

# CHIMIMPORT AD

Annual Separate Financial Statements

31 December 2022



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## Separate statement of financial position

	Note	31 December 2022 BGN '000	31 December 2021 BGN '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	2 243	2 591
Investment property	7	35 831	35 831
Investments in subsidiaries	8	787 866	789 057
Long-term financial assets	9	41 677	127 846
Long-term related party receivables	30	149 760	160 234
Deferred tax assets	10	1 367	-
<b>Non-current assets</b>		<b>1 018 744</b>	<b>1 115 559</b>
<b>Current assets</b>			
Short-term financial assets	11	236 942	227 380
Trade and other financial receivables	12	6 701	48 027
Related party receivables	30	16 952	64 429
Prepayments and other assets		30	185
Cash and cash equivalents	13	68 651	70 075
<b>Current assets</b>		<b>329 276</b>	<b>410 096</b>
<b>Total assets</b>		<b>1 348 020</b>	<b>1 525 655</b>

The separate financial statements are approved for issue by decision of the Managing Board on 15 June 2023.

<p><b>Prepared by:</b> <u>Aleksandar Dimitrov Kerezov</u>  <small>Digitally signed by Aleksandar Dimitrov Kerezov Date: 2023.06.15 15:43:17 +03'00'</small></p> <p><b>/A. Kerezov/</b></p>	<p><b>Executive director:</b> <u>Ivo Kamenov Georgiev</u>  <small>Digitally signed by Ivo Kamenov Georgiev Date: 2023.06.15 16:25:10 +03'00'</small></p> <p><b>/I. Kamenov/</b></p>
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**As per auditor's report:** MARIY GEORGIEV APOSTOLOV  
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Date: 2023.06.15 17:40:06+03'00'  
**Mariy Apostolov**  
**Registered auditor responsible for the audit**  
**Managing partner**  
**Grant Thornton OOD**  
**Audit firm, Reg. № 032**


The accompanying notes from 1 to 40 form an integral part of the separate financial statements.


## Separate statement of financial position (continued)

Equity and liabilities	Note	31 December 2022 BGN '000	31 December 2021 BGN '000
<b>Equity</b>			
Share capital	14.1	239 646	239 646
Share premium	14.2	260 615	260 615
Remeasurement of defined benefit liability		76	78
Other reserves	14.3	53 575	59 824
Retained earnings from prior years		549 146	702 280
Net profit for the year		22 596	21 318
<b>Total equity</b>		<b>1 125 654</b>	<b>1 283 761</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings – non-current	16	16 546	31 139
Long-term related party payables	30	35 558	21 833
Pension and other employee obligations	15.2	43	36
Provisions for liabilities	17	978	1 246
Deferred tax liabilities	10	-	16 463
<b>Non-current liabilities</b>		<b>53 125</b>	<b>70 717</b>
<b>Current liabilities</b>			
Bank and other borrowings-current	16	14 698	486
Trade and other payables	18	3 127	3 487
Short-term related party payables	30	151 293	167 103
Pension and other employee obligations	15.2	123	101
<b>Current liabilities</b>		<b>169 241</b>	<b>171 177</b>
<b>Total liabilities</b>		<b>222 366</b>	<b>241 894</b>
<b>Total equity and liabilities</b>		<b>1 348 020</b>	<b>1 525 655</b>

The separate financial statements are approved for issue by decision of the Managing Board on 15 June 2023.

Prepared by:   
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Grant Thornton OOD  
Audit firm, Reg. № 032

The accompanying notes from 1 to 40 form an integral part of the separate financial statements.



## 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 2022</b>	<b>239 646</b>	<b>260 615</b>	<b>78</b>	<b>59 824</b>	<b>723 598</b>	<b>1 283 761</b>
Effect from change in accounting policy (Note 5)	-	-	-	-	(174 452)	(174 452)
<b>Balance at 1 January 2022, restated</b>	<b>239 646</b>	<b>260 615</b>	<b>78</b>	<b>59 824</b>	<b>549 146</b>	<b>1 109 309</b>
Net profit for the year	-	-	-	-	22 596	22 596
Other comprehensive loss	-	-	(2)	(6 249)	-	(6 251)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>(6 249)</b>	<b>22 596</b>	<b>16 345</b>
<b>Balance at 31 December 2022</b>	<b>239 646</b>	<b>260 615</b>	<b>76</b>	<b>53 575</b>	<b>571 742</b>	<b>1 125 654</b>

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>	<b>239 646</b>	<b>260 615</b>	<b>67</b>	<b>59 824</b>	<b>702 280</b>	<b>1 262 432</b>
Net profit for the year	-	-	-	-	21 318	21 318
Other comprehensive income	-	-	11	-	-	11
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>21 318</b>	<b>21 329</b>
<b>Balance at 31 December 2021</b>	<b>239 646</b>	<b>260 615</b>	<b>78</b>	<b>59 824</b>	<b>723 598</b>	<b>1 283 761</b>

The separate financial statements are approved for issue by decision of the Managing Board on 15 June 2023.

Prepared by: Aleksandar Dimitrov Kerezov  
/A. Kerezov/

Executive director: Ivo Kamenov Georgiev  
/I. Kamenov/

As per auditor's report: Mariy Georgiev Apostolov  
Registered auditor responsible for the audit  
Managing partner  
Grant Thornton OOD  
Audit firm, Reg. № 032

The accompanying notes from 1 to 40 form an integral part of the separate financial statements.



## 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 AD on 30 October 2006 with stock exchange code CHIM 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 2022 is 38.

### 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 2021), 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".

### **2.1. Macroeconomic framework, Covid-19 and the military conflict in Ukraine**

The economic environment in 2022 has been shaped by the recovery from the Covid-19 pandemic, the military conflict in Ukraine, the sharp rise in prices and the reversal of the interest rate cycle. Due to the recovery from the Covid-19 pandemic and the military conflict in Ukraine, oil and commodity prices have risen. The military conflict in Ukraine on a global scale caused new interruptions and restrictions on the supply of goods, food and raw materials, which caused further price increases.

Inflation with subsequent monetary tightening and the energy crisis are the basis of the economic slowdown in the European Union in the last quarter. Price pressures intensified and widened in 2022, with inflation hitting record highs in recent decades.

The Bulgarian economy slows down the growth after mid-2022 and the annual growth decreases quarter by quarter with the following values: 3.7%, 4.3%, 3.1% and 2.1%. Under the influence of external demand, the recovery of the Bulgarian economy in the first half of 2022 exceeded expectations. At the end of 2022, the share of government debt to GDP is 22.9% (2021: -23.4%), and according to preliminary data, the budget deficit on an accrued basis is 2.9%. The labour market in our country is stable with a low unemployment rate of 4.7%.

In 2022, the Covid-19 pandemic has gradually subsided, and its economic consequences are being overcome.

The conflict between Russia and Ukraine has had a significant impact on the global economy in various ways, mainly related to the prices of energy resources. Rising prices and inflation in the global economy are likely to have a wide-ranging impact on the Company related to its business model, supply chain, legal and contractual issues, employees, consumers and working capital.

The company has reviewed the exposure to increased credit risk in relation to counterparties operating in the affected territories, including and from the imposed sanctions. The Company's management analyses all facts and circumstances regarding the current activity and operations with these counterparties. During the period, an expected credit loss was recognized in accordance with the Company's accounting policy.

Rising prices and inflation in the global economy are likely to have a wide-ranging impact on the Company related to its business model, supply chain, legal and contractual issues, consumers and working capital. The Company expects an increase in operating expenses, which may lead to an indexation of the holding fees it collects from subsidiaries. In 2022, interest rates on bank loans have not been changed.

## 2.2. Going concern principle

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

In 2022 a gradual recovery began of the activity levels of the companies from the aviation sector, owned by the subsidiary Bulgarian Airways Group EAD, which were among the most affected by the Covid-19 pandemic as operating in the aviation industry and providing services accompanying this sector. This process took place with the commencement of hostilities in Ukraine, which led to restrictions on activities related to bans on the entry of aircraft from Russia and the suspension of travel to and from Russia. In addition to geopolitical uncertainty, there has also been a deterioration in the overall macroeconomic environment, with prices of energy, raw materials, goods and services rising significantly. All these factors have an impact on the rate of recovery of aviation activity, accompanying services and related cash flows and accordingly affect the companies operating in the sector of aviation and its accompanying services.

The Company's management will continue to monitor the potential effects on all economic sectors and other countries in the region, and in particular those related to the activity of its investments, taking all necessary measures to limit potential future negative effects on the financial position and the results of its operations in 2023. The change in the business environment as a result of the negative effects in the aviation sector and its accompanying services could lead to a potential negative change in the balance sheet values of the assets and liabilities, and the results of the Company's operations and its investments, which in the individual financial statement are estimated after making a number of judgments and assumptions by the management, taking into account the most reliable information available at the date of the estimates.

In these conditions, the Company's management made an analysis and assessment of the Company's ability to continue its activity as a going concern based on the available information for the foreseeable future. Management expects that the Company has sufficient financial resources to continue its operations for the foreseeable future and continues to apply the going concern principle in the preparation of the separate financial statements.

## 3. Changes in accounting policies

### 3.1. New Standards, amendments and interpretations to IFRS adopted as at 1 January 2022

The Company has adopted the following new standards, amendments and interpretations, which are effective for the annual period beginning 1 January 2022:

#### **Amendments to 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**

- IFRS 3 Business Combinations – Update on references to the Conceptual Framework with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements.
- IAS 16 Property, Plant and Equipment – „Proceeds before Intended Use“ amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the Company recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - The changes in Onerous Contracts — Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate

directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

**Annual Improvements 2018-2020 effective from 1 January 2022 adopted by the EU**

- IFRS 1 First-time Adoption of International Financial Reporting Standards - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 Financial Instruments - The amendment clarifies which fees the Company includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. A Company includes only fees paid or received between the Company (the borrower) and the lender, including fees paid or received by either the Company or the lender on the other's behalf.
- IFRS 16 Leases - The amendment to IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 Agriculture - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

**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 authorisation 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 2022 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:

- IFRS 17 "Insurance Contracts" effective from 1 January 2023, adopted by the EU;
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies effective not earlier than 1 January 2024, 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, 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 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 adopted by the EU;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current effective from not earlier than 1 January 2024 not yet adopted by the EU;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback effective not earlier than 1 January 2024 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 the separate financial statements

The financial statements have been presented in accordance with IAS 1 "Presentation of Financial Statements". The Company has elected to present the 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:

- a) applies an accounting policy retrospectively;
- b) makes a retrospective restatement of items in its financial statements; or
- c) reclassifies items in the financial statements and this has a material impact on the statement of financial position at the beginning of the preceding period.

In 2022 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 separate financial statements of the Company investment in subsidiaries is accounted at cost of the investment.

The Company recognises 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. Climate-related matters

Legislators, regulators and users of non-financial information are currently paying a lot of attention to climate change. The EU has adopted the European Green Deal to transition to a more sustainable economic and financial system, and in the coming years detailed climate change reporting requirements will become applicable as part of European sustainability reporting standards under the upcoming Corporate Reporting Directive.

Risks induced by climate changes may have future adverse effects on the Company's business activities. These risks include transition risks (e.g., regulatory changes and reputational risks) and physical risks. How the subsidiaries and associated companies of the Group operate their businesses may be affected by new regulatory constraints on the CO2 emissions it generates. Some of the subsidiaries and associated companies are engaged in purchasing emission allowances according to Directive 2003/87/EC, ETS Directive - last amended by Directive (EU) 2018/410, thereby making a significant contribution to reducing the risks of carbon displacement emissions and are stimulating decarbonisation, through the inclusion of benchmarks for free allocation of emissions based on the performance of the best

performing enterprises in a given sector. This aims to encourage efficient operators to improve their performance while rewarding those who achieve good results.

The company on an individual level is not directly affected by climate risks, mainly due to the fact that it operates as a holding company and the main activity is aimed at qualitative and quantitative increase in the volume of projects in all sectors in which the companies of its Group operate, development of modern, management strategies and their immediate implementation through its subsidiaries. Concrete reflections of climate change could materialize in the amount of dividend income received by subsidiaries and associated companies that operate in the highly affected sectors from the point of view of sustainable development and its three main pillars. At the moment, most companies in the group of the most vulnerable segments have established and detailed measures to overcome changes of a climatic nature, as well as ways to reach the NetZero level of carbon emissions.

The activity of Chimimport AD is in accordance with the minimum limits under Art. 18 of Regulation/EU/2020/852 of the EP and of the Council and respects the principle "of not causing significant damage".

The effects of climate change can be in the context of two perspectives - the impact that a business can have through its activity on the climate, and the impact that climate change can have on its economic activity.

The activity of Chimimport AD has no direct impact on the environment. Regarding the second perspective, the effect would be indirect through the impact on the activities of subsidiaries and associated enterprises and respectively the income from dividends and administrative management services of the Company.

In the event of climate change actions in the future directly affecting the business, Chimimport AD undertakes to analyse the impact on the climate and reduce its carbon emissions, if any, by 50% by 2030 and to be carbon neutral no later than 2050.

Consistent with the prior year, as at 31 December 2022, the Company has not identified significant risks induced by climate changes that could negatively and materially affect the Company's financial statements. Management continuously assesses the impact of climate-related matters.

Assumptions could change in the future in response to forthcoming environmental regulations, new commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Company's future cash flows, financial performance and financial position.

#### **4.5. Foreign currency translation**

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 recognised 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.

Bulgarian leva is pegged to the euro at an exchange rate of EUR 1 = BGN 1.95583.

#### **4.6. Segment reporting**

Management defines operating segments based on the types of activities the Company performs. The company's activity is carried out in one segment on a non-consolidated basis - financial sector.

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

#### **4.7. Revenue**

Revenue includes revenue from services. Revenue from services is presented in note 25.

To determine whether to recognise 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 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised 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.

##### **4.7.1. Revenue recognised over time**

###### **4.7.1.1. Rendering of services**

Revenue from services is recognized when the services are provided in accordance with the degree of completion of the contract at the date of the separate financial statements.

#### **4.8. Interest and dividend income**

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

#### **4.9. Operating expenses**

Operating costs are recognized in profit or loss when the services are used or on the date they are incurred.

#### **4.10. Interest expenses 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 'Finance costs'.

#### **4.11. 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 is carried at its cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Impairment losses are recognised in the 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 recognised as incurred.

The residual value and useful lives of property, plant and equipment are assessed by management at each reporting date.

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   |

The gain or loss on the sale of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the separate statement of profit or loss and other comprehensive income.

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

#### **4.12. Leases**

##### The Company as a lessor

The Company's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

#### **4.13. 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 recognised 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 reorganisations 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 recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

#### **4.14. Investment property**

The Company reports as investment property buildings that are held to receive rental income and/or for capital appreciation, 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.

Investment properties are revalued on an annual basis and are included in the individual statement of financial position at their market values. They are determined by independent valuers with professional qualifications and significant professional experience depending on the nature and location of the investment properties, based on evidence of market conditions.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within „Revenue from non-financial activities“.

Subsequent expenditure relating to investment property, which is already recognised 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 recognised as incurred.

The investment property is derecognised 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 recognised in profit or loss.

Rental income and operating expenses from investment property are reported in the separate statement of profit or loss and other comprehensive income within „Revenue from non-financial activities “ and „Non-financial expenses“, respectively and are recognised as described in note 4.7 and note 4.9.

#### **4.15. Financial instruments**

##### **4.15.1. Recognition and derecognition**

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

Financial assets are derecognised 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 derecognised when it is extinguished, discharged, cancelled or expires.

##### **4.15.2. 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 amortised 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 related to financial assets that are recognized in profit and loss are included in positive and negative differences with financial instruments in the separate statement of profit or loss and other comprehensive income.

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

##### **Financial assets at amortised cost**

Financial assets are measured at amortised 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 amortised 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 other financial receivables, and listed bonds fall into this category of financial instruments.

##### **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 recognised 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 recognised 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 recognise 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 recognised in the revaluation reserve is reclassified to retained earnings.

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

#### 4.15.4. Impairment of financial assets

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

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost/ FVOCI, trade receivables, 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 recognised for the first category while "lifetime expected credit losses" are recognised 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 adjusted effective interest rate).

New accounting policy regarding financial assets was implemented in 2022 by the entity which includes a supplemented model for the formation of expected credit losses of the company, based on accepted collateral, reported cash flows and an amended supplemented definition of default. To determine the risk of default and to change its accounting policy, the Company uses the guidelines of Regulation (EU) No. 575/2013 and Guidelines EBA/GL/2016/07 on the application of the definition of default according to Article 178 of Regulation (EU) No. 575/2013, applies a definition of non-performing is in accordance with the definition of the European Banking Authority (EBA) for non-performing exposure. The accounting definition of default is consistent with that used for credit risk management and internal reporting purposes.

A financial asset is considered credit impaired when one or more events have occurred that have a negative impact on the expected future cash flows of this exposure:

- The borrower experiences significant financial difficulties and is unable to pay his obligations without realizing the collateral, regardless of the presence of overdue amounts and days in arrears
- There is a breach of contract, with the exposure categorized as "in default"

- The company, for economic or contractual reasons related to the counterparty's deteriorating financial condition, has provided discounts that it would not have made under other circumstances
- There is a possibility that the borrower will become insolvent.

Additional information in connection with the adopted new amended accounting policy for determining the amount of expected credit losses is presented in note 5.

The review of the indicators and the evaluation of the exposures is carried out on a quarterly basis, and the relevant decisions are taken by the management of the Company.

The impairment of financial assets in Phase 1 is calculated on the basis of "expected credit losses for 12 months", and for financial assets in Phase 2 and Phase 3 - on the basis of "expected credit losses for the entire term of the financial asset". Financial assets in Phase 3 are considered assets with objective evidence of impairment.

For the purposes of determining the impairment of financial assets, the Company applies models for calculating expected credit losses on an individual basis. Impairment models of individually valued financial assets are applied to debt financial assets that represent loans granted with unique characteristics, regardless of their size.

The impairment models of the individually assessed exposures are based on the discounted cash flows and reflect the expectations for the realized cash flows, including the available reasonable and reasoned information, accessible without incurring excessive costs or efforts, which concerns future events /including macroeconomic forecasts/.

The financial asset impairment model is based on determining probability of default (PD) and loss given default (LGD) values for each collectively assessed asset, applying amortization at the effective interest rate (EIR) in calculating the exposure at default (EAD).

The Company recognizes in profit or loss - as an impairment gain or loss - the amount of expected credit losses (or reversals) incurred during the period, measured by the difference between the credit loss allowance at the review date and the previous review date. The provision for expected credit losses is presented as a reduction of the carrying amount of the financial asset in the statement of financial position.

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 uses a simplified approach in determining expected credit losses on trade and other receivables and recognizes an impairment loss as expected credit losses over the life of the receivables. Losses represent the expected shortfall in contractual cash flows, given the possibility of default at any point during the term of the financial instrument. The Company uses its accumulated experience, external indicators and long-term information to calculate expected credit losses by analysing the term structure of receivables.

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

The Company's financial liabilities include borrowings and trade and other financial liabilities.

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 amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL.

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.

#### 4.15.6. Financial liabilities

The Company's financial liabilities include bank borrowings, overdrafts, trade and other liabilities.

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 unfavourable 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 recognised in profit or loss comprises the sum of deferred tax and current tax not recognised 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 recognised 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 recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other

comprehensive income or directly in equity, in which case the related deferred tax is also recognised 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, net of any related income tax benefits.

The other reserves are formed based on the requirements of the Commercial 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 equity.

#### **4.19. Post-employment benefits 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 Labour 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 represents the present value of the defined benefit obligation at the end of the reporting period, including adjustments for unrecognized actuarial gains or losses and 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, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds

Actuarial gains and losses are recognised 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 "Non-financial 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 recognised 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 measures at amortised value**

The management's analysis and intentions are confirmed by the business model of holding debt instruments that meet the requirements for receiving solely payments of principal and interest and holding assets only until the collection of the agreed cash flows of the bonds that are classified as debt instruments carried at amortized cost. This solution is in line with the current liquidity and capital of the Company.

##### **4.21.3. Control over the subsidiaries**

Note 8 describes that Central Cooperative Bank AD, Armeec Insurance Joint Stock Company and Oil and Gas Exploration and Production Plc are subsidiaries of the Company, although it directly owns less than 50% of the voting rights in each of them, but indirectly the control in each of the mentioned is more than 50%.

#### **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 4.13). In calculating expected future cash flows, management makes assumptions about future gross profits. These assumptions relate to future events and circumstances and may be affected by economic uncertainty arising from the residual impact of the Covid-19 pandemic and macroeconomic developments related to the ongoing military conflict between Russia and Ukraine. 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 are 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 a probability-weighted estimate of credit losses that require the Company's judgment. Expected credit losses are discounted at the original effective interest rate (or the credit-adjusted effective interest rate for purchased or initially created financial assets with credit impairment). Changes made during the period in the accounting policy in relation to financial assets are disclosed in note 5.

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

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2022 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analysed in note 6. 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; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability BGN 43 thousand (2021: BGN 36 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 high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to actuarial assumptions, which may vary and significantly impact the defined benefit obligations and the annual defined benefit expenses.

#### 4.22.5. Fair value measurement

Management uses techniques to estimate the fair value of financial instruments in the absence of quoted prices in an active market. Details of the assumptions used are presented in the notes to financial assets and liabilities. In applying valuation techniques, management uses to the maximum extent market data and assumptions that market participants would adopt in valuing a given financial instrument. When applicable market data is lacking, management uses its best estimate of 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 economic uncertainty related to the military conflict between Russia and Ukraine.

#### 5. Effect of change in accounting policy

In 2022, the Company adopted a new amended accounting policy regarding its financial assets regarding the application of IFRS 9 Financial Instruments. The implemented changes in the accounting policy are related to the global macroeconomic developments that have occurred, caused by the intense changes in the global geopolitical and geostrategic indicators, influenced by the military conflict between Russia and Ukraine, as well as changes in the regulations concerning the financial institutions in the Group of Chimimport AD. The new accounting policy regarding financial assets contains changes in the parameters of the models used, disclosed in note 4.15.

The Company estimates that it is impracticable to determine the period-specific effects of changing an accounting policy on comparative information for the prior periods presented, therefore the Company applies the new accounting policy in relation to the carrying amounts of the financial assets at the beginning of the earliest period, for which retrospective application is practicable, which is 1 January 2022. Regarding the disclosures of the effects of the new accounting policy, the Company has applied the guidance of paragraph 24 and 26 of IAS 8 Accounting Policy, Changes in Accounting Estimates and Errors.

#### Statement of financial position

	31.12.2021	Effect from change in accounting policy	01.01.2022
	BGN'000	BGN'000	BGN'000
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	2 591	-	2 591
Investment property	35 831	-	35 831
Investments in subsidiaries	789 057	-	789 057
Long-term financial assets	127 846	(91 658)	36 188
Long-term related party receivables	160 234	(40 262)	119 972
Deferred tax assets	-	2 596	2 596
	<b>1 115 559</b>	<b>(129 324)</b>	<b>986 235</b>
Current assets			
Short-term financial assets	227 380	4 961	232 341
Trade and other financial receivables	48 027	(41 055)	6 972
Related party receivables	64 429	(25 497)	38 932
Prepayments and other assets	185	-	185
Cash and cash equivalents	70 075	-	70 075
	<b>410 096</b>	<b>(61 591)</b>	<b>348 505</b>
<b>Total assets</b>	<b>1 525 655</b>	<b>(190 915)</b>	<b>1 334 740</b>



	31.12.2021	Effect from change in accounting policy	01.01.2022
	BGN'000	BGN'000	BGN'000
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	239 646	-	239 646
Share premium	260 615	-	260 615
Remeasurement of defined benefit liability	78	-	78
Other reserves	59 824	-	59 824
Retained earnings	723 598	(174 452)	549 146
<b>Total equity</b>	<b>1 283 761</b>	<b>(174 452)</b>	<b>1 109 309</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings – non-current	31 139	-	31 139
Long-term related party payables	21 833	-	21 833
Pension and other employee obligations	36	-	36
Provisions for liabilities	1 246	-	1 246
Deferred tax liabilities	16 463	(16 463)	-
	<b>70 717</b>	<b>(16 463)</b>	<b>54 254</b>
<b>Current liabilities</b>			
Bank and other borrowings-current	486	-	486
Trade and other payables	3 487	-	3 487
Short-term related party payables	167 103	-	167 103
Pension and other employee obligations	101	-	101
	<b>171 177</b>	<b>-</b>	<b>171 177</b>
<b>Total liabilities</b>	<b>241 894</b>	<b>(16 463)</b>	<b>225 431</b>
<b>Total equity and liabilities</b>	<b>1 525 655</b>	<b>(190 915)</b>	<b>1 334 740</b>

The total effect as at 1 January 2022 over Company's retained earnings is presented as follows:

	<u>Retained earnings</u> BGN'000
<b>Ending balance as at 31 December 2021</b>	<b>723 598</b>
<b>Adjustments from changes in accounting policy:</b>	
Increase in expected credit losses of financial assets	(193 511)
Increase in deferred tax assets related to recognized impairment losses	19 059
	<u>(174 452)</u>
<b>Beginning balance as at 1 January 2022</b>	<b>549 146</b>

## 6. 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 2022 can be analysed as follows:

	Buildings BGN '000	Machines and equipment BGN '000	Vehicles BGN '000	Other BGN '000	Total BGN '000
<b>Gross carrying amount</b>					
Balance at 1 January 2022	26	249	113	3 774	4 162
Additions	2	-	-	-	2
<b>Balance at 31 December 2022</b>	<b>28</b>	<b>249</b>	<b>113</b>	<b>3 774</b>	<b>4 164</b>
<b>Depreciation</b>					
Balance at 1 January 2022	(24)	(249)	(113)	(1 185)	(1 571)
Depreciation	-	-	-	(350)	(350)
<b>Balance at 31 December 2022</b>	<b>(24)</b>	<b>(249)</b>	<b>(113)</b>	<b>(1 535)</b>	<b>(1 921)</b>
<b>Carrying amount at 31 December 2022</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>2 239</b>	<b>2 243</b>

The carrying amount as at 31 December 2021 can be analysed as follows:

	Buildings BGN '000	Machines and equipment BGN '000	Vehicles BGN '000	Other BGN '000	Total BGN '000
<b>Gross carrying amount</b>					
Balance at 1 January 2021	26	249	113	3 774	4 162
<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>

All depreciation charges are included in the Separate statement of profit or loss and other comprehensive income within "Non-financial expenses". The Company has no property, plant and equipment pledged as security for its liabilities.

## 7. 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 the investment properties was determined by the Company based on the weighted values from the income approach, the comparative market approach and the residual value method as of 31 December 2022.

Changes to the carrying amounts can be summarized as follows:

	Investment property BGN '000
<b>Carrying amount at 1 January 2021</b>	<b>35 831</b>
<b>Carrying amount at 31 December 2021</b>	<b>35 831</b>
<b>Carrying amount at 31 December 2022</b>	<b>35 831</b>

The Company has not identified any significant changes in the fair value of investment property.

No improvements were made to the investment properties in 2022 and 2021. For 2022, the Company has realized rental income in the amount of BGN 441 thousand (2021 – BGN 30 thousand) included within 'Revenue from non-financial activities' in the separate statement of profit or loss and other comprehensive income note 25. The contracts with the tenants are concluded for a period of 1 year at the end of 2021.

#### 8. Investments in subsidiaries

As at 31 December 2022, the Company has the following investments in direct subsidiaries:

Name of the subsidiary	Country of incorporation	Main activities	31.12.2022 BGN'000	Share %	31.12.2021 BGN'000	Share %
CCB Group JSC	Bulgaria	Financial services	248 148	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%
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 Plc.	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 Joint Stock Company	Bulgaria	Financial services	20 419	9.74%	20 419	9.74%
Bulchimex GmbH	Bulgaria	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 Intercar 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 "HGH Consult" Ltd.	Bulgaria	Services	111	59.34%	111	59.34%
Prime Lega Consult EOOD	Bulgaria	Services	4	100.00%	4	100.00%
			<b>787 866</b>		<b>789 057</b>	

The subsidiaries are recognized in the separate financial statements of the Company using the cost method. In 2022, the reduction of the investment in the company CCB Group EAD in the amount of BGN 1 191 thousand represents amounts repaid by decision of the subsidiary, according to a loan agreement that has no deadline for repayment and are repaid by decision of the subsidiary. During the period, dividends were received from investments in subsidiaries, disclosed in note 24.

## 9. Long-term financial assets

	Note	2022 BGN'000	2021 BGN'000
Debt instruments as amortised cost:			
Loans granted and deposits	9.1	14 988	94 215
		<b>14 988</b>	<b>94 215</b>
Equity instruments at fair value through other comprehensive income:			
Unquoted equity instruments	9.2	7 131	14 073
		<b>7 131</b>	<b>14 073</b>
Financial assets at fair value through profit or loss:			
Unquoted financial instruments	9.3	19 558	19 558
		<b>19 558</b>	<b>19 558</b>
<b>Total long-term financial assets</b>		<b>41 677</b>	<b>127 846</b>

### 9.1. Debt instruments as amortised cost

Financial assets at amortized cost include principals and interest on loans granted. They mature after the end of 2023. The carrying amounts of financial assets measured at amortised cost are as follows:

	2022 BGN'000	2021 BGN'000
<b>Carrying amount (amortized cost):</b>		
Loans granted	103 308	101 999
Allowance for expected credit loss	(88 320)	(7 784)
Carrying amount	<b>14 988</b>	<b>94 215</b>

Long-term loans are granted at annual market interest rates and are classified depending on the term of the loan. As of 31.12.2022, collateral was received for portion of the loans in the form of shares of a public company with a total value of BGN 7 825 thousand.

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

	2022 BGN'000	2021 BGN'000
Unquoted equity instruments	7 131	14 073
Carrying amount	<b>7 131</b>	<b>14 073</b>

In determining the fair value of the Company's unquoted equity instruments through other comprehensive income, was used the fair value of the equity instruments from reports of independent appraisers. (Note 37.1)

#### 9.2.1. Amounts recognized in other comprehensive income

During the year, the following losses were recognized in other comprehensive income in respect of equity instruments at fair value through other comprehensive income:

	2022 BGN'000	2021 BGN'000
Losses from change in fair value of unquoted equity instruments at fair value through other comprehensive income, net of tax	(6 249)	-

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

	2022 BGN'000	2021 BGN'000
<b>Financial assets measured at fair value through profit or loss</b>		
Unquoted instruments – convertible subordinated deposit	19 558	19 558

Chimimport AD has granted to a related party under common control (JSC IK Bank), under common 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%. (Note 37.1)

## 10. Deferred tax assets and liabilities

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

Deferred tax liabilities/(assets)	01.01.2022	Effect from change in accounting policy, note 5	Restated as at 01.01.2022	Recognized in other comprehensive income	Recognized in profit and loss	31.12.2022
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Non-current assets</b>						
Long-term financial assets	(778)	(10 307)	(11 085)	(694)	2 250	(9 529)
Long-term related party receivables	(991)	(3 164)	(4 155)	-	-	(4 155)
Investment property	3 177	-	3 177	-	6	3 183
<b>Current assets</b>						
Short-term financial assets	18 601	496	19 097	-	(5)	19 092
Related party receivables	(1 895)	(2 550)	(4 445)	-	(495)	(4 940)
Trade and other financial receivables	(1 152)	(3 534)	(4 686)	-	-	(4 686)
Cash and cash equivalents	(7)	-	(7)	-	-	(7)
<b>Non-current liabilities</b>						
Pension and other employee obligations	(6)	-	(6)	-	-	(6)
Provisions	(185)	-	(185)	-	27	(158)
<b>Current liabilities</b>						
Pension and other employee obligations	(6)	-	(6)	-	3	(3)
Unused tax losses	(295)	-	(295)	-	137	(158)
	<b>16 463</b>	<b>(19 059)</b>	<b>(2 596)</b>	<b>(694)</b>	<b>1 923</b>	<b>(1 367)</b>
<b>Recognized as:</b>						
Deferred tax assets	<b>(5 315)</b>					<b>(23 642)</b>
Deferred tax liabilities	<b>21 778</b>					<b>22 275</b>
<b>Net deferred tax liabilities/(assets)</b>	<b>16 463</b>					<b>(1 367)</b>

The deferred taxes for the comparative reporting period in 2021 are summarized as follows:

<b>Deferred tax liabilities (assets)</b>	<b>01.01.2021</b>	<b>Recognised in profit and loss</b>	<b>31.12.2021</b>
	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>
<b>Non-current assets</b>			
Long-term financial assets	(729)	(49)	(778)
Long-term 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
Related party receivables	(4 220)	2 325	(1 895)
Trade and other financial 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>			
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>

All deferred tax assets and liabilities have been recognised in the separate statement of financial position.

#### 11. Short-term financial assets

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

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>BGN'000</b>	<b>BGN'000</b>
<b>Debt instruments at amortized cost</b>			
Loans granted	11.1	17 719	12 722
		<b>17 719</b>	<b>12 722</b>
<b>Financial assets at fair value through profit or loss</b>			
Unquoted financial instruments	11.2	219 214	214 649
		<b>219 214</b>	<b>214 649</b>
<b>Equity instruments at fair value through other comprehensive income</b>			
Unquoted equity instruments	11.3	9	9
		<b>9</b>	<b>9</b>
		<b>236 942</b>	<b>227 380</b>

As at 31.12.2022, the Company has not pledged any of its short-term financial assets.

### 11.1. Debt instruments at amortized cost

	2022 BGN'000	2021 BGN'000
<b>Carrying amount (amortized cost):</b>		
Loans granted	17 751	17 740
Allowance for expected credit loss	(32)	(5 018)
<b>Carrying amount</b>	<b>17 719</b>	<b>12 722</b>

Short-term loans are provided at annual market interest rates and depend on the term of the loan. The repayment term of the granted short-term loans is 31 December 2023. As at 31 December 2022, movable property was received as collateral for part of the loans, with a total amount of accepted collateral BGN 14 245 thousand.

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

As of 31.12.2022, short-term financial assets at the amount of BGN 219 214 thousand (2021: BGN 214 649 thousand) are classified as financial instruments at fair value through profit and loss. As of 31.12.2022, financial assets are presented at fair value, determined on the basis of market assessments prepared by independent appraisers. (Note 37.1).

### 11.3. Equity instruments at fair value through other comprehensive income:

As of 31.12.2022, equity instruments at fair value through other comprehensive income are presented at fair value, which is close to their book value. (Note 37.1)

	2022 BGN'000	2021 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>

## 12. Trade and other financial receivables

	2022 BGN'000	2021 BGN'000
Trade receivables, gross amount before impairment	47 548	51 967
Expected credit losses and impairment losses on trade receivables	(47 171)	(10 820)
<b>Trade receivables</b>	<b>377</b>	<b>41 147</b>
Deposits	6 526	7 070
Other financial receivables	402	402
Expected credit losses and impairment losses on other financial receivables	(604)	(592)
<b>Other financial receivables</b>	<b>6 324</b>	<b>6 880</b>
<b>Trade and other financial receivables</b>	<b>6 701</b>	<b>48 027</b>

At 31 December 2022, the Company has restricted funds on its deposits in the amount of BGN 5 480 thousand (2021: BGN 6 025 thousand), representing collateral under a bank credit agreement, disclosed in note 16.1. All trade and other financial receivables are short-term. The net book value of trade and other receivables is assumed to be a reasonable approximation of their fair value.

For all trade and other financial receivables, the Company has performed an analysis and assessment of expected credit losses. When impairment is accrued, it is recognized in the

individual statement of profit or loss and other comprehensive income within "Non-financial expenses".

### 13. Cash and cash equivalents

Cash and cash equivalents include the following components:

	<b>2022</b>	<b>2021</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Cash at bank and in hand:		
- BGN	78	302
- EUR	68 651	69 862
<b>Cash and cash equivalents, gross</b>	<b>68 729</b>	<b>70 164</b>
Allowance for impairment	(78)	(89)
<b>Cash and cash equivalents</b>	<b>68 651</b>	<b>70 075</b>

The company has restricted funds as of 31.12.2022 at the amount of BGN 3 thousand (2021: BGN 3 thousand).

### 14. Equity

#### 14.1. Share capital

The share capital of the Company as at 31 December 2022 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.

	<b>2022</b>	<b>2021</b>
	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>
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 main shareholders holding ordinary shares of the Company is as follows:

	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Number</b>	<b>%</b>	<b>Number ordinary</b>	<b>%</b>
	<b>ordinary shares</b>		<b>shares</b>	
Invest Capital AD	173 487 247	72.39%	173 487 247	72.39 %
Other legal entities	48 032 331	20.04%	49 019 954	20.46 %
Other individuals	18 126 689	7.57%	17 139 066	7.15 %
	<b>239 646 267</b>	<b>100.00 %</b>	<b>239 646 267</b>	<b>100.00 %</b>

#### 14.2. Share premium

As at 31 December 2022 the share premium of the Company amounts to BGN 260 615 thousand (2021: 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.

#### 14.3. Other reserves

As at 31 December 2022, the other reserves of the Company amounted to 59 824 thousand (2021: BGN 59 824 thousand) and were formed on the basis of the requirements of the Commercial Act for the formation of statutory reserves in prior periods and other reserves. The decrease during the period in the amount of BGN 6 249 thousand is due to recognized revaluations of financial assets valued at fair value through other comprehensive income.

### 15. Employee remuneration

#### 15.1. Employee benefits expense

Expenses recognized for employee benefits include:

	2022 BGN '000	2021 BGN '000
Salaries	(747)	(744)
Social security costs	(112)	(111)
Current service costs	(4)	(6)
<b>Employee benefits expense</b>	<b>(863)</b>	<b>(861)</b>

#### 15.2. Pension and other employee obligations

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

	2022 BGN '000	2021 BGN '000
<b>Non-current:</b>		
Defined benefit plans	43	36
<b>Non-current pension and other employee obligations</b>	<b>43</b>	<b>36</b>
<b>Current:</b>		
Payables to employees	44	37
Payables to social security institutions	48	43
Liabilities on unused leave	31	21
<b>Current pension and other employee obligations</b>	<b>123</b>	<b>101</b>

The current portion of these liabilities represents the Company's obligations to its current employees that are expected to be settled during 2023. 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:

	2022 BGN '000	2021 BGN '000
Defined benefit obligation at 1 January	36	42
Current service cost	4	6
Remeasurement - actuarial gains from changes in demographic assumptions	3	(12)
<b>Defined benefit obligation at 31 December</b>	<b>43</b>	<b>36</b>

The following actuarial assumptions were used in determining the pension obligations:

	2022	2021
Discount rate	1.5%	1%
Expected rate of salary increase	2%	2%
Average life expectancy:		
Average retirement age - men	65	65
Average retirement age - women	62	62

A mortality table prepared by the National Institute of Statistics 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.

#### 16. Bank and other borrowings

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

	Note	Current		Non-current	
		2022	2021	2022	2021
		BGN '000	BGN '000	BGN '000	BGN '000
Financial liabilities measured at amortized cost:					
Bank borrowings	16.1	486	486	10 268	10 756
Cessions and other borrowings	16.2	14 212	-	6 278	20 383
<b>Total carrying amount</b>		<b>14 698</b>	<b>486</b>	<b>16 546</b>	<b>31 139</b>

#### 16.1. Bank borrowings

	Current		Non-current	
	2022	2021	2022	2021
	BGN '000	BGN '000	BGN '000	BGN '000
Bank loan 1	486	486	593	1 081
Bank loan 2	-	-	9 675	9 675
<b>Total bank borrowings</b>	<b>486</b>	<b>486</b>	<b>10 268</b>	<b>10 756</b>

##### Bank loan 1

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 10.11.2024. The loan is secured by receivables pledge on companies within the Group and a contract of guarantee. 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%.

##### Bank loan 2

The loan agreement was concluded on 31.01.2020 for an amount of EUR 4 950 thousand (BGN 9 675 thousand) for repayment period until 31.01.2024. The loan is secured by bank deposits, disclosed in note 13. The annual interest rate on the loan is formed on the basis of BIR plus 0.8%.

## 16.2. Cessions and other borrowings

	Current		Non-current	
	2022 BGN '000	2021 BGN '000	2022 BGN '000	2021 BGN '000
Obligations under cession agreements	14 212	-	3 386	17 598
Long-term borrowings	-	-	2 892	2 785
	<b>14 212</b>	<b>-</b>	<b>6 278</b>	<b>20 383</b>

The cession contracts in the amount of BGN 17 598 thousand (2021: BGN 17 598 thousand) are deposits acquired in 2014.

Long-term borrowings in the amount of BGN 2 892 thousand represent obligations under a loan agreement with a maturity date 22 August 2024 (2021: BGN 2 785 thousand) at an interest rate of 4.5%.

## 17. Provisions for liabilities

Provisions for liabilities related to recognized expected credit losses on off-balance sheet exposures - guarantees, as at 31 December 2022, amount to BGN 978 thousand (2021: BGN 1 246 thousand).

## 18. Trade and other payables

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

	2022 BGN '000	2021 BGN '000
Trade payables	35	45
Other financial liabilities	118	429
<b>Total trade and other financial payables</b>	<b>153</b>	<b>474</b>
Tax on personal income	16	16
VAT payables	23	27
Withholding tax payables	-	20
Other payables	2 935	2 950
<b>Total non-financial liabilities</b>	<b>2 974</b>	<b>3 013</b>
<b>Total trade and other payables</b>	<b>3 127</b>	<b>3 487</b>

## 19. Gain from transactions with financial instruments

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

	2022 BGN '000	2021 BGN '000
Positive differences from securities transactions and investments	24 813	34 068
	<b>24 813</b>	<b>34 068</b>

## 20. Loss from transactions with financial instruments

	2022 BGN '000	2021 BGN '000
Negative differences from securities transactions and investments	(6 041)	(10 523)
	<u>(6 041)</u>	<u>(10 523)</u>

## 21. Interest income

Interest income for the reporting periods presented include:

	2022 BGN '000	2021 BGN '000
Interest income from:		
- Loans granted	4 540	4 915
- Bank deposits	299	261
	<u>4 839</u>	<u>5 176</u>

## 22. Interest expense

Interest expenses for the reporting periods presented include:

	2022 BGN '000	2021 BGN '000
Interest expense on:		
- Other borrowings	(3 079)	(3 193)
- Bank borrowings	(315)	(1 077)
	<u>(3 394)</u>	<u>(4 270)</u>

## 23. 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>	<b>2022 BGN '000</b>	<b>2021 BGN '000</b>
Gains from exchange rate fluctuations	98	17
Losses from exchange rate fluctuations	(89)	(7)
Bank fees and commissions	(47)	(56)
	<u>(38)</u>	<u>(46)</u>

## 24. Dividend income

	2022 BGN '000	2021 BGN '000
Dividend income from investments in subsidiaries	734	-
Dividend income from other investments	4 277	-
	<u>5 011</u>	<u>-</u>

## 25. Revenue from non-financial activities

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

	<b>2022</b>	<b>2021</b>
	<b>BGN '000</b>	<b>BGN '000</b>
Revenue from services	1 540	1 535
Rental income (note 7)	441	30
Other operating income	683	1 730
	<u><b>2 664</b></u>	<u><b>3 295</b></u>

## 26. Non-financial expenses

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

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>BGN '000</b>	<b>BGN '000</b>
Hires services expense		(1 702)	(2 249)
Employee benefits expense	15.1	(863)	(861)
Depreciation expense		(165)	-
Cost of materials	6	(350)	(350)
Other operating expense		(41)	(38)
Hires services expense		(214)	(337)
		<u><b>(3 335)</b></u>	<u><b>(3 835)</b></u>

The remuneration for the independent financial audit for 2022 amounts to BGN 200 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.

## 27. Income tax expense

The expected tax expense based on the applicable tax rate of 10% and the actual tax expense recognized in profit or loss can be reconciled as follows:

	<b>2022</b>	<b>2021</b>
	<b>BGN '000</b>	<b>BGN '000</b>
Profit before tax	24 516	23 865
Tax rate	10%	10%
<b>Expected income tax expense</b>	<u><b>(2 452)</b></u>	<u><b>(2 387)</b></u>
Adjustments for tax-exempt income	3 192	3 449
Adjustments for non-deductible expenses	(740)	(948)
<b>Current tax expense</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>Deferred tax expense as a result from:</b>		
- origination and reversal of temporary differences	(1 923)	(2 547)
<b>Income tax expense</b>	<u><b>(1 923)</b></u>	<u><b>(2 547)</b></u>
Deferred tax income recognized directly in other comprehensive income	694	-

Note 10 provides information on deferred tax assets and liabilities, including the amounts recognized directly in other comprehensive income or retained earnings and as an accounting policy adjustment disclosed in note 5.

## 28. 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:

	2022	2021
Profit attributable to the shareholders (BGN)	22 596 000	21 318 000
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>

## 29. Related party transactions

The Company's related parties include the owners, subsidiaries and associates, other related parties under common control and key management personnel.

### 29.1. Transactions with owners

	2022 BGN '000	2021 BGN '000
<b>Purchases</b>		
<i>Purchase of services, goods and interest expense</i>		
- owner	(376)	(507)
<b>Sale</b>		
<i>Sale of services</i>		
- owner	30	-
Loans received from:		
- owner	4 355	9 677
Loans repaid to:		
- owner	(17 040)	(6 357)
Other transactions with:		
- owner	(13 995)	-

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

	2022 BGN '000	2021 BGN '000
<b>Sales</b>		
<i>sales of services and interest income</i>		
- subsidiaries	5 841	4 341
- other related parties under common control	99	532
<b>Dividend income</b>		
- subsidiaries	734	-
- other related parties under common control	3 900	-
<b>Purchases</b>		
<i>purchase of services, goods and interest expense</i>		
- subsidiaries	(3 352)	(3 719)

	2022 BGN '000	2021 BGN '000
<b>Loans granted to:</b>		
- subsidiaries	(24 288)	(44 350)
- other related parties under common control	-	(197)
<b>Repaid loans from:</b>		
- subsidiaries	6 016	43 738
<b>Loans received from:</b>		
- subsidiaries	11 272	6 102
<b>Repaid loans to:</b>		
- subsidiaries	(2 183)	(2 335)
<b>Other transactions with:</b>		
- subsidiaries	(2 292)	(42 421)
- other related parties under common control	-	(485)

### 29.3. Transactions with key management personnel

The key management personnel of the Company include the members of the Managing Board and the Supervisory Board. Compensation of key management personnel consists of current salaries and remunerations as follows:

	2022 BGN '000	2021 BGN '000
Short-term employee benefits:		
Salaries including bonuses	(168)	(168)
Social security costs	(16)	(16)
<b>Total remunerations</b>	<b>(184)</b>	<b>(184)</b>

### 30. Related party balances at year-end

	2022 BGN '000	2021 BGN '000
<b>Non-current receivables from:</b>		
- subsidiaries	148 132	126 962
- other related parties under common control	43 181	43 181
Expected credit losses and impairment losses	(41 553)	(9 909)
<b>Total non-current receivables from related parties:</b>	<b>149 760</b>	<b>160 234</b>
<b>Current receivables from:</b>		
- owners and key management personnel	6 750	20 083
- subsidiaries	32 771	39 632
- other related parties under common control	26 534	24 391
Expected credit losses and impairment losses	(49 103)	(19 677)
<b>Total non-current receivables from related parties:</b>	<b>16 952</b>	<b>64 429</b>

A significant part of the loans provided to related parties are secured by guarantees under contracts for the pledge of investments in subsidiaries and associated companies.

	2022 BGN '000	2021 BGN '000
<b>Non-current payables to:</b>		
- subsidiaries	35 558	21 833
<b>Total non-current payables to related parties</b>	<b>35 558</b>	<b>21 833</b>
	2022 BGN '000	2021 BGN '000
<b>Current payables to:</b>		
- owners	21 863	20 804
- subsidiaries	129 311	145 687
- other related parties, outside the group	119	612
<b>Total current payables to related parties</b>	<b>151 293</b>	<b>167 103</b>

### 31. 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 bank and other borrowings BGN '000
<b>1 January 2022</b>	<b>31 139</b>	<b>486</b>	<b>31 625</b>
<b>Cash flows:</b>			
Interest payment	-	(315)	(315)
<b>Non-cash transactions:</b>			
Borrowings reclassification	(14 701)	14 701	-
Off-settings	-	(489)	(489)
Accrued interest	108	315	423
<b>31 December 2022</b>	<b>16 546</b>	<b>14 698</b>	<b>31 244</b>
	Long-term borrowings BGN '000	Short-term borrowings BGN '000	Total bank and other borrowings 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 on loans	194	-	194
<b>Non-cash transactions:</b>			
Borrowings reclassification	(551)	551	-
Off-settings	-	(629)	(629)
Written-off	(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>

### 32. 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 investing and financing activities:



- In 2022, the Company made offsets of receivables against liabilities with related parties in the amount of BGN 29 509 thousand and with unrelated parties in the amount of BGN 486 thousand.

### 33. Dividends

In 2022 and 2021, 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 2023 and 2022, with the tax deducted from the gross amount of the dividends.

### 34. Contingent liabilities

The company has provided guarantees under Art. 240 of the Commercial Law as a member of the management and supervisory bodies of the following companies - Parahodstvo Balgarsko Rečno Plavane AD and Oil and Gas Exploration and Production Plc.

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

- credit line agreement concluded between commercial bank and Zyrneni Hrani Bulgaria AD in the amount of BGN 1 303 thousand as of 31 December 2022 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 21 237 thousand.
- loan agreement between commercial bank and Zarneni Hrani Grain EOOD dated 13 December 2013 maturing on 30 September 2024 and present value of the liability BGN 2 037 thousand; The fair value of the collateral owned by the borrower amounts to BGN 13 048 thousand.

The company is a guarantor of the following contracts:

- bank debt agreement No. 739/21.06.2013, concluded between a Bulgarian commercial bank and Slanchevi Lachi Provadia EAD in the amount of - BGN 6 199 thousand with a repayment plan with maturity of 20 December 2029; The fair value of the pledged assets, owned by the debtor amount to BGN 44 475 thousand.
- guarantee contract with a commercial bank for a debt agreement with maturity on 20 December 2029, concluded with Zarneni Hrani Grain EOOD with a total balance at the end of the period in the amount of BGN 10 682 thousand. The fair value of the pledged assets, owned by the debtor amount to BGN 18 832 thousand.
- debt agreement between a commercial bank and Bulgaria Air Maintenance EAD dated 23 December 2015 with present value of the obligation in the amount of BGN 32 783 thousand and maturity on 31 December 2025; The fair value of the pledged assets, owned by the debtor amount to BGN 63 466 thousand.
- debt agreement between a commercial bank and Bulgaria Air Maintenance EAD dated 01 November 2016 with present value of the obligation in the amount of BGN 7 310 thousand and maturity on 30 September 2028; The fair value of the pledged assets, owned by the debtor amount to BGN 20 330 thousand.
- debt agreement between a commercial bank and M Car Sofia OOD dated 02 August 2016 with present value of the obligation in the amount of BGN 20 080 thousand and maturity on 02 November 2029; The fair value of the pledged assets, owned by the debtor amount to BGN 31 927 thousand.
- debt agreement between a commercial bank and M Leasing EAD dated 09 August 2019 with present value of the obligation in the amount of BGN 15 309 thousand and maturity

on 30 November 2027; The debt is secured with pledge of all lease receivables; pledge of cash receivables on all accounts.

- debt agreement between a commercial bank and Finance Info Assistance Ltd dated 01 September 2021, with present value of the obligation in the amount of BGN 14 395 thousand and maturity on 01 March 2023; The fair value of the pledged assets /receivables/, owned by the debtor amount to BGN 17 994 thousand.

- debt agreements between a commercial bank and Energoproekt AD: 1) dated 11 August 2017, with first utilization on 28 December 2020 and with present value of the obligation of BGN 12 432 thousand and maturing on 30 December 2028 and 2) dated 14 December 2021, with present value of the obligation in the amount of BGN 8 694 thousand and maturing on 31 January 2029. Total amounts of the loans are BGN 16 625 thousand and BGN 9 534 thousand, respectively. The collateral for the two loans are: a mortgage on a building located in the city of Sofia; pledge of shares and all receivables; pledge of cash receivables on all accounts of the debtor.

The Company has concluded a contract for issuing bank guarantees to companies from the group with a limit of BGN 1 million due in September 2024.

The Company is a co-debtor or guarantor of its subsidiaries for loans granted by commercial bank Central Cooperative Bank AD in the total amount of BGN 65 100 thousand.

### 35. Categories of financial assets and liabilities

The carrying amounts relate to the following categories of assets and liabilities:

<b>Financial assets</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Debt instruments measured at amortized cost			
Loans granted and deposits	9.1, 11.1	32 707	106 937
Trade and other financial receivables	12	6 701	48 027
Related party receivables	30	166 712	224 663
Cash and cash equivalents	13	68 651	70 075
Equity instruments at fair value through other comprehensive income			
Unquoted equity instruments	9.2, 11.3	7 140	14 082
Financial assets at fair value through profit or loss			
Unquoted financial instruments	9.3, 11.2	238 772	234 207
		<b>520 683</b>	<b>697 991</b>
<b>Financial liabilities</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Financial liabilities measured at amortized cost			
Borrowings	16	31 244	31 625
Trade and other payables	18	153	474
Related party payables	30	186 851	188 936
		<b>218 248</b>	<b>221 035</b>

See note 4.15 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 36.

### 36. Financial instrument risks

#### Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in note 35. The main types of risks 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 investing activities of the Company.

#### 36.1. Market risk analysis

##### 36.1.1. 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, 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
31 December 2022				
Financial assets	149	53 204	-	19 558
Financial liabilities	(7)	(66)	-	(12 895)
<b>Total exposure</b>	<b>142</b>	<b>53 138</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
31 December 2021				
Financial assets	140	84 796	-	19 558
Financial liabilities	(7)	(1 383)	-	(12 895)
<b>Total exposure</b>	<b>133</b>	<b>83 413</b>	<b>-</b>	<b>6 663</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 US Dollars (USD) all other things being equal.

In the table, it is assumed that the percentage change as of 31 December 2022 of the exchange rate of the Bulgarian lev against the US dollar is as follows:

+/- 8.6 % (2021: 3.8%). 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 respectively by +/-8.6% (2021: +/-3.8%), the change will be reflected as follows:

	<b>Net financial result after tax for the year</b>	<b>Net financial result after tax for the year</b>
	<b>Increase BGN'000</b>	<b>Decrease BGN'000</b>
31 December 2022	11	(11)
31 December 2021	5	(5)

Exposure to the risk of changes in exchange rates varies throughout the year depending on the volume of international transactions performed. However, the analysis presented above is considered to represent the extent of the Company's exposure to currency risk.

### 36.1.2. 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 2022, 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.

### 36.1.3. 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 AD:

- Central Cooperative Bank AD – subsidiary;
- Oil and Gas Exploration and Production Plc. – subsidiary;
- Zyrneni Hrani Bulgaria AD – subsidiary

Investments in shares of subsidiaries traded on the Bulgarian Stock Exchange are held as long-term and short-term strategic investments. In accordance with the Company's policy, no specific hedging activities were carried out in connection with these investments. The performance of these companies is monitored on a regular basis and control or significant influence over these companies is used to maintain the value of investments in these companies.

### 36.2. 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:

	<b>2022 BGN'000</b>	<b>2021 BGN'000</b>
Classes of financial assets – carrying amounts:		
Securities / financial assets /	245 912	248 289
Loans granted	32 707	106 937
Related party receivables	166 712	224 663
Trade and other financial receivables	6 701	48 027
Cash and cash equivalents	68 651	70 075
<b>Carrying amount</b>	<b>520 683</b>	<b>697 991</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.

### 36.3. Liquidity risk analysis

Liquidity risk is the risk arising from the Company not being able to meet its obligations. 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 2022 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2022	Short-term		Long-term
	Within 6 months	Within 12 months	2 to 5 years
	BGN'000	BGN'000	BGN'000
Bank and other borrowings	9 483	5 215	16 546
Related party payables	69 723	81 570	35 558
Trade and other payables	153	-	-
<b>Total</b>	<b>79 359</b>	<b>86 785</b>	<b>52 104</b>

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>

The amount disclosed in this analysis of liability maturities represent the undiscounted cash flows of the contracts, which may differ from the carrying amounts of the liabilities at the reporting date.

#### 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.

### 37. Fair value measurement

#### 37.1. 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	As at 31 December 2022		As at 31 December 2021	
	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 (note 9.3 and 11.2)	238 772	238 772	234 207	234 207
Financial assets at fair value through other comprehensive income (note 9.2 and 11.3)	7 140	7 140	14 082	14 082
	<b>245 912</b>	<b>245 912</b>	<b>248 289</b>	<b>248 289</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 2022</b>	<b>Level 3 BGN'000</b>
<b>Assets</b>	
Unquoted equity and debt instruments	245 912
Total	<u>245 912</u>

<b>31 December 2021</b>	<b>Level 3 BGN'000</b>
<b>Assets</b>	
Unquoted equity and debt instruments	248 289
Total	<u>248 289</u>

There were no transfers between different levels 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 and are as follows.

Unquoted equity and debt instruments:

When determining the fair value of financial instruments at Level 3, the Company uses independent appraisers and financial analysts. The approaches used to determine the fair value are the income approach and/or the market approach.

The following methods were used in determining fair value using the comparative approach:

- Market approach
- Discounted Cash Flow (DCF) method
- Net Asset Value (NAV) method

The unobservable sources of information for determining the fair value are coefficients for comparative evaluation of the estimated profit based on the ratio of economic value to operating profit, expected future cash flows generated by the instrument, determination of an adjusted discount rate constructed on the basis of similar issuers, adjusted by additional risk premium, taking into account the specifics of the issuer and other unobserved market data.

Debt instruments are valued at fair value, based on information classified in level 3 of the fair value hierarchy. The valuation technique used is the discounted cash flow method. Here, the discount rate is formed by the yield of similar government securities, adjusted by a risk premium reflecting the risk of the respective issuer. The specified total risk premium is formed by the premium upgrade method (yield to maturity on an analogue issue having similar characteristics, adjusted by an additional default premium reflecting the risk of the respective issuer).

#### 37.2. Fair value measurement of non-financial assets

The following table presents the levels in the hierarchy of non-financial assets as at 31 December 2022, measured periodically at fair value:

<b>31 December 2022</b>	<b>Level 3 BGN'000</b>
<b>Investment property</b>	
- land and buildings	35 831
<b>31 December 2021</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 by independent licensed appraisers in previous periods and has been analysed by the Company for need for reassessment. No indications of significant changes in the fair value of real estate have been identified.

### 38. 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>2022</b>	<b>2021</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Equity	1 125 654	1 283 761
<b>Capital</b>	<b>1 125 654</b>	<b>1 283 761</b>
+Total Liabilities	222 366	241 894
- Cash and cash equivalents	(68 651)	(70 075)
<b>Net debt</b>	<b>153 715</b>	<b>171 819</b>
<b>Capital to net debt</b>	<b>1:0.14</b>	<b>1:0.13</b>

The ratio in 2022 is the same compared to 2021. The Company has complied with the terms of its contractual obligations.

### 39. 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 15 June 2023 for publication.

### 40. Authorization of the separate financial statements

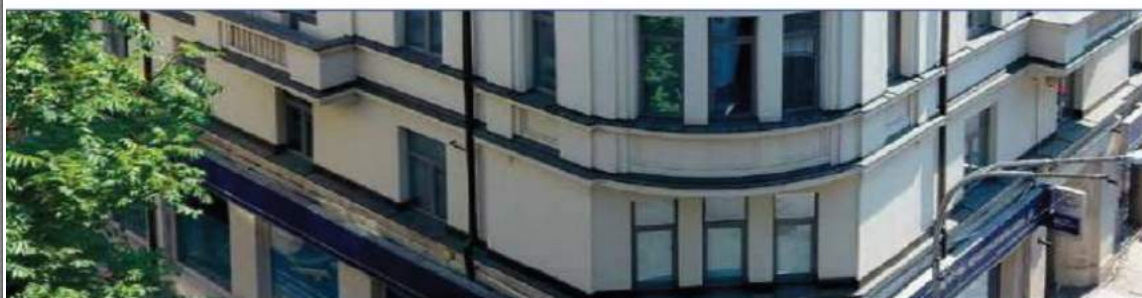
The separate financial statements for the year ended 31 December 2022 (including comparatives) were approved by the Managing board on 15 June 2023.



**2022**



# **ANNUAL SEPARATE ACTIVITY REPORT**



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2/09.11.2021

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2/09.11.2021

GENERAL RISKS AND UNCERTAINTIES

DECLARATION OF CORPORATE MANAGEMENT

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

## 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" 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.



Ivo  
Kamenov  
Georgiev  
Digitally signed  
by Ivo Kamenov  
Georgiev  
Date: 2023.06.15  
16:28:37 +03'00'

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

## THE COMPANY TODAY

<b>Share capital</b>	BGN 239 646 thousand
<b>Equity</b>	BGN 1 125 654 thousand
<b>Assets</b>	BGN 1 348 020 thousand
<b>Net Profit</b>	BGN 22 596 thousand

<b>Executive directors</b>	Ivo Kamenov Marin Mitev
<b>Majority Shareholder</b>	„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 200 legal entities and over 3 000 individuals.

## 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.

**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 Bazhdarova – Member of the Supervisory Board:**

<i>Company</i>	<i>UIC</i>	<i>Interest</i>
Chimimport AD	000627519	Member of the Supervisory Board
MB CONSULT COMMERCE (in liquidation)	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**

**Tzvetan Tzankov Botev Chairman of the Management Board of Chimimport AD:**

<i>Company</i>	<i>UIC</i>	<i>Interest</i>
Chimimport AD	000627519	Chair of the Supervisory Board
Central Cooperative Bank AD	831447150	Deputy chair of the managing board
Bulchimtrade OOD	200477808	Manager
PHARMA GBS DZZD	176397025	Manager
Chimimport-Biopharm Engineering Consortium DZZD	131071224	Manager
<b>Does not own more than 25 percent of the capital of other commercial companies.</b>		

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**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>
Chimimport AD	000627519	Member of the Management Board, Member of the Supervisory Board and Executive Director
Invest Capital AD	831541734	Member of the Board of Directors and Executive Director
CCB Group JSC	121749139	Chairman of the Board
Central Cooperative Bank AD	831447150	Chairman of the Supervisory Board
Capital Invest EAD	121878333	Representative who exercises the rights and obligations of the member Invest Capital AD in the Board of Directors
Invest Capital Asset Management EAD	200775128	<b>Representative who exercises the rights and obligations of the member Invest Capital AD in the Board of Directors</b>
Invest Capital Management OOD	103045368	Partner - over 25%
Varna consulting company OOD	103060548	<b>Partner - over 25%</b>
National Martial Arts Association EAD GEORGIEV	176868502 177523879	Representative and manager <b>Manager</b>

**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>
Chimimport AD	000627519	Member of the Management Board, Member of the Supervisory Board and Executive Director
Golf Shabla AD	124712625	Member of the Board of Directors and Executive Director
Invest Capital AD	831541734	<b>Member of the Board of Directors and Executive Director</b>
Sporten Kompleks Varna AD	103941472	Member of the Board of Directors and Executive Director
Varna plod AD	103106697	<b>Member of the Board of Directors</b>
CCB Group JSC	121749139	Member of the Supervisory Board
Central Cooperative Bank AD	831447150	<b>Member of the Supervisory Board</b>
Association Sports Club TIM	103014351	Chairman of the Management Board and manager
Martial Arts Sports Club Association TIM	103606634	<b>Chairman of the Management Board and manager</b>
Bulgarian Karate Kyokushin Federation	103570622	Chairman of the Management Board and manager
Association - Aerobics Club "TIM - Class"	103556156	<b>Member of the Management Board</b>
Association of Black Sea Sports Clubs	000090542	Member of the Management Board
National Tourism Board Association	175090938	<b>Member of the Management Board</b>
ET Marin Mitev Project Management	103326073	Owner

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<i>Company</i>	<i>UIC</i>	<i>Interest</i>
Varna Consulting Company OOD	103060548	<b>Owner of more than 25% of the shares</b>
Invest Capital Management OOD	103045368	Owner of more than 25% of the shares

**Aleksandar 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 JSC	121749139	Member of the Board
Zyrneni Hrani Bulgaria AD	175410085	Member of the Board and representative
Armeec Insurance JSC	121076907	Member of the Board
Parahodstvo Balgarsko 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
Accounting House "HGH Consult" Ltd.	130452457	Manager
Protect 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
Zyrneni Hrani Plovdiv EOOD	130574490	Manager

**Nickola 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
Zyrneni 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
Expert snab OOD	131388356	Manager
Bulchimtrade OOD	200477808	Manager
Rubber Trade OOD	130430425	Manager
Chimceltex EOOD	130434434	Manager

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



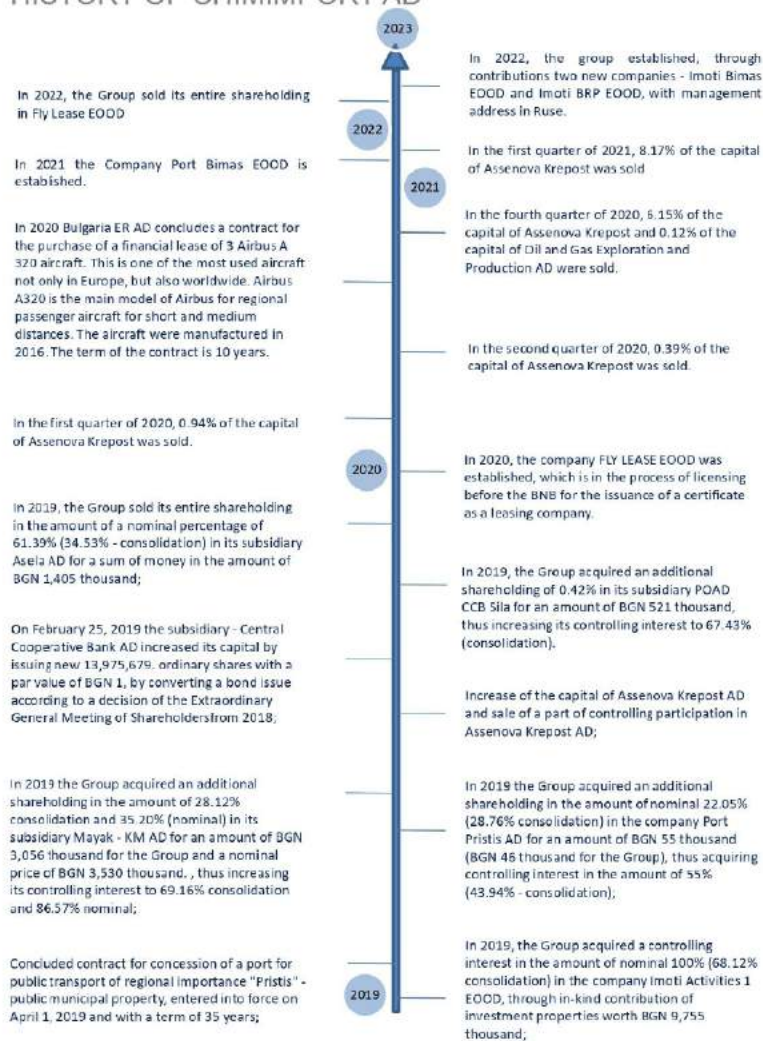
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**Mirolyub Panchev Ivanov - Member of the Management Board of Chimimport AD:**

<i>Company</i>	<i>UIC</i>	<i>Interest</i>
<b>Chimimport AD</b>	000627519	Member of the Board
<b>Armeec Insurance JSC</b>	121076907	Representative and Member of the Board
<b>National Commodity Exchange AD</b>	115223519	Member of the Board of Directors
<b>Bulgarian Shipping Company EAD</b>	175389730	Member of the Board of Directors
<b>CCB Real Estate Fund REIT</b>	131550406	Executive Director and Member of the Board of Directors
<b>Oil and Gas Exploration and Production 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 TI AD</b>	130993620 121483350	Manager Executive Director and Member of the Board of Directors
<b>Zyrneni 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>Rubikon Prodjekt 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>TECHNOCAPITAL DZZD</b>	176018753	Manager
<b>CENTRAL VACUUM SYSTEMS EOOD</b>	200631195	Manager
<b>KRONE 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.**

## HISTORY OF CHIMIMPORT AD



## HISTORY OF CHIMIMPORT AD

During December, 2018, Parahodstvo Bulgarsko Rečno 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 Rečno 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

## 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 "Lesoipek" join to create VTO "Chimimport" , which imports, exports and re-exports chemicals, chemical raw materials, natural gas, petroleum, petrochemicals, pulp and paper in 1977;

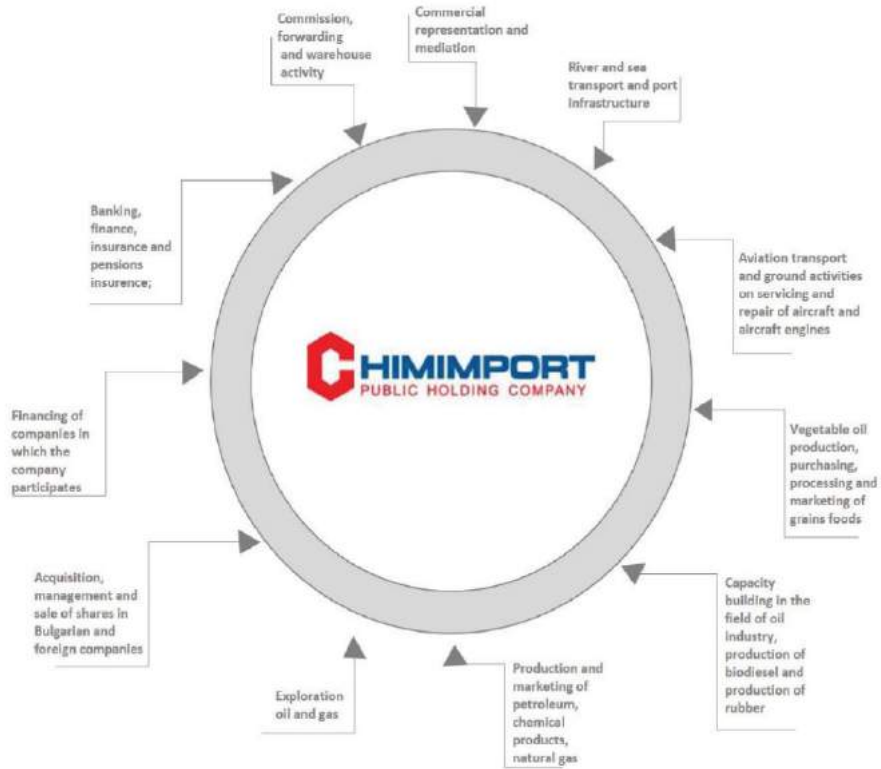
In 1963 the first re-export deal is realized- the sale of calcined sodium from Belgium to Japan;

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 basic strategy and investment policy of "Chimimport" AD are focused on positioning the group as a significant partner in servicing the traditional for the country and region trade flows. In particular, this motivates the entry of the group in sectors such as transport, agriculture, financial operations and real estate.



Some of the specific objectives set by the management of "Chimimport" AD are:



The business model of the group is built to meet the above-defined development strategy based on maintaining and extending the leadership of the group in sectors identified as important for the Bulgarian economy.

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**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 2022 is profit before taxes in the amount of BGN 24 519 thousand, and profit after tax BGN 22 596 thousand. The reported increase in the amount of BGN 2.74% for gross and resp. by 5.99% for the net result or an increase of BGN 654 thousand and BGN 1 278 thousand for the net result compared to the comparative period is mainly due to the slight stabilization, after the pandemic of Covid-19.

For the reporting year 2022 the Company has the following financial indicators:

<b>Main Financial Indicators</b>	<b>31.12.2022 BGN'000</b>	<b>31.12.2021 BGN'000</b>	<b>Percentage change 2022/2021</b>
<b>Non-current assets</b>	<b>1 018 744</b>	<b>1 115 559</b>	<b>-8.68%</b>
<b>Non-current liabilities</b>	<b>53 125</b>	<b>70 717</b>	<b>-24.88%</b>
<b>Cash and cash equivalents</b>	<b>68 651</b>	<b>70 075</b>	<b>-2.03%</b>
<b>Current assets</b>	<b>329 276</b>	<b>410 096</b>	<b>-19.71%</b>
<b>Current liabilities</b>	<b>169 241</b>	<b>171 177</b>	<b>-1.13%</b>
<b>Working capital</b>	<b>160 035</b>	<b>238 919</b>	<b>-33.02%</b>
<b>Equity</b>	<b>1 125 654</b>	<b>1 283 761</b>	<b>-12.32%</b>
<b>Fixed capital</b>	<b>1 178 779</b>	<b>1 354 478</b>	<b>-12.97%</b>
<b>Financial indebtedness ratio</b>	<b>0.19</b>	<b>0.18</b>	<b>5.63%</b>
<b>Solvency ratio</b>	<b>6.06</b>	<b>6.31</b>	<b>-3.88%</b>
<b>Liquidity ratio</b>	<b>1.95</b>	<b>2.40</b>	<b>-18.79%</b>
<b>Absolute liquidity</b>	<b>0.41</b>	<b>0.41</b>	<b>-0.91%</b>
<b>ROE</b>	<b>0.02</b>	<b>0.02</b>	<b>20.88%</b>
<b>ROA</b>	<b>0.017</b>	<b>0.014</b>	<b>19.96%</b>

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 2022, but on a consolidated basis some of the companies in the group are engaged in these areas.

Within the period of 2022, the Company has not traded its own shares and owns 11 shares, representing 0.000005%, acquired in an initial public offering.

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, despite the challenges in which the new European situation puts us, in the context of the war in Ukraine and the subsequent economic reflections and forecasts. The Company's management analyses, based on hypotheses, the possible effects on the Company's financial condition. At the time of the preparation of this report, the Company's management has identified areas of business related to Russia and Ukraine, but at this stage in the assessment, no direct effects have been identified, requiring additional, other than the current measures and costs, to be undertaken.

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The parent company at this stage should not prepare a sustainability report, according to EFRAG standards, as it meets only one of the three criteria set, namely a balance sheet figure above 20 million euros.

Given Bulgaria's commitments to the EU to comply with the Paris Agreement and other legal acts related to these aspects of economic development, the Company's Management intends to implement a permanent review, assessment and analysis of corporate sustainability and finance, oriented towards environmental, social and management matters in order to provide transparency to investors regarding the impact of the Company's activity on these matters, pursuant to the Corporate Sustainability Reporting Directive (CSRD), the EU Sustainable Finance Disclosure Regulation (SFDR) and the Unfair Commercial Practices Directive (UCPD).

Already in 2022, for outlined directions of focus observations on the determining factors for sustainable development. Emphasis is placed on the following categories:

Climatic indicators:

- Greenhouse gases - emissions
- Consumption and production from/of non-renewable energy sources
- Activity in the sector of coal mining and other fossil fuels
- Activity in areas vulnerable to biological diversity
- Generation of hazardous waste and tons of emissions into the waters

Social indicators:

- Policies on UN Principles and Global Compact issues
- Gender pay disparity
- Good health and well-being of employees
- Decent work and economic growth

Other indicators related to responsible consumption, production and provision of services.

On the above-outlined highlights, no serious discrepancies were found, and on many of the groups of indicators it is assumed that the company is either not affected or fulfils them according to the standards outlined in the normative acts.

All 12 national goals for sustainable development 2030 were also examined, and the company works and contributes to all the goals affecting it.

During the current period, the Company's contribution was primarily aimed at Goal - Quality education, by providing the opportunity for all its employees to upgrade or acquire academic degrees in leading Bulgarian universities, and 10% of them have benefited.

Legislators, regulators and users of non-financial information are currently paying a lot of attention to climate change. The EU has adopted the European Green Deal to transition to a more sustainable economic and financial system, and in the coming years detailed climate change reporting requirements will become applicable as part of European sustainability reporting standards under the upcoming Corporate Reporting Directive.

Risks induced by climate changes may have future adverse effects on the Company's business activities. These risks include transition risks (e.g., regulatory changes and reputational risks) and



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physical risks. How the subsidiaries and associated companies of the Group operate their businesses may be affected by new regulatory constraints on the CO<sub>2</sub> emissions it generates. Some of the subsidiaries and associated companies are engaged in purchasing emission allowances according to Directive 2003/87/EC, ETS Directive - last amended by Directive (EU) 2018/410, thereby making a significant contribution to reducing the risks of carbon displacement emissions and are stimulating decarbonisation, through the inclusion of benchmarks for free allocation of emissions based on the performance of the best performing enterprises in a given sector. This aims to encourage efficient operators to improve their performance while rewarding those who achieve good results.

The company on an individual level is not directly affected by climate risks, mainly due to the fact that it operates as a holding company and the main activity is aimed at qualitative and quantitative increase in the volume of projects in all sectors in which the companies of its Group operate, development of modern, management strategies and their immediate implementation through its subsidiaries. Concrete reflections of climate change could materialize in the amount of dividend income received by subsidiaries and associated companies that operate in the highly affected sectors from the point of view of sustainable development and its three main pillars. At the moment, most companies in the group of the most vulnerable segments have established and detailed measures to overcome changes of a climatic nature, as well as ways to reach the NetZero level of carbon emissions.

The activity of Chimimport AD is in accordance with the minimum limits under Art. 18 of Regulation/EU/2020/852 of the EP and of the Council and respects the principle "of not causing significant damage".

The effects of climate change can be in the context of two perspectives - the impact that a business can have through its activity on the climate, and the impact that climate change can have on its economic activity.

The activity of Chimimport AD has no direct impact on the environment. Regarding the second perspective, the effect would be indirect through the impact on the activities of subsidiaries and associated enterprises and respectively the income from dividends and administrative management services of the Company.

In the event of climate change actions in the future directly affecting the business, Chimimport AD undertakes to analyse the impact on the climate and reduce its carbon emissions, if any, by 50% by 2030 and to be carbon neutral no later than 2050.

Consistent with the prior year, as at 31 December 2022, the Company has not identified significant risks induced by climate changes that could negatively and materially affect the Company's financial statements. Management continuously assesses the impact of climate-related matters.

Assumptions could change in the future in response to forthcoming environmental regulations, new commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Company's future cash flows, financial performance and financial position.

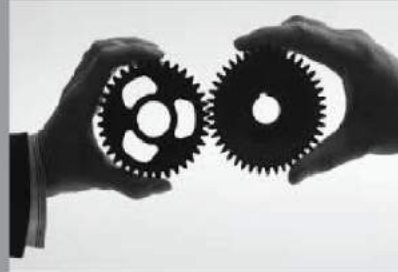
## MAIN STRATEGY AND BUSINESS MODEL

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.

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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 POSA, 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

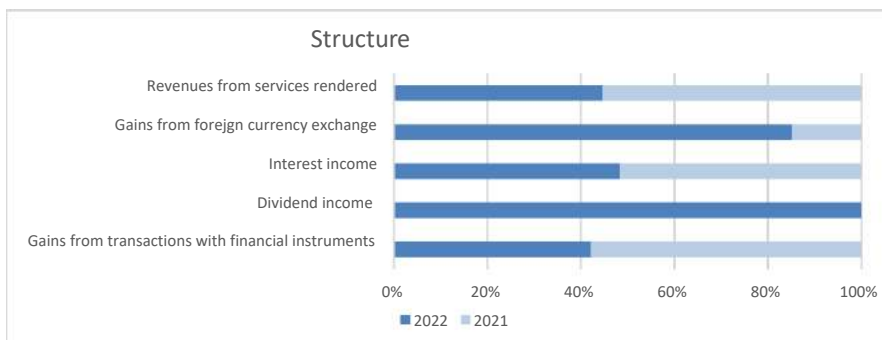
Presentation

The company ended 2022 with a total operating income of BGN 37 425 thousand.

There is a decrease of 12.05 % compared to the comparable ones for 2021 or by BGN 5.1 million less. The reported decrease is mainly due to the decrease in income from financial operations and income from services provided, despite the reported increase in dividend income in 2022.

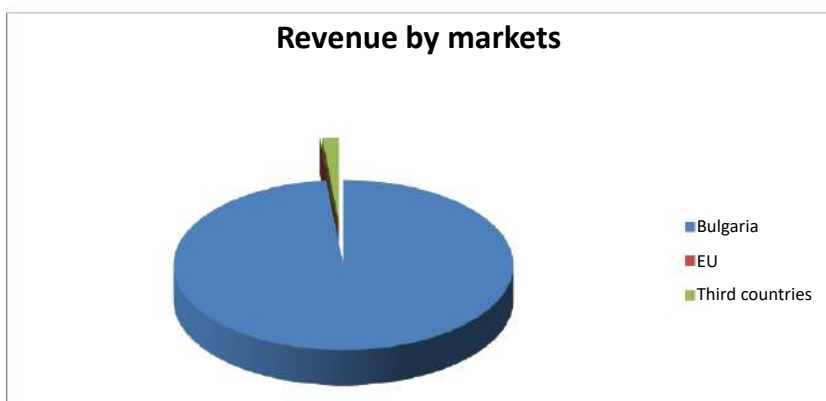
	<b>2022</b>	<b>2021</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Gains from transactions with financial instruments</b>	<b>24 813</b>	<b>34 068</b>
<b>Dividend income</b>	<b>5 011</b>	<b>-</b>
<b>Interest income</b>	<b>4 839</b>	<b>5 176</b>
<b>Gains from foreign exchange</b>	<b>98</b>	<b>17</b>
<b>Revenue from the provision of services</b>	<b>2 664</b>	<b>3 295</b>

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



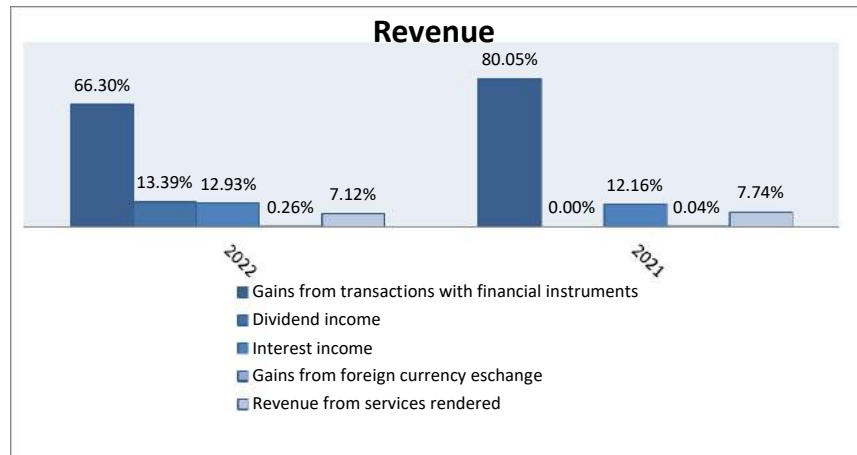
- **Information on revenues distributed by different categories of activities, internal and external markets, as well as information on the sources of supply of materials needed for the production of goods or provision of services, reflecting the degree of dependence on each individual seller or buyer / 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 POSA**

Presentation of revenue on domestic and foreign markets:



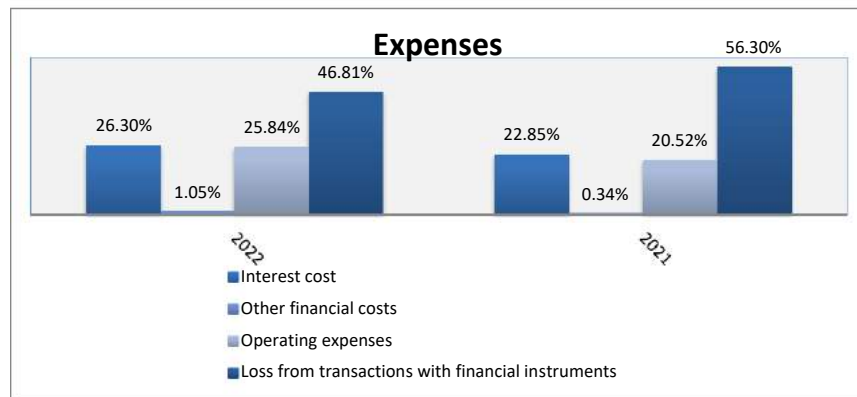
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The following table presents the percentage of revenue by type of activity compared to the total size of the respective years.



Operating expenses for the year amounted to BGN 12 907 thousand or BGN 5 785 thousand less compared to the base period, which is a decrease of 30.95%

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



– **Information on concluded large transactions.**

- In 2022, 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 POSA, 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 POSA 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 POSA

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.

	2022	2021
	<i>BGN '000</i>	<i>BGN '000</i>
<b>Purchases</b>		
- Owner	(376)	(507)
- Subsidiaries	(3 352)	(3 719)
<b>Sales</b>		
- Owner	30	-
- Subsidiaries	5 841	4 341
- Other related parties under common control	99	532
<b>Loans received from:</b>		
- Owner	4 355	9 677
- Subsidiaries	11 272	6 102
<b>Loans repaid to:</b>		
- Owner	(17 040)	(6 357)
- Subsidiaries	(2 183)	(2 335)
<b>Dividend income:</b>		
- Subsidiaries	734	-
- Other related parties under common control	3 900	-
<b>Loans granted to:</b>		
- Subsidiaries	(24 288)	(44 350)
- Other related parties under common control	-	(197)

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<b>Repaid loans from:</b>		
- Subsidiaries	6 016	43 738
<b>Other transactions with:</b>		
- Owner	(13 995)	-
- Subsidiaries	(2 292)	(42 421)
- Other related parties under common control	-	(485)

– 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 2022, 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 POSA, and if the disclosure of this information is essential for assessing the financial condition of the issuer under § 1e of the additional provisions of POSA

The company has provided guarantees under Art. 240 of the Commercial Act as a member of the management and supervisory bodies of the companies: 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 Zyrneni Hrani Bulgaria AD in the amount of BGN 1 303 thousand as of 31 December 2022 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 21 237 thousand.

- loan agreement between commercial bank and Zyrneni Hrani Grain EOOD dated 13.12.2013 maturing on 30.09.2024 and present value of the liability BGN 2 037 thousand. The fair value of the collateral owned by the borrower amounts to BGN 13 048 thousand.

– The company is a guarantor of the following contracts:

- bank loan agreement №739 / 21.06.2013, concluded between Bulgarian Commercial Bank and Slanchevi Lachi Provadia EAD in the amount of - BGN 6 199 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 44 475 thousand.

- guarantee agreement with a commercial bank to a loan agreement maturing on 20.12.2029, concluded with Zyrneni Hrani Grain EOOD with a total balance at the end of the period of BGN 10 682 thousand. The fair value of the assets pledged as collateral; property of the borrower amounts to BGN 18 832 thousand.

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- loan agreements between commercial bank and Bulgaria Air Maintenance EAD dated 23.12.2015. with present value of the liability BGN 32 783 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 7 310 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 20 080 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 and M Leasing EAD dated 09.08.2019. with present value of the liability BGN 15 309 thousand and maturity on November 30, 2027; The collaterals provided by the borrower are: pledge of all receivables under leasing contracts; pledge of cash receivables on all accounts.
- loan agreements between commercial bank 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.
- 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 12 432 thousand and present value of the liability under the second BGN 8 694 thousand and with maturities of 30.12.2028 and 31.01.2029. 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 of the borrower.

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 2024.

The company is a co-debtor or guarantor of its subsidiaries on loans granted by commercial bank CCB AD in the total amount of BGN 65 100 thousand.

- **Information on share participations of the issuer, respectively the person under § 1e of the additional provisions of POSA, 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.



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The company has the following direct investments in subsidiaries:

Name of the subsidiary	Country of incorporation	Main activities	31.12.2022 BGN'000	Share %	31.12.2021 BGN'000	Share %
CCB Group JSC	Bulgaria	Financial services	248 148	100.00%	249 339	100.00%
Zymeni 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 Plc.	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 Joint Stock Company	Bulgaria	Financial services	20 419	9.74%	20 419	9.74%
Bulchimex GmbH	Bulgaria	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 "HGH Consult" Ltd.	Bulgaria	Services	111	59.34%	111	59.34%
Prime Lega Consult EOOD	Bulgaria	Services	4	100.00%	4	100.00%
<b>Total</b>			<b>787 866</b>		<b>789 057</b>	

In 2022, the reduction of the investment in the company CCB Group JSC in the amount of BGN 1 191 thousand represents amounts repaid by decision of the subsidiary, according to a loan agreement that has no deadline for repayment and are repaid by decision of the subsidiary.

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, but also the ongoing war in Ukraine and reported negative financial results during the period.

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

**Investments in long - term financial assets**

	2022 BGN'000	2021 BGN'000
<b>Equity instruments at fair value through other comprehensive income:</b>		
Unquoted equity instruments	7 131	14 073
	7 131	14 073
<b>Financial assets at fair value through profit or loss:</b>		
Unquoted financial instruments	19 558	19 558
	19 558	19 558
	<b>26 689</b>	<b>33 631</b>

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In determining the fair value of the Company's equity investments in unlisted equity instruments, it has been determined that cost is a reliable approximation of the fair value of the equity instruments.

Chimimport AD has granted to a related party under common control (JSC IK Bank), 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:

	2022	2021
	BGN'000	BGN'000
<b>Financial assets at fair value through profit or loss:</b>		
<b>Unquoted equity instruments</b>	219 214	214 649
	<b>219 214</b>	<b>214 649</b>
<b>Equity instruments at fair value through other comprehensive income:</b>		
<b>Unquoted equity instruments</b>	9	9
	<b>9</b>	<b>9</b>
	<b>219 223</b>	<b>214 658</b>

Short-term financial assets at the amount of BGN 219 214 thousand (2021: BGN 214 649 thousand) are classified as financial instruments at fair value through profit or loss. As at 31 December 2022 the financial assets are presented at fair value determined on the basis of prepared market assessment by certified appraisers.

– **Information on the loan agreements concluded by the issuer, respectively the person under § 1e of the additional provisions of the POSA, 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 31.12.2022 amount to BGN 31 244 thousand, of which BGN 16 546 thousand are long-term. Loans received from related parties' amount to BGN 112 398 thousand, of which principals BGN 99 340 thousand and interest BGN 13 058 thousand. The short-term part of these liabilities as of 31.12.2022 amounts to BGN 76 840 thousand.

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 an entity under § 1e of the additional provisions of the POSA, or by their subsidiaries, providing guarantees or assuming obligations to one entity or his subsidiary, including related parties names or title and UIC of the entity, the nature of the relationship between the issuer, respectively the entity under § 1e of the additional provisions of the POSA, 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, in case they are concluded as targeted.**

- 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 31.12.2022 amount to BGN 121 165 thousand, of which BGN 103 308 thousand are long-term. The loans granted to related parties as of 31.12.2022 amount to BGN 207 327 thousand, of which BGN 181 210 thousand are long-term, the accrued interest on the loans granted amounts to BGN 12 515 thousand.

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

– **Information regarding the use of the funds, received from new emission of shares during the reporting period.**

- No new issue of shares during the reporting period.

– **Analysis of the relationship between the financial result in the financial statements and the previously was published forecasted results.**

- The Company has not published any forecasts of the financial result for 2022. All publicly announced targets and objectives were accomplished.

– **Analysis and valuation of the financial resources management policy, including the ability to meet debt payments, possible threats and precautions that have been taken or are to be taken by the issuer for their avoidance**

- The Company successfully manages its financial resources and regularly pays its liabilities.

– **Valuation of the opportunity of realization of investment objectives, indicating the available amounts and possible changes in the financing structure of the activity.**

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

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

- In 2022, 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 entity under § 1e of the additional provisions of POSA, 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 regarding changes in the Managing and the Supervisory boards during the accounting period.**

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- During the accounting period, there are no changes in the members and number of managing personnel in the Managing and the Supervisory Boards of the Company.

- **Information about the amount of remuneration, rewards and / or benefits of each of the members of the management and control bodies for the financial year, by the issuer and its subsidiaries, regardless of whether they have been included in the expenses of the issuer or arise from the distribution profits, including:**

Name	By Issuer BGN'000	By Subsidiaries BGN'000
<b>Supervisory Board</b>		
Mariana Bazhdarova	24	-
<b>Management Board</b>		
Ivo Kamenov	24	198
Nickola Mishev	24	62
Tzvetan Botev	24	119
Mirolyub Ivanov	24	172
Marin Mitev	24	120
Aleksandar Kerezov	24	211
<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 31.12.2022**

According to a reference from the Central Depository issued as at 31 December 2022, the members of the Managing and Supervisory Board own the following number of shares:

**Members of the Managing Board:**

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

**Members of the Supervisory Board:**

INVEST CAPITAL AD	173 487 247 shares	72.39%
CCB GROUP EAD	1 296 605 shares	0.54%
MARIANA BAZHDAROVA	199 shares	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 about the director of investor relations, including telephone, e-mail and correspondence address**

- Dina Paskova

-+359(2)981 05 69

- d.paskova@chimimport.bg

– **Other information at the company's discretion**

**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 15 June 2023 for publication.



**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 2022 consists of 239 646 267 ordinary shares with a nominal value of BGN 1 per share, including 13 183 037 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 2022, the shareholders who directly own 5% and more of the capital of the Company are the following: Invest Capital AD, which as of 31.12.2022 holds a 72.39% of the shares of the Company. The other shareholders (legal entities and individuals) hold shares less than 5% of the Company's capital.

- **Details of 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 effect, are amended or terminated due to a change in control of the Company.

**FINANCIAL INSTRUMENT RISKS**

The Company is exposed to various risks in relation to financial instruments. The main types of risks 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 investing activities of the Company.

**MARKET RISK ANALYSIS**

• **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, 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:

	Short-term exposure		Long-term exposure	
	USD BGN'000	EUR BGN'000	USD BGN'000	EUR BGN'000
<b>31 December 2022</b>				
<b>Financial assets</b>	149	53 204	-	19 558
<b>Financial liabilities</b>	(7)	(66)	-	(12 895)
<b>Total exposure</b>	<b>142</b>	<b>53 138</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 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>

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 US Dollars (USD) all other things being equal.

In the table, it is assumed that the percentage change as of 31 December 2022 of the exchange rate of the Bulgarian lev against the US dollar is as follows:

+/- 8.6 % (2021: 3.8%). 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.



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If the exchange rate of the Bulgarian lev against the US dollar increases/decreases respectively by +/-8.6% (2021: +/-3.8%), the change will be reflected as follows:

	<b>Net financial result after tax for the year</b>	<b>Net financial result after tax for the year</b>
	Increase BGN'000	Decrease BGN'000
<b>31 December 2022</b>	11	(11)
<b>31 December 2021</b>	5	(5)

Exposure to the risk of changes in exchange rates varies throughout the year depending on the volume of international transactions performed. However, the analysis presented above is considered to represent the extent of the Company's exposure to currency risk.

- **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 2022, 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, the shares of which are listed on the Bulgarian Stock Exchange AD:

- Central Cooperative Bank AD – subsidiary;
- Oil and Gas Exploration and Production Plc. – subsidiary;
- Zyreni Hrani Bulgaria AD – subsidiary

Investments in shares of subsidiaries traded on the Bulgarian Stock Exchange are held as long-term and short-term strategic investments. In accordance with the Company's policy, no specific hedging activities were carried out in connection with these investments. The performance of these companies is monitored on a regular basis and control or significant influence over these companies is used to maintain the value of investments in these companies.

**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:

	<b>2022</b>	<b>2021</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Classes of financial assets – carrying amounts:</b>		
<b>Securities / financial assets /</b>	245 912	248 289
<b>Loans granted</b>	32 707	106 937
<b>Related party receivables</b>	166 712	224 663
<b>Trade and other financial receivables</b>	6 701	48 027
<b>Cash and cash equivalents</b>	68 651	70 075
<b>Carrying amount</b>	<b>520 683</b>	<b>697 991</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.

**LIQUIDITY RISK ANALYSIS**

Liquidity risk is the risk arising from the Company not being able to meet its obligations. 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 2022 the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2022	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>	9 483	5 215	16 546
<b>Related party payables</b>	69 723	81 570	35 558
<b>Trade and other payables</b>	153	-	-
<b>Total</b>	<b>79 359</b>	<b>86 785</b>	<b>52 104</b>

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>

The amount disclosed in this analysis of liability maturities represent the undiscounted cash flows of the contracts, which may differ from the carrying amounts of the liabilities at the reporting date.

**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

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	As at 31 December 2022		As at 31 December 2021	
	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	238 772	238 772	234 207	234 207
Financial assets at fair value through other comprehensive income:	7 140	7 140	14 082	14 082
	<b>245 912</b>	<b>245 912</b>	<b>248 289</b>	<b>248 289</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.

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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:

**31 December 2022**

**Level 3  
BGN'000**

**Assets**

Unquoted equity and debt instruments	245 912
Total	<b>245 912</b>

**31 December 2021**

**Level 3  
BGN'000**

**Assets**

Unquoted equity and debt instruments	248 289
Total	<b>248 289</b>

There were no transfers between different levels 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 and are as follows.

Unquoted equity and debt instruments:

When determining the fair value of financial instruments at Level 3, the Company uses independent appraisers and financial analysts. The approaches used to determine the fair value are the income approach and/or the market approach.

The following methods were used in determining fair value using the comparative approach

- Market approach
- Discounted Cash Flow (DCF) method
- Net Asset Value (NAV) method

The unobservable sources of information for determining the fair value are coefficients for comparative evaluation of the estimated profit based on the ratio of economic value to operating profit, expected future cash flows generated by the instrument, determination of an adjusted discount rate constructed on the basis of similar issuers, adjusted by additional risk premium, taking into account the specifics of the issuer and other unobserved market data.

Debt instruments are valued at fair value, based on information classified in level 3 of the fair value hierarchy. The valuation technique used is the discounted cash flow method. Here, the discount rate is formed by the yield of similar government securities, adjusted by a risk premium reflecting the risk of the respective issuer. The specified total risk premium is formed by the premium upgrade method (yield to maturity on an analogue issue having similar characteristics, adjusted by an additional default premium reflecting the risk of the respective issuer).

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The following table presents the levels in the hierarchy of non-financial assets as at 31 December 2022, measured periodically at fair value:

<b>31 December 2022</b>	<b>Level 3 BGN'000</b>
<b>Investment property:</b>	
- land and buildings	35 831
<b>31 December 2021</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 by independent licensed appraisers in previous periods and has been analysed by the Company for need for reassessment. No indications of significant changes in the fair value of real estate have been identified.

**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.

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

	<b>2022</b>	<b>2021</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Equity	1 125 654	1 283 761
<b>Capital</b>	<b>1 125 654</b>	<b>1 283 761</b>
+Total Liabilities	222 366	241 894
- Cash and cash equivalents	(68 651)	(70 075)
<b>Net debt</b>	<b>153 715</b>	<b>171 819</b>
<b>Capital to net debt</b>	<b>1:0.14</b>	<b>1:0.13</b>

The ratio in 2022 is the same compared to 2021. The decrease is mainly due to early repaid bank loans. The Company has complied with the terms of its contractual obligations.

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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 Public Offering of Securities Act (POSA), 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 POSA.

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

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.

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. Aleksandar Kerezov
2. Ivo Kamenov
3. Marin Mitev
4. Mirolyub Ivanov
5. Nickola Mishev
6. Tzvetan 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 POSA 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.

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

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;

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- 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 held on 30 September 2020 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 2022, is Grant Thornton OOD auditing company, registered under number 032 in the register of the CPOSA.

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.

***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 STAKEHOLDERS 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.

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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:

- 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 POSA**

*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, 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.

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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 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

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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 Independent Financial Audit Act (promulgated SG, 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 International 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 pyramidal structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC.*

In 2022, no changes have been made relating to the acquisition or sale of shares of the Company that reach, exceed or fall below one of the thresholds of 10%, 20%, 1/3, 50% and 2/3 of the voting rights of the Company for the period as defined in Article 85 of Directive 2001/34 / EC.

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The share capital of the Company as of 31 December 2022 consists of 239 646 267 ordinary shares with par value of BGN 1 per share. The ordinary shares of the Company are dematerialized, registered and freely transferable and entitle to one (1) 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 31.12.2022	Ordinary shares as at 31.12.2022 %
<b>Invest Capital AD</b>	173 487 247	72.39%
<b>Other legal entities not exceeding 5%</b>	48 032 331	20.04%
<b>Other natural persons not exceeding 5%</b>	18 126 689	7.57%
<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 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;
- 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



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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 Public Offering of Securities Act).

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 POSA 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 company's own shares under the conditions and according to the Commercial Act.

**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.

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

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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.

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TEL: +359 2/ 980 16 11; 981 73 84  
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WEBSITE: [www.chimimport.bg](http://www.chimimport.bg)

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.



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 mandate and composition of the remuneration committee, the names of the external consultants whose services have been used in determining remuneration policy**

The annual general meeting of the shareholders of CHIMIMPORT AD, held on 01.07.2013, approved the remuneration policy of the members of the Managing Board of CHIMIMPORT AD, adopted by the Supervisory Board on 29 April 2003. In 2020, amendments to it were adopted by a decision of the General Meeting of Shareholders. The adopted policy is in compliance 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 the purpose of independent assessment of expediency, and are 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 has 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 two main components: - permanent salary and variable remuneration - annual bonuses and other incentives. Each of them has a relatively equal weight in determining the amount of remuneration.

- a. The permanent salary is a fixed remuneration and represents an annual amount divided into twelve monthly instalments.
- b. The variable remuneration aims to bind the short-term and long-term achievements of the managing authorities 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 tied to the assumption of specific costs of the members of the boards 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 Board and the Management Board of CHIMIMPORT AD, there is a possibility for providing 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 premiums, 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 jeopardize the financial stability of the company and in accordance with objective and measurable criteria for performance and non-financial indicators, which aim to promote the stability of the company in the long run and are relevant 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 the shareholders;
- adequacy of the administrative, organizational and reporting structures of the company and ensuring the maximum efficiency of the company's activity;
- compliance with applicable rules and procedures;
- encouraging cooperation with stakeholders;
- compliance with obligations - work in the interest of the company and loyalty; observing the due care of a good trader.

Through the built-in internal control systems, the eligible persons can at any time get acquainted with the fulfilment of the specified criteria and it is obligatory to organize meetings in the month following the month of each quarter. This 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 and Management Boards 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;
- Non-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 remunerations**

The basic principles and criteria for the payment of variable remuneration are presented in the preceding paragraphs.

#### **7. 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 in case of termination of the contracts**

In accordance with the requirement 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 a contract:

The conditions and the maximum amount of compensations 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 a notice period 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 behaviour of the member of the Management Board of the company, respectively of the executive directors.

During the reporting financial year, no contract with an executive member of the Supervisory or Management Board of the company was terminated.

**10. Information about the period in 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 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 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 benefits and / or other payments due in the event of early termination**

Details regarding the contracts of the members of the control bodies and the provided 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 supervisory bodies for the respective financial year**

Name	Paid by the Company BGN'000	Paid by subsidiaries BGN'000
<b>Supervisory Board</b>		
Mariana Bazhdarova	24	-
<b>Managing Board</b>		
Ivo Kamenov	24	198
Nikola Mishev	24	62
Tzvetan Botev	24	119
Miroljub Ivanov	24	172
Marin Mitev	24	120
Alexandar Kerezov	24	211

**14. Information on the remuneration of any person who was a member of a management or control body in a public company for a certain period during the relevant financial year:**

During the period of 2022, no individuals were appointed or dismissed as members of the control bodies, other than those presented in Art. 13 for a certain period during the current financial year.

**15. Information regarding shares and / or stock options and / or other share-based incentive schemes:**

- 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;
- 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;
- 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;
- 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 of the company's 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.

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Average annual remuneration of full-time employees	6.24%	11.46%	1.42%	7.63%	7.49%	9.09%
Average annual remuneration of the Supervisory Board and the Managing Board	25.63%	-52.87%	-40.46%	427.89%	-90.56%	0.00%
Net financial result	15.49%	-5.89%	0.01%	-43.28%	2.46%	5.16%

**17. Information on exercising 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 about all deviations from the procedure for the application 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 lead to a risk to the financial stability and interests of the company. The extraordinary circumstances under the first sentence are circumstances in which the non-application of part of the policy is necessary and 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 regarding the application 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 the corporate management and agrees to follow the adopted remuneration policy of members of the Management

Board. and Supervisory Boards of Chimimport AD regarding the payment of remuneration for a longer period - until the end of the term. The criteria set out in the policy for determining remuneration are currently 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, regardless of whether they are in an 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, for which the public will be informed in accordance with the provisions of the POSA.

At the Company's GMS held on 14.07.2022, no recommendations were made regarding the 2021 Report.

***This report has been prepared by the Supervisory Board of CHIMIMPORT AD in accordance with the provision 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 2022.***


***The report provides an overview of how 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.***

Ivo Kamenov  
Georgiev

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Kamenov Georgiev  
Date: 2023.06.15  
16:32:36 +03'00'

15 June 2023

Chief Executive Director:  
/I. Kamenov/

Chimimport AD Information on implementation of the recommendations of the National Corporate Governance Code 31 December 2022		1
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**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 Corporate Governance Code. 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 according to 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 2023 Chimimport AD continues to comply with the National Corporate Governance Code as appropriate.

**CORPORATE MANUAL – 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.
- Членовете на Управителния съвет се ръководят в своята дейност от общоприетите принципи за почтеност и управленска и професионална компетентност.


In the report on the implementation of the remuneration policy for the members of the Supervisory and Management Board of the Company the remunerations of the members of the Management Board are disclosed in accordance with the legal norms and 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 carries out 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.

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The board participates in the decision-making on all important issues related to the company's activities.

The Supervisory Board, if necessary, can undertake the necessary studies to support the performance of its duties through consultations with experts.

The Supervisory Board appoints and dismisses the members of the Management Board by determining the limits of their delegated powers, the manner of application of 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 duties.

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.

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The Audit Committee reports its activities 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 2022 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

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their personal page [www.chimimport.bg](http://www.chimimport.bg)

- Implementation of clear procedures regarding the convening and holding of 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, in case the General Meeting of Shareholders adopts a specific decision for distribution of dividend
- Implementation of a policy to support shareholders at the exercise of their rights.


#### **DISCLOSURE OF INFORMATION**

"Internal rules regarding disclosure of information" have been adopted, which also regulate the obligations, order and responsibility for public disclosure of inside information for "Chimimport" AD, prohibition of inside information trading 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 guaranteeing greater security for current and potential investors of the company regarding the prevention of illegal use and /or distribution of internal company information.

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 stakeholders 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.



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## STAKEHOLDERS

The company has not developed its own rules for taking into account the interests of the stakeholders, 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 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 entities. Any employee would be more motivated if he works for a company that matched their 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 stakeholders in relation to its activities all persons who are not shareholders and who have an interest in the economic prosperity of the company.:

- bondholders, if any,
- employees,
- customers,
- suppliers,
- creditor banks and
- the general public
- 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

Chimimport AD Information on implementation of the recommendations of the National Corporate Governance Code 31 December 2022		6
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stakeholders to increase the welfare of the parties, to ensure the stable development of the Company.

June 2023

Executive director:

Ivo  
Kamenov  
Georgiev  
Digitally signed  
by Ivo Kamenov  
Georgiev  
Date: 2023.06.15  
16:33:11 +03'00'  
/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**

We declare, that to our knowledge:

1. The set of financial statements for annual financial statements for the year ending in 2022 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 contains a reliable overview of the development and activity of the Company in 2022, as well as a description of the main risks and uncertainties faced by the issuer.

15 June 2023  
Sofia

Declarants:

**Ivo Kamenov** Digitally signed by Ivo  
Kamenov Georgiev  
Date: 2023.06.15  
16:33:39 +03'00'

1. ....  
/Executive Director and Member of the MB/

**Aleksandar** Digitally signed by  
Aleksandar  
Dimitrov Kerezov  
Date: 2023.06.15  
15:49:28 +03'00'

2. ....  
/Chief Accountant/

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Separate 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 2022, 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 2022, 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

As disclosed in note 2 Basis for preparation of the separate financial statements, in 2022 a gradual recovery began of the activity levels of the companies from the aviation sector, owned by the subsidiary Bulgarian Airways Group EAD, which were among the most affected by the Covid-19 pandemic as operating in the aviation industry and providing services accompanying this sector. This process took place with the commencement of hostilities in Ukraine, which led to restrictions on activities related to bans on the entry of aircraft from Russia and the suspension of travel to and from Russia. In addition to geopolitical uncertainty, there has also been a deterioration in the overall macroeconomic environment, with prices of energy, raw materials, goods and services rising significantly. All these factors have an impact on the rate of recovery of aviation activity, accompanying services and related cash flows and accordingly affect the companies operating in the sector of aviation and its accompanying services.

The Company's management will continue to monitor the potential effects on all economic sectors and other countries in the region, and in particular those related to the activity of its investments, taking all

necessary measures to limit potential future negative effects on the financial position and the results of its operations in 2023. The change in the business environment as a result of the negative effects in the aviation sector and its accompanying services could lead to a potential negative change in the balance sheet values of the assets and liabilities, and the results of the Company's operations and its investments, which in the individual financial statement are estimated after making a number of judgments and assumptions by the management, taking into account the most reliable information available at the date of the estimates.

Our opinion has not been modified in relation to this matter.

#### 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 8 to the separate financial statements	
Key audit matter	How this matter was addressed during the audit
<p>As at 31 December 2022, investments in subsidiaries of Chimimport AD amount to BGN 787 866 thousand, representing 58% of total assets as at 31 December 2022.</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>The current macroeconomic environment, which is the result of the combination of the effects of the past pandemic, inflation, rising interest rates, deteriorating business climate, geopolitical risks and uncertainty regarding future developments, poses significant complications in forecasting expected indicators and parameters used in determining the recoverable amount of investments, including investments in the aviation sector and related services.</p> <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;</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 8 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 2022.</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>- exploratory inquiries directed to the Company's experts regarding the processes related to the assessment, including the extent to which the negative impact on a number of sectors of the economy from the war in Ukraine and the observability of external data used by the Company has made it difficult to make management judgments, and in detail regarding the aviation sector and related services;</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> </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 separate activity report, including the corporate governance statement and the report on the implementation of the remuneration policy, prepared in accordance with Bulgarian Accountancy Act and other applicable legal requirements, 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 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 separate activity report is consistent with the separate financial statements for the same reporting period;
- (b) the separate activity 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 POSA.
  - 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 POSA;
- (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 separate activity 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 Public Offering of Securities Act;

- (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 Public Offering of Securities Act.

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

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 separate activity report.

**Additional reporting concerning the audit of financial statements in connection with Article 100m, paragraph (4), subparagraph (3) of the Public Offering of Securities Act**

- *Statement on Article 100m, paragraph 4, subparagraph (3), item "b" of the Public Offering of Securities Act*

Related party transactions are disclosed in note 29 Transactions with related parties and note 30 Related party balances to the separate 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 separate financial statements for the year ended on 31 December 2022, in all material respects, in accordance with the requirements of 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 separate 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 2022, 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 Public Offering of Securities Act 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 2022, contained



in the electronic file "549300GB265U3RQEQC54-20221231-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. 100m, 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 „549300GB265U3RQEQC54-20221231-EN-SEP.xhtml“and does not include the other information contained in the annual separate financial report on the activity under art. 100m, 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 2022, contained in the attached electronic file „549300GB265U3RQEQC54-20221231-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.

**Докладване във връзка с чл. 59 от Закона за независимия финансов одит съгласно чл. 10 от Регламент (ЕС) № 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 separate financial statements of Chimimport AD for the year ended on 31 December 2022 by the general meeting of shareholders, held on 14.07.2022, 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 twenty first consecutive year.
- In support of our audit opinion, we have provided a description of the most significant assessed risks of material misstatement, a summary of the auditor's response and where relevant, key observations arising with respect to those risks in the section „Key audit matters“ of this report.
- We confirm that our audit opinion is consistent with the additional report to the audit committee, 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**

MARIY GEORGIEV  
APOSTOLOV  
17.10.36+0300

Digitally signed by  
MARIY GEORGIEV  
APOSTOLOV  
Date: 2023.06.15

**Managing Partner**

**Registered auditor responsible for the audit**

**Grant Thornton OOD**

**Audit firm, reg. number 32**

15 June 2023

26 Cherni vryh Blvd., Sofia, Bulgaria

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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:*

Mariy Georgiev Apostolov, in the capacity of Managing Partner of **Audit Firm** Grant Thornton OOD, and in the capacity of registered auditor (ID No. 488 of the register under art. 20 of the Independent Financial Audit Act), responsible for the audit engagement on behalf of **Audit Firm** Grant Thornton OOD (ID No. 032 of the register under art. 20 of the Independent Financial Audit Act) UIC 831716285, with registered and correspondence address at 26 Cherni Vrah Blvd., 1421 Sofia, Bulgaria, **hereby declare that:**

Grant Thornton OOD Audit Firm was contracted to carry out the statutory audit of the separate financial statements of Chimimport AD for 2022, 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 15 June 2023.

**We hereby CERTIFY, THAT as reported in the audit report to the annual separate financial statements of Chimimport AD for 2022, issued on 15 June 2023:**

- 1. Article 100m, paragraph 4, subparagraph (3), item "a" Audit opinion:** 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 2022 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 29 Transactions with related parties and note 30 Related party balances to the separate financial statements. Based on the performed audit procedures on related party transactions as part of our audit of the separate 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 separate financial statements for the year ended on 31 December

2022, 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 separate 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 separate financial statements, described in the audit report in section „Responsibilities of the Auditor for the Audit of the Separate 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 separate financial statements for the year ended on 31 December 2022, 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 (*page 5 of the audit report*).

***The verifications made with this declaration should be considered solely and only in the context of the auditor's report issued by us as a result of the independent financial audit of the annual separate financial report of Chimimport AD for the reporting period ending on 31 December 2022, with audit report dated 15 June 2023. 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 Public Offering of Securities Act (POSA) and should not be considered as a substitute of the conclusions included in the audit report, issued on 15 June 2023 in respect of matters covered by Article 100m subparagraph 3 of POSA.***

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

MARIY  
GEORGIEV  
APOSTOLOV

Digitally signed by MARIY  
GEORGIEV APOSTOLOV  
Date: 2023.06.15  
17:29:16+0300

**Grant Thornton OOD**  
**Audit firm, reg. number 032**

15 June 2023  
Sofia Bulgaria