

# KORADO - BULGARIA AD

## Annual Audit Committee Report to the Shareholders

for the financial year 20223

### 1. Introduction

According to its Charter the Audit Committee („Committee“) of KORADO – BULGARIA AD („Company“) is responsible for performing its duties and reports each year to the general assembly on the results of its work.

### 2. Role and organization of the Committee

The Committee consists of 3 members elected in compliance with the requirements of the Independent Financial Audit Law. The main duties of the Committee are to oversee the work of the registered auditor including the direct responsibility for his appointment, to oversee the Company’s financial reporting processes, the Company’s compliance with legal and regulatory requirements, monitoring and assessment of the internal control and risk management systems. The Committee maintains free and open communication with the registered auditor, internal auditors and management of the Company.

### 3. Committee work

The constitution of the Committee in the course of the observed period was as follows : Mrs. Snezhanka Kaloyanova – chairperson, Mrs. Irena Mihaylova – member and Marketa Stržínková – member.

At the time of its work the Committee held 5 meetings. The basic activities of the Committee relating to the fiscal year 2023 were as follows:

#### 3.1 Financial reporting

The Committee reviewed the periodic financial reporting process and the interim and annual financial statements in the Company implemented by the management. The financial statements were prepared in accordance with Bulgarian law, the International Financial Reporting Standards and in cooperation with the parent company.

#### 3.2 Registered auditor

The Committee has held a meeting with the registered auditor Deloitte Audit OOD to oversee that it is completely independent from the Company’s management and Company and reviewed the declaration for their independence for the year ended 31st December 2023. This registered auditor was approved by the shareholders on the Committee’s recommendation in the year 2023. The overall audit process for 2023 year, audit approach and major audit issues of

the significant audit areas were discussed with the registered auditor including the cooperation with the Company's management and quality of the documents. The Committee reviewed and discussed the Report of the Registered Auditor, Report of the Management Board and Annual Financial Statements for the year 2023 with the registered auditor. In compliance with the Committee Charter the Committee declares following:

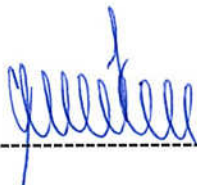
**The Committee recommends, subject to shareholders approval, the Company's registered auditor for the financial year 2024 to be Deloitte Audit OOD.**

### **3.3 Risk management and internal control systems**

Internal audit's works for 2023 performed by the Internal Audit Department of the parent company had to be adapted to the new business environment and change to the strategy of two inspections per year. Regularly were checked the financial statements sent to Bulgarian StockExchange. The Committee reviewed and discussed the risk management frameworks implemented by the Company's management, especially the solution of the overdue receivables.

### **4. Audit Committee performance**

The Committee periodically reported the Committee activities to the Supervisory Board. The Committee concludes that its work during the observed period was effective and all its duties were fulfilled. All its activities were found accountable for making sure that the entity achieves its objectives regarding the reliability of financial reporting, effectiveness and efficiency of operations.



Snezhanka Kaloyanova

Committee Chairperson  
on behalf of the Committee

19 March 2024

Sofia