and present value of the liability under the second BGN 9,464 thousand and with maturities of 28.02.2026 and 31.01.2029 respectively. Total amount of the loan BGN 16 625 thousand and BGN 9 534 thousand.
- The collaterals under the two loans are: mortgage on a building located in Sofia; pledge of shares and all receivables; pledge of cash receivables on all accounts
- The company has a contract for the issuance of bank guarantees to companies in the group with a limit of 1 mil. BGN due September 2022

The company is a co-debtor or guarantor of its subsidiaries on loans granted by CCB AD in the total amount of BGN 71,589 thousand.

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- **Information on share participations of the issuer, respectively the person under § 1e of the additional provisions of LPOS, for its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate), as well as investments in equity securities outside its group of enterprises within the meaning of the Accounting Act and the sources / methods of financing**

Investments in subsidiaries are reflected in the separate financial statements of the Company at cost.

The company has the following direct investments in subsidiaries:

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>Main activity</b>	<b>31.12.2021 BGN'000</b>	<b>Ownership %</b>	<b>31.12.2020 BGN'000</b>	<b>Ownership %</b>
CCB Group EAD	Bulgaria	Financial services	249 339	100.00%	249 339	100.00%
Zyrneni Hrani Bulgaria AD	Bulgaria	Manufacturing and trade	165 363	63.65%	165 363	63.65%
Bulgarian Airways Group EAD	Bulgaria	Aviation services	209 611	100.00%	209 611	100.00%
Bulgarian Shipping Company EAD	Bulgaria	Sea and river transport	44 393	100.00%	44 393	100.00%
CCB AD	Bulgaria	Financial services	32 152	8.24%	32 152	8.24%
Sport Complex Varna AD	Bulgaria	Real estate	22 474	65.00%	22 474	65.00%
Oil and Gas Exploration and Production AD	Bulgaria	Manufacturing and trade	16 929	13.84%	16 929	13.84%
Port Lesport AD	Bulgaria	Sea and river transport	16 380	99.00%	16 380	99.00%
ZAD Armeec	Bulgaria	Financial services	20 419	9.74%	20 419	9.74%
Bulchimex GmbH	Germany	Manufacturing and trade	2 500	100.00%	2 500	100.00%
Energoproekt AD	Bulgaria	Engineering	2 168	98.69%	2 168	98.69%
Trans Intercar EAD	Bulgaria	Transport	4 855	100.00%	4 855	100.00%
Natsionalna stokova borsa AD	Bulgaria	Manufacturing and trade	1 879	67.00%	1 879	67.00%
TI AD	Bulgaria	Manufacturing and trade	480	87.67%	480	87.67%
AH HGH Consult OOD	Bulgaria	Services	111	59.34%	111	59.34%
Prime Lega Consult EOOD	Bulgaria	Services	4	100.00%	4	100.00%
<b>Total</b>			<b>789 057</b>		<b>789 057</b>	

The company has significant investments in the air transport sector through Bulgarian Airways Group EAD. This sector was severely affected by the economic uncertainty caused by the Covid-19 pandemic and reported negative financial results during the period.

The company also owns the following investments, other than participations in subsidiaries:



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### Investments in long - term financial assets

	2021	2020
	BGN'000.	BGN'000.
<b>Equity instruments at fair value through other comprehensive income</b>		
<b>Unlisted equity instruments</b>	14 073	14 073
	14 073	14 073
<b>Financial assets at fair value through profit or loss</b>		
<b>Unlisted instruments</b>	19 558	19 558
	19 558	19 558
	<b>33 631</b>	<b>33 631</b>

In determining the fair value of the Company's equity investment in its investments in non-exchange equity instruments, it was determined that the cost is a reliable estimate of the fair value of equity instruments. Some non-exchange equity instruments are subject to usufruct law.

Chimimport AD has provided to a related party of CCB AD (JSC IC Bank), under general control, a convertible subordinated deposit in the amount of EUR 10 million, with a term of 7 years and at an interest rate of 1.8%.

### Investments in short - term financial assets

The short-term financial assets during the presented reporting periods are classified in the following categories:

	2021	2020
	BGN'000	BGN'000
<b>Financial assets at fair value through profit or loss</b>		
<b>Unlisted instruments</b>	214 649	206 788
	214 649	206 788
<b>Equity instruments at fair value through other comprehensive income</b>		
<b>Unlisted instruments</b>	9	9
	9	9
	<b>214 658</b>	<b>206 797</b>

Short-term financial assets in the amount of BGN 214 658 thousand (2020: BGN 206 788 thousand) are classified as financial instruments at fair value through profit or loss. As of 31.12.2021 the financial assets are presented at fair value, determined on the basis of market valuations prepared by certified appraisers

– **Information on the loan agreements concluded by the issuer, respectively the person under § 1e of the additional provisions of the Law on Public Offering of Securities, by its subsidiary, in their capacity as borrowers, indicating the terms and conditions, including payment deadlines, as well as information on provided guarantees and commitments**

- The company has received loans from companies inside and outside the group at interest rates of 2.8 - 4.5%. Liabilities for loans received outside the group as of 31.12.2021 amount to BGN 31,625 thousand, of which BGN 31,139 thousand are long-term. Loans received from related

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parties amount to BGN 97,387 thousand, of which principals BGN 87,018 thousand and interest BGN 10,369 thousand. The short-term part of these liabilities as of 31.12.2021 amounts to BGN 75,554. thousand BGN

The issuer's parent company and subsidiaries receive loans in the ordinary course of business in accordance with market conditions.

– **Information on the loans granted by the issuer, respectively by a person under § 1e of the Additional Provisions of the Law on Public Offering of Securities, or by their subsidiaries, providing guarantees or assuming obligations to one person or his subsidiary, including related parties names or title and UIC of the person, the nature of the relationship between the issuer, respectively the person under § 1e of the additional provisions of the LPOS, or their subsidiaries and the borrower, the amount of outstanding principal, interest rate, contract date, deadline repayment, amount of the commitment, specific conditions other than those specified in this provision, as well as the purpose for which they were granted, if they were concluded as earmarked.**

- The company provided loans to companies inside and outside the group at interest rates of 2.2-5.4%. The loans provided outside the group as of 31.12.2021 amount to BGN 119,739 thousand, of which BGN 101,999 thousand are long-term. The loans granted to related parties as of 31.12.2021 amount to BGN 218,930 thousand, of which BGN 170,143 thousand are long-term, the accrued interest on the loans granted amounts to BGN 48,787 thousand.

The parent company and the issuer's subsidiaries provide loans in the ordinary course of business in accordance with market conditions.

– **Information on the use of funds from a new issue of securities during the reporting period.**

- No new issue of securities was issued during the reporting period.

– **Analysis of the ratio between the achieved financial results, reflected in the financial report for the financial year, and previously published forecasts for these results.**

- The Company has not published forecasts for the financial result for 2021. At the same time, the publicly announced intentions of the Company have been fulfilled and the planned goals have been achieved.

– **Analysis and evaluation of the policy on financial resources management with indication of the possibilities for servicing the obligations, possible threats and measures that the issuer, respectively the person under § 1e of the additional provisions of LPOS, has taken or is about to take in order to eliminate them**

- The company successfully manages its financial resources and normally and timely serves its obligations.

– **Assessment of the possibilities for realization of the investment intentions with indication of the amount of the available funds and reflection of the possible changes in the structure of financing of this activity**

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- The company has not declared and at the time of preparation of this report has no planned investment intentions.

– **Information on changes occurred during the reporting period in the basic principles of management of the issuer, respectively the person under § 1e of the additional provisions of the Law on Public Offering of Securities and its group of enterprises within the meaning of the Accounting Act.**

- In 2021 there were no changes in the basic principles of management of the issuer.

– **Information on the main characteristics of the system of internal control and risk management system applied by the issuer, respectively the person under § 1e of the additional provisions of LPOS, in the process of preparation of the financial statements**

- The main features of the internal control system and the risk management system are described in detail in item 2 of the Corporate Governance Statement to this report.

– **Information on changes in the management and supervisory bodies during the reporting financial year.**

- During the reporting period there were no changes in the number and persons participating in the Management and Supervisory Boards of the Company.

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- Information on the amount of remuneration, rewards and / or benefits of each of the members of the management and supervisory bodies for the reporting financial year, paid by the issuer and its subsidiaries, regardless of whether they were included in the issuer's expenses or distribution of profits, including:

Name	By Issuer TBGN	By Subsidiaries TBGN
<b>Supervisory Board</b>		
Mariana Bazhdarova	24	-
<b>Management Board</b>		
Ivo Kamenov	24	198
Nikola Mishev	24	61
Cvetan Botev	24	118
Miroljub Ivanov	24	78
Marin Mitev	24	120
Alexandar Kerezov	24	197
<b>Key management staff - executive directors</b>		
Ivo Kamenov	24	-
Marin Mitev	24	-

- Information on the shares of the issuer held by the members of the management and control bodies and the procurators, including the shares held by each of them separately and as a percentage of the shares of each class, as well as options provided by the issuer on its securities - type and the amount of the securities on which the options are based, the exercise price of the options, the purchase price, if any, and the term of the options

### **Shareholder structure as of 31.12.2021**

According to a report from the Central Depository, issued as of 31 December 2021, the members of the Supervisory Board and the Management Board hold the following number of shares:

#### **Members of the Managing Board**

IVO KAMENOV	495 880	0.21%
ALEXANDER KEREZOV	160 000	0.07%
MIROLYUB IVANOV	89 066	0.04%
NIKOLA MISHEV	36 790	0.02%
MARIN MITEV	26 533	0.01%

#### **Members of the Supervisory Board**

INVEST CAPITAL AD	173 487 247	72.39%
CCB GROUP EAD	1 296 605	0.54%
MARIANA BAZHDAROVA	199	0.00%

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– **Information on pending court, administrative or arbitration proceedings concerning liabilities or receivables of the issuer in the amount of at least 10 percent of its equity; if the total value of the issuer's liabilities or receivables in all initiated proceedings exceeds 10 per cent of its own capital, information on each proceeding shall be provided separately.**

- The Company has no pending litigation, administrative or arbitration cases, receivables or liabilities that together or separately amount to at least 10% of its equity.

– **Information on the arrangements known to the company (including after the end of the financial year), as a result of which changes in the relative share of shares or bonds held by current shareholders or bondholders may occur in the future.**

- The Company is not aware of any agreements, as a result of which changes in the relative share of the shares held by the current shareholders may occur in the future.

– **Information on the Investor Relations Director, including telephone, e-mail and mailing address**

- Dina Paskova

-+359(2)981 05 69

- d.paskova@chimimport.bg

**Other information at the discretion of the company**

**Significant events that occurred after the date on which the annual financial statements were prepared**

No significant adjusting or non-adjusting events occurred between the date of the separate financial statements and the date of its approval by management on 31 March 2022 for publication, except for the following non-adjusting events:

In connection with the ongoing global pandemic of Covid-19, described in Note 2 to these separate financial statements, the duration of the emergency epidemic situation in Bulgaria was extended until 31 March 2022.

In view of the ongoing coronavirus pandemic, the Company's management is unable to assess the impact of a potential new wave or strain on its future financial condition and performance, but considers that with a fading effect, the potential impact could lead to more -weak volatility of the market and price risk related to the financial assets of the Company and less likelihood of negative effects on its activities. The abolition of the imposed emergency measures and restrictions by the various countries and governments will have a positive effect on economic activity.

On 21 February 2022, by decree of the President of the Russian Federation, the Donetsk People's Republic and the Luhansk People's Republic were recognized as independent states. On 24 February 2022, the Ministry of Defense of the Russian Federation announced a "special military operation" on the territory of the Republic of Ukraine.

The military actions started on the territory of the Republic of Ukraine and the related measures, which were introduced by the countries of the European Union, incl. Bulgaria vis-à-vis Russia (Russian Federation) and reciprocally - create geopolitical, macroeconomic and market

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tensions, which are expressed in high prices of goods, energy resources, inflation and market fluctuations.

The economic consequences of the military conflict in Ukraine cannot be assessed, but they are already indicating extremely serious effects on the overall global economy. Energy and raw material prices - including wheat and other cereals - have risen sharply, further exacerbating inflationary pressures from supply chain disruptions and the recovery from the Covid-19 pandemic. Price shocks are expected to have an impact worldwide. If the conflict develops negatively or lasts for a longer period of time, the economic damage will be significant and is expected to affect all sectors of the economy, both Bulgaria and the EU.

As of 31 December 2021, the Company's exposure to persons from Russia / Russian Federation and Ukraine amounts to 0.51% of the balance sheet assets and is formed almost entirely by exposure to equity instruments in a financial institution in Russia / Russian Federation and funds deposited in the same. As of the date of this report, the equity exposure has been sold, with the residual exposure to individuals from Russia / Russian Federation and Ukraine being less than 0.07% of total assets, none of which is to those affected by sanctions regimes. The exposure to these persons is almost entirely formed in euros and in this sense is not affected by the currency fluctuations of the national currencies of the two countries. The capital control measures introduced in Russia / Russian Federation would prevent the withdrawal of this exposure at any time, but the bank has defended its position by attracting deposits from the same persons denominated in the same currency - the euro, in excess of the direct your exposure.

As of the date of the report, no threats for negative changes in the financial condition of the Company's counterparties with indirect business dependence on the Russian and Ukrainian markets have been identified.

The management of the Company will continue to monitor the potential impact and will take all possible measures to mitigate any potential effects.

The management of the Company has taken a set of organizational measures in order for the Company to meet all restrictions and sanctions imposed on the transfer of funds to and from Russia and / or sanctioned persons and institutions, including activities to increase and strengthen protection against potential malicious acts. and attacks on information resources and infrastructure.



**Information on the public company, in accordance with Annex 3 to Article 10, point 2**

- **Information on securities that are not admitted to trading on a regulated market of the Republic of Bulgaria or another Member State.**

- The registered share capital of Chimimport AD as of 31 December 2021 consists of 239,646,267 ordinary shares with a nominal value of BGN 1 per share, including 13,042,238 ordinary shares acquired by companies in the Group of Chimimport. The ordinary shares of the Company are dematerialized, registered and freely transferable and give the right to 1 (one) vote and liquidation share. There are no shares of the company that are not admitted to trading on the regulated market of the Republic of Bulgaria or another Member State.

- **Information on the direct and indirect holding of 5 per cent or more of the voting rights at the general meeting of the company, including data on the shareholders, the amount of their shareholding and the manner in which the shares are held.**

- As of 31 December 2021, the shareholders who directly own 5% and more of the capital of the Company are the following: Invest Capital AD, which as of 31.12.2021 holds a share of shares - 72.39% of the shares of the Company. The other shareholders (legal entities and individuals) hold shares with a share of less than 5% of the Company's capital.

- **Data on shareholders with special control rights and a description of these rights.**

- The company has no shareholders with special control rights.

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- **Agreements between shareholders that are known to the company and that may lead to restrictions on the transfer of shares or voting rights.**
  - The Company is not aware of any agreements between the shareholders that may lead to restrictions on the transfer of shares or the right to vote.
  
- **Significant contracts of the company, which give rise to, change or terminate due to a change in the control of the company in the implementation of mandatory bidding, and their consequences, except in cases where disclosure of this information may cause serious harm to the company; the exception under the previous sentence shall not apply in the cases when the company is obliged to disclose the information by virtue of the law.**
  - The company has no concluded contracts that give rise to change or terminate due to a change in the control of the company.



**FINANCIAL INSTRUMENT RISKS**

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Company's risk management is coordinated by the central administration of the Company in cooperation with the Managing Board. Priority management is to provide short- and medium-term cash flows by minimizing exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

Consequently, the use of financial instruments the Company is exposed to market risk and in particular to the risk of exchange rate changes, interest rate risk and risk of modifying specific prices due to operating and investing activities of the Company.

**MARKET RISK ANALYSIS**

• **Foreign currency risk**

Most of the Company's transactions are carried out in Bulgarian leva. Exposures to currency exchange rates arise from the Company's sales and purchases, which are primarily denominated in US-Dollars and Euro.

To mitigate the Company's exposure to foreign currency risk, non-BGN cash flows are monitored, and forward exchange contracts are entered into in accordance with Company's risk management policies. Generally, Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from long-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities, translated into Bulgarian leva at the closing rate are as follows:

	Short-term exposure		Long-term exposure	
	USD	EUR	USD	EUR
	BGN'000	BGN'000	BGN'000	BGN'000
<b>31 December 2021</b>				
<b>Financial assets</b>	140	84 796	-	19 558
<b>Financial liabilities</b>	(7)	(1 383)	-	(12 895)
<b>Total exposure</b>	<b>133</b>	<b>83 413</b>	<b>-</b>	<b>6 663</b>

	Short-term exposure		Long-term exposure	
	USD	EUR	USD	EUR
	BGN'000	BGN'000	BGN'000	BGN'000
<b>31 December 2020</b>				
<b>Financial assets</b>	129	85 545	-	19 558
<b>Financial liabilities</b>	(6)	-	-	(14 447)
<b>Total exposure</b>	<b>123</b>	<b>85 545</b>	<b>-</b>	<b>5 111</b>

The following tables illustrate the sensitivity of post-tax financial result for the year and equity in regard to exchange rate differences between the Bulgarian Lev (BGN) and the following currencies 'all other things being equal.

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The table assumes that the percentage change as at 31 December 2021 of the exchange rate of Bulgarian lev against the US dollar is +/- 3.8% (2020: 6.5%). These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the exchange rate of the Bulgarian lev against the US dollar increases / decreases by +/- 3.8% (2020 г.: +/- 6.5%), the change will be reflected in the following way:

	<b>Net financial result for the year after tax</b>	<b>Net financial result for the year after tax</b>
	Increase BGN'000	Decrease BGN'000
<b>31 December 2021</b>	5	(5)
<b>31 December 2020</b>	7	(7)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

- **Interest rate risk**

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Therefore, long-term debt is usually with fixed interest rates. As at 31 December 2021, the Bank's variable-rate bank borrowings do not expose the Company to material interest rate risk. All other financial assets and liabilities of the Company are at fixed interest rates

- **Other price risk**

The Company is exposed to other price risk in respect of the following direct investments in subsidiaries and short-term financial assets, the shares of which are listed on the Bulgarian Stock Exchange - Sofia:

- Central Cooperative Bank AD – subsidiary
- Oil and Gas Exploration and Production AD – subsidiary;
- Zarneni hrani Bulgaria AD - subsidiary

Investments in shares of subsidiary companies traded on the Bulgarian Stock Exchange act as short- and long-term strategic investments. In accordance with the policy of the Company no specific hedging activities have been initiated in connection with such investments. The operation of these companies is monitored on a regular basis and the control or significant influence over these companies is used to maintain the value of the investments in these companies.

**CREDIT RISK**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	2021 BGN'000	2020 BGN'000
<b>Classes of financial assets –carrying amounts:</b>		
<b>Securities /financial assets/</b>	<b>248 289</b>	<b>240 428</b>
<b>Loans granted</b>	<b>106 937</b>	<b>110 620</b>
<b>Related party receivables</b>	<b>224 663</b>	<b>219 983</b>
<b>Trade and other receivables</b>	<b>48 027</b>	<b>49 850</b>
<b>Cash and cash equivalents</b>	<b>70 075</b>	<b>70 472</b>
<b>Carrying amount</b>	<b>697 991</b>	<b>691 353</b>

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Company's financial assets are pledged as collateral on other transactions.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, money market funds, debentures and derivate financial instruments is considered negligible since the counterparties are reputable banks with high quality external credit ratings. The carrying amounts disclosed above are the Company's maximum possible risk exposure in relation to these financial instruments.

During the reporting period, the Company's activities were affected by the spread of a new coronavirus (Covid-19), and in early 2020 worldwide, there were difficulties in the business and economic activities of a number of enterprises and entire economic sectors.

In Bulgaria, the effects of this virus began to manifest themselves from the beginning of March 2020, and on 13 March 2020 the National Assembly decided to declare a state of emergency for a period of one month. On 24 March 2020, the Parliament adopted the Law on Measures and Actions during the State of Emergency, announced by a decision of the National Assembly of 13 March 2020, and on overcoming the consequences (Title, SG No. 44 of 2020, effective 14.05.2020) ". Subsequently, the state of emergency was extended for another month and remained in force until 13 May 2020.

After that date, on 13 May 2020, the Council of Ministers declared an emergency epidemic situation, as of 14 May 2020, which was extended periodically before its expiration. As of the

date of preparation of these financial statements, the term of the epidemic emergency is extended by the Government until 31 March 2022.

As the company operates through its investments in various sectors of the economy, supply chain disruptions, disruptions in transport flows and quarantine measures have a direct impact on some sectors such as air transport, the impact of the pandemic is reflected in the effect on investment and price volatility. the financial instruments that the Company owns.

In 2020, as well as at the date of preparation of these financial statements, travel bans, quarantine measures and restrictions are in force. Businesses need to deal with challenges related to reduced revenues and disrupted supply chains. With the development of the second and third waves of the pandemic and the slow process of vaccination and extension of measures in EU countries (including Bulgaria) in the second quarter of 2021, there are objective obstacles to the activities of companies in individual economic sectors and a large dose uncertainty about when revenues and normal operations will be restored.

Throughout 2020, there was a high degree of uncertainty in assessing the impact of the coronavirus pandemic on the macroeconomic development of individual economies. Estimates ranged from catastrophic declines to levels close to those initially projected. Individual countries, depending on their approaches to dealing with the pandemic and the introduced closures ("lockdowns"), registered different elasticity of change of the individual macroeconomic indicators compared to the baseline forecasts made since the beginning of the year. Also of great importance were the support measures introduced in the various countries, which sought to largely support the income of employees in closed companies and to prevent rising unemployment and a collapse in consumption. To the extent that these measures varied in intensity, volume and success from country to country, the effect was different in terms of macroeconomic parameters.

In this situation, various governments, including the Bulgarian one, have announced measures to provide both direct financial and non-financial assistance to the affected sectors and business organizations. In a similar way, the various regulators supported and stimulated the economy and the economic entities.

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**GENERAL RISKS AND UNCERTAINTIES**

**LIQUIDITY RISK**

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company maintains cash to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 December 2021 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below

31 December 2021	Short-term		Long-term
	Within 6 months BGN'000	Within 12 months BGN'000	2 to 5 years BGN'000
<b>Bank and other borrowings</b>	486	-	31 139
<b>Related party payables</b>	91 549	75 554	21 833
<b>Trade and other payables</b>	474	-	-
<b>Total</b>	<b>92 509</b>	<b>75 554</b>	<b>52 972</b>

31 December 2020	Short-term		Long-term
	Within 6 months BGN'000	Within 12 months BGN'000	2 to 5 years BGN'000
<b>Bank and other borrowings</b>	2 449	5 352	41 791
<b>Related party payables</b>	79 650	86 467	21 321
<b>Trade and other payables</b>	514	-	-
<b>Total</b>	<b>82 613</b>	<b>91 819</b>	<b>63 112</b>

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

Annual interest payments amount to BGN 1 405 thousand (2020: BGN 2 621 thousand).

***FINANCIAL ASSETS USED FOR MANAGING LIQUIDITY RISK***

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within 1 year.

***FAIR VALUE MEASUREMENT:***

***Fair value measurement of financial instruments***

In assessing and managing liquidity risk, the Company takes into account the expected cash flows from financial instruments, in particular cash and trade receivables. Available cash resources and trade and other receivables significantly exceed current cash flow needs. According to the concluded contracts, all cash flows from trade and other receivables are due within 1 year.

1. Fair value measurement

1.1. Fair value measurement of financial instruments

The fair value of financial instruments is presented in comparison with their carrying value at the end of the reporting periods in the table below:

<b>Financial assets</b>	<b>31 December 2021.</b>		<b>31 December 2020</b>	
	<b>Fair value BGN'000</b>	<b>Carrying amount BGN'000</b>	<b>Fair value BGN'000</b>	<b>Carrying amount BGN'000</b>
Financial assets at fair value through profit or loss	234 207	234 207	226 346	226 346
	<b>234 207</b>	<b>234 207</b>	<b>226 346</b>	<b>226 346</b>

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows.

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**31 December 2021**

**Level 3**  
**BGN'000.**

**Assets**

Shares that are not traded on the stock exchange	234 207
Total	<u>234 207</u>

**31 December 2020**

**Level 3**  
**BGN'000.**

**Assets**

Shares that are not traded on the stock exchange	226 346
Total	<u>226 346</u>

There were no transfers between levels 1 and 2 during the reporting periods.

**MEASUREMENT OF FAIR VALUE**

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Shares, not publicly traded

The fair value of these instruments is based on observed rates of recent market transactions with shares of similar companies, adjusted for specific factors

1.2. Fair value measurement of non-financial assets

The following table presents the levels in the hierarchy of non-financial assets as at 31 December 2021, measured periodically at fair value:

**31 December 2021**

**Level 3**  
**BGN'000**

**Investment property:**

- lands and buildings	35 831
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**31 December 2020**

**Level 3**  
**BGN'000**

**Investment property:**

- lands and buildings	35 831
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Land and buildings (Level 3)

The fair value of the investment properties has been determined by the Company on the basis of the weighted values of the method of income value, comparative method and method of real value as of 31.12.2021 by independent licensed appraisers.

***CAPITAL MANAGEMENT POLICIES AND PROCEDURES***

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to the shareholder by pricing products and services commensurately with the level of risk. The Company monitors capital on the basis of the correlation between capital and net debt.

The Company determines the capital based on the carrying amount of equity included in the statement of financial position.

Net debt comprises of total liabilities less the carrying amount of cash and cash equivalents.

The objective of the Company is to maintain a ratio of capital to net debt at levels which would ensure relevant and conservative ratio of financing.

The Company manages the capital structure and adjusts according to changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The amount of the correlation for the presented accounting periods is summarized as follows:

	<b>2021</b>	<b>2020</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Equity</b>	1 283 761	1 262 432
<b>Capital</b>	<b>1 283 761</b>	<b>1 262 432</b>
+Total liabilities	241 894	256 870
- Cash and cash equivalent	(70 075)	(70 472)
<b>Net debt</b>	<b>171 819</b>	<b>186 398</b>
<b>Capital to net debt</b>	<b>1:0.13</b>	<b>1:0.15</b>

The ratio in 2021 remains relatively the same as in 2020. The decrease is mainly due to early repayment of bank loans. The Company has complied with the terms of its contractual obligations, including the maintenance of certain capital ratios.



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DECLARATION OF CORPORATE MANAGEMENT**

The declaration of corporate management of Chimimport AD is prepared pursuant the Bulgarian legislation requirements and principles of good corporate management, set out in the National Corporate Governance Code, the Commercial Act (CA), the Law on Public Offering of Securities (LPOS), the Accountancy Act (AA), the Independent Financial Audit Act (IFAA) and other laws and regulations and internationally recognized standards. The declaration of corporate management is prepared in accordance with the requirements of Article 39 of the Accountancy Act and Article 100m of LPOS.

**1. Information under Article 100m, paragraph 8, subparagraphs 1 and 2 of LPOS**

Implementation, enforcement and compliance, as appropriate, by Chimimport AD of the principles of the National Corporate Governance Code

As at 18 January 2008, Chimimport AD embraced the National Corporate Governance Code and conducts its activity in accordance with the set principles and provisions.

In its activities Chimimport AD is governed by the national corporate governance principles recommended for application by the National Committee on Corporate Governance, reflecting the international standards of good corporate governance and best practices. The management of Chimimport AD aims at strengthening the principles of good corporate governance, enhancing the confidence of shareholders, investors and other stakeholders interested in the management and operations of the Company. The management of Chimimport AD considers that the effective application of the good corporate management practices, contribute to sustainable growth and reaching the long-term goals of the Company, and to establish transparent and honest relationships with all stakeholders.

Information on corporate governance practices applied by the issuer in addition to the corporate governance code approved by the Deputy Chairperson or any other corporate governance code

Chimimport AD does not apply other corporate management practices in addition of the National Corporate Governance Code. Explanation by the issuer as to which parts of the corporate management code, approved by the Deputy Chairperson or any other corporate governance code the issuer does not comply with and to what was the ground for the non-compliance when the issuer opted not to refer to any of the rules of the corporate management code

The basic principle of the National Corporate Governance Code is the principle of “comply or explain”. The Company aims to comply with the recommendations of the Code and in case of deviation, the management provides explanations on the reasons for the non-compliance.

Chimimport AD presents the current information regarding compliance with the Code, and the same will be published on the website of the company.

***INFORMATION REGARDING CORPORATE MANAGEMENT***

Chimimport AD is a listed company with two-tier management system. All members of the Managing Board and the Supervisory Board comply with the legal requirements for their appointment.

## **DECLARATION OF CORPORATE MANAGEMENT**

The managing bodies of the Company comprise: General meeting of the shareholders, Supervisory Board and Managing Board.

Members of the Supervisory Board:

1. Invest Capital AD
2. CCB Group EAD;
3. Mariana Bazhdarova.

Members of the Managing Board:

1. Alexander Kerezov
2. Ivo Kamenov
3. Marin Mitev
4. Nikola Mishev
5. Miroljub Ivanov
6. Tsvetan Botev

### *Key functions, responsibilities, structure and competence*

The Supervisory Board of Chimimport AD consists of three members. It conducts regular control over the Managing Board, concerning the management of the Company by ensuring that the actions of the MB increase the interest of shareholders and facilitate the application of good corporate governance principles within the Company. The Supervisory Board, if necessary, may take the necessary steps to facilitate their duties through consultations with experts. The Supervisory Board shall appoint and dismiss members of the Managing Board delimiting the powers delegated to them, the application of their powers and the frequency with which they are to report to the SB. The Supervisory Board assesses the overall performance of the Company, paying special attention to the information received by the Managing Board and periodically reconciles and analyses the difference between the achievements and goals. The Supervisory Board monitors and controls the process of disclosing information by the Company.

The Supervisory Board has included restrictions in its internal rules on the maximum number of companies in which members of the Managing and the Supervisory Board of Chimimport AD can sit on the managing and supervisory bodies, participation in which is considered acceptable in view of the requirement for effective implementation of obligations as a member of the boards of the Company. The Supervisory Board has set criteria that distinguish participations in other companies, depending on the position held and the time that each of the positions requires for the relevant obligations.

Following the requirements of the LPOS and the Statute of the Company, the Supervisory Board, if necessary, reassesses the structure of the Managing Board, the division of duties, powers and the remuneration of each member of the MB.

In carrying out its activities, the Supervisory Board members are obliged to perform their duties with due diligence in a manner that reasonably believed is in the interest of all shareholders and

## DECLARATION OF CORPORATE MANAGEMENT

by using only information that they reasonably believe is reliable and complete and show loyalty to the Company under LPOS.

The Supervisory Board of the Company is supported by the Audit Committee. The structure and functions of the Committee are set out in the Internal rules of operation of the Audit Committee of Chimimport AD.

The Managing Board of Chimimport AD consists of six members. The competence, rights and obligations of the Managing Board are conducted in accordance with the legal requirements, the requirements of the current Company's Statute and the rules for its operation as approved by the Supervisory Board. The Managing Board reports on its activities, to the Supervisory Board at least quarterly. The Managing Board shall immediately notify the chairman of the Supervisory Board of any circumstances that are essential for the Company.

The Managing Board provides to the Supervisory Board the Annual Financial Statements, the Annual Activity Report and the Independent Auditor's Report, together with proposal for profit distribution, which will be brought to the General Meeting of Shareholders. The Managing Board governs in accordance with the established vision, goals and strategy of Chimimport AD.

The Board members are guided in their activities by the generally accepted principles of integrity and management and professional competence

### *Appointment and dismissal of board members*

Members of the Supervisory Board are appointed and dismissed by the General Meeting of the Shareholders, in accordance with the Company's Statute.

Members of the Managing Board are appointed by the Supervisory Board, which also determines their remuneration and can dismiss them at any point in time.

### *Remunerations of the Managing and Supervisory Boards*

The General Meeting of the Shareholders has affirmed the remuneration policy of the Managing and Supervisory Boards of the Company, developed by the Supervisory Board.

The remuneration paid to the members of the Managing and Supervisory Boards of the Company, may be permanent (fixed) or variable in the form of premiums, bonuses, retirement benefits and other incentives, based on assessment criteria of the conducted activities. The proportion of the fixed remuneration in the total amount of the remuneration shall allow the implementation of flexible policy by the Company on the variable remuneration of the members of the Managing and Supervisory Boards of the Company.

The remuneration policy observes the following principles and criteria:

- Consistency of the remunerations with the business goals and development strategy of the Company, the protection of the interests and promotion of the values of Chimimport AD;

## **DECLARATION OF CORPORATE MANAGEMENT**

- Providing remuneration that allows attraction, retention and motivation of board members with the necessary skills for successful management and development of the Company.
- Excluding discrimination, conflict of interest and unequal treatment of members of the Supervisory Board of the Company in setting and negotiating remunerations;
- Appreciation of the duties and input of each member of the Managing Board in the performance and results of the Company.

The Management discloses the remunerations of the Managing Board in accordance with the legal requirements and Company's policies regularly within the quarterly financial statements. Shareholders are provided easy access to information on remunerations.

### *Conflict of interest*

The members of the Supervisory and Managing Boards avoid any real or potential conflict of interest.

Procedures for preventing and detecting conflicts of interest are regulated by the statutes of the Company

### *Committees*

The Company has set Audit Committee in accordance with the requirements of the Independent Financial Audit Act of public interest companies.

The GMS for 2020 of the Company re-elected the members of the audit committee for the next term.

## **INFORMATION REGARDING CONDUCT OF AUDIT AND INTERNAL CONTROL**

Chimimport AD has developed and implemented internal control system, that ensures the proper identification of risks associated with the Company's operations and supports their effective management, and adequate operation of the reporting systems and disclosure of information.

The Audit Committee shall apply the requirements of the Code of Ethics for Professional Accountants regarding the rotation of registered auditors in preparing proposals and recommendations on the appointment of external auditors.

The registered auditor, appointed by the General Meeting of the Shareholders of Chimimport AD, to perform independent financial audit of the annual financial statements of the Company for 2021, is Grant Thornton OOD auditing company, registered under number 032 in the register of the Institute of Certified Public Accountant.

To ensure the effectiveness of the external auditors of Chimimport AD, the Managing Board implements measures to ensure effective implementation of the obligations of auditors of the Company based on the requirements of the Independent Financial Audit Act.

## DECLARATION OF CORPORATE MANAGEMENT

### ***INFORMATION ON PROTECTION OF THE RIGHTS OF SHAREHOLDERS***

The management of Chimimport AD guarantees equal treatment of all shareholders of the Company, including minority and international.

The Company applies established rules of the organization and conduct of regular and extraordinary General Meetings of Shareholders.

The protection of shareholders' rights is ensured through:

- facilitation of the shareholders' effective participation in the work of the General Meetings of shareholders through timely disclosure of all materials for the GMS, on the following websites: [www.x3news.com](http://www.x3news.com), [www.investor.bg](http://www.investor.bg) and [www.chimimport.bg](http://www.chimimport.bg).
- transparent procedures regarding organization and conduct of regular and extraordinary General Meetings of Shareholders;
- established procedures on representation of shareholders at the GMS, including templates of letter of attorney both in Bulgarian and English;
- providing opportunity for participation in the profit distributions to the Company, if the General Meeting of Shareholders adopts a specific resolution for dividend distribution;
- implementing a policy to assist shareholders in exercising their rights.

### ***INFORMATION ON PROCEDURES FOR DISCLOSURE OF INFORMATION***

The Company has adopted rules for internal personnel and internal information, that regulate the obligations, order and responsibility for the public disclosure of inside information for Chimimport AD, prohibit insider trading and market manipulation of financial instruments. The public information regarding the activities of Chimimport AD is presented to the Financial Supervisory Commission, the Bulgarian Stock Exchange AD and the investing community, distributed through the information agency X3 NEWS - [www.x3news.com](http://www.x3news.com).

Chimimport AD regularly updates its corporate website [www.chimimport.bg](http://www.chimimport.bg) both in Bulgarian and English, consistent in structure and volume with the information provided with the recommendations of the National Code and established good practices on systems of disclosure of information.

The website provides general information about the Company and the segments of operations of all companies within the economic group, current data on the financial and economic situation of the Company, including interim and annual financial statements of Chimimport AD on an individual and consolidated basis, as well as information on the Group structure, corporate governance and management of the company, corporate documents prepared and approved by the Managing Board of the Company and the securities issued. All shareholders, investors and interested parties can obtain information about upcoming and already held important corporate events, meetings of the General Meeting of Shareholders and the planned investment policy of the Company.

### ***INFORMATION ABOUT INTERESTED PARTIES AND RECOGNITION OF THEIR RIGHTS AND INTERESTS***

The Company has developed its own rules on accounting for the interests of stakeholders, but for all matters that directly or indirectly affect them, coordination procedures are carried out.

Chimimport AD identifies as stakeholders with respect to its activities all persons who are not shareholders and who have an interest in the economic prosperity of the Company:

## DECLARATION OF CORPORATE MANAGEMENT

- bondholders,
- employees,
- clients,
- suppliers,
- bank - creditors;
- the public, in general.

Within its policy towards stakeholders, the Company complies with the legal requirements and principles of transparency, accountability and business ethics. The Stakeholders are provided with the necessary information about the company's current data of the financial situation and everything that would help correct their orientation and make an informed and reasoned decision.

### **2. Information under Article 100m, paragraph 8, subparagraph 3 of the Law on Public Offering of Securities (LPOS)**

#### *Characteristics of the internal control and risk management systems Internal control and risk management*

The Managing Board is responsible for the internal control and risk management systems and monitors their effectiveness. These systems are created to manage but cannot fully eliminate the risk from falling behind the set business objectives. They can only provide reasonable, but not absolute assurance on the lack of any substantial inaccuracies or errors. The Managing Board has established an ongoing process for identifying, evaluating and managing significant risks for the Company.

#### *Internal control*

Every year, the Company reviews and confirms the degree of compliance with the policies of the National Corporate Governance Code. All major plans and programs of the Company require approval by the Managing Board. There are limits to the authority to ensure that the appropriate approvals are obtained if the Board is not required to verify the segregation of duties. Financial policies, controls and procedures are enforced within the Company and are reviewed and updated regularly.

The main activities comprised within the system of internal control of the Company are:

- Control over the functioning of the current reporting and documentation of the Company;
- Maintaining the high competence of personnel with financial and reporting functions;
- Control over the content, accuracy and timeliness of financial statements;
- Completeness of the range and reliability of the financial information system;
- Lawful implementation of tax and social security obligations;
- Protection and preservation of assets;
- Control over disposal of assets and resources.

A system of internal control and risk management operates to ensure the effective functioning of the reporting and disclosure of information. The internal control system is built and functions to identify inherent risks of the company and support their effective management.

The code of conduct of employees of Chimimport AD, determining the required levels of ethics and conduct, is communicated to all employees and any amendments to it are included in the employee training.

Management has overall responsibility of ensuring proper maintenance of accounting data and processes to ensure that financial information is relevant, reliable, consistent with applicable law and the financial statements and management reports are prepared and published by the

## **DECLARATION OF CORPORATE MANAGEMENT**

Company in due course. The Company's management reviews and approves the financial statements to ensure that the financial position and results of the Company are presented fairly and correctly.

The financial information, published by the Company is subject for approval by the Supervisory Board.

Annual review of the internal control environment is carried out by the Managing Board, with the assistance of the Audit Committee.

### *Analysis and risk management*

The Managing Board determines the main risks of the Company regularly and monitors throughout the year the measures to address those risks, including through internal control and monitoring. The risk analysis includes business and operational risks, health and safety of employees, financial, market and operational risks, reputation risks, which may affect the Company, as well as specific areas identified in the business plan and the budget process.

All significant plans relating to the acquisition of assets or realization of operating income include consideration of relevant risks and appropriate action plans.

Inherently the risk management is a set of processes to identify, assess and control the risks that ensure that the objectives of the Group of Chimimport AD are met, and effective management is achieved. Risk management is systematic, structured and in due time and thus facilitates continuous improvement of the organization.

The risk management system comprises the following activities:

- identification of the different groups of risks (indicated in the reports on the activities of the group)
- evaluation and risk analysis (indicated in the reports on the activities of the group)
- monitoring and procedures that will be applied to prevent or reduce the effects of onset risks.

Risk management is part of the internal control system. The goal of management is to detect risks that cast doubt on the functioning of the company, to assess and reduce critical risks. Well-managed risk-taking is a prerequisite for sustainable improvement of the organization. The Company management seeks to develop an active risk management by introducing a risk management system and directing efforts to improve it in line with international best practices.

The risk management system defines the duties and responsibilities in the structural divisions of the Company, organization, and procedure for interaction in risk management, analysis, and evaluation of information related to risks, preparing periodic reporting on risk management.

The internal control system and the risk management system are continuously improved following the legislative requirements and best practices. Their goals may be summarized as follows: compliance with the strategies, plans, internal regulations and procedures for the implementation of the activities to ensure effective and efficient operations, reliable financial reporting, storage and protection of assets. Risk management in Chimimport AD is performed by employees at all levels of management and is an integral part of operations and the corporate governance of the Company.

### *Statement by the directors on the Annual Activity Report and the Financial Statements*

Pursuant to the requirements of the Code, the directors confirm their responsibility for preparing the annual activity report and the annual financial statements and consider the Annual Activity

## DECLARATION OF CORPORATE MANAGEMENT

Report is transparent, balanced and understandable and provides the necessary information to shareholders, to assess the Company's position and operations, its business model and strategy.

### *Responsibilities and interaction between the Supervisory Board, the Audit Committee and the external auditor of the Company*

As a public company, according to the Independent Financial Audit Act and the National Corporate Governance Code, Chimimport AD has established an Audit Committee, which is responsible for monitoring of the financial reporting and the independent financial audit as well as the effectiveness of the internal audit function and control and risk management systems of the Company.

At the General Meeting of Shareholders held on 30 September 2020, under the proposal of the Managing Board, the shareholders of Chimimport AD elected the following Audit Committee members: Peter Krasimirov Terziev- Chairperson, Veselina Petrova Stefanova and Elena Milcheva Karakasheva – pursuant to Art. 107 of ZNFO (promulgated SN, issue 95 of 29.11.2016)

The Committee recommends the registered auditor to conduct an independent financial audit of the company and monitor its independence in accordance with the law and the Code of Ethics for Professional Accountants.

The mandate and the number of members of the Audit Committee shall be determined by the General Meeting of Shareholders. The functions and responsibilities of the Audit Committee are regulated by the Rules of the Audit Committee.

Committee members have unlimited access to the members of the Supervisory Board, the Managing Board and the senior management personnel directly responsible for the activities falling within the scope of the delegated competence of the Committee.

The Audit Committee reports its activity to the General Meeting of Shareholders annually.

The main functions of the Audit Committee include:

- to monitor the financial reporting processes;
- to monitor the effectiveness of internal control systems;
- to monitor the effectiveness of risk management systems;
- to monitor the independent financial audit on the Company;
- to oversee the independence of the registered auditor of the Company in accordance with the IFAA and monitor the provision of ancillary services by the auditor

### **3. Information in accordance with 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**

*3.1 Information in accordance with Article 10, paragraph 1, item “c” of Directive 2004/25/EC on takeover bids regarding significant direct and indirect shareholdings (including indirect shareholdings through pyramidic structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC.*

In 2021 no changes were made related to the acquisition or sale of shares of the Company, which reach, exceed or fall below one of the following limits of 10%, 20%, 1/3, 50% and 2/3 of the voting rights of the Company for the period within the meaning of Article 85 of Directive 2001/34 / EC.



## DECLARATION OF CORPORATE MANAGEMENT

The registered share capital of the Company as of 31 December 2021 consists of 239,646,267 ordinary shares with a nominal value of BGN 1 per share. The ordinary shares of the Company are dematerialized, registered and freely transferable and give the right to 1 (one) vote and liquidation share.

The list of major shareholders holding more than 5% of the shares of the Company is as follows:

	Ordinary shares as at 31.12.2021	Ordinary shares as at 31.12.2021 %
<b>Invest Capital AD</b>	173 487 247	72,39%
<b>Other legal entities not exceeding 5%</b>	49 019 954	20,46%
<b>Other natural persons not exceeding 5%</b>	17 139 066	7,15%
<b>TOTAL</b>	239 646 267	100,00%

*3.2 Information in accordance with Article 10, paragraph 1, item “d” of Directive 2004/25/EC on takeover bids regarding the holders of any securities with special control rights and a description of those right*

Chimimport AD has no shareholders with special control rights.

*3.3 3 Information in accordance with Article 10, paragraph 1, item “f” of Directive 2004/25/EC on takeover bids regarding any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;*

There are no restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities

*3.4 Information in accordance with Article 10, paragraph 1, item “h” of Directive 2004/25/EC on takeover bids regarding the rules governing the appointment and replacement of board members and the amendment of the articles of association;*

The management bodies of the Company are :

- General Meeting of the Shareholders;
- Supervisory Board;
- Managing Board.

The General Meeting of the Shareholders elects and dismisses members of the Supervisory Board and determines their compensation and bonuses. The members of the Managing board are appointed by the Supervisory Board, which can replace them at any time. One individual cannot be both a member of the Managing and Supervisory Board. Members of the Managing Board may be re-elected without limitation

Members of the Managing Board of “Chimimport” AD are elected only if they meet the following legal requirements:  
be either individuals or legal persons;

## DECLARATION OF CORPORATE MANAGEMENT

-at the moment of election have not been convicted of crimes against property, economy or against the fiscal, tax and insurance authorities of the Republic of Bulgaria or abroad, unless rehabilitated;

-are not members of the managing or supervisory body of a company terminated due to bankruptcy in the past two years preceding the date of the declaration of insolvency, if any unsatisfied creditors remain;

Amendments to the Articles of Association of the Company are approved by General Meeting of the Shareholders.

*3.5 Information in accordance with Article 10, paragraph 1, item "i" of Directive 2004/25/EC on takeover bids regarding the powers of board members, and in particular the power to issue or buy back shares;*

The amount of capital may be amended in the manner provided by the law and the Statutes of the Company. The decision to amend shall contain all the details required by law.

The decision to increase the capital is taken by the General Meeting of the Shareholders or the Managing Board, within the mandate under Article 17 of the Statute of the Company.

If new shares are sold at a price higher than nominal, their issue price is determined with the decision to increase the capital.

Each shareholder is entitled to acquire part of the new shares, which corresponds to its share capital before the increase, unless that right is limited by law (Article 113, paragraph 2, subparagraph 2 of the Law on Public Offering of Securities).

In the event of a capital increase through the capitalization of retained earnings and other assets by issuing new shares, the latter shall be acquired by the shareholders in proportion to shares already owned.

In its decision for capital increase under Article 17, the Managing Board sets the amount and purpose of the increase; the number and type of the new shares, their rights and privileges, deadline and conditions of transfer of rights under § 1, p. 3 of LPOS issued against existing shares; the deadline and conditions for subscription of new shares; the amount of the issue price and terms and conditions for its payment; the investment intermediary entrusted with the implementation of the subscription; as well as determines any other terms and conditions provided for in the regulations or necessary to make the corresponding increase in equity.

### *Capital decrease*

The capital reduction is carried out by decision of the General Meeting of Shareholders by decreasing the nominal value of shares or through cancellation of shares.

Cancellation of shares shall be allowed only through the purchase of the company's own shares under the conditions and according to the Commercial Code.

## **4. Composition and functions of the administrative, management and supervisory bodies**

The Supervisory Board of Chimimport consists of 3 members who are elected by the General Meeting of the Shareholders for a term of five years.

The Supervisory Board performs its activities in conformity with the Statute of Chimimport AD and the Internal rules of the Supervisory Board.

## **DECLARATION OF CORPORATE MANAGEMENT**

The Managing Board of Chimimport AD consists of six members who are elected by the Supervisory Board for a term of five years.

The Managing Board performs its activities in conformity with the Statute of Chimimport AD and the Internal rules of the Managing Board.

In carrying out their duties and responsibilities the members of the Managing and Supervisory Boards are governed by the legal requirements, by-laws of the Company and the standards of integrity and competence

The Managing Board:

- governs and represents Chimimport AD;
- manages the operating activities of the Company;
- approves plans and programs for the Company's activities;
- approves the organizational and managerial structure of the Company;
- approves decisions that are not in the express competence of the General Meeting of the Shareholders and the Supervisory Board;
- decides on capital increase or decrease under the Articles of Association;

The Managing Board, with the approval of the Supervisory Board:

- approves and proposes for approval to the General Meeting of Shareholders the annual financial statements and the activity report of the Company;
- based on the financial performance of the Company at the end of the reporting year, makes a proposal on the appropriation of the profit

Members of the Managing Board are guided in their activities by the generally accepted principles of integrity and management and professional competence.

Members of the Supervisory and Managing Board apply the principle of avoidance and prevention of actual or potential conflict of interest. Any conflict of interest should be disclosed to the Supervisory Board. Members of the Managing Board should inform the Supervisory Board about whether directly, indirectly or on behalf of third parties have a significant interest in any transactions or matters that have a direct impact on the Company.

### **5. Description of the diversity policy**

Chimimport AD, appoints and recommends for election by the Supervisory Board, candidates for members of the Management Board, taking into account the balance of professional knowledge and skills, the various qualifications and professional experience of the members of the board, necessary for the management of the Company.

**ANNUAL ACTIVITY REPORT**  
**31 DECEMBER 2021**  
**CONTACT US**

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Медии за разкриване на информация  
[www.x3news.com](http://www.x3news.com)

All current shareholders, interested persons/stakeholders and potential investors may receive the necessary information related to the activities of the company and its financial results at the following address:

2 "Stefan Karadja" Str., Sofia 1000, every Friday from 13.00 till 17.00.



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FOR ADDITIONAL INFORMATION

PLEASE VISIT OUR WEBSITE

[www.chimimport.bg](http://www.chimimport.bg)



USEFUL LINKS

Financial Supervision Commission  
<http://www.fsc.bg/>

Bulgarian Stock Exchange  
<http://www.bse-sofia.bg/>

Central Depository  
<http://www.csd-bg.bg/>

Bulgarian National Bank  
<http://www.bnb.bg/>

Privatization Agency  
<http://www.priv.government.bg/>

[www.chimimport.bg](http://www.chimimport.bg)

## **REPORT**

on the implementation of the remuneration policy of the members of the Supervisory and Management Board of CHIMIMPORT AD, developed in accordance with Ordinance № 48 of the FSC of 20<sup>th</sup> March 2013 and adopted at the regular annual general meeting of shareholders held on 1<sup>st</sup> July 2013 . (amended on 24<sup>th</sup> August 2020)



### **1. Information on the decision-making process in determining remuneration policy, including, if applicable, information on the remuneration and composition of the remuneration committee, the names of the external consultants whose services have been used in determining remuneration policy**

At the annual general meeting of the shareholders of CHIMIMPORT AD held on 01.07.2013, it approved the policy for remuneration of the members of the Management Board of CHIMIMPORT AD, adopted by the Supervisory Board on 29<sup>th</sup> April 2003. In 2020, amendments to it were adopted by a decision of the General Meeting of Shareholders. The adopted policy is in accordance with the normatively established requirements. All changes, amendments and additions are developed by the Supervisory Board and the active participation of the independent member of the Supervisory Board, functionally independent and competent experts from the Company, for independent assessment of appropriateness, and approved by the General Meeting.

The approved policy establishes objective criteria for defining the remuneration of the company's corporate management, in order to attract and retain qualified and loyal board members and motivate them to work in the interests of the company and shareholders while avoiding potential and real conflicts of interest.

During the reporting financial year CHIMIMPORT AD applied the Remuneration Policy of the members of the Management Board in accordance with the regulatory requirements for public companies, goals, long-term interests and strategy for future development of the company and its financial and economic situation in the context of national and European economic conjuncture.

CHIMIMPORT AD discloses its remuneration policy and any subsequent changes in it in a clear and accessible manner, without disclosing sensitive commercial information or other information constituting a secret protected by law, by publishing it on the company's website. This report will also be made public through its publication on the company's website.

### **2. Information on the relative weight of the variable and permanent remuneration of the members of the management and supervisory bodies**

The remuneration structure is built on the basis of two main components: - the constant salary and variable remuneration - annual bonuses and other material incentives. As each of them has a relatively equal weight in determining the amount of remuneration.

- a. The fixed salary is a fixed remuneration and represents an annual amount divided into twelve monthly installments.
- b. Variable remuneration aims to link the short-term and long-term achievements of the governing bodies and is fully compliant with the requirements adopted in the Remuneration Policy of CHIMIMPORT AD.
  - The annual bonuses are directly related to the achieved results and analysis and evaluation of the implementation of the activity.
  - Other material incentives are linked to the assumption of specific costs of the members of the councils helping to achieve the set tasks.

### **3. Information regarding the criteria for achieved results, on the basis of which options on shares, shares of the company or other type of variable remuneration are provided and an explanation of how the criteria under Art. 14,**



## **para. 2 and 3 of Ordinance 48 contribute to the long-term interests of the company**

According to the current Remuneration Policy of the members of the Supervisory and Management Boards of CHIMIMPORT AD, there is a possibility to provide variable remuneration in accordance with the policy adopted by the Company and the amendments and supplements thereto.

From the moment of adoption of the cited policy until the present moment, there is no compensation of the corporate management through shares or options or other type of variable remuneration.

Variable remuneration is an additional payment by decision of the General Meeting of Shareholders to members of the Supervisory Board in the form of bonuses, bonuses, retirement benefits and other material incentives, which are given on the basis of performance criteria, if the General Meeting of shareholders decided to introduce the payment of variable remuneration.

The payment of variable remuneration is made only if it does not endanger the financial stability of the company and in accordance with objective and measurable criteria for performance and non-financial indicators, which aim to promote long-term stability of the company and are important for the long term. activity of the company.

## **4. Clarification of the applied methods for assessing whether the criteria for the achieved results are met**

According to the current Remuneration Policy of the members of the control bodies of CHIMIMPORT AD, the company applies the following criteria for all eligible forms of remuneration of the management bodies, namely:

- implementation of technological renewal and development in the field of offered services;
- increasing the productivity and quality of work in the company;
- profit and development of the company;
- improving the business environment;
- imposing high standards of corporate governance;
- integration of corporate social responsibility in the daily management practice of the company;
- stable and sustainable development of the company in economic, social and environmental aspects;
- increasing the benefit for shareholders;
- adequacy of the administrative, organizational and reporting structures of the company and ensuring the maximum efficiency of the company's activities;
- compliance with applicable rules and procedures;
- promoting cooperation with stakeholders;
- compliance with obligations - work in the interests of the company and loyalty; observing the due care of a good trader.

Through the built-in internal control systems, the beneficiaries can at any time get acquainted with the fulfillment of the specified criteria and it is obligatory to organize meetings in the month following the month of each quarter. This well-established practice guarantees the objective implementation of the set principles.

## **5. Clarification of the relationship between remuneration and results achieved**

The current Remuneration Policy of the members of the Supervisory Board and the Management Board of CHIMIMPORT AD establishes a relationship between the





remuneration received by the members of the corporate management and the achieved results. It is based on the following basic principles:

- Compliance of the remunerations with the realization of the business goals and the strategy for development of the company, protection of the interests and affirmation of the values of CHIMIMPORT AD;
- Providing remuneration that will allow attracting, retaining and motivating board members with the necessary qualities for successful management and development of the company.
- Prevention of discrimination, conflict of interest and unequal treatment of the members of the Supervisory and Management Board of the company in determining and negotiating remuneration;
- Reporting on the obligations and contributions of each of the members of the Management Board in the activities and results of the company

#### **6. Basic payments and justification of the annual scheme for payment of bonuses and / or all other non-monetary additional remuneration**

The main principles and criteria for the paid variable remuneration are presented in the previous points.

#### **7. A description of the main features of the supplementary voluntary pension scheme and information on the contributions paid and / or due by the company to the relevant member of the management or supervisory body for the relevant financial year, where applicable;**

Regarding the members of the Supervisory and Management Board of CHIMIMPORT AD there is no information about additional voluntary pension insurance.

#### **8. Information on the periods of deferral of payment of variable remuneration**

In order to achieve stable financial results, the payment of the variable remuneration is rescheduled for a certain period, as the rescheduled part of the variable remuneration is paid proportionally or by gradual increase, each year during the rescheduling period. Variable remuneration may not be paid when the performance criteria are not met, as well as when there is a significant deterioration in the financial condition of the company.

#### **9. Information on the compensation policy upon termination of contracts**

In accordance with the requirements of Art. 16, para. 2 of Ordinance 48, in section III of the current Remuneration Policy of the members of the Supervisory and Management Boards of CHIMIMPORT AD are provided the following conditions and compensations upon termination of the contract:

The conditions and the maximum amount of compensation upon termination of a contract with a member of the Management Board of the company, respectively with the executive directors, in connection with early termination of the contract, as well as payments related to the notice period or provided in the clause prohibiting competition, are settled by the remuneration policy of "CHIMIMPORT" AD. At present, CHIMIMPORT AD has not provided for payments of indemnities upon early termination of a contract with a member of the Management Board of the company, respectively with the executive directors of the company, as well as payments in connection with



notice or payments in connection with clauses prohibiting the performance of competitive activity.

The total amount of the compensations according to art. 10 para (1) of the Policy should not exceed the amount of the paid annual permanent remunerations to the person for 2 years.

Compensation according to art. 10 para. (1) of the Policy is not due in case the termination of the contract is due to unsatisfactory results and / or culpable behavior of the member of the Management Board of the company, respectively the executive directors.

During the reporting financial year, a contract with an executive member of the Supervisory or Management Board of the company has not been terminated.

#### **10. Information about the period during which the shares cannot be transferred and the options on shares cannot be exercised, in case of variable remuneration based on shares**

The current Remuneration Policy of the members of the Supervisory and Management Boards of CHIMIMPORT AD provides for the possibility of providing remuneration to the members of the corporate management in the form of share options. From the moment of adoption of the cited policy until the present moment, there is no compensation of the corporate management through shares or options.

#### **11. Information on the policy for keeping a certain number of shares until the end of the term of office of the members of the management and control bodies after the expiration of the period under item 10**

The current Remuneration Policy of the members of the Supervisory and Management Boards of CHIMIMPORT AD provides for the possibility of providing remuneration to the members of the corporate management in the form of share options. From the moment of adoption of the cited policy until the present moment, there is no compensation of the corporate management through shares or options.

#### **12. Information on the contracts of the members of the management and supervisory bodies, including the duration of each contract, the period of notice of termination and details of compensation and / or other payments due in the event of early termination**

Details on the contracts of the members of the control bodies and the envisaged compensations and / or other due payments in case of early termination are presented in item 9 of this report.

#### **13. The full amount of the remuneration and other material incentives of the members of the management and control bodies for the respective financial year**

Name	<i>From the Issuer BGN'000.</i>	<i>From Subsidiaries BGN'000</i>
<b>Supervisory Board</b>		
Mariana Bajdarova	24	-
<b>Management Board</b>		
Ivo Kamenov	24	198
Nikola Mishev	24	61
Tsvetan Botev	24	118



Mirolyub Ivanov	24	78
Marin Mitev	24	120
Alexander Kerezov	24	196

**14. Information on the remuneration of any person who has been a member of a management or supervisory body of a public company for a specified period during the financial year in question:**

During the period of 2021, persons other than those presented in Art. 13 for a certain period during the current financial year.

**15. During the period of 2021, persons other than those presented in Art. 13 for a certain period during the current financial year.:**

a) number of options offered on shares or shares granted by the company during the respective financial year and the conditions under which they were offered, respectively granted;

b) number of options exercised on shares during the respective financial year and for each of them, number of shares and the exercise price of the option or the value of interest under the share-based incentive scheme at the end of the financial year;

c) number of unused options on shares at the end of the financial year, including data on their price and date of exercise and essential conditions for exercising the rights;

d) any changes in the terms and conditions of existing stock options accepted during the financial year.

According to the current Remuneration Policy of the members of the Supervisory Board and the Management Board of CHIMIMPORT AD, there is a possibility to provide options on shares, shares of the company or other incentive schemes based on shares of the members of the corporate management. From the moment of adoption of the cited policy until the present moment, there is no compensation of the corporate management through shares or options.

**16. Information on the annual change in remuneration, the company's results and the average full-time remuneration of non-directors' full-time employees during the previous at least five financial years, presented together in a way that allows comparison;**

The change in the average annual remuneration of the Supervisory Board and the Management Board, full-time employees and the net results of the company is presented as Y / Y-1, expressed as a percentage.

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
<b>Average annual remuneration of full-time employees</b>	(3.44%)	6.24%	11.46%	1.42%	7.63%	7.49%
<b>Average annual remuneration of the Supervisory Board and the Management Board</b>	(38.08%)	25.63%	(52.87%)	(40.46%)	427.89%	(90.56%)
<b>Net financial result</b>	(16.17%)	15.49%	(5.89%)	0.01%	(43.28%)	10.29%

### **17. Information on the exercise of the possibility to demand a refund of the variable remuneration**

According to the current Remuneration Policy of the members of the Supervisory Board of CHIMIMPORT AD, there is a possibility for providing variable remuneration only upon decision of the General Meeting of Shareholders.

During the reporting financial year there were no circumstances for decision-making according to Art. 7 para 2 of the Remuneration Policy of CHIMIMPORT AD.

### **18. Information on all deviations from the procedure for the implementation of the remuneration policy in connection with extraordinary circumstances under Art. 11, para. 13, including an explanation of the nature of the exceptional circumstances and an indication of the specific components not implemented**

According to the remuneration policy, extraordinary circumstances may be indicated in which the company may temporarily not apply part of the policy. Exceptional circumstances are classified as those that pose a risk to the financial stability and interests of the company. The extraordinary circumstances under sentence one are circumstances in which the non-implementation of part of the policy is necessary and is related to the long-term interests and sustainability of the public company or its viability. During the reporting year, no deviations were made in the implementation procedures.

### **19. Information on the implementation of the remuneration policy of the members of the Supervisory and Management Boards of CHIMIMPORT AD for the next financial year**

As of the date of preparation of this report, the Supervisory Board of CHIMIMPORT AD has not identified the need to adopt changes in the adopted and approved by the GMS of the Company Remuneration Policy of members of corporate management and agrees to follow the adopted remuneration policy of members of the Management Board. and Supervisory Boards of CHIMIMPORT AD rules regarding the payment of remuneration for a longer period - until the end of the term. Governments consider that the policy criteria for determining remuneration currently in place are effective in view of the financial results achieved during the reporting period. The members of the boards agree that in case of a sharp change in the financial and economic indicators, whether in the upward or downward direction, the Remuneration Program will be revised, and the changes reflected in it will be duly adopted by the General Meeting of Shareholders. which the public will be informed in accordance with the provisions of the LPOS.

At the GMS held on 05.10.2021, no recommendations were made to the company regarding the 2020 Report.



*This report has been prepared by the Supervisory Board of CHIMIMPORT AD in accordance with the provisions of Art. 12, para. 1 of ORDINANCE № 48 of the FSC dated 20 March 2013 on the requirements for remuneration and is a separate document to the annual financial statements of the company as of 31 December 2021.*

*The report provides an overview of the way in which the remuneration policy has been implemented during the year and is accompanied by information on the implementation of the remuneration policy for the next financial year.*

March 2022

Chief Executive Director:

/I. Kamenov/

A handwritten signature in blue ink, appearing to be 'I. Kamenov', written over a light blue circular stamp or watermark.

## **INFORMATION ON IMPLEMENTATION BY THE CORPORATE MANUALS OF “CHIMIMPORT” AD OF THE RECOMMENDATIONS OF THE NATIONAL CORPORATE GOVERNANCE CODE**

On 18 January 2008 Chimimport AD joined the National Code of Corporate Governance. The corporate governance program of Chimimport AD is subject to the principle “IMPLEMENTATION OR EXPLANATION”, according to which the corporate manual of the company should provide information on the extent to which the company applies the principles of conduct enshrined in the Code and provide an explanation of how problematic situations will be resolved when one or another principle is not applicable to Chimimport AD.

From the date of accession to the National Code, the company has operated in full compliance with its principles and regulations.

In 2022 Chimimport AD continues to comply with the National Code of Corporate Governance as appropriate.

### **CORPORATE MANUALS - MANAGEMENT BOARD**

Chimimport AD is a public company with a two-tier management system. All members of both the Management Board and the Supervisory Board meet the legal requirements for holding office. The functions and obligations of the corporate management, as well as their structure and competence are in accordance with the requirements of the Code.

- The Management Board manages according to the established vision, goals and strategy of Chimimport AD.
- The members of the Management Board are guided in their activities by the generally accepted principles of integrity and managerial and professional competence.

In the interim report on the activity of the Management the remunerations of the members of the Management Board are announced in accordance with the legal norms and the by-laws of the company. Shareholders have easy access to remuneration information.

The members of the Management Board avoid and do not allow real or potential conflicts of interest.

### **CORPORATE MANUALS - SUPERVISORY BOARD**

The Supervisory Board exercises regular control over the activity of the Management Board regarding the management of the company by ensuring that the actions of the Management Board increase the benefit of the shareholders and assist in the application of the principles of good corporate governance in the Company.

The board participates in the decision-making on all important issues related to the company's activities.

The Supervisory Board, if necessary, may undertake the necessary research to assist in the performance of its duties in consultation with experts.

The Supervisory Board appoints and dismisses the members of the Management Board, determining the limits of their delegated powers, the manner of exercising their powers and the frequency with which they report to it.

The Supervisory Board adopts rules regarding the age limit of the persons elected to the Management Board.

The Supervisory Board evaluates the overall performance of the company, paying special attention to the information received from the Management Board and periodically compares the achieved and planned results, as well as analyzes the reasons for this.

The Supervisory Board monitors and controls the process of disclosing information about the Company.

The Supervisory Board adopts instructions regarding the maximum number of companies in which the members of the Management and Supervisory Boards of Chimimport AD participate in management and control bodies, the participation in which is considered acceptable, in view of the requirement for effective performance of duties as a member of the Boards. of the company.

The Supervisory Board determines criteria that differentiate the participations in other companies, depending on the position held in them and the time required by each of the positions to fulfill the respective obligations.

Complying with the requirements of the POSA and the Articles of Association, the Supervisory Board, if necessary, reviews the structure of the Management Board, the distribution of responsibilities, powers and remuneration of each member of the Management Board and, if necessary, takes measures to change them.

In conducting their activities, the members of the Supervisory Board are obliged to perform their duties with the care of a good trader in a way that they reasonably believe is in the interest of all shareholders of the company and using only information that they reasonably believe is dependable and complete, as well as to show loyalty to the company within the meaning of the POSA.

The Supervisory Board of the company is assisted by an Audit Committee. The structure and functions of the committee are defined in the Corporate Governance Program of Chimimport AD.

The members of the Committee shall have unrestricted access to the members of the Supervisory Board, the Management Board and senior management directly responsible for the activities falling within the scope of the powers delegated to the Committee.

The Audit Committee reports to the General Meeting of Shareholders once a year. Main functions of the Audit Committee include:

- monitoring the financial reporting processes;
- monitoring the effectiveness of internal control systems;
- monitoring the effectiveness of risk management systems;
- monitoring of the independent financial audit of the Company;
- ensure the independence of the registered auditor of the Company in accordance

with the requirements of the Independent Financial Audit Act (IFAA), as well as monitoring the provision of additional services by the registered auditor.

Given the change in the legal framework in connection with the requirements for the Audit Committees, at the next general meeting will be proposed changes in the composition of the committee, meeting the new requirements of the IFAA. The management of the Company will prepare and propose for approval to the General Meeting of Shareholders the status of the audit committee, regulating its structure, scope of tasks, ways of functioning and reporting procedures, corresponding to the new requirements of the law.

### **AUDIT AND INTERNAL CONTROL**

"Chimimport" AD has developed and implemented internal control system that ensures correct identification of risks associated with the company and supports the efficient management; ensures the adequate functioning of the reporting and disclosure systems.

The registered auditor elected by the General Meeting of Shareholders of **Chimimport AD** for audit of the annual financial statements of the company for 2021 is the specialized audit company Grant Thornton OOD, entered under number 032 in the special register at the Institute of Certified Professional accountants.

In order to ensure the efficiency of the work of the external auditors of **Chimimport AD**, in 2014 the Management Board developed and adopted Measures to ensure the effective implementation of the obligations of the company's auditors based on the requirements of the Independent Financial Audit Act (IFAA).

In accordance with the requirements of IFAA, the Management Board of **Chimimport AD** recommended to the audit committee to comply with and continue to apply this principle to the proposed new auditors of the company.

### **PROTECTION OF THE RIGHTS OF SHAREHOLDERS**

The corporate management of Chimimport AD guarantees equal treatment of all shareholders of the company, including minority and foreign ones.

The company provides protection of the rights of each of its shareholders by:

- Creating facilities for shareholders to participate effectively in the work of the General Meetings of the Shareholders by timely disclosure of the materials for the GMS, on the following sites: [www.x3news.com](http://www.x3news.com), [www.investor.bg](http://www.investor.bg) as well as on their personal page [www.chimimport.bg](http://www.chimimport.bg)
- Conduct clear procedures for convening and conducting General shareholders' meetings - regular and extraordinary meetings
- Prepared rules for representation of a shareholder in the General Meeting, including presentation of samples of powers of attorney in Bulgarian and English
- Opportunity to participate in the distribution of the company's profit, c in case the General Meeting of Shareholders adopts a specific decision for



- distribution of dividend
- Implementation of a policy to assist shareholders in the exercise of their rights.

### **DISCLOSURE OF INFORMATION**

“Internal rules on disclosure of information” have been adopted, which also regulate the obligations, the order and the responsibility for public disclosure of inside information for “Chimimport” AD, ban on trading with inside information and manipulation of the market of financial instruments. The rules are part of the overall system of Chimimport AD for disclosure of information and reflect the company's policy aimed at ensuring greater transparency and at the same time ensuring greater security of current and potential investors of the company to prevent misuse and / or dissemination of inside information for the company.

The public information concerning the activity of Chimimport AD is presented to the attention of the Financial Supervision Commission, the Bulgarian Stock Exchange - Sofia AD and the investment community, as the information is disseminated to the public through the information agency X3 NEWS - [www.x3news.com](http://www.x3news.com).

Chimimport AD constantly updates its corporate website [www.chimimport.bg](http://www.chimimport.bg) in Bulgarian and English, in accordance with the structure and volume of the provided information with the recommendations of the National Code and the established good practices regarding the information disclosure systems. On the website you can find general information about the company and the areas of activity of all companies in the economic group, current data on the financial and economic condition of the company, including the interim and annual financial statements of Chimimport AD on an individual and consolidated basis, as well as and information on the structure of the economic group, the corporate management and governance of the company, the corporate documents prepared and adopted by the Management Board of the company and the issued securities. All shareholders, investors and interested parties can receive information about the upcoming and already held important corporate events, meetings of the General Meeting of Shareholders and the planned investment policy of the company.

### **STAKEHOLDERS**

The company has not developed its own rules for taking into account the interests of the interested parties, but on all issues that directly or indirectly affect them, the relevant coordination procedures are conducted in accordance with the Corporate Governance Code.

Through its stakeholder policy, corporate governance aims at good dialogue, trust and feedback, building strong stakeholder relationships, an appropriate approach to engagement, engagement and good communication, ensuring not only the good name of the organization, but also increasing revenue and the profit.

The main principles stated and observed by Chimimport AD are as follows:

- Constantly defending and protecting the interests of stakeholders. Achieving a balance between the interests of stakeholders and shareholders.

- Stakeholders are an expression of real economic actors. Every employee would be more motivated if he works in a company that corresponds to his values and morals.
- Active dialogue with all stakeholders, including in a broader sense.
- Marketing approach to stakeholders. Capturing the needs of stakeholders and meeting their needs and desires.
- Equality between the interests of all stakeholder groups.
- Continuous monitoring and improvement of stakeholder strategies by corporate management
- Definite fulfillment of promises to stakeholders.

The company identifies as interested parties in relation to its activities all persons who are not shareholders and who have an interest in the economic prosperity of the company.:

- o bondholders, if any,
- o employees,
- o customers,
- o suppliers,
- o creditor banks and
- o the general public

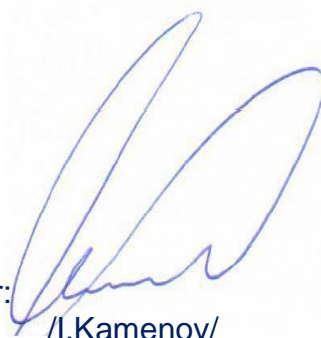
o the following groups of persons: clients, employees, creditors, suppliers and other contractors related to the implementation of the Company's activities.

In its policy towards stakeholders, the Company complies with legal requirements based on the principles of transparency, accountability and business ethics. Stakeholders are provided with the necessary information about the company's activities, up-to-date data on the financial condition and everything that would help them to properly orient and make a decision.

The Management Board encourages the cooperation between the company and the interested parties to increase the welfare of the parties, to ensure the stable development of the Company.

March 2022

Managing partner:



/I.Kamenov/

# **DECLARATION**

## **in accordance to Article 100n, Para. 4, Item 4 from the Public Offering of Securities Act**

The undersigned,

**1. Ivo Kamenov - Executive Director and Member of the Management Board of Chimimport AD**

**and**

**2. Alexander Kerezov – Chief accountant of Chimimport AD**

in accordance to Article 100n, Paragraph 4, Item 4 from the Public Offering of Securities Act and Article 32, Paragraph 1, Item 6 from ORDINANCE № 2 on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities

We declare, that to our knowledge:

1. The set of financial statements for annual financial statements for the year ending in 2021 are prepared in accordance with the applicable accounting standards and give a true and fair statement of assets and liabilities, financial position and profit or loss of Chimimport AD;

2. The annual activity report of Chimimport AD for the year ending in 2021 includes a fair review of the information in accordance to Article 100, Paragraph 4 from the Public Offering of Securities Act.

31<sup>st</sup> March 2022  
Sofia

Declarants:

1.....

/CEO/

2.....

/Chief Accountant/



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W [www.grantthornton.bg](http://www.grantthornton.bg)

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the separate financial statements of Chimimport AD ("the Company") containing the separate statement of financial position as at 31 December 2021, the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flow for the year then ended, as well as the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by 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 Separate Financial Statements" section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independent Standards) issued by the International Ethics Standards Board for 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 41 Post reporting date events to the separate financial statements, which discloses, that the Company's management is unable to reliably assess the impact of military action in Ukraine on the future financial situation and results of its activities in 2022 in terms of the overall effects on the national economy, energy prices, inflation and other economic sectors, but considers that there may be a negative impact.

The change in the business environment as a result of the expected negative effects could lead to a potential change in the carrying amounts of assets and liabilities, and the company's performance and investments, which are assessed in the separate 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 Company's management monitors the development of the military conflict in a timely manner and analyzes their possible effects on the operational and financial condition of the Company and its investments, in order to balance liquidity positions and ensure financial stability. The Company's management will continue to monitor the potential effects on all economic sectors and other countries in the region, in particular those related to the activities of its investments, taking all necessary measures to limit the potential future negative effects on the financial condition and the results of its activities.

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 highest significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments in subsidiaries	
Notes 4.22 and 7 to the separate financial statements	
Key audit matter	How this matter was addressed during the audit
<p>As at 31 December 2021, investments in subsidiaries amount to BGN 789 057 thousand.</p> <p>The valuation of investments in subsidiaries requires the Company's management to apply a significant level of judgment in applying accounting estimates in the following areas:</p> <ul style="list-style-type: none"> <li>- the assumptions included in the estimates regarding the analysis of investments in subsidiaries for indications of impairment of their carrying amount, with input data obtained from internal and external sources;</li> <li>- factors involved, influenced by the wide range of potential economic consequences of the impact of the post reporting date events, which may have an impact on the activities of subsidiaries.</li> </ul> <p>We have identified the determination of the impairment of investments in subsidiaries of the Company as a key audit issue due to the following factors:</p> <ul style="list-style-type: none"> <li>- the significance of the value of investments in subsidiaries, which represent 52% of the amount of the Company's assets as of 31.12.2021;</li> <li>- the high degree of uncertainty of the accounting estimates related to the applied assumptions regarding the valuation of investments in subsidiaries.</li> </ul> <p>Notes 4.22 and 7 to the separate financial statements present the disclosures regarding the assessments and assumptions of the management of the Company regarding the investments in subsidiaries for 2021.</p>	<p>During our audit, our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>- understanding of the process applied by the management of the Company regarding the identification of indications for impairment of the value of investments in subsidiaries and the need to prepare impairment tests;</li> <li>- assessments of the appropriateness of key assumptions about the existence of indications of impairment, including on the basis of current financial performance of subsidiaries;</li> <li>- analysis of the financial statements, market environment and other relevant information about the subsidiaries, incl. budgets of subsidiaries;</li> <li>- analysis of the assessments made by the management for the presence of indications for impairment;</li> <li>- assessing the completeness and adequacy of the disclosures in the separate financial statements, including disclosures of key assumptions and judgments about investments in subsidiaries;</li> <li>- review of the post reporting date events regarding their impact on the assessments and analyses made by the Company's management of the impact of these events on the Company's activities.</li> </ul>

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

Management is responsible for the other information. The other information comprises the annual management report, including the corporate governance statement and the report on the implementation of the remuneration policy, prepared in accordance with Bulgarian Accountancy Act, but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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 separate financial statements**

Management is responsible for the preparation and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Separate financial statements**

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

- identify and assess the risks of material misstatement of the separate 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 Company'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 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 separate 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 Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 separate 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 separate financial statements and Auditor's Report Thereon", regarding annual activity report, including the corporate governance statement, the report on the implementation of the remuneration policy and the non-financial declaration, we have performed the additional procedures contained in the Guidelines of the professional organization 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 the Law on Public Offering of Securities.

#### ***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 management report is consistent with the separate financial statements for the same reporting period
- (b) the management report is prepared in accordance with the applicable legal requirements, except the following:
  - the separate activity report does not include in full the required information regarding the loan agreements under which Chimimport AD or its subsidiaries are borrowers according to item 8 of Annex № 2 to Ordinance №2 / 9.11.2021 in connection with Art. . 100 (m), para (7), item 2 of LPOS.
  - the separate activity report does not fully include the required information on loan agreements granted by Chimimport AD or its subsidiaries and information on provided guarantees or commitments in accordance with item 9 of Annex № 2 to Ordinance №2 / 9.11.2021 in connection with Art. 100 (n), para (7), item 2 of LPOS;
- (c) as a result of the acquired knowledge and understanding of the activities of the Company and the environment in which it operates, we have found no cases of material misrepresentation in the management report;
- (d) the corporate governance statement for the financial year contains the required information in accordance with the applicable legal requirements, including Article 100m, paragraph (8) of the Law on Public Offering of Securities;
- (e) the report on the implementation of the remuneration policy for the financial year for which the separate financial statement has been prepared has been submitted and meets the requirements set out in Ordinance № 48 of 20.03.2013 on the requirements for remuneration in connection with Art. 116c, para. 1 of the Law on Public Offering of Securities.

#### ***Statement Pursuant to Article 100m, Paragraph (10) of the Law on Public Offering of Securities***

Based on the procedures performed and our knowledge of the Company 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 Company 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 corporate governance statement, being a component of the annual management report.

***Additional reporting concerning the audit of financial statements in connection with Article 100m, paragraph (4), subparagraph (3) of the Law on Public Offering of Securities***

- *Statement on Article 100m, paragraph 4, subparagraph (3), item "b" of the Law on Public Offering of Securities*

Related party transactions are disclosed in note 28 Transactions with related parties and note 29 Related party balances to the financial statements. Based on the performed audit procedures on related party transactions as part of our audit of financial statements as a whole, no facts, circumstances or other information have come to our attention that caused us to conclude that the related party transactions are not disclosed in the accompanying financial statements for the year ended on 31 December 2021, in all material respects, in accordance with the requirements of IAS 24 „Related Party Disclosures“. The disclosed information on the income of the key management personnel of the Company partially complies with the requirements set out in IAS 24 “Related Party Disclosures”. The results of our audit procedures on the significant transactions and events of the Company, which are material to the separate financial statements, were taken into consideration for the purposes of issuing an auditor’s opinion on the financial statements as a whole, not for issuing a separate opinion only on the significant transactions.

- *Statement on Article 100m, paragraph (4), subparagraph 3, item "c" of Public Offering of Securities Act*

Our responsibilities for audit of the financial statements as a whole, described in our report in section „Responsibilities of the Auditor for the Audit of Financial Statements“, include assessment whether the financial statements present fairly the significant transactions and events. Based on the performed audit procedures on the significant transactions, which are fundamental to the financial statements for the year ended on 31 December 2021, no facts, circumstances or other information have come to our attention that caused us to conclude that there are instances of unfair presentation and disclosure in accordance with the requirements of IFRS, as adopted by the European Union. The results of our audit procedures on the significant transactions and events of the Company, which are material to the separate financial statements, were taken into consideration for the purposes of issuing an auditor’s opinion on the separate financial statements as a whole, not for issuing a separate opinion only on the significant transactions.

***Reporting on compliance of the electronic format of the separate financial statements included in the annual separate financial report on the activity under Art. 100n, para 4 of the Law on Public Offering of Securities with the requirements of ESEF Regulation***

In addition to our responsibilities and reporting under ISA, described above in the section "Auditor's Responsibilities for the Audit of the Separate Financial Statements", we have followed the procedures in accordance with the Guidelines on Issuing of Audit Opinion regarding the Implementation of the European Single Electronic Format ( ESEF) for the financial statements of companies whose securities are admitted to trading on a regulated market in the European Union (EU)" of Bulgarian Institute of Chartered Accountants (ICPA) in Bulgaria". These procedures include verifying the electronic file format and whether the human readable part of it corresponds to the audited separate financial statements and expressing an opinion regarding the compliance of the electronic format of the separate financial statements of Chimimport AD for the year ending 31 December 2021, contained in the electronic file "549300GB265U3RQEQC54-20211231-EN-SEP.xhtml", with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (“ESEF Regulation”). Based on these requirements, the electronic format of the separate financial statements included in the annual separate financial report on the activity under Art. 100n, para. 4 of Bulgarian Public Offering of Securities Act, must be submitted in XHTML format.

The management of the Company is responsible for the application of the requirements of ESEF Regulation when preparing the electronic format of the separate financial statements in XHTML.

Our opinion is only regarding the electronic format of the separate financial statements included in the electronic file „549300GB265U3RQEQC54-20211231-EN-SEP.xhtml“ and does not include the other



information contained in the annual separate financial report on the activity under art. 100n, para. 4 of Bulgarian Public Offering of Securities Act.

*Opinion on the compliance of the electronic format of the financial statements with the requirements of the ESEF Regulation.*

Based on the performed procedures, our opinion is that the electronic format of the separate financial statements of the Company for the year ended 31 December 2021, contained in the attached electronic file „549300GB265U3RQEQC54-20211231-EN-SEP.xhtml“, on which we are issuing an audit opinion, has been prepared in all material respects in accordance with the requirements of the ESEF Regulation.

**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 2021 by the general meeting of shareholders, held on 05.10.2021, for a period of one year.
- The audit of the financial statements of the Company for the year ended on 31 December 2021 has been for the twentieth consecutive.
- 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, 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 Company in conducting the audit.
- For the period for which we were engaged as statutory auditors, we have not provided any other services to the Company in addition to the statutory audit.

**Mariy Apostolov**  
Managing partner

**Zornitza Djambazka**  
Registered auditor responsible for the audit

**Grant Thornton Ltd.**  
Audit firm, reg. number 032

30 March 2022  
Bulgaria, Sofia, 26, Cherni Vrah Blvd.



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## **DECLARATION under art. 100m para. 4 pt. 3 of the Public Offering of Securities Act**

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

### ***The undersigned:***

1. Mariy Georgiev Apostolov, in the capacity of Managing Partner of Grant Thornton OOD **Audit Firm**, UIC 831716285, with registered and correspondence address at 26 Cherni Vrah Blvd., 1421 Sofia, Bulgaria and
2. Zornitza Vassileva Djambazka, in the capacity of registered auditor (ID No. 726 of the register under art. 20 of the Independent Financial Audit Act), responsible for the audit engagement on behalf of Grant Thornton OOD **Audit Firm** (ID No. 032 of the register under art. 20 of the Independent Financial Audit Act), **hereby declare that**

Grant Thornton OOD Audit Firm was contracted to carry out the statutory audit of the financial statements of Chimimport AD for 2021, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, generally accepted title of the accounting frame, as defined in subparagraph 8 of the AP of the Accounting Act under "International Accounting Standards". As result of our audit, we have issued an audit report, dated 30 March 2022.

***We hereby CERTIFY, THAT as reported in the audit report to the annual financial statements of Chimimport AD for 2021, issued on 30 March 2022:***

1. **Article 100m, paragraph 4, subparagraph (3), item "a" Audit opinion:** In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU (page 1 of the audit report);
2. **Article 100m, paragraph 4, subparagraph (3), item "b" Information, regarding the transactions of Chimimport AD with related parties.** Related party transactions are disclosed in note 28 Transactions with related parties and note 29 Related party balances to the financial statements. Based on the performed audit procedures on related party transactions as part of our audit of financial statements, no facts, circumstances, or other information have come to our attention that caused us to

conclude that the related party transactions are not disclosed in the accompanying financial statements for the year ended on 31 December 2021, in all material respects, in accordance with the requirements of IAS 24 „Related Party Disclosures “. The results of our audit procedures on related party transactions were taken into consideration for the purposes of issuing an auditor’s opinion on the financial statements as a whole, not for issuing a separate opinion only on related party transactions (page 5 of the audit report).

- 3. Article 100m, paragraph 4, subparagraph (3), item "c" Information, regarding significant transactions.** Our responsibilities for audit of the financial statements, described in the audit report in section „Responsibilities of the Auditor for the Audit of Financial Statements “, include assessment whether the financial statements present fairly the significant transactions and events. Based on the performed audit procedures on the significant transactions, which are fundamental to the financial statements for the year ended on 31 December 2021, no facts, circumstances, or other information have come to our attention that caused us to conclude that there are instances of unfair presentation and disclosure in accordance with the requirements of IFRS, as adopted by the European Union. The results of our audit procedures on the significant transactions and events of the Company, which are material to the financial statements, were taken into consideration for the purposes of issuing an auditor’s opinion on the financial statements as a whole, not for issuing a separate opinion only on the significant transactions (page 5 of the audit report).

***Verifications made by this statement should be considered only in the context of the audit report, concluding the conducted independent financial audit of the annual financial statements of Chimimport AD for the reporting period, ending on 31 December 2021, issued on 30 March 2022. This declaration is intended solely for the above stated addressee and has been prepared solely to meet the requirements of Article 100m, paragraph 4, subparagraph 3 of the Law on Public Offering of Securities (LPOS) and should not be considered as a substitute of the conclusions included in the audit report, issued on 30 March 2022 in respect of matters covered by Article 100m subparagraph 3 of LPOS.***

**Mariy Apostolov**  
Managing Partner

**Zornitza Djambazka**  
Registered auditor responsible for the  
audit

**Grant Thornton OOD**  
Audit firm, reg. number 032

30 March 2022  
Sofia, Bulgaria

