

**INDEPENDENT AUDITOR'S REPORT**

**To the shareholders of  
Allterco JSCo  
Sofia**

**Report on the audit of separate financial statements****Auditor's opinion**

We have audited the financial statements of **Allterco JSCo** (the Company) which comprise the separate statement of financial position as of 31 December 2021, the separate statement of comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the year then ended and the explanatory notes to the financial statements containing a summary of essential accounting policies, among other things, presented on pages 8 to 57.

In our opinion, the enclosed separate financial statements present the financial position, financial performance and cash flows of the Company as of 31 December 2021 accurately in all material aspects for the year then ended, in accordance with the International Accounting Standards (IASs) endorsed for application in the European Union.

**Basis for expressing an auditor's opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter**

We draw attention to note 2.4. Subsidiaries. Consolidation, from the notes to the separate financial statements. As at December 31, 2021 the Company holds investments in subsidiaries registered in the country and abroad. In these separate financial statement, investments in subsidiaries are presented at acquisition cost and these financial statements does not constitute consolidated financial statements within the meaning of IFRS 10 Consolidated Financial Statements. The Company also prepares and presents consolidated financial statements, which, according to the accounting legislation in Bulgaria are presented after approval of the separate financial statements.

Our opinion has not been modified regarding this matter.

Member of

 **Russell Bedford**  
taking you further

a global network of independent professional services firms

104 Gen. Kolev Str., fl.5, ap.32, **Varna 9002**,  
Tel: +359 52 608 874; 608 875, Fax: +359 52 721 444  
36 Vitosha Blvd., fl. 4, ap.8, **Sofia 1000**, Tel: +359 2 427 70 22  
[office@pocompany.com](mailto:office@pocompany.com), [www.pocompany.com](http://www.pocompany.com)

We draw attention to the disclosed in note 12 in the separate financial statements Events after the reporting period: ***"Military conflict between Russia and Ukraine. In February 2022, as a result of the military conflict between Russia and Ukraine, some countries announced new packages of sanctions against the state debt of the Russia Federation and a number of Russian Banks, as well as personal sanctions against certain number of individuals Due to rising geopolitical tensions, since February 2022 there has been a significant increase in volatility in international grain, securities and currency markets, as well as a significant fall in the ruble against the US dollar and the EURO. These events are expected to affect the activities of Russian and Ukrainian enterprises in different sectors of the economy. The Company has no direct exposures to related parties and/or key customers or suppliers from these countries. The Company treats these events as non-correcting events after the reporting period, the quantitative effect of which cannot be measured at this time with a sufficient degree of assurance. Currently, the management of the Company analyzes the possible impact of changing micro- and macroeconomic conditions on the financial position of the Company and the group as a whole and the results of the activity."***

Our opinion has not been modified regarding this matter.

### Key audit matters

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

Key audit matter	How this key audit matter was addressed in our audit
<b>Valuation of investments and receivables in subsidiaries</b>  As disclosed in notes 4.03 and 4.08 of the separate financial statements, as at December 31, 2021, the Company has investments in subsidiaries amounting to BGN 7 936 thousand. receivables from subsidiaries (additional cash contributions and trade receivables) amounting to 1 769 thousand.  The review and tests of the indicator guide and the need for impairment of these exposures (investments and receivables) are made in the context of its forecasts and intentions regarding future economic benefits and profitability that are expected to be obtained from subsidiaries. Its calculations shall apply material assumptions and estimates on its part with regard to the measurement of the future collection of receivables, analyzing the future collectability of the Company's overall exposure to each of these entities. Each of the subsidiaries is treated as a	<b>In this area, our audit procedures comprised:</b> <ul style="list-style-type: none"> <li>- reviewing the Company's analyzes of its overall exposure to the subsidiaries and the potential for return.</li> <li>- analytical procedures regarding the main indicators of turnover of receivables from and payables to the subsidiaries in prior periods and the current year and after the end of the reporting period;</li> <li>- assessment and verification of the completeness, relevance, and adequacy of disclosures in the Company's separate financial statements regarding the measurement of investments and receivables from subsidiaries and the results of the impairment tests.</li> </ul>

separate cash-generating entity and several factors are considered, such as: business specificity, business environment, expected sales volume growth, and other risks. Therefore, these management assessments are inherently insecure. Due to the fact that the process of determining the review and testing for possible impairment losses of the company's exposure in its subsidiaries involves multiple judgments and assumptions, and due to the materiality of the reporting object itself, as stated above, we have identified this issue as a key audit matter.

### **Information other than the separate financial statements and auditor's report thereon**

Management is responsible for the other information. The other information consists of the information included in the annual management report and the corporate governance statement prepared by the management in accordance with Chapter Seven of the Accountancy Act but does not include the separate financial statements and our auditor's report thereon, and this other information we received before the date of our audit report.

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

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 financial statements, or our knowledge obtained in the audit or otherwise appears to 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 for the separate financial statements**

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with International Accounting Standards, endorsed for application by the European Commission and for such internal control as management determines is necessary to enable the preparation of 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 supervision of the financial reporting process in the Company.

## **Auditor's responsibilities for the audit of the separate financial statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements 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 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 based on these separate financial statements.

As part of the audit in accordance with ISAs, we use professional judgment and maintain professional skepticism throughout the audit. We 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 the 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 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 financial statements, including the disclosures, and whether the 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.

Among the matters communicated to those charged with governance, we identify those matters that were most relevant to the audit of the separate financial statements for the current period, and which are therefore key audit matters. We describe these matters in our auditor's report unless a law or a 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**

### ***Additional matters to report in accordance with the Accountancy Act and Public Offering of Securities Act***

In addition to our responsibilities and reporting in accordance with ISAs described above in “Information other than the separate financial statements and auditor’s report thereon” section with respect to the annual management report and the corporate governance statement, we have performed the procedures, in addition to those required under ISAs, in accordance with the Guidelines of the professional body of certified public accountants and registered auditors in Bulgaria – the Institute of Certified Public Accountants (ICPA). These procedures refer to checks of the existence, form and content of this other information in order to support us in forming an opinion whether the other information contains the disclosures required by Chapter Seven of the Accountancy Act and by the Public Offering of Securities Act (Art. 100m, par. 10 of the POSA in conjunction with Art. 100m, paragraph 8 (3) and (4) of the POSA), applicable in Bulgaria.

### ***Opinion in relation with Art. 37, par. 6 of the Accountancy Act***

Based on the procedures we have performed our opinion that:

- a) The information included in the annual management report for the financial year presented in the separate financial statements corresponds to those separate financial statements.
- b) The annual management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and Art. 100m, par 7 of the Public Offering of Securities Act.
- c) The corporate governance statement for the financial year presented in these separate financial statements, which is part of the annual management report, contains the information required by Chapter Seven of the Accountancy Act and Art. 100n, par. 8 of the Public Offering of Securities Act.
- d) The report for execution of the remuneration policy for the financial year for which the separate financial statements have been prepared, is presented, and meets the requirements, determined in art. 116a, par. 1 of the Public Offering of Securities Act.

### ***Opinion in connection with Art. 100 (n), par.10 in connection with Art. 100 (n), par. 8, items 3 and 4 of the Public Offering of Securities Act***

Based on the procedures performed and the acquired knowledge and understanding of the Company's activity and the environment in which it operates, in our opinion, the description of the main characteristics of the internal control and risk management systems of the enterprise in connection with the financial reporting process, which is part of the content of the declaration for corporate governance and the information under Art. 10 (1) (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 do not contain cases of material misstatement.

### ***Statement in connection with Art. 100 (n), par. 4, vol. 3, p. "b" of Public Offering of Securities Act.***

The information about related party transactions is disclosed in note 6 and 7 of the notes to the separate financial statements. Based on the audit procedures performed by us on related party transactions as part of our audit of the separate financial statements as a whole, no facts, circumstances or other information have come to our attention based on which to conclude that the related party transactions have not been disclosed in the accompanying financial statements for the year ended December 31, 2021, in all material respects, in accordance with the requirements of IAS 24 *Related Party Disclosures*. The results of our audit procedures on

related party transactions were addressed by us in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on related party transactions.

*Statement in connection with Art. 100m, par.4(3)(c) of the Public Offering of Securities Act*

Our responsibilities for the audit of the financial statements, described in the “*Auditor’s responsibilities for the audit of the financial statements*” section of our report include an evaluation as to whether the separate financial statements present the significant transactions and events in a manner that achieves fair presentation. Based on the audit procedures performed by us on the significant transactions underlying the separate financial statements for the year ended December 31, 2021, no facts, circumstances or other information have come to our attention based on which to conclude that there are material misrepresentations and disclosures in accordance with the relevant requirements of IASs as adopted by the European Commission. The results of our audit procedures on Company’s transactions and events significant for the separate financial statements were addressed by us in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on those 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 POSA with the requirements of the EEF Regulation*

In addition to our responsibilities and reporting under the ISA described above in the section "Auditor's responsibilities for auditing the separate financial statements", we have implemented the procedures under "Guidelines of the expression of an audit Opinion in relation to the application of the Unitary European Electronic Format (EEF) to the financial statements of companies whose securities are admitted to trading on a regulated market in the European Union (EU)" of the professional organisation of registered auditors in the Bulgaria, the Institute of Certified Public Accountants (IDES)". These procedures concern the verification of the form and whether the human-readable part of this electronic format corresponds to the audited separate financial statement and the expression of an opinion regarding the compliance of the electronic format of the separate financial statements of Allterco JSCo for the year ending 31 December 2021, attached in the electronic file "8945007IDGKD0KZ4HD95-20211231-EN-SEP.zip", with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council by means of regulatory technical standards for the definition of the unified electronic reporting format ('EEF Regulation'). On the basis of these requirements, the electronic format of the separate financial statements included in the annual separate activity report under Art. 100n, para. 4 of POSA must be presented in XHTML format.

The Management of the Company is responsible for the implementation of the requirements of the EEF Regulation when preparing the electronic format of the separate financial statements in XHTML.

Our opinion is only with respect to the electronic format of the separate financial statements attached in the electronic file "8945007IDGKD0KZ4HD95-20211231-EN-SEP.zip" and does not cover the other information included in the annual separate financial statement of the activity under Art. 100n, para. 4 of POSA.

Based on the procedures performed, our opinion is that the electronic format of the Company's separate financial statements for the year ending December 31, 2021, contained in the attached electronic file "8945007IDGKD0KZ4HD95-20211231-EN-SEP.zip", on which we express an unmodified audit opinion, is prepared in all material respects in accordance with the requirements of the EEF Regulation.

***Reporting in accordance with art. 10 of Regulation EC 537/2014 in connection to the requirements of art. 59 of the Independent Financial Audit Act***

According to the requirements of the Independent Financial Audit Act in connection with art. 10 of Regulation EC 537/2014 we hereby declare in addition the information set out below.

Primorska Audit Company Ltd. has been appointed as the statutory auditor of the separate financial statements for the year ended December 31, 2021, of Allterco JSCO. (the Company) by the General Meeting of the Company, held on June 28, 2021 for a period of one year. The audit commitment had been taken by a contract dated August 23, 2021, and an engagement letter from the previous year.

The audit of the Company's separate financial statements for the year ended December 31, 2021 is the fifth full continuous commitment to a statutory audit of this company performed by us.

We confirm that our audit opinion is in accordance with the additional report submitted to the Audit Committee of the Company in accordance with the requirements of Art. 60 of the Independent Financial Audit Act.

We confirm that we have not provided the in Art. 64 of the Independent Financial Audit Act prohibited services.

We confirm that in performing the audit we have kept our independence from the Company.

For the period to which our statutory audit relates, in addition to the audit, we have not provided services to the Company and its companies under control, which are not specified in the Company's activity report or separate financial statements.

**Audit Company**  
**Primorska Audit Company Ltd.**  
**Registration number 086**

**Iliya Iliev**  
*Managing director*

**Marian Nikolov**  
**Registered auditor responsible for the audit**  
**Registration number 0601**

March 25, 2022  
Varna