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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Chimimport AD and its subsidiaries (the "Group"), which contain the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), adopted by the EU, and Bulgarian legislation.

#### Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International 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 13 Other intangible assets to the consolidated financial statements, which describes that as at 31 December 2022, the Group reports intangible assets - property rights related to the aviation industry sector, with carrying amount BGN 93 456 thousand. During the performed annual impairment tests, the Group has not established the need to recognize impairment of these intangible assets. In determining the recoverable amount, forecasts were used, which are based on expectations for the recovery of the aviation sector after the negative consequences of the past Covid-19 pandemic, which largely depend on external factors beyond the Group's control. Assumptions inherent in the current deteriorating macroeconomic environment were used in the assessment. They are the result and combination of the residual negative effects of the pandemic, accelerated inflation, rising interest rates and the geopolitical risks of the military conflict in Ukraine.

In the assessment to determine the recoverable value of these intangible assets, have been taken into account the forecasts and expectations for the recovery of the activity in the aviation sector in the following periods, which are largely based on external factors beyond the control of the Group. The effects of all actions and measures taken and planned by the Management, which are expected to have an impact in response to the worsening economic situation in relation to the Group's activity in the aviation industry sector, disclosed in note 2 Basis for preparing the consolidated financial statements, are also recognized. The change in the business environment as a result of the negative effects in the aviation sector and its accompanying services could lead

to the potential negative change in the balance sheet values of the assets and liabilities, and the results of the activity of the Group's investments in the aviation sector, which have been evaluated after carrying out a number of judgments and assumptions by the Group's Management, taking into account the most reliable information available at the date of the estimates.

In 2022, the Group's investments in the aviation industry sector recorded an improvement in performance compared to 2021, however, the impact of the epidemic and the consequences after its termination, as well as the military conflict in Ukraine, are identified as the main risks to the Group's aviation sector 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 most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of loans and advances to bank customers	
Notes 15 and 51 to the consolidated financial statements	
Key audit matter	How this matter was addressed during the audit
<p>Loans and advances to bank customers represent a significant part (27%) of the total assets of the Group as at 31 December 2022, as their gross carrying amount amounts to BGN 3 229 568 thousand and the accumulated impairment amounts to BGN 41 240 thousand. The Group applies an impairment model based on expected credit losses in accordance with the requirements of IFRS 9 Financial Instruments.</p> <p>The assessment of impairment losses on loans and advances to bank customers requires the Group's management to apply a significant level of judgment, especially with respect to the identification of impaired receivables and the quantification of loan impairments. To determine the amount of impairment for expected credit losses, the Group applies statistical models with input data obtained from internal and external sources.</p> <p>In accordance with the requirements of IFRS 9 "Financial Instruments", the Group distinguishes three phases of impairment, as the criteria for classification in the individual phases are based on an assessment of the objective characteristics of loans and borrowers and on the Group's subjective judgments.</p> <p>The assessment of classification in the individual impairment phases is the result of a combination of quantitative and qualitative factors. Expected credit losses are calculated using available historical information and expected future developments determined using macroeconomic indicators.</p> <p>The statistical models used are based on the probability of default (PD), the expected amount of the default loss (LGD), and the default exposition (EAD). The input data for the models, calculation methodologies and their application depend on the judgment of the Group's management.</p> <p>As disclosed in notes 15 and 51 to the accompanying consolidated financial statements, the Group has reported as at 31 December 2022 accumulated impairment of loans and advances to bank customers in the amount of BGN 41 240 thousand.</p> <p>We have determined that the impairment of loans and advances to bank customers is a key audit issue due to the following factors:</p> <ul style="list-style-type: none"> <li>the significance of the assessment of loans and</li> </ul>	<p>During our audit, our audit procedures included, but are not limited to the following:</p> <ul style="list-style-type: none"> <li>gaining an understanding of the impairment processes for loans to bank customers applied by the Group.</li> <li>assessment of the adequacy of the policies, procedures and controls in place in order to develop our further audit procedures in such a way as to be able to address the risks of material misstatement related to the accrued impairment losses on loans and advances to bank customers.</li> <li>we included in the audit our experts in the areas requiring specific expertise.</li> <li>review of the quality of the historical data used in the calculation of the risk parameters.</li> </ul> <p>For a sample of exposures, we have performed:</p> <ul style="list-style-type: none"> <li>assessment of the appropriateness of the methods used to determine impairment;</li> <li>an independent expectation for the level of required impairments of loans and advances to bank customers as of 31 December 2022 based on a review of internal and external information and compared our expectation with the impairments determined by management and presented in the financial statements;</li> <li>assessment of the appropriateness of the phase classification, taking into account whether there are factors indicating a significant increase in credit risk.</li> <li>professional judgment and assessment of the assumptions used in determining impairment and comparing our estimates with those used by the Group regarding bank activity;</li> <li>analysis of the financial condition of the borrowers and verification of whether there are breaches of contracts and / or deviations in compliance with the contractual terms;</li> <li>analysis of the main assumptions and judgments of the Group's management, including assessment of the applied scenarios for the expected cash flows from loans and advances to bank customers;</li> <li>analysis of the impact of current economic conditions, collateral estimates and other factors that may affect the collection of loans and advances to bank customers;</li> <li>assessment of the adequacy of the Group's assumptions and assessments related to the</li> </ul>

<p>advances to bank customers for the consolidated financial statements;</p> <ul style="list-style-type: none"> <li>the fact that the assumptions for determining impairment losses inherently involve significant estimates.</li> </ul>	<p>macroeconomic changes and the military conflict in Ukraine;</p> <ul style="list-style-type: none"> <li>recalculation of the impairment of a sample of exposures, based on the values of the risk parameters obtained as a result of the application of the models.</li> </ul> <p>We have assessed the completeness and adequacy of the disclosures in the consolidated financial statements of the Group related to the valuation of loans and advances to bank customers.</p>
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<b>Impairment of goodwill</b>	
Note 12 to the consolidated financial statements	
<b>Key audit matter</b>	<b>How this matter was addressed during the audit</b>
<p>As of 31 December 2022, the Group's goodwill amounts to BGN 23 737 thousand.</p> <p>We focused on management's estimates used for impairment testing because of the significant assumptions required to predict the expected future cash flows and the applicable discount factors when calculating the recoverable amount of cash-generating units.</p>	<p>During our audit, our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>assessment of the relevance of key assumptions, including discount factors, expected growth, and other key performance indicators, with our internal valuation experts, by comparing with average market performance of companies with similar activity and the Group's current financial performance;</li> <li>an assessment of the adequacy of the disclosures in the consolidated financial statements, including the disclosures of the main assumptions and judgments related to recognized goodwill in the consolidated financial statements.</li> </ul>

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

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit

conducted in accordance with ISAs and Bulgarian Independent Financial Audit Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

## **Report on Other Legal and Regulatory Requirements**

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

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

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

- (a) the information in the consolidated management report is consistent with the consolidated financial statements for the same reporting period;
- (b) the consolidated activity report has been prepared in accordance with the applicable legal requirements. We draw your attention to the fact that in item 8 and item 9 of the information to the consolidated activity report, containing information according to Ordinance №2 / 09.11.2021 in connection with Art. 100 (n), para (7), item 2 of LPOS, the required information regarding the loan agreements under which Chimimport AD or its subsidiaries are borrowers and lenders is not included in full. The Group has presented summary data on borrowed funds and loans related to its banking activities, announcing that due to restrictions arising from Art. 62 of the Credit Institutions Act, concerning banking and professional secrecy, more detailed information cannot be provided. Our opinion has not been modified on this issue.
- (c) as a result of the acquired knowledge and understanding of the activities of the Group and the environment in which it operates, we have found no cases of material misrepresentation in the consolidated management report;
- (d) the consolidated corporate governance statement for the financial year contains the required information in accordance with the applicable legal requirements, including Article 100m, paragraph (8) of Bulgarian Public Offering of Securities Act;
- (e) the consolidated non-financial declaration is prepared and made available in accordance with the requirements of Bulgarian Accountancy Act;
- (f) the consolidated report on payments to governments is and made available in accordance with the requirements of Bulgarian Accountancy Act.

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

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

**Reporting on compliance with the electronic format of the consolidated financial statement included in the annual consolidated financial statement for the activity under Art. 100m, para 5 of Public Offering of Securities Act with the requirements of the ESEF Regulation**

We have undertaken a reasonable assurance engagement on the compliance of the electronic format of the consolidated financial statements of Chimimport Bulgaria AD for the year ended on 31 December 2022 included in the digital file „549300GB265U3RQEQC54-20221231-BG-CON.zip“, 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"). Our opinion is only regarding the electronic format of the consolidated financial statements and does not include the other information contained in the annual consolidated financial report on the activity under art. 100n, para. 5 of Bulgarian Public Offering of Securities Act.

**Description of subject matter and applicable criteria**

Management has prepared the electronic format of Group's consolidated financial statements for the year ended 31 December 2022 in accordance with ESEF Regulation in order to comply with Bulgarian Public Offering of Securities Act. The rules for preparation of the consolidated financial statements in this electronic format are described in the ESEF Regulation and in our opinion, they are applicable criteria for providing reasonable assurance.

**Responsibilities of management and those charged with governance**

Group's management is responsible for the application of the requirements of ESEF Regulation in preparing the electronic XHTML format of the consolidated financial statements. These responsibilities include the selection and application of suitable iXBRL tags in accordance with the taxonomy of ESEF Regulation, as well as the application of such internal controls, which are necessary for the preparation of the electronic format of

Group's annual consolidated financial statements, which are free from material misstatements in accordance with ESEF Regulation.

Those charged with governance are responsible for the oversight of the process of preparing the Group's annual consolidated financial statements, including the implementation of the ESEF Regulation.

#### *Auditor's responsibilities*

Our responsibility is to obtain reasonable assurance about whether the electronic format of the consolidated financial statements complies with ESEF Regulation. We applied the "Guidance on issuing an opinion on the application of ESEF Regulation by issuers whose securities are admitted to trading on a regulated market in the European Union" and conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised))". The standard requires that we comply with ethical requirements, design and perform audit procedures to obtain reasonable assurance whether the electronic format of Group's consolidated financial statements have been prepared in accordance with the applicable criteria described above. The nature, timing and extent of our procedures depend on our professional judgement, including the risk of material misstatements whether due to fraud or error, in applying the requirements of ESEF Regulation.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAE 3000 (Revised) will always detect a material misstatement when it exists.

#### *Quality Control Requirements*

We have applied the requirements of International Standard on Quality Management (ISQM) 1 and accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements of the registered auditors in Bulgaria.

#### *Summary of the Work Performed*

The purpose of the designed and performed procedures was to obtain reasonable assurance whether the electronic format of the consolidated financial statements has been prepared in all material aspects in compliance with the requirements of ESEF Regulation. In performing procedures for assessing compliance with the requirements of ESEF Regulation on electronic (XHTML) format of Group's consolidated financial statements, we used professional judgement and applied professional scepticism. We have also:

- получихме разбиране за вътрешния контрол и процесите, свързани с прилагането на Регламента obtained an understanding of the internal control and processes, related to the application of ESEF Regulation in preparing Groups' consolidated financial statements in XHTML format with iXBRL tags;
- checked that the enclosed XHTML format is valid;
- reconciling the data in the electronic format of the consolidated financial statements with the audited consolidated financial statements;
- evaluated the completeness of Group's tagging of the consolidated financial statements using the XBRL markup language;
- evaluated the appropriateness of the use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified; and
- evaluated the use of anchoring in relation to the extension elements in accordance with ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion on compliance of the electronic format of the consolidated financial statements with ESEF Regulation*

Based on the performed procedures, our opinion is that the electronic format of the consolidated financial statements of the Group for the year ended 31 December 2022, contained in the attached electronic file „549300GB265U3RQEQC54-20221231-BG-CON.zip“, 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 consolidated financial statements of Chimimport AD for the year ended on 31 December 2022 by the general meeting of shareholders, held on 14 July 2022, for a period of one year.
- The audit of the consolidated financial statements of the Group for the year ended on 31 December 2022 has been made for the twenty first consecutive year of a continuing engagement for statutory audit of the Group, performed by us.
- In support of our audit opinion, we have provided a description of the most significant assessed risks of material misstatement, a summary of the auditor’s response and where relevant, key observations arising with respect to those risks in the section „Key audit matters“ of this report.
- We confirm that our audit opinion is consistent with the additional report to the Audit Committee of Chimimport AD, which is 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, in addition to the statutory audit we have not provided any other services to Chimimport AD and its subsidiaries that have not been disclosed in the consolidated activity report or consolidated financial statements.

**Mariy Apostolov**  
**Registered auditor, responsible for the audit**  
**Managing partner**

**Grant Thornton OOD**  
**Audit firm, registration № 032**  
Sofia  
2 August 2023  
Bulgaria, Sofia, 26, Cherni Vrah Blvd.