

# REPORT

On the activities of the audit committee of  
Chimimport AD, UIC 000627519  
for the period of  
January 1, 2022 to December 31, 2022

According to the requirements of the Independent Financial Audit Act and  
Commission for Public Oversight of Registered Auditors (CPORA)

<b>Topic</b>	<b>Comment</b>
Number of members of the audit committee.	The Audit Committee is elected by the General Meeting of Shareholders. Persons who meet the requirements of the Independent Financial Audit Act may be elected as members of the audit committee. The Audit Committee of Chimimport AD consists of three members, of which one chairman, with a mandate of 3 (three) years.
Names and qualifications of the members of the audit committee	The Audit Committee of Chimimport AD consists of three members: Petar Krasimirov Terziev, (Chairman), Master's degree in Accounting - UNWE, with experience of more than ten years in the fields of accounting and control; Veselina Petrova Stefanova, master's degree; Elena Milcheva Karakasheva, master's degree.
Date of adoption (date of last revision) of the statute of the audit committee.	The Regulations (Statute) of the Audit Committee of Chimimport AD have been developed in accordance with the requirements of Art. 108 of the Independent Financial Audit Act. It was adopted by the General Meeting of Shareholders, held on June 27, 2017. The audit committee members are reappointment on 30.09.2020
Number of audit committee meetings.	For the period of 2022 year, the Audit Committee has met three times on a regular basis. At the regular meetings the updated rules for work of the Committee, the procedures for selection of a registered auditor, his independence, the key issues and findings of the audit of Chimimport AD and its subsidiaries (the Group), as well as the current monitoring of the financial statements in the Group, efficiency of the internal control environment and the risk management system regarding the financial reporting, the Additional Report to the Audit Committee of Chimimport AD.
An explanation of how the committee has assessed the effectiveness of the independent financial audit process.	During the implementation of the independent financial audit engagement, including the period covered by the audit, as well as the process until the issuance of the audit report thereafter, the Committee communicates with Management and the registered auditor on all relevant matters. The experience and qualification of the persons involved on the part of the Registered Auditor, the audit strategy and approach for the current engagement, the identified key issues, as well as the formed findings and recommendations, the Additional Report to the Audit Committee of Chimimport AD are reviewed and communicated. On this basis, the Audit Committee assesses the effectiveness of the independent financial audit process.
Explanation of the approach to the appointment or reappointment of the external auditor	The external auditor is elected by the General Meeting of Shareholders on the proposal of the Audit Committee after translating the procedures provided for in the Rules (Statute) of the Audit Committee.
When was the last selection for the appointment of an external auditor made?	The last selection of a registered auditor was conducted in 2022.
Has the last pre-selection for the appointment of a registered auditor by the audit committee been carried out? If no, who	In 2022, according to the Rules (Statute) of the Audit Committee, it made the selection and made a proposal to the

made the selection and, accordingly, the proposal to appoint an external auditor to the general meeting?	<p>Management Board to appoint a registered auditor for the period.</p> <p>The proposal for the last election of a registered auditor was made by the Management Board of the GMS for a specialized audit company "Grant Thornton" Ltd. for a registered auditor of the company for 2022, which will perform inspection and certification of the annual financial statements and the consolidated annual financial statements of Chimimport AD for 2022.</p>
How many registered auditors (audit firms) were invited during the last pre-selection and respectively how many candidates submitted tenders?	During the last preliminary selection of a registered auditor, two Audit Companies were invited, and both companies submitted bids for audit of the consolidated and individual financial statements of Chimimport AD.
In the last pre-selection for the appointment of a registered auditor, did the general meeting select the auditor (s) as proposed by the audit committee?	In the last preliminary selection for the appointment of a registered auditor, the general meeting appoints the registered auditor, according to the proposal of the audit committee and the Management Board.
Name of the current registered auditor (audit firm).	At the regular General Meeting of Shareholders of Chimimport AD, for registered auditor of the consolidated and individual financial statements of the Company was selected Audit Company "Grant Thornton Ltd.", entered under number 032 in the special register at the Institute of Certified Public Accountants, the reports Grant Thornton Ltd. with a registered auditor responsible for the audit Mariy Apostolov
The term of office of the current registered auditor (audit firm).	<input type="checkbox"/> Grant Thornton OOD has been appointed as a mandatory auditor of the financial statements of Chimimport AD for the year ending on December 31, 2021 by a decision of the General Meeting of Shareholders taken at a meeting held on 14.07.2022 for a period of one year. – The audit of the financial statements for the year ended 31 December 2022 of the Company represents a continuous commitment to a statutory audit of this company, performed by us since 2002.
Name of the current responsible auditor (when the audit is performed by an audit firm).	The current auditor responsible for the audit of the consolidated and separate financial statements of Chimimport AD is Mariy Apostolov. Certified Public Accountant, Registered Auditor, registered at the Institute of Certified Public Accountants with a diploma № 488.
How long does the current auditor perform the function (when the audit is performed by an audit firm)?	The current responsible auditor performs this function for the six consecutive year from the initial selection of the audit firm.
Description of the committee's policy for approving non-audit services provided by the statutory financial audit auditor.	The policy of the Committee regarding other services that may be provided by the registered auditor is in accordance with Art. 64, para. 1 of the Independent Financial Audit Act (EPAA), in connection with Art. 5 Regulation 537/2014 (the Regulation), allowing only the provision of tax services within the meaning of the Regulation, provided that: - the services do not have an impact or an insignificant impact, individually or in general, on the financial statements subject to the audit engagement; - the assessment of their impact on the financial statements is documented and comprehensively explained in the report of the Audit Committee; - the registered auditor complies with the requirements for independence. Eligible services may be provided by the registered auditor only after the explicit approval of the Audit Committee, of which the Audit

	Committee is obliged to notify the Commission for Public Oversight of Registered Auditors by providing a copy of the notification to the Committee. In connection with the requirements of the Law and the Regulation, the Audit Committee has established a restrictive policy, allowing the use of such services exceptionally and when absolutely necessary.
Description of how to ensure the objectivity and independence of the statutory financial audit auditor in providing non-audit services provided by the statutory financial audit auditor.	In the case of the provision of additional services outside the audit by the registered auditor, the Audit Committee requires the services to be provided by another team that is not involved in the audit engagement of the financial statements. As a last resort, if services cannot be provided by a team not involved in the audit engagement, the Committee requests information on the engagement quality control review before issuing the audit report and re-communicates the independence of the registered auditor and the impact assessment services.
Amount of fees for mandatory audit of the separate and consolidated (where applicable) financial statements.	The agreed fees for audit of the individual and consolidated financial statements of Chimimport AD for 2022 are disclosed in the separate and consolidated financial statements.
Amount of fees for audit-related services and other non-audit services provided by the statutory financial audit auditor.	Remuneration for audit and other non-audit services is disclosed in the separate and consolidated financial statements.
During the year, did the audit committee refuse a request for other non-audit services from the statutory financial audit auditor? If yes, please indicate the type of services requested and what were the reasons for the refusals?	In 2022, the approvals of the Audit Committee for the provision of services other than the statutory audit were not refused.
Information on identified threats (if any) to the independence and objectivity of the external auditor.	During the implementation of the independent financial audit engagement, including the period covered by the audit, as well as the process until the issuance of the audit report thereafter, no threats to the independence and objectivity of the registered auditor were identified.
List of services provided by the external auditor to the companies controlled by the audited entity.	In 2022, the registered auditor provided mandatory financial audit services to some of the subsidiaries of Chimimport AD.
Information on the decisions (if any) for appointing a quality control review before issuing the audit report by another registered auditor appointed by the audit committee in the cases of Art. 66, para. 2 of the Independent Financial Audit Act.	During the period the provisions of Art. 66, para. 2 of the Independent Financial Audit Act.
Information about the decisions (if any) for continuation by the external auditor of the fulfillment of obligations under obligatory financial audit in the cases of art. 66, para. 3 of the Independent Financial Audit Act.	During the period the provisions of Art. 66, para. 3 of the Independent Financial Audit Act.
How many times during the reporting year did the audit committee meet with the management and those persons in charge of general management to communicate its activities, identified weaknesses in the company and related recommendations?	During the period covered by the audit and thereafter, the Committee met with Management and those charged with governance to discuss the ongoing monitoring of the Group's financial reporting and the effectiveness of its internal control and risk management systems. No systemic weaknesses have been identified in the systems that require adjustments. Findings related to optimization and improvement of the financial reporting processes in the Company, respectively its group, have been communicated.
How many times during the reporting year did the audit committee meet with management and those charged with governance to communicate the results of the statutory audit and its contribution to the reliability of the financial statements, as well as the role of the audit committee in the financial reporting process?	During the period covered by the audit and thereafter, the Committee met with Management and those charged with governance to whom the objectives of the independent financial audit and the Committee were communicated, as well as their contribution to the financial statements. The findings established by the registered auditor in the course of the audit

	engagement of the consolidated and separate financial statements of Chimimport AD and those established in the course of the activity of the Audit Committee are communicated, as well as the findings, actions taken and their impact on the financial statements of the company.
How many times during the reporting year did the audit committee meet with the external auditor to monitor the performance of the audit?	During the implementation of the independent financial audit engagement, including the period covered by the audit, as well as the process until the issuance of the audit report thereafter, two meetings were held with the registered auditor to discuss the implementation of the engagement and monitor it.
Did the external auditor present the additional report to the audit committee before or together with the presentation of the audit report? If not, what were the reasons?	The registered auditor submitted an additional report on the audit of the separate and consolidated financial statements of the Company on time. The findings and recommendations made by the registered auditor are discussed.
Has the external auditor discussed with the audit committee the key audit issues as well as the significant deficiencies and inconsistencies found in the internal control and financial reporting process of the audited entity?	The statutory auditor has identified key audit issues that have been communicated and analyzed against the assertions in the financial statements and the associated risks, evidence, and procedures. The key issues were discussed with the Audit Committee and the Management of the company at the level of planning the audit engagements and at their conclusion.
During the reporting year, did the audit committee give recommendations and proposals for improving the efficiency of the financial reporting process in the company? If yes, please indicate briefly the recommendations given.	During the period, recommendations were made to change the accounting policy to a more conservative one. In 2022, the Company adopted a new accounting policy regarding its financial assets regarding the application of IFRS 9 Financial Instruments. The implemented changes in the accounting policy are related to the global macroeconomic developments that have occurred, caused by the intense changes in the global geopolitical and geostrategic indicators, influenced by the military conflict between Russia and Ukraine, as well as changes in the regulations concerning the financial institutions in the Chimimport AD Group. The Company estimates that it is practically inapplicable to determine the specific effects for the period and the cumulative effect of the change in the accounting policy on the comparative information for the previous period, therefore the Company applies the new accounting policy in relation to the book value of the financial assets at the beginning of the earliest period, for which retroactive application is feasible, which is 1 January 2022. Regarding the disclosures of the effects of the new accounting policy, the Company has applied the guidance of paragraph 24 and 26 of IAS 8 Accounting Policy, Changes in Accounting Estimates and Errors
During the reporting year, did the audit committee make recommendations for the improvement of the internal control system and the risk management system in the enterprise? If yes, please indicate briefly the recommendations given.	No recommendations have been made during the current period regarding the structure, functions and processes of the internal control and the risk management system.
Did the audit committee make recommendations during the reporting year to improve the company's internal audit activity? If yes, please indicate briefly the recommendations given.	The company has not established an independent internal audit unit. Monitoring of the internal control system is carried out by individuals and structures to which other control activities are assigned. In this sense, the Audit Committee considers the internal audit in the context of the overall system of internal control, as well as the related recommendations and findings.
Has the audit committee taken action to monitor the implementation of recommendations made in the previous year?	In the previous periods, recommendations were made in connection with changes in accounting legislation and the requirements for disclosure of information by issuers of securities. The recommendations have been implemented, as the company applies all new standards, amendments and interpretations adopted by the European Union and in force

	for the respective periods, as well as all requirements of the Law on Public Offering of Securities and related regulations.
Problematic issues have been identified in connection with the functions of the audit committee defined by the Independent Financial Audit Act with regard to the activity of the external auditor.	During the implementation of the engagement for independent financial audit, including the period covered by the audit, the period before, as well as the process until the issuance of the audit report for the current period, no problematic issues were identified in relation to the registered auditor..
Other information that the audit committee considers necessary to share with the Commission for public oversight of registered auditors.	No other issues have arisen during the current period that require further communication or consideration by the Audit Committee.

Chairman of the Audit Committee .....

