

**ПРОТОКОЛ No. 54**

от

**НЕПРИСЪСТВЕНО РЕШЕНИЕ НА**

**Одитния комитет на  
„Електрохолд Продажби“ АД**

Настоящото решение на Одитния комитет на „Електрохолд Продажби“ АД, акционерно дружество, учредено и съществуващо съгласно законите на Република България, със седалище в гр. София и адрес на управление - гр. София 1784, район Младост, бул. „Цариградско шосе“ № 159, БенчМарк Бизнес Център, вписано в Търговския регистър към Агенцията по вписванията с ЕИК 175133827 (наричано по-долу „Дружеството“), се приема неприсъствено на основание чл. 15, ал. 6 от Статута на Одитния комитет.

**КАТО ВЗЕ ПРЕДВИД СЛЕДНОТО:**

(А). На основание чл. 108, ал. 1, т. 8 от Закона за независимия финансов одит („ЗНФО“) и чл. 2 от Статута Одитният комитет е длъжен да отчита дейността си пред Общото събрание на Дружеството, в качеството му на орган по назначаване;

(Б). На основание чл. 108, ал. 1, т. 9 от ЗНФО и чл. 17 от Статута Одитният комитет има задължението да изготви и чрез своя председател да представи на Комисията за надзор над регистрираните одитори („КПНРО“) своя годишен доклад за дейността в срок до 31 май на съответната година, следваща отчетния период.

**РЕШЕНИЕ:**

1. Одитният комитет, на основание член 108, ал. 1, т. 8 от ЗНФО и чл. 2 от Статута, одобрява приложения Годишния доклад за дейността на Одитния комитет за 2021 г. (Приложение № 1) и взема решение да го представи на редовното годишно Общо събрание на Дружеството.

2. Одитният комитет, на основание член 108, ал. 1, т. 9 от ЗНФО и чл. 17 от Статута одобрява Годишния доклад за дейността на Одитния комитет за 2021 г., изложен в Приложение № 2 към настоящото неприсъствено решение, изготвен съгласно образеца, утвърден с Наредба № 2 от 7 юли 2020 г. за формата и съдържанието на годишните доклади за дейността на одитните комитети на предприятията от обществен интерес, обнародвана в Държавен вестник бр. 74/21.08.2020 г., издадена от КПНРО и възлага на своя председател г-жа Ивалина

**MINUTES No. 54**

of

**IN ABSENTIO DECISION OF THE**

**Audit Committee of  
Electrohold Sales AD**

The present decision of the Audit Committee of **Electrohold Sales AD**, a joint-stock company organized and existing under the laws of the Republic of Bulgaria, having its seat in Sofia and registered address at 1784 Sofia, Mladost District, 159, Tsarigradsko Shosse Blvd., BenchMark Business Centre, registered with the Commercial Registry kept by the Registry Agency under Uniform Identification Code 175133827 (hereinafter referred to as the "Company"), has been passed in-absentio, pursuant to Article 15, Paragraph 6 of the Statutes of the Audit Committee.

**TAKING INTO CONSIDERATION THAT:**

(A). On the grounds of Art. 108, Par. 1, item 8 of the Independent Financial Audit Act ("IFAA") and Art. 2 of its Statutes the Audit Committee is obligated to report on its activities before the General Meeting of the Company, in its capacity of an appointing body;

(B). On the grounds of Art. 108, Par. 1, item 9 of the IFAA and Art. 17 of its Statutes the Audit Committee has the obligation to prepare and through its Chairperson to submit to the Commission for Public Oversight of Statutory Auditors ("CPOSA") its Annual Report on the Activities by 31<sup>st</sup> May of the respective year, following the reported period.

**DECIDED AS FOLLOWS:**

1. The Audit Committee, acting pursuant to Art. 108, Par. 1, item 8 of the IFAA and Art. 2 of the Statutes, approves the attached Annual Report on the Activities of the Audit Committee for the year 2020 (Appendix № 1) and takes decision to submit it to the regular annual General Meeting of the Company.

2. The Audit Committee, acting pursuant to Art. 108, Par. 1, item 9 of the IFAA and Art. 17 of the Statutes approves the Annual Report on the Activities of the Audit Committee, attached as Appendix № 2 to the present in-absentio decision, prepared pursuant to the template, approved by means of Ordinance № 2 as of 7<sup>th</sup> July 2020 for the form and content of the annual reports on the activities of the audit committees in public interest companies, promulgated in State Gazette issue 74 as of 21<sup>st</sup> August 2020, issued by the CPOSA and assigns to its Chairperson Ivalina Morunova to submit it to the

Морунова да го представи на КПНРО, в срок до CPOSA up to 31<sup>st</sup> May 2022.  
31.05.2022 г.

Настоящият протокол е изготвен на български и на английски език в 3 еднообразни екземпляра, всеки от които е подписан от съответния член на Одитния комитет, които събрани заедно се считат за един и същи документ. При противоречия между българския и английския текст, българският текст има предимство.

These minutes are drafted in Bulgarian and in English language in 3 identical counterparts, each signed by the respective member of the Audit Committee, which taken together constitute one and the same document. In the event of discrepancies between the Bulgarian and the English version, the Bulgarian text shall prevail.

**Дата / Date: 18.05.2022**

Подписът е положен, но е заличен на осн. чл. 5, ал. 1 от Регламент (ЕС) 2016/679./ The signature was placed, but removed on the grounds of Art. 5, Par. 1 of Regulation (EU) 2016/679.

**Ива̀лѝца Морунова / Ivalina Morunova**

**член на Одитния комитет / member of the Audit Committee**

**ПРОТОКОЛ No. 54**

**от**

**НЕПРИСЪСТВЕНО РЕШЕНИЕ НА**

**Одитния комитет на  
„Електрохолд Продажби” АД**

**MINUTES No. 54**

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**КАТО ВЗЕ ПРЕДВИД СЛЕДНОТО:**

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**РЕШЕНИЕ:**

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**Велислав Христов / Velislav Christov**

**член на Одитния комитет / member of the Audit Committee**

**ПРОТОКОЛ No. 54**

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**Ани Иванова / Ani Ivanova**

**член на Одитния комитет / member of the Audit Committee**

**R E P O R T ON THE ACTIVITIES OF THE AUDIT COMMITTEE  
OF ELECTROHOLD SALES AD, UNIFORM IDENTIFICATION CODE 175133827  
FOR THE PERIOD FROM 1<sup>st</sup> JANUARY 2021 UNTIL 31<sup>st</sup> DECEMBER 2021**

*The information from the annual reports on the activities of the audit committees of the public interest entities ensures the information about the fulfillment by the Commission for public oversight of statutory auditors (the "CPOSA") of its obligation pursuant to Regulation (EU) № 537/2014 and the Independent Financial Audit Act to perform regular supervision on the market of services for mandatory financial audit of these enterprises and evaluation of the results from the work of the audit committees.*

*The questions are set out in accordance with the functions of the audit committee pursuant to the Independent Financial Audit Act. Only some of the general questions related to the identification of the main characteristics of the audited company and the audit committee are open-ended.*

*Some questions allow more than one answer, as this is explicitly stated on a case-by-case basis.*

*After each question there is an option for additional comment.*

*The reported period covered by the report is the previous calendar year. This means that the questions apply to all of the actions of the audit committee, respectively of the registered auditor /company, performed during the period from 1<sup>st</sup> January to 31<sup>st</sup> December of the accounting year, regardless of the financial year of the statutory audit of the financial statements. If the question refers to a state at exact moment, this means that there shall be provided information up to 31<sup>st</sup> December of the reported year (the previous calendar year).*

*The questions cover the activities of the audit committee, including when the entity has ceased to be a public interest entity during the reported year. Similarly, for the cases of when a newly established or an enterprise acquired such capacity during the reported year.*

*In cases when there is a change in the composition (both within and after the end of the reported year), this circumstance shall be indicated in the comment box on the question for qualification and experience of the composition of the audit committee, and in the field for answer shall be indicated the composition up to 31<sup>st</sup> December.*

*At the end of the report, the audit committee shall express an opinion on the work of the registered auditor in relation to the performed (completed) engagement for mandatory financial audit during the reported year. The questions cover six areas that could be assessed on a 4-point scale.*

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<sup>1</sup>Regulation (EU) № 537/2014 of the European Parliament and of the Council of 16<sup>th</sup> April 2014 on specific requirements regarding the statutory audit of public-interest entities and repealing Commission Decision 2005/909 / EC - Art. 27, para. 1, p. "b".

Appendix № 1 to Minutes № 54 as of 2022 of the Audit Committee of Electrohold Sales AD

*The purpose of the reporting is to obtain the necessary information for the analysis of the market of the above services, as well as to identify the practical difficulties for the audit committees in performing their tasks. The information about the latter is also needed for improvement of the interaction between the management of the audited entity, its audit committee, the external auditors and the CPOSA.*

*The report on the activities of the audit committees is divided into 4 groups of questions:*

- Information about the public interest entity and the audit committee;*
- General information on the composition of the audit committee;*
- Activities of the audit committee;*
- Information on the activity of the external auditor;*
- Evaluation of the work of the registered auditor in terms of fulfillment of the engagement for mandatory financial audit.*

*The deadline for submission of the report is 31<sup>st</sup> May of the year following the reported year.*

**DEFINITIONS:**

**Formal meeting** - *a meeting held by the audit committee for which was drawn up a document certifying the date and location of the meeting, the participants, the topics discussed and the decisions taken, when applicable.*

**Persons charged with general management** - *a person charged with responsibility for supervision of the strategic direction of development of the enterprise and with obligations related to the responsibility for its reporting, incl. supervision of the financial reporting process. Depending on the form of management of the enterprise in the two-tier system these are the persons from the supervisory board, and in the one-tier system these are the members of the board of directors without executive functions. The persons in charge of general management also include the members of the audit committee.*

**CONFIDENTIALITY:** *The data provided will be processed in complete confidentiality. The specific answers of the audit committees could be summarized, as will not be disclosed or provided to third parties outside the legal requirements.*



Appendix № 1 to Minutes № 54 as of 2022 of the Audit Committee of Electrohold Sales AD

№ by order	Question	Answer	Explanations	Comments
1	Name of the enterprise and UIC	<b>Electrohold Sales AD</b> (with previous name CEZ Electro Bulgaria AD), <b>UIC 175133827</b> .	<i>Please indicate the full name, the legal form and the UIC of the enterprise pursuant to the trade registration.</i>	On 18 <sup>th</sup> April 2022 has been adopted a resolution by the extraordinary General Meeting of the Company for change of the trade name of the Company from CEZ Electro Bulgaria AD to Electrohold Sales AD. The change in the trade name of the Company has been entered within the Trade Registry to the Registry Agency on 28 <sup>th</sup> April 2022.
2	Management address of the enterprise	<ul style="list-style-type: none"> <li>– zip code – <b>1784</b>;</li> <li>– location – <b>the Republic of Bulgaria, Sofia City Province, Sofia Capital Municipality, Sofia, Mladost district, 159 Tsarigradsko Shosse Blvd., BenchMark Business Centre</b>;</li> <li>– telephone number - <b>+359 2 8958 450</b>;</li> <li>– e-mail - <b>ok_sales@electrohold.bg</b>.</li> </ul>	<i>Please indicate the zip code, the location, the telephone number and the business e-mail address (if possible, to a person from the management).</i>	The seat and the management address of Electrohold Saled (the “Company”, Electrohold Sales) are located in the Republic of Bulgaria, Sofia City Province, Sofia, zip code 1784, Sofia Capital Municipality, Mladost district, 159 Tsarigradsko Shosse Blvd., BenchMark Business Centre.
3	Category of the public enterprise pursuant to § 1, Item 22 of the Additional Provisions to the Accountancy Act	<ul style="list-style-type: none"> <li>– <u><b>enterprise whose transferable securities are admitted to trading on a regulated market in a Member State of the European Union</b></u>;</li> <li>– credit institution;</li> </ul>	<i>Please indicate in which category falls the enterprise for the reported year.</i>	

Appendix № 1 to Minutes № 54 as of 2022 of the Audit Committee of Electrohold Sales AD

		<ul style="list-style-type: none"> <li>- insurer and/or reinsurer;</li> <li>- pension insurance company and the funds managed by it;</li> <li>- investment intermediary, which is a large enterprise according to the Accountancy Act;</li> <li>- collective investment scheme and/or management company in the meaning of the Act on the Operation of the Collective Investment Schemes and of Other Undertakings for Collective Investment, which is a large company pursuant to the Accountancy Act;</li> <li>- financial institution in the meaning of the Credit Institutions Act, which is a large company pursuant to the Accountancy Act;</li> <li>- Holding Bulgarian State Railways – EAD or its subsidiary; or National Company Railway Infrastructure;</li> <li>- trade company, whose basic activity is to produce and/or transfer and/or sell electric energy and/or heat energy and which is large company pursuant to the Accountancy Act;</li> </ul>		
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Appendix № 1 to Minutes № 54 as of 2022 of the Audit Committee of Electrohold Sales AD

		<ul style="list-style-type: none"> <li>- trade company, whose basic activity is to import and/or transfer, and/or distribute and/or transit natural gas and which is large company pursuant to the Accountancy Act;</li> <li>- Water and Sewerage operator in the meaning of Art. 2, Par. 1 of the Regulation of Water Supply and Sewerage Services Act, which is a medium-sized or large company pursuant to the Accountancy Act.</li> </ul>		
4	<p>If the securities of the enterprise are listed for trading on the BSE-Sofia AD or on a regulated market of an EU Member State, please indicate the economic sector of the main subject of the activity of the enterprise.</p>	<ul style="list-style-type: none"> <li>- agriculture, forestry and fisheries;</li> <li>- mining industry;</li> <li>- manufacturing industry;</li> <li>- production and distribution of electricity and heat and gaseous fuels;</li> <li>- water supply; sewerage, waste management and remediation activities;</li> <li>- construction;</li> <li>- <b><u>trade; repair of motor vehicles and motorcycles;</u></b></li> <li>- transport, warehousing and post offices;</li> <li>- hotel and restaurant business;</li> </ul>	<p><i>Please indicate the category of the main subject of activity of the enterprise (more than one answer is possible).</i></p>	<p>The business activity of Electrohold Sales, entered in its batch in the Trade Registry is public supply of electricity pursuant to the Energy Act subject to obtaining a license for public supply of electricity, and in compliance with the terms of such license. Any other activity not prohibited by the law and/or license for public supply of electricity.</p>

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		<ul style="list-style-type: none"> <li>- development and distribution of information and creative products;</li> <li>telecommunications;</li> <li>- financial and insurance activities;</li> <li>- real estate transactions;</li> <li>- professional activities and research;</li> <li>- administrative and support activities;</li> <li>- other activities;</li> <li>- not applicable.</li> </ul>		
5	Contact details with the Chairman of the audit committee.	<ul style="list-style-type: none"> <li>- Telephone number: +359 887 690 987, +359 899 995 550;</li> <li>- e-mail: <a href="mailto:chief.accountant@profonika.com">chief.accountant@profonika.com</a></li> </ul>		The Chairperson of the Audit Committee (the 'AC') of Electrohold Sales as of 31 <sup>st</sup> December 2021 and by the date of approval of the present report by the AC of the Company is Mrs. Ivalina Morunova.
6	Category of the enterprise according to its size pursuant to the Accountancy Act	<ul style="list-style-type: none"> <li>- micro (balance value of the assets up to BGN 700 thousand, net revenues from sales up to BGN 1,4 Million, average number of staff not more than 10 persons);</li> <li>- small (balance value of the assets up to BGN 8 Million, net revenues from sales up to BGN 16 Million, average number of staff not more than 50 persons);</li> <li>- medium (balance value of the assets up to BGN 38 Million,</li> </ul>	<p><i>When you specify the category, please keep in mind that in order to categorize an enterprise as micro, small, medium or large, it is necessary up to 31<sup>st</sup> December of the reported year the enterprise to correspond on an individual basis to the values of two of the following three criteria - balance value of the assets, net revenues from sales, average number of staff.</i></p>	

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		net revenues from sales up to BGN 76 Million, average number of staff not more than 250 persons); – <b>large (balance value of the assets over BGN 38 Million, net revenues from sales over BGN 76 Million, average number of staff more than 250 persons).</b>		
7	Status of the enterprise up to 31 <sup>st</sup> December of the reported year.	<ul style="list-style-type: none"> <li>- newly established;</li> <li>- <b>active;</b></li> <li>- does not carry out any activity;</li> <li>- acquired the capacity of a public interest company during the period;</li> <li>- lost the capacity of a public interest company during the period;</li> <li>- with a revoked license from the respective regulatory body;</li> <li>- in bankruptcy;</li> <li>- in liquidation;</li> <li>- converted;</li> <li>- other.</li> </ul>	<i>Please indicate the answers, which best describe the status of the enterprise during the reported period (more than one answer is possible). If the answer is "Other", please specify in the comment box.</i>	
8	Qualification and experience of the audit committee.	<b>In accordance with appendix Table № 1.</b>	In the column "Fist name, Middle name, Last name", please indicate the names of the members and the chairman of the audit committee up to 31st December of the reported year (new lines could be added, if the composition is more than three persons). If there was a change in	As of 1 <sup>st</sup> January 2021, the AC consisted of Milan Severin, Tomáš Pektor and Dimitar Zlatkov Kuyumdjiev.  Pursuant to decision of the General Meeting of the Company (the "GM") as of 22 <sup>nd</sup> June 2021, in force as of 27 <sup>th</sup> July 2021, have been made the following personal changes to the composition of the AC: a. Milan Severin, Tomáš Pektor and Mr. Dimitar Zlatkov Kuyumdjiev have been released from their positions as

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			<p>the composition during the reported year, please indicate in the comment box what are the changes.</p>	<p>members of the AC; and  b. Ivan Dimitrov Hristov, Assen Emanouilov Assenov and Velislav Milkov Christov have been elected in their place as members of the AC.</p> <p>By means of decision of the extraordinary GM as of 29<sup>th</sup> December 2021 Ivan Dimitrov Hristov and Assen Emanouilov Assenov have been dismissed from office as members of the AC and in their place as members of the AC have been elected Ivalina Georgieva Morunova and Ani Lyubanova Ivanova. As of 31<sup>st</sup> December 2021, and by the dated of approval of the present report the AC consists of Ivalina Georgieva Morunova, Velislav Milkov Christov and Ani Lyubanova Ivanova.</p> <p>Ivalina Morunova has a university degree in Economics – M.A. degree in Internal Audit and in Financial Management and a bachelor’s degree in Insurance and Social Affairs, from the Academy of Economics “Dimitar A. Tsenov”.</p> <p>Velislav Christov has a university degree in Law. He has graduated Law in the Faculty of Law of Sofia University “St. Kliment Ohridski” and has a specialization in “Effective Management” from the New Bulgarian University.</p> <p>Ani Ivanova has a university degree in Economics - a bachelor's degree in Accounting and Control from the University of Economics, Varna.</p>
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9	Number of meetings of the audit committee during the reported year.	<ul style="list-style-type: none"> <li>- 1;</li> <li>- 2;</li> <li>- 3;</li> <li>- <b><u>more than 3.</u></b></li> </ul>	<i>Please select one of the possible answers.</i>	In the reported period the AC has held sessions through attendance meetings or has taken resolutions in-absentio. In the referred period the AC held 5 sessions in total.
10	How many times in the reported year did the AC meet with the management and with persons charged with governance?	<ul style="list-style-type: none"> <li>- 0;</li> <li>- 1;</li> <li>- 2;</li> <li>- <b><u>3;</u></b></li> <li>- more than 3.</li> </ul>	<i>Please select one of the possible answers. The question refers to formal meetings, incl. in absentio through conference calls.</i>	<p>The AC is in an uninterrupted communication with the management and with persons charged with governance. During the reported period were held several informal meetings between the AC, the management and the persons charged with governance.</p> <p>Except for meetings there were held telephone and video conference calls and was exchanged written correspondence.</p> <p>Meetings related to the completion of the audit for the year 2021 have been held also after the end date of the reported period.</p>
11	How many times in the reported year did the AC meet with the registered auditor/audit firm?	<ul style="list-style-type: none"> <li>- 0;</li> <li>- 1;</li> <li>- <b><u>2;</u></b></li> <li>- 3;</li> <li>- more than 3.</li> </ul>	<i>Please select one of the possible answers. The question refers to formal meetings, incl. in absentio through conference calls.</i>	<p>The AC had 1 formal meeting and 2 informal meetings with the audit firm AFA OOD in relation to the completion of the audit for the year 2020 and one formal meeting with the audit firm Grant Thornton OOD in connection with the presentation of the audit plan of the Annual Financial Statements for the year 2021. On top of the meetings held with both audit firms, there have been telephone and video conference calls and written correspondence.</p> <p>Informal meetings related to the completion of the audit for the year 2021 were held with Grant Thornton OOD also after the end date of the reported period.</p>

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12	Did the AC familiar with the results of the latest inspection for quality assurance of the professional activity of the registered auditor/audit company, made by the CPOSA or the ICPA?	<ul style="list-style-type: none"> <li>- <b>Yes;</b></li> <li>- No.</li> </ul>	<i>Please select one of the possible answers.</i>	
13a	Did the AC discuss with the registered auditor/audit firm the strategy and the plan for the performance of the <u>completed audit engagement for the previous year</u> ?	<ul style="list-style-type: none"> <li>- <b>Yes;</b></li> <li>- No.</li> </ul>	<i>Please select one of the possible answers.</i>	In 2020 the AC discussed with audit firm AFA OOD the strategy and the plan for the performance of the completed audit engagement for the previous year. Key matters arising from the statutory audit were considered.
13b	Did the AC discuss with the registered auditor/audit firm the strategy and the plan for the performance of the audit engagement of the financial statements for the last reported year ( <u>the reported year for the activity of the AC</u> )?	<ul style="list-style-type: none"> <li>- <b>Yes;</b></li> <li>- No.</li> </ul>	<i>Please select one of the possible answers.</i>	In 2021 the AC discussed with audit firm Grant Thornton OOD the strategy and the plan for the performance of the completed audit engagement for the last reported year (the reported year for the activity of the AC). Key matters arising from the statutory audit were considered.
14	Did the AC discuss with the registered auditor/audit firm matters related to the ongoing performance of the audit?	<ul style="list-style-type: none"> <li>- <b>Yes;</b></li> <li>- No.</li> </ul>	<i>Please select one of the possible answers.</i>	The AC discussed with audit firm Grant Thornton OOD the ongoing performance of the audit, as well as the key matters arising from the statutory audit were considered.



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15a	Did the AC discuss with the registered auditor/audit firm key audit matters related to the <u>completed audit engagement</u> for the previous year?	<ul style="list-style-type: none"> <li>- <b><u>Yes;</u></b></li> <li>- No.</li> </ul>	<i>Please select one of the possible answers.</i>	The AC discussed with audit firm AFA OOD the key matters related to the completed audit engagement for the previous year.
15b	Did the AC discuss with the registered auditor/audit firm the key audit matters arising from the engagement for audit of the financial statements for the last year ( <u>the reported year for the activity of the AC</u> )?	<ul style="list-style-type: none"> <li>- <b><u>Yes;</u></b></li> <li>- No.</li> </ul>	<i>Please select one of the possible answers.</i>	The AC discussed with audit firm Grant Thornton OOD the key matters arising from the statutory audit of the financial statements for the last reported year.
16	Did the registered auditor present the additional report to the AC pursuant to Art. 60 of the IFAA related to the completed audit engagement in the reported year?	<ul style="list-style-type: none"> <li>- <b><u>Yes;</u></b></li> <li>- No.</li> </ul>	<i>Please select one of the possible answers.</i>	On 23 <sup>th</sup> March 2022 by the specialized audit firm Grant Thornton OOD, appointed for a registered auditor for the performance of the independent financial audit of the Annual Financial Statements (the "AFS") of the Company for the year 2021, submitted to the AC of the Company an Additional Report under Art. 60, Par. 1 of the Independent Financial Audit Act (the "IFAA"). After got acquainted with the findings of Grant Thornton OOD related to the performed audit, as described in the Additional Report under Art. 60 of the IFAA, the AC by means of Minutes 53/23.03.2022 of an in absentio decision adopted a resolution for acknowledgement of the presented report.

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17	Did the AC discuss with the registered auditor/audit firm matters included in the additional report of the auditor pursuant to Art. 60 of the IFAA?	<ul style="list-style-type: none"> <li>- <b>Yes;</b></li> <li>- No.</li> </ul>	<i>Please select one of the possible answers.</i>	
18	Did the AC take actions (recommendations) for the fulfillment of the recommendations made by the auditor with the additional report pursuant to Art. 60 of the IFAA?	<ul style="list-style-type: none"> <li>- <b><u>there were no recommendations;</u></b></li> <li>- there were made recommendations and were taken actions by the AC and the management;</li> <li>- there were made recommendations, there were taken actions by the AC, but not by the management;</li> <li>- there were made recommendations, but no actions were taken neither by the AC, nor by the management.</li> </ul>	<i>Please select one of the possible answers.</i>	
19	Who conducted the selection procedure of the registered auditor/audit firm in the reported year?	<ul style="list-style-type: none"> <li>- the AC;</li> <li>- <b><u>the nomination committee of the enterprise;</u></b></li> <li>- the management;</li> <li>- no such selection procedure of a registered auditor/audit firm was conducted;</li> <li>- renewal of the audit engagement was made with the</li> </ul>	<i>Please select one of the possible answers. If the answer is "Other", please specify in the comment box.</i>	<p>The pre-selection procedure for the appointment of a registered auditor has been performed by a public competition type procedure for awarding of a public procurement under Art. 18, Par. 2, Item 12 of the PPA, with contracting authority Electrorazpreditelni mreži Zapad" AD ("ERM Zapad").</p> <p>In the documentation of procedure with refence № PPS21-065 has been provided for the possibility of conclusion of similar contracts between the selected</p>

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		<p>auditor selected for the previous year;</p> <p>- - there was conducted a selection procedure by the AC, but the GM of the shareholders/partners appointed other independent auditor; other.</p>	<p>contractor and the other companies which have the capacity of related persons with the contracting authority, under the agreed terms and conditions and prices.</p> <p>Electrohold Sales joined the result of the procedure, conducted by ERM Zapad.</p> <p>The procedure for selection of a mandatory auditor for the audit of the AFS of Electrohold Sales for the year 2021 has been conducted by an ad-hoc commission appointed by the management (the "Commission").</p> <p>By means of its decision as of 1<sup>st</sup> November 2021 the Commission adopted its final report and submitted the report to the AC for adoption of a resolution and preparation of recommendation.</p> <p>By means of an in absentio decision as of 1<sup>st</sup> November 2021 the AC of the Company revised the report of the Commission and prepared a recommendation to the GM.</p> <p>At its meeting, held on 5<sup>th</sup> November 2021, the SB revised the submitted by the AC recommendation and adopted a resolution to propose to the GM of the Company as registered auditor for the performance of the independent financial audit of the AFS of the Company for the year 2021 to be appointed the audit firm Grant Thornton OOD. By means of decision of the GM as of 29<sup>th</sup> December 2021 Grant Thornton OOD has been appointed as a registered auditor for the performance of the independent financial audit of the AFS of the Company for the year 2021.</p>
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20	How many offers were submitted for participation in the selection procedure of a registered auditor/audit firm in the reported year?	<ul style="list-style-type: none"> <li>- 0;</li> <li>- 1;</li> <li>- 2;</li> <li>- <b>3;</b></li> <li>- more than 3.</li> </ul>	<i>Please select one of the possible answers.</i>	In the selection procedure as described above, conducted by the Commission of the Company and procedure with reference № PPS21-065, conducted by ERM Zapad, have been submitted three offers for participation.
21	Who made the recommendation for the appointment of the registered auditor/audit firm in the reported period?	<ul style="list-style-type: none"> <li>- <b>the audit committee;</b></li> <li>- the nomination committee of the enterprise;</li> <li>- the management;</li> <li>- no such recommendation for the selection of an auditor was made;</li> <li>- other.</li> </ul>	<i>Please select one of the possible answers. If the answer is "Other", please specify in the comment box.</i>	<p>In 2021 Electrohold Sales joined the results from procedure with reference № PPS21-065, conducted by ERM Zapad. The selection procedure of a mandatory auditor for the audit of the AFS of Electrohold Sales for the year 2021 has been conducted by an ad-hoc commission appointed by the management of the Company (the "Commission").</p> <p>By means of its decision as of 1<sup>st</sup> November 2021 the Commission adopted its final report and submitted the report to the AC for adoption of a resolution and preparation of recommendation.</p> <p>By means of an in absentio decision as of 1<sup>st</sup> November 2021 the AC of the Company revised the report of the Commission and prepared a recommendation to the GM.</p> <p>At its meeting, held on 5<sup>th</sup> November 2021, the SB revised the submitted by the AC recommendation and adopted a resolution to propose to the GM of the Company as registered auditor for the performance of the independent financial audit of the AFS of the Company for the year 2021 to be appointed the audit firm Grant Thornton OOD. By means of decision of the GM as of 29<sup>th</sup> December 2021 Grant Thornton OOD has been appointed as a registered auditor for the performance of the independent financial audit of the AFS of the Company for the year 2021.</p>

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22	How many registered auditors/audit firms did the AC indicate in its recommendation to the appointing authority during the selection procedure?	<ul style="list-style-type: none"> <li>- 0;</li> <li>- 1;</li> <li>- <u>2</u>;</li> <li>- more than 2.</li> </ul>	<p><i>Please note that unless the recommendation of the audit committee was related to the renewal of an audit engagement, it shall be grounded and contain at least two options for selection of an auditor, as the audit committee shall express its duly grounded preference to one of them. If the answer is different than "Two", please specify in the comment box the reasons.</i></p>	
23	Did the appointing authority appoint the auditor, for which the AC expressed its duly grounded preference?	<ul style="list-style-type: none"> <li>- <u>Yes</u>;</li> <li>- No.</li> </ul>	<p><i>If the answer is "No", please specify in the comment box the reasons.</i></p>	
24	Information about the registered auditor/audit firm selected in the reported year.	<ul style="list-style-type: none"> <li>- type: <ul style="list-style-type: none"> <li>a) individual practice;</li> <li><b>b) audit firm:</b></li> </ul> </li> <li>- name: <b><u>Grant Thornton</u></b></li> <li><b>OOD:</b> <ul style="list-style-type: none"> <li>- registration number of the registry under Art. 20 of the IFAA: <b><u>032</u></b>;</li> <li>- type (joint audit):</li> </ul> </li> </ul>	<p><i>Please provide the name and the registration number of the auditor.</i></p>	

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		<p>a) individual practice;  b) audit firm;  – name (joint audit);  – registration number of the registry under Art. 20 of the IFAA (joint audit).</p>		
25	<p>When was selected the registered auditor and since when did he perform without interruption the mandatory financial audit at the company?</p>	<ul style="list-style-type: none"> <li>– <b>2021;</b></li> <li>– 2020;</li> <li>– since 2019;</li> <li>– since 2018;</li> <li>– since 2017;</li> <li>– since 2016;</li> <li>– since 2015;</li> <li>– since 2014;</li> <li>– since 2013;</li> <li>– since 2012;</li> <li>– other year;</li> <li>– since 2021 (joint audit);</li> <li>– since 2020 (joint audit);</li> <li>– since 2019 (joint audit);</li> <li>– since 2018 (joint audit);</li> <li>– since 2017 (joint audit);</li> <li>– since 2016 (joint audit);</li> <li>– since 2015 (joint audit);</li> <li>– since 2014 (joint audit);</li> <li>– since 2013 (joint audit);</li> <li>– since 2012 (joint audit);</li> <li>– other year (joint audit).</li> </ul>	<p><i>Please indicate the year when the auditor/the audit firm was selected for the first time (note - only for consecutive previous years related to the current auditor). If the answer is "other year", please specify in the comment box.</i></p>	

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26	What is the duration of the term of office of the current registered auditor/ audit firm appointed in the reported year?	<ul style="list-style-type: none"> <li>- <b>1 year;</b></li> <li>- 2 years;</li> <li>- 3 years;</li> <li>- 4 years;</li> <li>- 5 years;</li> <li>- 6 years;</li> <li>- 7 years;</li> <li>- more than 7 years;</li> <li>- 1 year (joint audit);</li> <li>- 2 years (joint audit);</li> <li>- 3 years (joint audit);</li> <li>- 4 years (joint audit);</li> <li>- 5 years (joint audit);</li> <li>- 6 years (joint audit);</li> <li>- 7 years (joint audit);</li> <li>- more than 7 years (joint audit).</li> </ul>	<p><i>Please indicate the number of the years for which was selected the auditor in accordance with the decision of the General Meeting of the Shareholders/Partners. If the answer is "More than 7", please indicate the exact number in the comment box.</i></p>	
27	For which consecutive year are the functions of a responsible auditor in relation to the engagement for audit of the financial statements for the previous year ( <u>the reported year for the activities of the audit committee</u> ) performed by the same auditor?	<ul style="list-style-type: none"> <li>- <b>1;</b></li> <li>- 2;</li> <li>- 3;</li> <li>- 4;</li> <li>- 5;</li> <li>- 6;</li> <li>- 7;</li> <li>- more than 7;</li> <li>- 1 year (joint audit);</li> <li>- 2 years (joint audit);</li> <li>- 3 years (joint audit);</li> </ul>	<p><i>Please indicate the number of the years during which the responsible auditor for the engagement in the reported year performed without interruption the statutory financial audit engagements</i></p>	The name of the current responsible auditor is Zornitza Djambazka.

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		<ul style="list-style-type: none"> <li>- 4 years (joint audit);</li> <li>- 5 years (joint audit);</li> <li>- 6 years (joint audit);</li> <li>- 7 years (joint audit);</li> <li>- more than 7 years (joint audit).</li> </ul>		
28	Did the audit committee used the opportunity to extend the mandate of the current registered auditor/audit firm without conduction of a new selection procedure?	<ul style="list-style-type: none"> <li>- Yes;</li> <li>- <b>No.</b></li> </ul>	<i>Please note that the question is related to the actions performed within the reported year.</i>	In 2021 the selection procedure of a registered auditor has been conducted by a commission, appointed by means of an order of the management of Electrohold Sales. As a result of the conducted procedure the AC prepared recommendation to the GM, which has been approved by means of a decision of the SB as of 5 <sup>th</sup> November 2021. By means of a decision of the GM as of 29 <sup>th</sup> December 2021 as registered auditor for the performance of the independent financial audit of the AFS for the year 2021 has been appointed the audit firm Grant Thornton OOD.
29	Has the AC denied during the reported year a request for the approval of additional services by the registered auditor/ audit firm?	<ul style="list-style-type: none"> <li>- Yes;</li> <li>- <b>No.</b></li> </ul>	<i>Please select one of the possible answers. If the answer is "Yes", please specify the reasons in the comment box.</i>	
30	Did the audit committee establish any threats for the impartiality and independence of the independent auditor?	<ul style="list-style-type: none"> <li>- Yes;</li> <li>- <b>No.</b></li> </ul>	<i>Please select one of the possible answers. If the answer is "Yes", please specify in the comment box what threats have been established.</i>	



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31	What are the reasons for the established threats for the independence during the reported year, if applicable?	<ul style="list-style-type: none"> <li>– for three or more consecutive financial years the registered auditor provided for the audited company, its subsidiaries, the parent enterprise with additional services, the total amount of the remuneration for these services exceeds 70% of the average amount of the remuneration for mandatory financial audit for the last three or more consecutive financial years;</li> <li>– the total amount of the remuneration, paid by the public enterprise in the last three consecutive financial years exceeds 15% of the total amount of the remuneration received by the registered auditor or the auditor of the group;</li> <li>– threat related to personal interest (the threat that a financial or other interest would wrongfully influence the assessment or the conduct of the registered auditor;</li> <li>– threat of revision of its own work (the threat that the registered auditor would not assess correctly the consequences of the previous assessment or the activity or the service performed by him or another person within the audit firm on which he relies when making his assessment as a part of</li> </ul>	<p><i>Please select one of the possible answers. If the answer is "Other" or "Not applicable", please specify in the comment box.</i></p>	The AC did not establish any threats for the impartiality and independence of the external auditor.
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		<p>the mandatory financial audit);</p> <ul style="list-style-type: none"> <li>- threat of intercession (the threat that the registered auditor would support the position of the management of the audited enterprise to the extent when its objectivity will be questionable);</li> <li>- threat of familiarity (the threat that because of the prolonged or close relationship with the management of the audited company the registered auditor would be too sympathetic about its interests and too tolerant of its work);</li> <li>- threat of intimidation (the threat that the registered auditor would be prevented from acting objectively because of actual or perceived pressure, including attempts to wrongfully influence on the registered auditor);</li> <li>- other;</li> <li>- <b><u>not applicable.</u></b></li> </ul>		
32	<p>Did the audit committee recommend any precautionary measures in order to limit the threats for the independence and the impartiality of the external auditor pursuant to Art. 66 of the IFAA or the</p>	<ul style="list-style-type: none"> <li>- Yes;</li> <li>- No;</li> <li>- <b><u>Not applicable.</u></b></li> </ul>	<p><i>Please select one of the possible answers. If the answer is "Not applicable", please specify in the comment box.</i></p>	<p>The AC did not establish any threats for the impartiality and independence of the external auditor.</p>

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	requirements of the Code of Ethics for Professional Accountants?			
33	In case that any threats for the independence and the impartiality of the auditor have been established, what precautionary measures have been recommended by the audit committee in order of their limitation or elimination?	<ul style="list-style-type: none"> <li>- use of an external registered auditor recommended by the audit committee for quality review before issuing of the audit report;</li> <li>- termination of the auditor's mandate;</li> <li>- Other;</li> <li>- <b><u>Not applicable.</u></b></li> </ul>	<i>Please select one of the possible answers. If the answer is "Other", please specify in the comment box.</i>	The AC did not establish any threats for the impartiality and independence of the external auditor.
34	Is there any refusal by the external auditor during the reported year to perform the accepted engagement for the independent financial audit?	<ul style="list-style-type: none"> <li>- Yes;</li> <li>- <b><u>No.</u></b></li> </ul>	<i>Please select one of the possible answers. If the answer is "Yes", please specify in the comment box.</i>	
35	Has the audit committee made any recommendations to the management for the improvement of the financial reporting system at the company?	<ul style="list-style-type: none"> <li>- Yes;</li> <li>- <b><u>No.</u></b></li> </ul>	<i>Please select one of the possible answers. If the answer is "Yes" please specify in the comment box.</i>	In the reported period, the AC performed its functions to monitor the financial reporting processes, in the course of which have been held discussions on their effectiveness. The monitoring made by the AC regarding the present status of the financial reporting has been made on the basis of reports and discussions, as well as on the basis of documents provided by the Company, including the financial statements and policies. The AC did not establish any significant omissions, which would require the preparation of specific recommendations and proposals with view of improving the process.

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36	Has the audit committee made any recommendations to the management for the improvement of the internal control and risk management systems at the company?	<ul style="list-style-type: none"> <li>- Yes;</li> <li>- <b>No.</b></li> </ul>	<i>Please select one of the possible answers. If the answer is "Yes" please specify in the comment box.</i>	In the course of performance of its functions for monitoring the effectiveness of the internal control and risk management systems of the Company, matters relating to the possible optimization of the processes have been discussed. The monitoring made by the AC regarding the present status of the internal control and risk management systems has been made on the basis of reports and discussions, as well as on the basis of documents provided by the Company. The AC did not establish any significant omissions, which would require the preparation of official recommendations.
37	Has the audit committee made any recommendations to the management for the improvement of the internal audit activity at the company?	<ul style="list-style-type: none"> <li>- Yes;</li> <li>- <b>No;</b></li> <li>- Not applicable.</li> </ul>	<i>Please select one of the possible answers. If the answers are "Yes" or "Not applicable", please specify in the comment box.</i>	The monitoring of the AC regarding the present status of the internal audit has been made on the basis of reports and discussions, as well as on the basis of documents provided by the Company, including annual audit plans. At the AC's sessions held, a report of the Head of the specialized Internal Audit Unit was presented, the AC was informed about the annual audit plan, the audit and follow-up audit engagements held, their scope, their results, as well as the material findings made by the internal auditors and the measures taken by the Management Board. To the AC was presented information about the manner of implementation of the Policy for signals and irregularities in the Company and information about the current statutes of the specialized Internal Audit Unit. During the reported year, in the course of performance of its functions for monitoring the effectiveness of the internal audit processes in the Company, no need for preparation of recommendations

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				for improving the monitored activity has been established.
38	Main difficulties of the audit committee in performing of its functions.	<ul style="list-style-type: none"> <li>- communication with the management and the persons charged with general management of the company;</li> <li>- communication with the auditor;</li> <li>- insufficient methodological instructions and guidelines related to the work of the auditor;</li> <li>- other;</li> <li>- <b>none.</b></li> </ul>	<i>Please select one of the possible answers. If the answer is "Other", please specify in the comment box (more than one answer is possible).</i>	
39	Were there any disagreements between the audit committee and the registered auditor on the indicated information by the auditor in the audit report?	<ul style="list-style-type: none"> <li>- Yes;</li> <li>- <b>No.</b></li> </ul>	<i>Please select one of the possible answers. If the answer is "Yes", please specify in the comment box.</i>	
40	Please answer on which elements there was a disagreement, if applicable.	<ul style="list-style-type: none"> <li>- key audit matters;</li> <li>- paragraph to pay attention;</li> <li>- expressed opinion;</li> <li>- basis for expression of opinion;</li> <li>- statement on the principle "active company";</li> <li>- other;</li> <li>- <b>not applicable.</b></li> </ul>	<i>Please select one of the possible answers and specify in the comment box.</i>	

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41	Suggestions on the communication between the audit committee and the CPOSA.	The AC of Electrohold Sales AD does not have any recommendations related to the manner of communication with the CPOSA.	<i>Here you could indicate your suggestions for better and more complete communication between the audit committee and the CPOSA.</i>	
42	Opinion on the work of the audit team on the completed audit engagement for the previous year.	<b>In accordance with appendix – Table № 2.</b>		

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APPENDIX – TABLE № 1 (it is possible to add new rows, if the composition includes more than three persons):

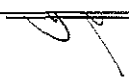
№ by order	Composition of the audit committee	Qualification and experience			How many years has he been chairman/member of the audit committee?	
		First name, Middle name, Last name	How many years of experience in the field of accounting and/or audit?	Is he an external to and independent from the company (Yes/ No)?		Is he an internal for the company (Yes/No)?
1	Chairperson	Ivalina Georgieva Morunova	– 0 – 1 – 2 – 3 – 4 – 5 – <b>more than 5</b>	Yes	No	– <b>as of the reported year;</b> – earlier.
2	Member 1	Velislav Milkov Christov	– 0 – 1 – 2 – 3 – 4 – 5 – <b>more than 5</b>	No	Yes	– <b>as of the reported year;</b> – earlier.
3	Member 2	Ani Lyubenova Ivanova	– 0 – <u>1</u> – 2 – 3 – 4 – 5 – more than 5	Yes	No	– <b>as of the reported year;</b> – earlier.

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Comment box	<p>As of 1<sup>st</sup> January 2021, the AC consisted of Milan Severin, Tomáš Pektor and Dimitar Zlatkov Kuyumdjiev.</p> <p>Pursuant to decision of the General Meeting of the Company (the "GM") as of 22nd June 2021, in force as of 27th July 2021, have been made the following personal changes to the composition of the AC:</p> <p>a. Milan Severin, Tomáš Pektor and Mr. Dimitar Zlatkov Kuyumdjiev have been released from their positions as members of the AC; and</p> <p>b. Ivan Dimitrov Hristov, Assen Emanouilov Assenov and Velislav Milkov Christov have been elected in their place as members of the AC.</p> <p>By means of decision of the extraordinary GM as of 29<sup>th</sup> December 2021 Ivan Dimitrov Hristov and Assen Emanouilov Assenov have been dismissed from office as members of the AC and in their place as members of the AC have been elected Ivalina Georgieva Morunova and Ani Lyubenova Ivanova. As of 31<sup>st</sup> December 2021, and by the dated of approval of the present report the AC consists of Ivalina Georgieva Morunova, Velislav Milkov Christov and Ani Lyubenova Ivanova.</p> <p>Ivalina Morunova has a university degree in Economics – M.A. degree in Internal Audit and in Financial Management and a bachelor's degree in Insurance and Social Affairs, from the Academy of Economics "Dimitar A. Tsenov".</p> <p>Velislav Christov has a university degree in Law. He has graduated Law in the Faculty of Law of Sofia University "St. Kliment Ohridski" and has a specialization in "Effective Management" from the New Bulgarian University.</p> <p>Ani Ivanova has a university degree in Economics - a bachelor's degree in Accounting and Control from the University of Economics, Varna.</p>
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**Chairperson of the Audit Committee of Electrohold Sales AD:**

The signature was placed, but removed on the grounds of Art. 5, Par. 1 of Regulation (EU) 2016/679.

  
**Ivalina Morunova**