



Primorska<sup>®</sup>  
Audit Company

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of  
**Alterco AD**  
Sofia

### Report on the audit of consolidated financial statements

#### Auditor's opinion

We have audited the financial statements of **Alterco AD** (the Group) which comprise the consolidated statement of financial position as of 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the enclosed consolidated financial statements present the financial position, financial performance and cash flows of the Group 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 Group 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 the disclosed in note 11 in the consolidated 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 Group has no direct exposures to related parties and/or key customers or suppliers from these countries. The Group 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 Group analyzes the possible impact of changing micro- and***

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*macroeconomic conditions on the financial position of the Group 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 those matters that, in our professional judgments, were of most significance in our audit of the financial statements for 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 consolidated opinion on these matters.

We decided that there are no key audit matters to be communicated in our report.

### **Information other than the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to materially misstate. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of management and those, charged with governance for the consolidated financial statements**

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

Those charged with governance are responsible for supervision of the financial reporting process in the Group.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the 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 consolidated 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 consolidated 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 consolidated financial statements corresponds to those consolidated financial statements on which we have expressed a qualified opinion in “*Report on the audit of the consolidated financial statements*” section above.
- b) The consolidated 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 declaration for corporate governance for the financial year presented in these consolidated financial statements, which is part of the annual management report, contains the information required by Chapter Seven of the Accountancy Act and Art. 100m, par. 8 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 Group '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 April 21, 2004 on takeover bids do not contain cases of material misstatement.

### ***Reporting on compliance with the electronic format of the consolidated financial statements included in the annual consolidated financial statements for the activity under art. 100n, para 5 of Public offering of securities Act (POSA) with the requirements of EEEF Regulation***

We are committed to expressing a reasonable degree of certainty regarding the compliance of the electronic format of the consolidated financial statements of Alterco AD for the year ending December 31, 2021, attached to the electronic file "8945007IDGKD0KZ4HD95-20211231-EN-CON.zip", with the requirements of Commission Delegated Regulation (EU) 2019/815 of December 17, 2018 supplementing Directive 2004/109 / EC of the European Parliament and of the Council through regulatory technical standards on the definition of the uniform electronic reporting format "EEF Regulation" ). Our opinion is only regarding the electronic format

of the consolidated financial statements and does not cover the other information included in the annual consolidated financial statements for the activity under Art. 100n, para. 5 of the POSA.

### **Description of the subject and applicable criteria**

The management has prepared an electronic format of the consolidated financial statements of the Group for the year ended December 31, 2021, under the EEEF Regulation in order to comply with the requirements of the POSA. The rules for the preparation of consolidated financial statements in this electronic format are set out in the EEEF Regulation and, in our view, have the characteristics of appropriate criteria for forming a reasonable assurance opinion.

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

The management of the Group is responsible for applying the requirements of the EEEF Regulation when preparing the electronic format of the consolidated financial statements in XHTML. These responsibilities include the selection and application of appropriate iXBRL markings using the taxonomy of the EEEF Regulation, as well as the introduction and implementation of such internal control system as management deems necessary for the preparation of the electronic format of the Group's annual consolidated financial statements. does not contain significant inconsistencies with the requirements of the EEEF Regulation.

Those charge with governance are responsible for overseeing the process of preparing the Group's annual consolidated financial statements, including the implementation of the EEEF Regulation.

### **Auditor's responsibilities**

Our responsibility is to express an opinion on the reasonable level of certainty as to whether the electronic format of the consolidated financial statements is in conformity with the requirements of the EEEF Regulation. To this purpose, we have complied with the Guidelines on the Audit Opinion on the Implementation of the Single European Electronic Format (EEEF) for the Financial Statements of Companies "whose securities are admitted to trading on a regulated market in the European Union (EU)" of the professional organization. of Registered Auditors in Bulgaria, Institute of Certified Public Accountants (ICPA) "and we have committed to expressing a reasonable level of assurance in accordance with IAS 3000 (revised) Assurance Exercises Other than Audits and Reviews of Historical Financial Information" (IPSAS 3000 (revised)) "*Assurance engagements other than audits and reviews of historical financial information*" (IAS 3000 (revised)). This standard requires us to comply with ethical requirements, plan and perform appropriate procedures to obtain reasonable assurance whether the electronic format of the Group's consolidated financial statements has been prepared in all material respects in accordance with the applicable criteria set out above. The nature, timing and scope of the procedures selected depend on our professional judgment, including the assessment of the risk of material non-compliance with the requirements of the EEEF Regulation, whether due to fraud or error.

A reasonable level of assurance is a high level of assurance, but there is no guarantee that a commitment made in accordance with IAS 3000 (revised) will always reveal a material non-compliance where applicable.

### **Requirements for quality control**

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

We meet the ethical and independence requirements of the International Code of Ethics for Professional Accountants (including International Standards of Independence) of the International Ethics Standards Board for Accountants (CMSA Code), adopted by institute of Certified Public Accountants (ICPA) through Independence Financial Audit Act (IFAA).

### **Summary of work performed**

The purpose of the procedures planned and performed by us was to obtain a reasonable degree of assurance that the electronic format of the consolidated financial statements has been prepared, in all material respects in accordance with the requirements of the EEEF Regulation. As part of our assessment of compliance with the EEEF Regulation's electronic (XHTML) format for reporting on the Group's consolidated accounts, we maintained professional skepticism and used professional judgment. We also:

- comprehended the internal control and the processes related to the implementation of the EEEF Regulation regarding the consolidated financial statements of the Group and including the preparation of the consolidated financial statements of the Group in XHTML format and its marking in machine readable language (iXBRL);
- checked if the applied XHTML format is valid;
- checked whether the human readable part of the electronic format of the consolidated financial statements corresponds to the audited consolidated financial statements;
- assessed the completeness of the markings in the consolidated financial statements of the Group in the use of machine-readable language (iXBRL) in accordance with the requirements of the EEEF Regulation;
- assessed the appropriateness of the iXBRL markings selected from the main taxonomy used, as well as the creation of an extended taxonomy element in accordance with the EEEF Regulation where there is no appropriate element in the basic taxonomy;
- assess the appropriateness of the correlation (fixation) of the elements of the extended taxonomy in accordance with the EEEF Regulation.

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

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

In our opinion, based on the procedures performed by us, the electronic format of the consolidated financial statements of Alterco AD for the year ended 31 December 2021, on which the consolidated financial statements we express a modified audit opinion contained in the attached electronic file "8945007IDGKD0KZ4HD95-20211231-EN-CON.zip" has been prepared in all essential aspects in accordance with the requirements of the EEEF Regulation.

### ***Reporting according to art. 10 of Regulation (EU) № 537/2014 in connection with 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 (EU) № 537/2014, we also report the following information.

Primorska Audit Company OOD has been appointed statutory auditor of the consolidated financial statements for the year ended December 31, 2021 of Alterco AD (the Group) by the General Meeting of the Parent company held on June 28, 2021 for a period of one year. The audit engagement was undertaken with an audit engagement letter dated August 23, 2021.



The audit of the consolidated financial statements for the year ended December 31, 2021 of the Group represents the fifth full ongoing engagement to a statutory audit of this entity performed by us.

We confirm that the audit opinion expressed by us is in accordance with the additional report submitted to the audit committee of the Group, in accordance with the requirements of Art. 60 of the Independent Financial Audit Act.

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

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

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

**Audit company**  
**Primorska Audit Company OOD**  
**Registration number № 086**

**Marian Nikolov**  
**Registered auditor, responsible for the audit**  
**Registration № 0601**

**Ilia Iliev**  
**Manager**

**April 29, 2022**