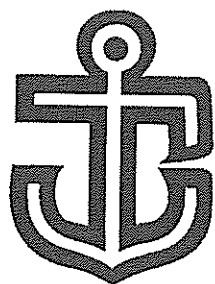


Port Varna EAD

Annual Financial Statements and Auditor's Report

December 31, 2023



March 2024, Varna

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BALANCE SHEET
as of December 31. 2023

	Note №	December 31, 2023 BGN'000	December 31, 2022 BGN'000
Non-current assets			
Property, plant and equipment	3	28,318	30,552
Intangible assets	4	419	432
Available-for-sale investments	5	169	169
Deferred tax assets	6	1,232	1,047
Total non-current assets		30,138	32,200
Current assets			
Inventories	7	3,707	3,780
Trade and other receivables	8	6,925	5,466
Cash and bank balances	9	32,302	26,881
Total current assets		42,934	36,127
Total assets		73,072	68,327
Equity			
Share capital		8,494	8,494
Reserves		34,162	40,819
Retained earnings		15,755	2,774
Total equity	10	58,411	52,087
Non-current liabilities			
Bank borrowings	11	-	2,121
Retirement benefit obligation	12	2,746	2,816
Total non-current liabilities		2,746	4,937
Current liabilities			
Current portion of bank borrowings	11	-	1,414
Trade and other payables	13	7,872	6,591
Payables to employees and social security	14	4,043	3,298
Total current liabilities		11,915	11,303
Total liabilities		14,661	16,240
Total equity and liabilities		73,072	68,327

The accompanying notes from page 7 to 28 are an integral part of these financial statements.

Executive Director: (signed)
Ivaylo Gavrailov

Registered Auditor: (signed)

Preparer:
Violeta Zlatkova

March 28, 2024

INCOME STATEMENT
for the year ended December 31, 2023

	Note	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
	<i>No</i>		
Revenue	15	84,626	70,825
Other operating income	16	376	2,268
Total operating income		85,002	73,093
Raw materials and consumables used	17	(8,309)	(11,312)
Hired services	18	(7,667)	(7,296)
Employee benefits expense	19	(46,887)	(40,027)
Depreciation and amortisation expenses	3,4	(4,099)	(4,413)
Other operating expenses	20	(1,803)	(848)
Total operating expenses		(68,765)	(63,896)
Finance income	21	71	-
Finance costs	22	(12)	(120)
Finance income/ (costs), net		59	(120)
Profit before tax		16,296	9,077
Income tax expense	23	(1,642)	(747)
Profit for the year		14,654	8,330

The accompanying notes from page 7 to 28 are an integral part of these financial statements.

Executive Director: (signed)
Ivaylo Gavrailov

Registered Auditor: (signed)

Preparer:
Violeta Zlatkova

March 28, 2024

STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2023

	Share capital	Legal and additional reserve	Properties revaluation reserve	Retained earnings	Total equity
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance at January 1, 2022	8,494	32,362	8,463	(5,562)	43,757
Transfer of revaluation reserve to retained earnings	-	-	(6)	6	-
Profit for the year	-	-	-	8,330	8,330
Balance at December 31, 2022	8,494	32,362	8,457	2,774	52,087
Distribution of dividends	-	-	-	(8,330)	(8,330)
Covering of losses	-	(6,648)	-	6,648	-
Transfer of revaluation reserve to retained earnings	-	-	(9)	9	-
Profit for the year	-	-	-	14,654	14,654
Balance at December 31, 2023	8,494	25,714	8,448	15,755	58,411

The accompanying notes from page 7 to 28 are an integral part of these financial statements.

Executive Director: (signed)
Ivaylo Gavrailov

Registered Auditor: (signed)

Preparer:
Violeta Zlatkova

March 28, 2024

STATEMENT OF CASH FLOWS
for the year ended December 31, 2023

	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
Cash and cash equivalents at the beginning of the year	<u>26,881</u>	<u>15,097</u>
Cash flows from operating activities		
Receipts from customers	88,325	77,653
Payments to suppliers	(22,229)	(22,234)
Payments for salaries, social security and other	(46,016)	(39,444)
Tax refunds, excluding income tax, net	509	712
Income tax paid	(1,618)	(1,000)
Other receipts/ (payments), net	130	(715)
Net cash from operating activities	<u>19,101</u>	<u>14,972</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,862)	(1,753)
Proceeds on disposal of property, plant and equipment	-	16
Interest received	53	-
Net cash used in investing activities	<u>(1,809)</u>	<u>(1,737)</u>
Cash flows from financing activities		
Dividends paid	(8,330)	-
Repayment of borrowings	(3,535)	(1,414)
Interest on borrowings paid	(6)	(37)
Net cash used in financing activities	<u>(11,871)</u>	<u>(1,451)</u>
Net increase in cash and cash equivalents	<u>5,421</u>	<u>11,784</u>
Cash and cash equivalents at the end of the year	<u>32,302</u>	<u>26,881</u>

The accompanying notes from page 7 to 28 are an integral part of these financial statements.

Executive Director: (signed)
Ivaylo Gavrailov

Registered Auditor: (signed)

Preparer:
Violeta Zlatkova

March 28, 2024

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023

1. Corporate information

PORT VARNA EAD (the Company) is a joint-stock company with 100% state participation. Initially, in 1991, it was registered as a limited liability company as a result of the separation of the assets and liabilities of Navigation Maritime Bulgare. In 1997 the legal form was changed to a sole owner joint-stock company. The ownership rights of the state regarding Port Varna EAD are exercised by the Ministry of Transport and Communications. The Company is registered in the Commercial Register to the Registry Agency under Unified Identification Code 103061301. The address of management of the Company is Varna, 1, Slaveikov Square.

The Company has a one-tier management structure. The managing body is the Board of Directors represented by the following members:

- | | |
|----------------------------------|--|
| • Tihomir Iliev Todorov | - Chairman of the Board of Directors; |
| • Alexander Miladinov Alexandrov | - Deputy Chairman of the Board of Directors; |
| • Ivaylo Slavov Gavrailov | - Executive Director and member of the Board of Directors; |
| • Kiril Vasilev Karagyozov | - Member of the Board of Directors; |
| • Yavor Dimitrov Dimitrov | - Member of the Board of Directors. |

As of the date of preparation of these financial statements, the Company is represented by Ivaylo Gavrailov in his capacity of Executive Director.

The main activity of the Company is related to cargo handling services, cargo storage and other port services. Port Varna EAD provides also a series of additional services related to the servicing of ships as water supply, provision of telephone, electricity, rental of port technical equipment, etc. It includes two separate port terminals: Varna - East and Varna - West.

As of December 31, 2023 the Company has 1,201 employees (2022: 1,207).

2. Disclosure of the applicable accounting policy

2.1. Basis of preparation of the financial statements

The annual closing of accounts and preparation of annual financial statements for 2023 is carried out in accordance with the Accountancy Act, which entered into force from January 1, 2016. Under that Act, National Accounting Standards (NAS) approved by the Council of Ministers, are applied in Bulgaria. Some companies, exhaustively listed in the Accountancy Act, are required to prepare their financial statements in accordance with International Accounting Standards (IAS) issued by the International Accounting Standards Board and adopted by the European Union. The Company does not meet the legal requirements for mandatory application of IAS and therefore, these financial statements have been prepared in accordance with NAS.

The management of the Company has reviewed the latest amendments and additions that have been made to the Accountancy Act and NAS in effect from January 1, 2023 and believes that they do not necessitate a change in the applied and consistently disclosed accounting policy.

**NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)**

2.2. Applicable measurement base

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and/or liabilities to their fair value as of the end of the reporting period as far it is required by the relevant accounting standards and as far as this value can be reliably measured. Any such deviations from the historical cost convention are disclosed further below in the accounting policy disclosure. All figures and disclosures for 2023 and 2022 are presented in thousands of Bulgarian Lev (BGN) unless otherwise stated. Rounding of amounts is based on generally accepted requirements.

2.3. Comparative figures

Certain items of the balance sheet, income statement and statement of cash flows for the year ended December 31, 2022, which are comparative figures, have been reclassified as necessary in these financial statements for the purpose of achieving better comparability to the current year financial data.

2.4. Accounting assumptions and accounting estimates

The preparation of the financial statements in conformity with NAS requires the management to apply some accounting assumptions and accounting estimates which affect the reported assets and liabilities, and the disclosure of contingent assets and liabilities as of the date of the preparation of the financial statements, as well as the reported amounts of income and expenses during the reporting period. All accounting estimates and assumptions are based on the best estimate performed by the management as at the date of the financial statements. The actual results may differ from the results presented in the accompanying financial statements.

2.5. Functional currency and presentation currency

Functional currency is the currency of the primary economic environment in which an entity operates and in which an entity primarily generates and expends cash. The functional currency of the Company is the Bulgarian Lev (BGN), which, according to the local legislation, has been pegged to the EURO at a fixed exchange rate of EUR 1: BGN 1.95583. Transactions denominated in foreign currency are initially recorded at the official exchange rate of Bulgarian National Bank as of the date of the transaction. Cash, receivables and liabilities, denominated in foreign currency are stated in the functional currency applying the exchange rate of BGN to the respective foreign currency as at the transaction date. As of December 31 the assets and liabilities are translated at the closing exchange rate of BGN to the respective foreign currency as at the balance sheet date. The exchange differences arising when monetary items are settled or when monetary items are translated at rates different from those at which they were translated when initially recognised, are recognised in the income statement for the period in which they arise.

The closing exchange rate of the Bulgarian Lev to the US Dollar as at the end of each reporting period presented in these financial statements is as follows:

December 31, 2023:	1 USD = 1.76998 лв.
December 31, 2022:	1 USD = 1.83371 лв.

The presentation currency of the Company's financial statements is also the Bulgarian Lev.

**NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)**

2.6. Financial risk management

In the course of its ordinary business activities, the Company may be exposed to a variety of financial risks. Market risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate as a result of changes in market prices. Market risk includes currency risk, interest rate risk and other price risk. Credit risk is the risk that the parties to the financial instrument could cause each other financial losses should they fail to perform as contracted. Liquidity risk is the risk that the Company is unable to meet its financial obligations when they fall due.

The existing financial risks to the Company are currently identified, measured and monitored using various control mechanisms in order to set adequate prices of services provided by the Company and the cost of borrowings. Furthermore, management is adequately evaluating the market terms of its investments and the forms of keeping free liquid resources, thus not allowing any unjustified risk concentration. Ongoing risk management is carried out by the management of the Company in accordance with the policy determined by the Board of Directors. The latter has approved the basic principles of general financial risk management, based on which specific procedures are developed for the management of individual specific risks, such as currency risk, price risk, interest rate risk, credit risk and liquidity risk, and the risk of using non-derivative instruments. The policy for management of these risks is summarised below.

2.6.1. Currency risk

The Company's purchases, sales and borrowings are mainly in Euro. As the exchange rate of the Bulgarian Lev to the Euro is fixed at 1.95583, the foreign currency risk arising from the Euro exposure of the Company is minimal. The Company's operations in other foreign currencies are insignificant relative to the total volume of transactions. At present the Company has no practice of hedging foreign currency exposure.

2.6.2 Interest rate risk

The Company's activity is subject to the risk of fluctuations in interest rates to the extent that interest –yielding assets and interest-bearing liabilities are subjected to interest fluctuations at different times and in varying degrees. The Company's financial assets comprise mainly interest-free receivables. The main financial liabilities of the Company include interest-free short-term trade payables and interest-bearing borrowings. The bank borrowings have been negotiated with a floating rate, determined by a fixed margin over a three-month or one-month EURIBOR, due to which the Company is exposed to a risk of changes in market interest rates. The risk of possible changes in interest rates of the one-month and three-month EURIBOR is not significant to the Company.

2.6.3. Price risk

The Company is exposed to a price risk, primarily due to the variable trends in fuel prices – diesel, fuel oil and gas oil, which are consumed in large quantities in its activity. The Company does not hedge the risk of changes in commodity prices.

2.6.4. Credit risk

Credit risk is the risk that the Company's clients will not be able to pay the amounts of trade receivables due in full and in time. The trade receivables are presented in the balance sheet less loss allowance for doubtful and bad debts. The Company has minimised the credit risk as the management applies a strict policy on collection of trade and other receivables and has a significant amount of liquid assets available.

NOTES TO THE FINANCIAL STATEMENTS

as of December 31, 2023

(continued)

2.6. Financial risk management (continued)

2.6.5. Liquidity risk

The Company's exposure to liquidity risk, which is expressed in the unconditional repayment of all obligations upon their maturity, is not significant. The Company sustains significant levels of cash and a policy of financing working capital and non-current assets from accumulated profit, generating enough free funds.

2.6.6. Capital risk management

With capital management, the Company aims to continue as a going concern, to maintain an optimal capital structure and continuously improve the financial performance indicators despite changes in economic conditions. The management of the Company monitors the availability and structure of capital based on the leverage ratio.

2.7. Definition and valuation of the balance sheet elements

The Company has adopted an accounting policy, under which the assets and liabilities as of December 31 of the respective year are classified in the balance sheet as current and non-current.

2.7.1. Property, plant and equipment

Property, plant and equipment are stated at cost comprising purchase price and any installation costs incurred, less accumulated depreciation and impairment. Cost includes the purchase price, import duties and any costs directly attributable to bringing the asset to working condition. Directly attributable costs include costs of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees, non-refundable taxes and certain other costs. The Company has approved a threshold amounting to BGN 700, below which any acquired assets, regardless of having the features of property, plant and equipment, are charged as expenses at the time of acquisition.

Property, plant and equipment of the Company have been revalued at their fair value in prior reporting periods in accordance with the applicable accounting policy at that time. The excess of revalued amounts over carrying amounts has created a revaluation reserve. After the transition to NAS, the Company can no longer revalue its property, plant and equipment to their fair value. Therefore, they are presented at their revalued amount as of the date of the most recent revaluation, and depreciated annually and tested for possible impairment.

Subsequent expenditure on property, plant and equipment, which improves the condition of the asset beyond its originally assessed standard of performance or increases the future economic benefits which will flow to the enterprise, is capitalized to the carrying amount of the asset. All other subsequent expenditure is recognized as an expense in the period in which it is incurred. Assets acquired in accordance with finance lease agreements are reported under the same accounting principles applied to own property, plant and equipment.

Annually, as at the end of each reporting period, the management performs a review of the external and internal sources of information that can give indications that an asset may be impaired. If such indicators exist, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

2.7. Definition and valuation of the balance sheet elements (continued)

2.7.2. Intangible assets

Intangible assets are stated at cost comprising purchase price and any additional acquisition costs incurred, less accumulated amortisation and potential impairment.

2.7.3. Inventories

Inventories are initially recorded at cost. Upon consumption, the cost of inventories is calculated using the weighted average cost method. At the end of the year, inventories are valued at the lower of cost or net realizable value.

2.7.4. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognises a financial asset or a financial liability in its balance sheet when, and only when, the Company becomes a party to the contractual provisions of the instrument. At initial recognition, financial assets/ (liabilities) are measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Financial assets are derecognised when, and only when the contractual rights to the cash flows from the financial asset expire, or the Company transfers the financial asset and the transfer qualifies for derecognition in accordance with AS 32 Financial Instruments. Financial liabilities are removed from the balance sheet when, and only when, they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled, or expires.

For the purpose of subsequent measurement, the Company classifies financial assets and liabilities as at the end of the current and prior reporting periods as trade and other receivables, cash and bank balances, current and non-current contractual liabilities. Classification under each category depends on the purpose and the term of the respective contract.

(a) Trade and other receivables

Trade and other receivables in BGN are valued at nominal value and those in foreign currency are translated at the closing exchange rate of the Bulgarian National Bank as of December 31, 2023, less loss allowance for doubtful and bad debts.

The loss allowance is provided when there is objective evidence that the Company will be unable to collect all amounts due upon maturity. The indications for loss allowance are considerable financial difficulties of the debtor, probable debtor insolvency or non-fulfilment of the terms of the contract and payments delay from the maturity date. The loss allowance is reported as a reduction in the value of receivables and impairment loss is charged in the income statement for the period. If a receivable is non-collectable and there is an allowance accrued, the receivable is written-off by decrease of the respective allowance account. The reversal of the loss allowance of trade receivables is reported in the income statement as a decrease in the item, in which the allowance was previously reported. For the loss allowance on individual receivables, management applies rates that are determined on the basis of delay of payments over time:

Up to 90 days past due	- no allowance charged;
91 - 180 days	- 20%;
Over 181 days	- 50%;
By decision of management	- 100%.

NOTES TO THE FINANCIAL STATEMENTS

as of December 31, 2023

(continued)

2.7. Definition and valuation of the balance sheet elements (continued)

2.7.4. Financial instruments (continued)

(b) Cash and cash equivalents

Cash in BGN is stated at nominal value and cash in foreign currency is stated at the closing exchange rate of BNB as of December 31, 2023. For cash flow purposes cash and cash equivalents include non-restricted cash at banks and in hand.

(c) Non-current liabilities

Non-current liabilities in BGN are valued at face value and those in foreign currency are valued at the closing exchange rate of the Bulgarian National Bank as of December 31, 2023.

(d) Current liabilities

Current liabilities in BGN are valued at face value and those in foreign currency are valued at the closing exchange rate of the Bulgarian National Bank as of December 31, 2023.

2.7.5. Share capital

The subscribed share capital is represented by the amount of the actually paid shares. Share capital is entered in the Trade Register to the amount subscribed by the shareholders and it has to be fully paid within two years.

2.7.6. Legal and other reserves

The reserves of the Company are formed by allocating its financial results for the period after corporate income tax. The reserves of the Company can be used only by decision of the sole shareholder under the Commercial Act and the Articles of Association of the Company.

2.7.7. Properties revaluation reserve

The properties revaluation reserve presented in the balance sheet is formed as a result of revaluation of properties owned by the Company to their fair value in prior reporting periods in accordance with the applicable accounting policy at that time. The properties revaluation reserve is transferred to retained earnings, and not to the income statement, upon derecognition of an asset due to scrap, sale or liquidation. After the transition to NAS, the Company cannot revalue its property, plant and equipment to their fair value and respectively increase its properties revaluation reserve.

2.7.8. Employee benefits

(a) Defined contribution plans

The Government of the Republic of Bulgaria is responsible for the ensuring of the statutory minimum threshold of the pensions pursuant to defined contributions plans. The expenses of the Company for transferring of funds pursuant to the defined contributions plans are recognized in the income statement income upon their occurrence.

(b) Annual paid leave

The Company recognizes as a liability the non-discounted amount of the estimated expenses for annual paid leave, expected to be paid to the employees for the past reporting period.

NOTES TO THE FINANCIAL STATEMENTS

as of December 31, 2023

(continued)

2.7. Definition and valuation of the balance sheet elements (continued)

2.7.8. Employee benefits (continued)

(c) Retirement benefits

Pursuant to the requirements of the Labour Code, upon termination of the employment contract the employees are entitled to retirement benefits amounting to two gross monthly salaries when the overall length of service of the employee in the Company is less than 10 years, or six gross monthly salaries, when the overall length of service is more than consecutive 10 years. The Company records as an expense the discounted amount of the accrued retirement benefit obligations and an interest expense based on an estimation made by a licensed actuary.

2.8. Depreciation and amortization

The Company consistently applies the straight-line depreciation method. Depreciation is not charged on land and assets under construction before they are completed and put into operation. The useful lives by class of assets are as follows:

Class of assets	2023	2022
Buildings	25	25
Installations and fittings	15-25	15-25
Machinery and equipment	5-13	5-13
Leasehold improvements	6	6
Other property, plant and equipment	6	6
Software	5	5

The management of the Company has determined depreciation rates for the classes of assets on the grounds of their expected useful lives. As of the year-end, the management of the Company performs a review of the expected useful lives and carrying amounts of the assets for indications for impairment and/or change of depreciation rates.

2.9. Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The existing liability to the lessor is presented in the balance sheet as a finance lease liability. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. Finance charge is recognized in the income statement.

2.10. Income and expenses recognition

Income and expenses are accrued when incurred, regardless of the date of the cash flow. Income and expenses recognition is based on the principal for matching costs and revenues. Income and expenses denominated in foreign currencies are translated into BGN at the rate of exchange ruling at the date of the accrual.

NOTES TO THE FINANCIAL STATEMENTS

as of December 31, 2023

(continued)

2.10.1. Revenue from sale of goods and rendering of services

Revenue from the sale of goods is recognized when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods. Revenue from rendering of services is recognised in the income statement by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion of a transaction is determined by surveys of work performed. When the outcome of a transaction cannot be estimated reliably and it is not probable that the costs incurred will be recovered, revenue is not recognised.

2.10.2. Government grants

Government grants related to depreciable assets are recognized in the income statement over the periods, and in proportions, in which depreciation expense is recognized on those assets, acquired as a result of the grants after all conditions of the agreement are met. Government grants related to income are recognized in the income statement over the periods, in which the entity recognizes as expenses the related costs, which the grants are intended to compensate.

2.10.3. Finance income/ (costs)

Interest income and expenses are accrued based on the current negotiated interest rate and the amount of the related receivable or payable. They are accrued directly in the income statement as incurred. Interest expenses on bank borrowings are calculated and recognised in the income statement using the effective interest method.

2.11. Taxation

According to the Bulgarian tax legislation, for 2023 and 2022 the Company is subject to a corporate tax, which is 10 % of the taxable profit. For 2024 the rate of corporate tax is kept at 10 %.

The Company accounts for deferred taxes on the basis of the balance sheet liability method. Deferred tax is provided for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are recognized in the income statement, except when they relate to items that are recognized directly in equity, in which case, deferred tax is also recognized directly in equity. Deferred tax assets and liabilities are offset and measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The deferred tax liabilities are recognized for all taxable temporary differences. The deferred tax assets are recognized when it is probable that taxable profits will be available against which the deferred tax assets can be utilized.

2.12. Dividends

Dividends are reported as a decrease in the net assets against a current liability to the sole shareholder in the period, in which the dividends are approved for distribution.

2.13. Related parties

For the purposes of these financial statements, the sole shareholder, companies under common control, key management personnel, together with the close members of their families, including companies controlled by them, are considered and referred to as related parties.

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

3. Property, plant and equipment

	Land and buildings	Machinery and equipment	Vehicles	Other assets	Construction in progress	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cost						
Balance at January 1, 2023	1,332	96,045	14,483	986	9	112,855
Additions	10	1,255	-	29	565	1,859
Transfers	-	23	-	-	(23)	-
Disposals	-	(107)	(46)	(6)	(7)	(166)
Balance at December 31, 2023	1,342	97,216	14,437	1,009	544	114,548
Accumulated depreciation						
Balance at January 1, 2023	1,064	68,601	11,820	818	-	82,303
Charge for the year	31	3,576	430	49	-	4,086
Eliminated on disposals	-	(107)	(46)	(6)	-	(159)
Balance at December 31, 2023	1,095	72,070	12,204	861	-	86,230
Carrying amount at December 31, 2022	268	27,444	2,663	168	9	30,552
Carrying amount at December 31, 2023	247	25,146	2,233	148	544	28,318

On the grounds of a permanent contract with Bulgarian Ports Infrastructure Company, the Company is using buildings and facilities that are public state property to a total amount of BGN 244,546 thousand, which are used for providing port services related to cargo handling.

The cost of fully depreciated assets used in the activity of the Company is as follows

	Land and buildings	Machinery and equipment	Vehicles	Other assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance at December 31, 2023	528	48,591	9,925	699	59,743
Balance at December 31, 2022	528	47,093	9,829	543	57,993

Leases

The Company as a lessor

The Company leases separate parts of assets, which are public property, as well as its own property according to lease agreements for a term of 5 to 10 years. The consumables such as electricity costs, water and telephone costs, are borne by the lessees.

NOTES TO THE FINANCIAL STATEMENTS

as of December 31, 2023

(continued)

3. Property, plant and equipment (continued)

As of December 31, 2023, the receivables under lease agreements are to the amount of BGN 96 thousand (2022: BGN 40 thousand).

The income from leasing own assets amounts to BGN 20 thousand (2022: BGN 23 thousand) and the income from leasing public-property assets is to the amount of BGN 1,816 thousand (2022: BGN 1,325 thousand).

Review for impairment

The Company has performed a review for indications of impairment of all essential property, plant and equipment as of December 31, 2023 and believes that the carrying amount of assets is close to the amounts presented in the balance sheet.

Other information

As of December 31, 2023 the commitments for purchase of property, plant and equipment, including the advance payments made, are to the amount of BGN 2,324 thousand (2022: BGN 21 thousand).

The carrying amount of assets pledged as collateral on bank borrowings as of December 31, 2022 is BGN 10,055 thousand. As of December 31, 2023 the Company has not pledged any property, plant and equipment as collateral on bank borrowings.

As of December 31, 2023 the Company has concluded insurance policies for property, plant and equipment with a standard insurance coverage, as well as motor Casco insurance for its vehicles.

4. Intangible assets

	Software BGN'000	Intangibles in the process of acquisition BGN'000	Total BGN'000
Cost			
Balance at January 1, 2023	351	400	751
Additions	-	-	-
Balance at December 31, 2023	351	400	751
Accumulated amortisation			
Balance at January 1, 2023	319	-	319
Charge for the year	13	-	13
Balance at December 31, 2023	332	-	332
Carrying amount at December 31, 2022	32	400	432
Carrying amount at December 31, 2023	19	400	419

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

4. Intangible assets (continued)

The cost of fully amortised intangible assets used in the activity of the Company is as follows:

	December 31, 2023 BGN'000	December 31, 2022 BGN'000
Software	291	288

The Company has no pledges of intangible assets.

5. Available-for-sale investments

The Company participates with 8.9% in the share capital of Astra Storage AD (former Oiltanking Bulgaria AD), whose main activity is construction and development of independent terminals, receipt, storage, distribution, processing and maintenance of liquid chemical products. The Company operates a terminal for sulphuric acid located in the town of Devnya, Industrial Zone, Varna - West Port Terminal. Due to the inability to determine the fair value of the shares of that company, the Company's participation is valued at cost.

6. Deferred tax assets

As of December 31, 2023 the deferred tax assets comprise the following:

Deferred tax assets	Temporary difference December 31, 2023 BGN'000	Deferred tax asset December 31, 2023 BGN'000	Temporary difference December 31, 2022 BGN'000	Deferred tax asset December 31, 2022 BGN'000
Property, plant and equipment and intangible assets	6,704	670	5,926	592
Inventories	302	30	283	28
Trade and other receivables	848	85	233	24
Retirement benefits	2,746	275	2,817	282
Accruals to employees	1,579	158	1,214	121
Other current liabilities	144	14	-	-
Total	12,323	1,232	10,473	1,047

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

7. Inventories

	December 31, 2023 BGN'000	December 31, 2022 BGN'000
Spare parts	2,115	2,113
Tyres	780	848
Fuel and lubricants	471	432
Basic materials	418	433
Work clothing	98	100
Stationery and consumables	66	63
Auxiliary materials and other	61	74
Total:	4,009	4,063
Write-down of materials	(302)	(283)
Total:	3,707	3,780

The write-down of materials charged to the income statement for 2023 is BGN 32 thousand (2022: BGN 36 thousand).

The amount of write-down reversal for the current year is BGN 13 thousand (2022: none).

The Company has no pledges of inventories as of December 31, 2023.

8. Trade and other receivables

	December 31, 2023 BGN'000	December 31, 2023 BGN'000
<i>Trade receivables and other financial assets</i>		
Receivables from customers	5,869	4,926
<i>Loss allowance on receivables from customers</i>	(47)	(80)
Receivables from customers, net	5,822	4,846
Advances given	547	140
<i>Loss allowance on advances given</i>	(81)	(81)
Advances given, net	466	59
Litigation and writs	586	140
<i>Loss allowance on litigation and writs</i>	(586)	(72)
Litigation and writs, net	-	68
Insurance indemnities	132	41
<i>Loss allowance on insurance indemnities</i>	(132)	-
Insurance indemnities, net	-	41
Receivables from banks for interest on deposits	18	-
	6,306	5,014
<i>Prepayments and other assets</i>		
Taxes refundable	544	342
Prepayments	75	110
	619	452
Total:	6,925	5,466

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

8. Trade and other receivables (continued)

The aging analysis of receivables from customers is as follows:

	December 31, 2023 BGN'000	December 31, 2022 BGN'000
Receivables due:		
Up to 31 days	5,103	4,575
31 - 90 days	649	123
Total not past due	5,752	4,698
Past due:		
91 - 180 days	65	105
181 - 365 days	2	34
366 days - 2 years	-	2
Over 2 years	3	7
Total past due	70	148
Total receivables from customers	5,822	4,846

The movement of loss allowances during the year is as follows:

	Loss allowance on receivables from customers BGN'000	Loss allowance on litigation and writs BGN'000	Loss allowance on advances given and other receivables BGN'000	Total BGN'000
Balance at January 1, 2022	(53)	(58)	-	(111)
Charged during the year	(60)	(14)	(81)	(155)
Reversed during the year	27	-	-	27
Written-off receivables	6	-	-	6
Balance at December 31, 2022	(80)	(72)	(81)	(233)
Charged during the year	(77)	(581)	(132)	(790)
Reversed during the year	97	54	-	151
Written-off receivables	13	13	-	26
Balance at December 31, 2023	(47)	(586)	(213)	(846)

9. Cash and bank balances

	December 31, 2023 BGN'000	December 31, 2022 BGN'000
Cash in hand	10	13
Current bank accounts	17,489	26,868
Short-term deposits	14,803	-
Total:	32,302	26,881

The current bank accounts are denominated in BGN and EUR and amount to BGN 13,140 thousand (2022: 16,743 thousand) and BGN 4,349 thousand (2022: 10,125 thousand), respectively.

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

9. Cash and bank balances (continued)

Short-term deposits as of December 31, 2023 consist of ten bank deposits with original maturity of up to 3 months, including deposits in BGN amounting to BGN 5,000 thousand (2022: none) and deposits in Euro amounting to BGN 9,803 thousand (2022: none).

Cash in hand is in BGN to the amount of BGN 10 thousand (2022: BGN 13 thousand).

The Company has no restricted cash.

10. Equity

Share capital

As of December 31, 2023 the share capital of the Company is divided into 8,493,571 shares with nominal value of BGN 1 each. The Company is 100 % owned by the state and the rights of the sole owner are exercised by the Ministry of Transport and Communications.

Legal and additional reserve

The legal and additional reserve amounting to BGN 25,714 thousand consists of a legal reserve created by allocation of 25% of profits to the amount of BGN 2,123 thousand and other reserves formed by transfers of profits to the amount of BGN 23,591 thousand.

Properties revaluation reserve

The Company performed a revaluation of its property, plant and equipment to their fair value in a previous accounting period in accordance with the accounting policy applied in that period, and as a result, a properties revaluation reserve was created. After transition to NAS, the Company is no longer allowed to revalue its property, plant and equipment to fair value.

The revaluation reserve is transferred to retained earnings without affecting the income statement, upon derecognition of an asset due to scrap, sale or liquidation. As of December 31, 2023 the revaluation reserve amounts to BGN 8,448 thousand.

Retained earnings

Retained earnings include the current year profit amounting to BGN 14,654 thousand and retained profits from prior years to the amount of BGN 1,101 thousand.

11. Bank borrowings

In a prior reporting period the Company entered into a bank loan agreement for the purchase of mobile cranes, adjacent equipment and a mobile reloading machine. The final term for repayment of the loan is June 27, 2025. The negotiated interest is equal to the 1-month EURIBOR plus a fixed mark-up. The repayment of the loan is made in equal instalments and an interest on the diminishing balance. A registered pledge is set on the purchased assets to secure the bank borrowing. In January 2023 the Company repaid the entire outstanding liability on the loan ahead of the repayment schedule using its own funds.

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

12. Retirement benefit obligation

The retirement benefit obligation is as follows:

	December 31, 2023 BGN'000	December 31, 2022 BGN'000
Present value of the obligation at January 1	2,816	2,905
Current service cost	312	312
Interest cost	160	155
Actuarial (gains)/losses	27	(3)
Benefits paid	(569)	(553)
Total:	2,746	2,816

The retirement benefit obligation is based on an actuarial report as of December 31, 2023, in which a 7.95% annual increase of salaries is assumed for 2024, 1% increase for 2025 and for each subsequent year.

The weighted average duration of the defined benefit obligation by age and length of service is 14 years. The management has made the following estimate for the expected payments on retirement benefits over the next five years:

	Total expected payments BGN'000
Payments for the period from 2024 to 2028	1,719
Payments for the period from 2029 to 2033	1,468
Payments for the period from 2034 to 2038	678
Payments for the period from 2039 to 2043	267
Payments for the period after 2043	39

13. Trade and other payables

	December 31, 2023 BGN'000	December 31, 2022 BGN'000
Financial liabilities		
Advances from customers	5,362	4,555
Payables to suppliers	475	477
Guarantees	547	454
	6,384	5,486
Non-financial liabilities		
Tax payables	928	606
Provisions for legal disputes	129	-
Government grants	103	103
Accruals	287	379
Payables to the budget for a rent contribution	41	17
Total:	7,872	6,591

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

14. Trade and other payables (continued)

The advances received include advances related to maintenance of port infrastructure to the amount of BGN 4,921 thousand (2022: BGN 3,449 thousand) and advances from customers to the amount of BGN 441 thousand (2022: BGN 1,106 thousand).

Payables to suppliers are short-term and non-interest bearing. The payables in BGN amount to BGN 475 thousand (2022: BGN 477 thousand).

The payables for guarantees are non-interest bearing and denominated in BGN.

The Company and its lawyers have performed a review of the probability for a negative outcome on lawsuits initiated against the Company, and the probability that an outflow of resources would be required to settle such legal disputes. Thus, the Company has accrued provisions to the amount of BGN 129 thousand as of December 31, 2023.

In a prior reporting period the Company received as government grants certain spare parts for special purposes amounting to BGN 103 thousand.

14. Payables to employees and social security

	December 31, 2023 BGN'000	December 31, 2022 BGN'000
Employees	2,683	2,175
Social security	1,115	934
Unused paid leaves	200	154
Social security on unused paid leaves	45	35
Total:	4,043	3,298

15. Revenue

	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
Revenue from reloading	74,099	60,138
Revenue from storage and shipment	6,229	6,689
Other sales	3,373	3,074
Income from rents	1,836	1,348
Contribution to the state budget from rental income	(918)	(674)
Income from sale of assets	7	250
Total:	84,626	70,825

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

16. Other operating income

	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
Insurance indemnities	152	107
Government grants	126	2,127
Fines and penalties	52	1
Surplus of assets	15	15
Income from litigation	15	8
Other operating income	16	10
Total:	376	2,268

Income from government grants in the amount of BGN 126 thousand (2022: BGN 2,127 thousand) represents financing under the programme for compensation of industrial electricity consumers during the reporting year.

17. Raw materials and consumables used

	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
Electricity	2,093	4,701
Fuel and lubricants	3,111	3,409
Spare parts	875	1,011
Tyres	893	968
Major production materials	436	472
Water	350	225
Work clothes and uniforms	242	201
Stationery and consumables	128	142
Current assets	77	83
Other materials	104	100
Total:	8,309	11,312

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

18. Hired services

	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
Remuneration for use of port infrastructure	3,431	3,305
Security	1,358	1,320
Transportation of employees	666	681
Exploitation costs and maintenance	512	401
Insurance	392	387
Environmental activities	359	206
Repair of property, plant and equipment	309	366
Cleaning services	263	255
Administrative services	145	133
Communications and internet	95	85
Civil contracts	72	96
Advertising	56	52
Audit services	9	9
Total:	7,667	7,296

19. Employee benefits expense

	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
<i>Salaries and social security</i>		
Salaries	29,011	25,570
Social security	8,138	7,167
Fringe benefits	8,628	6,331
Remuneration of key management	403	306
	46,180	39,374
<i>Other benefits</i>		
Retirement benefits	499	464
Unused paid leave	169	154
Social security on unused paid leave	39	35
	707	653
Total:	46,887	40,027

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

20. Other operating expenses

	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
Allowances for impairment and write-off of trade, litigation and other receivables, net	665	128
Local taxes and charges	487	512
Penalties paid to customers	209	4
Provisions for legal disputes	129	-
Scrap of inventories	65	4
Entertainment costs	56	66
Donations	44	4
One-off taxes on expenses	34	35
Business trips	33	19
Write-down of inventory	32	36
Litigation costs	28	17
Costs for enhancing qualification	19	19
Other expenses	2	4
Total:	1,803	848

21. Finance income

	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
Interest income on deposits	49	-
Interest income on current bank accounts	22	-
Total:	71	-

22. Finance costs

	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
Interest cost on borrowings	6	37
Bank charges and fees	3	83
Exchange rate loss	3	-
Total:	12	120

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

23. Income tax expense

The income tax expense is determined based on the applicable corporate tax rate in Bulgaria, which is 10% for 2023 and 2022.

	Year ended December 31, 2023 BGN'000	Year ended December 31, 2022 BGN'000
Profit before tax	16,296	9,077
Corporate tax rate	10%	10%
Tax expense at the applicable tax rate	1,630	908
<i>Tax effect from:</i>		
Increase of profit for tax purposes	722	630
Decrease of profit for tax purposes	(525)	(359)
Current tax expense	1,827	1,179
<i>Deferred tax (expense)/benefit:</i>		
Origination and reversal of temporary differences	(185)	(270)
Tax asset unrecognized in a prior period	-	(162)
Income tax expense	1,642	747

24. Fair value of financial instruments

The Company's accounting policy is to disclose in its financial statements the fair value of financial instruments, for which quoted market prices are available. The fair value concept is based on the assumption that the respective financial instrument will be realized through a sale transaction. In most of the cases, however, especially as regards trade receivables, trade payables and borrowings, the Company expects to realize or settle such instruments through their full collection or payment at the due date, respectively. For this reason, these financial instruments are reported at their nominal value or amortized cost. Most of the financial assets and liabilities are current (trade receivables and payables) and therefore, their fair value approximates their carrying amount. The fair value of non-current loans granted approximates the discounted future cash flows based on average market interest rates as of the date of the balance sheet.

The management of the Company believes that under the existing circumstances, the financial assets and liabilities are carried in the balance sheet at their most reliable, adequate and fair amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

25. Related party transactions

The Company's disclosure of related parties is as follows:

Remuneration of key management personnel

Key management personnel is represented by the members of the Board of Directors disclosed in Note 1. The remuneration of key management accrued during the reporting period is to the amount of BGN 403 thousand (2022: BGN 306 thousand).

Transactions with entities under common control

Entities under common control are all enterprises with more than 50% state participation in the system of the Ministry of Transport and Communications.

The transactions during the year and the outstanding balances as of December 31, 2023 are as follows:

Related party	Type of transaction	Turnover BGN'000	Outstanding balance	
			Receivable BGN'000	Payable BGN'000
Bulgarian Ports Infrastructure Company	Sales	102	6	-
Bulgarian Ports Infrastructure Company	Purchases	3,896	-	4,921
Bulgarian Maritime Training Centre EAD	Sales	8	-	-
Bulgarian Maritime Training Centre EAD	Purchases	11	-	-
Bulgarian Posts EAD	Purchases	9	-	1
BDZ Freight Services EOOD	Purchases	11	-	2
Executive Agency Maritime Administration	Sales	1	-	-
Executive Agency Maritime Administration	Purchases	1	-	-
			6	4,924

There are no unusual terms or conditions associated with these transactions or variances from the market prices. The outstanding balances at year-end are not secured. No guarantees are given or received regarding the receivables and payables to related parties. A review for impairment is performed each financial year based on an analysis of the financial position of the related party and the market on which it operates.

NOTES TO THE FINANCIAL STATEMENTS
as of December 31, 2023
(continued)

26. Events after the end of the reporting period

By order of the Minister of Transport and Communications, a commission has been set-up with the aim to propose additional agreements to be made to the contracts with the state-owned port operators referred to in § 74 of the transitional and concluding provisions of the Maritime Space, Inland Waterways and Ports of the Republic of Bulgaria Act. The amendments are expected to come into force in 2024 and are related to the method of determining the considerations for using port infrastructure and the terms of payments.

The Council of Ministers has issued Ordinance № 1 dated March 27, 2024 for determining the share of profit of state-owned companies to be distributed to the State. Based on the Ordinance, the state-owned companies must distribute 100% of their profit for 2023 to the State. The contributions must be paid by May 31, 2024.

No other events have occurred after the end of the reporting period and as of the date these financial statements have been approved for issuance, that would require adjustments or additional disclosures in the financial statements.

27. Other disclosures

The main risks are related to the collapse of the global supply chain as a result of both the war in Ukraine, and the Israel-Hamas conflict, which caused difficulties in using the international transport waterway through the Suez Canal. For this reason, a large number of the biggest shipping companies worldwide, which are also customers of the Company, have plans to change their routes. There is a possibility that these circumstances may have a significant adverse effect on the Company's operating and financial results.

28. Approval of the financial statements

The annual financial statements as of December 31, 2023, including the comparative information, are approved for issuance by the Board of Directors on March 28, 2024.

Executive Director: (signed)

Ivaylo Gavrailov

Preparer: (signed)

Violeta Zlatkova

March 28, 2024

Varna

*Unofficial translation of the original in Bulgarian.
In case of any divergences, the Bulgarian version shall prevail.*

INDEPENDENT AUDITOR'S REPORT

**To the Shareholder of
Port Varna – EAD
Varna**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Opinion**

We have audited the financial statements of Port Varna - EAD (the Company), which comprise the balance sheet as at December 31, 2023, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies from page 2 to page 28.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with National Accounting Standards adopted in Bulgaria (NASS).

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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) (including International Independence Standards) together with 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 the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises a management report, a non-financial statement and a corporate governance statement. These three documents are prepared by management in accordance with Chapter Seven of the Accountancy Act and under the additional requirements of Art. 29 of the Public Enterprises Act. They do not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the 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 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NASs 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the Independent Financial Audit Act and 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 on the basis of these 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 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 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 management 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Matters to be Reported under the Accountancy Act and the Public Enterprises Act

In addition to our responsibilities and reporting in accordance with ISAs, described above in the Information Other than the Financial Statements and Auditor's Report Thereon section, in relation to the management report, the non-financial statement and the corporate governance statement, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines of the professional organization of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants, approved by its Management Board. These procedures concern verifying the existence and verifying the form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria as well as in Art.29, paragraph 3 and 4 of the Public Enterprises Act applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

- a) The information included in the management report for the financial year for which the financial statements have been prepared is consistent with those financial statements.
- b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act as well as the additional requirements of the Public Enterprises Act.
- c) The non-financial statement for the financial year for which the financial statements have been prepared is provided and prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and Art. 29, paragraph 4 of the Public Enterprises Act.
- d) The corporate governance statement for the financial year for which the financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act and Art. 61, paragraph 3 of the Regulations for implementation of the Public Enterprises Act.

Nikolay Kolev (signed)
Registered Auditor

Anton Svrakov (signed)
Managing Partner
Svrakov&Milev OOD
7, Sava Radulov Str., 2nd fl., studio 4
Varna

March 28, 2024
Varna

Unofficial translation of the original in Bulgarian.
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