

REPORT

ON THE ACTIVITY OF THE INVESTOR RELATIONS DIRECTOR OF ELECTRORAZPREDELITELNI MREJI ZAPAD AD – SOFIA FOR 2021

The present Report is prepared by Radoslav Dimitrov – Investor Relations Director of ElectroraZpreDelitelni mreji Zapad AD (referred to hereinafter as the “Company”) in accordance with the requirements of the Law on Public Offering of Securities (“LPOS”). It will be presented:

- for information of the members of the Management Board and the Supervisory Board of the Company (the “MB” and the “SB”); and
- for approval of the Regular Annual General Meeting of the Shareholders of the Company, scheduled for 27 June 2022,

as follows:

1. Legal Grounds

In execution of Art. 116r, Par. 4 of the LPOS, I do hereby present a report for my activity as an Investor Relations Director of the Company for the period 1 January 2021 – 31 December 2021 (referred to hereinafter as the “Reported Period”).

2. Status and Liability of the Investor Relations Director

In my capacity of an Investor Relations Director of the Company my duties and liability by law and in accordance with the By-laws of the Company, are the following:

- assistance in the exercise of effective communication between the MB and the SB and the current shareholders (or vote-holders) and potential investors of the Company by conceding to them information about the current financial and economic status of the Company, as well as any other information, to which they have right by law in their capacity of shareholders (or vote-holders) or investors;
- submission within the statutory term of the materials with regard to the convocation of a General Meeting (referred to hereinafter as the “GM”) to any of the shareholders (or vote-holders) who have requested to get acknowledged with them;
- attendance and record keeping of due documentation of the meetings of the MB and the SB as well as leading and keeping a diary for conducted meetings of the MB and the SB;
- submission in a due course of all the necessary reports and notifications of the Company to the Financial Supervision Commission, Bulgarian Stock Exchange – Sofia AD, and the Central Depository AD (referred to hereinafter respectively as the “FSC”, “BSE” and “CD”); and
- record keeping of the described above documentation and keeping of a register of the enrolled requests on disclosure of information about the Company, the cases of such disclosure or denials to disclose such information as well as of the reasons thereto.

3. Purposes of the Activity of the Investor Relations Director

The conduct of my activity as an Investor Relations Director of the Company is subject to the implementation to a maximum possible extent of the following purposes:

- (i). coordination of the effective cooperation and the mutual awareness between the Bodies of Management and Supervision of the Company and its current shareholders (or vote-holders) and potential investors;
- (ii). duly and comprehensive disclosure of inside information to the institutions, the BSE, the CD and the general public whereas this is mandatory;
- (iii). duly and comprehensive disclosure of regulated information before the official and other entitled authorities and before the general public – by its announcement on the Internet site of the Company (<https://ermzapad.bg/bg/za-akcioneri/>) and by the electronic platform: www.x3news.com;
- (iv). equal treatment of the shareholders (or vote-holders) and protection of their rights and interests; and
- (v). maintenance of up-to-date data and documents for the operations and resolutions of the Bodies of the Company, amongst which, but not only: Minutes and diary of sessions of the MB and the SB, Minutes of held GMs, financial statements, registration documents, management reports.

4. Activity within the Reported Period

During the Reporting Period, in addition to the activities explicitly indicated in this Report, assigned to the Investor Relations Director by the applicable legislation, additional activities related to sending / submitting notifications, opinions, reports, letters and other documents within the statutory deadlines were performed. on behalf of the Management Board of the Company to the FSC, BSE and Central Depository, as well as performing other tasks assigned by the Management Board of the Company.

Save for the operations, conducted on a daily basis, the other particular operations conducted by me within the Reported Period in my capacity of an Investor Relations Director of the Company, are as follows:

- 4.1. *Announcement of Inside Information and of Other Information about the Company under the Law on Implementation of Measures Against Market Abuse of Financial Instruments and Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC:*
 - On 04.02.2021 was announced information that with its decision under Adm. case № 6582/2020 the Supreme Administrative Court has accepted that some of the practices applied in the period 2010-2015 by CEZ Distribution Bulgaria AD (*with current business name Electrorazpreditelni mreji Zapad AD*), which were part of from a common strategy and in the common interest of the companies in the group, had an anti-competitive effect. The court upheld the Decision of the Commission for Protection of Competition in case № 305/554/2013, by which a property sanction in the amount of BGN 1,057,140 was imposed on CEZ Distribution Bulgaria AD. This decision is final.
 - On 30.07.2021 was disclosed information regarding a notification received on 29.07.2021 from CEZ Distribution Bulgaria AD (*with current business name Electrorazpreditelni mreji Zapad AD*) under Art. 145, para. 1, item 1 of the Public Offering of Securities Act by Eastern European Electric Company BV, entered in the Commercial Register at the Dutch Chamber of Commerce and Industry, with registered office and address of management: Netherlands, Amsterdam, 1097 JB, Prins Bernhardplein 200 (The "Shareholder"). According to this notification, through a transaction registered with the Central Securities Depository dated 27.07.2021, the Shareholder has directly acquired 1,291,760 (one million two hundred and ninety-one thousand seven hundred and sixty) shares of the Company's capital, representing 67% (sixty-seven percent) of this capital and the corresponding number of voting rights. Following this transaction, the total number of shares of the Company controlled by the Shareholder (and votes, respectively) is 67% (sixty-seven percent).

- On 30.07.2021 was announced information that on 27.07.2021 CEZ, a.s. has disposed of the 67% of the shares of the capital of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*) owned by it, having sold and transferred them to the company from the group of Eurohold Bulgaria AD - " Eastern European Electric Company "B.V. (Netherlands). Given the acquisition of 1,291,760 shares of the Company, representing 67% of the Company's capital by the Eastern European Electric Company BV (Netherlands) on 27.07.2021, the condition under which the decision of the General Meeting of the Company of 22.06.2021 was set, occurred on 27.07.2021, as a result of which decisions were made for the following personal changes in the composition of the Supervisory Board of CEZ Distribution Bulgaria AD:
 - dismissal as members of the Supervisory Board of the Company of the following persons: Jaroslav Matsek, Tomáš Pivonka, David Machač and Karel Kohout; and
 - election of the following persons as members of the Supervisory Board of the Company: Assen Milkov Christov, Venelin Aleksandrov Kolutsov, Tihomir Ivanov Trendafilov and Asen Minchev Minchev.

The announcement states that the described changes have been requested for entry in the Commercial Register at the Registry Agency.

- On 30.07.2021 was announced information that with Protocol № 86 / 21.06.2021 of the Supervisory Board of the Company a decision was made to dismiss Petr Holakovsky, Dušan Ryban and Viktor Lyubomirov Stanchev from office as members of the Management Board of the Company. The decision of the Supervisory Board is conditional on Eastern European Electric Company B.V. (the Netherlands) acquiring 1,291,760 shares of the Company, which represent 67% of the share capital of the Company, from ČEZ, a.s. (the Czech Republic) and becoming a shareholder in the Company, and the resolution is deemed effected by the Supervisory Board on the date when such condition is fulfilled; if such condition is not fulfilled by 31 July 2021, irrespective of the reason for the non-fulfilment, such resolution is deemed to be automatically withdrawn, as if never taken.

On July 27, 2021, CEZ, a.s. has disposed of the 67% of the shares of the capital of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*) owned by it, having sold them and transferred them to the company from the group of Eurohold Bulgaria AD - " Eastern European Electric Company "B.V. (Netherlands). Given the acquisition of 1,291,760 shares of the Company, representing 67% of the Company's capital by the Eastern European Electric Company BV (Netherlands) on 27.07.2021, the condition under which the decision of the Supervisory Board of the Company, taken with Protocol № 86 / 21.06.2021, was set, occurred on 27.07.2021.

By decision of the Supervisory Board of the Company dated 27.07.2021 the dismissal of the following members of the Management Board was established: Petr Holakovsky, Dušan Ryban and Viktor Lyubomirov Stanchev, according to Protocol № 86 / 21.06.2021 of the Supervisory Board and are The following persons were appointed as members of the Management Board: Petr Holakovsky, Dušan Ryban and Viktor Lyubomirov Stanchev.

The announcement states that the described changes have been requested for entry in the Commercial Register at the Registry Agency.

- On 03.08.2021 was announced information that on 02.08.2021. by e-mail after the end of the working day at 22:15. a notification was sent on the grounds of art. 151, para. 3 of LPOS by

EASTERN EUROPEAN ELECTRIC COMPANY BV, accompanied by a tender offer under Article 149, para. 6 of the Public Offering of Securities Act for the purchase of the shares of the other shareholders of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*). The notification was registered in the office of CEZ Distribution Bulgaria AD on 03.08.2021 with incoming № CD-DOC 8394 / 03.08.2021.

Pursuant to Article 151, paragraph 4 of the Public Offering of Securities Act, information was submitted regarding the received tender offer for the purchase of the shares of the other shareholders of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*) by EASTERN EUROPEAN ELECTRIC COMPANY B.V. and the essential conditions thereof set out in an annex to the notification.

The tender offer was submitted to the representatives of the employees of CEZ Distribution Bulgaria AD.

- On 04.08.2021 was announced information that on the same date in the Commercial Register at the Registry Agency were entered changes in the composition of the Management Board and the Supervisory Board of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*).

The changes in the composition of the Management Board are expressed in the following:

- dismissal of the following persons from office as members of the Management Board of the Company: Petr Holakovsky, Dušan Ryban and Viktor Lyubomirov Stanchev; and
- appointment of the following persons as members of the Management Board of the Company: Petr Holakovsky, Dušan Ryban and Viktor Lyubomirov Stanchev.

The changes in the composition of the Supervisory Board of CEZ Distribution Bulgaria AD are expressed in the following:

- dismissal as members of the Supervisory Board of the Company of the following persons: Jaroslav Matsek, Tomáš Pivonka, David Machač and Karel Kohout; and
- election of the following persons as members of the Supervisory Board of the Company: Assen Milkov Christov, Venelin Aleksandrov Koltsov, Tihomir Ivanov Trendafilov and Asen Minchev Minchev.

- On 28.09.2021 was announced information that on 27.09.2021 by e-mail after the end of the working day at 21:45 a notification was sent on the grounds of Art. 152, para. 4 and Art. 151, para. 3 of LPOS by EASTERN EUROPEAN ELECTRIC COMPANY B.V., accompanied by an amended tender offer under Article 149, para. 6 of the Public Offering of Securities Act for the purchase of the shares of the other shareholders of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*).

In the notification the tender offeror provided for information that the corrections have been made in compliance with Decision № 635–ТП/ 30.08.2021 of the FSC for issue of a temporary prohibition for publication of the tender offer by Eastern European Electric Company B.V. (the Netherlands) for purchase through investment broker Euro-Finance AD, Sofia, of 636,240 shares (33%) of the capital of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*) from the rest of the shareholders of the Company, due to identified incompleteness and discrepancies.

There has been announced that the Notification has been entered within the registry of the Company on 28th September 2021 with entrance number CD-DOC-10307/28.09.2021.

On the grounds of Art. 151, Par. 4 of the LPOS has been presented information about the received corrected tender offer for purchase of the rest of the shares by the shareholders of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*) submitted by Eastern European Electric Company B.V. (the Netherlands) and its substantial conditions, as indicated in an appendix to the notification.

The corrected tender offer has been presented to the representatives of the employees of CEZ Distribution Bulgaria AD.

- On 14th October 2021, on the grounds of Art. 154, Par. 1 of the LPOS and Art. 36, Par. 5 of Ordinance № 13 as of 22nd December 2003 for tender offering for purchase and exchange of stocks, the Company presented to the FSC and to the general public the tender offer of Eastern European Electric Company B.V. (the Netherlands) to the rest of the shareholders of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*) as approved by a decision of the FSC under Minutes № 75 as of 11th October 2021 together with the Report for determination of the liquidation value (appendix to the Tender Offer) and the motivated report of the MB of the Company under Art. 151, Par. 4 of the LPOS.

The Tender Offer has been entered within the registry of the Company on 14th October 2021 with entrance number CD-DOC-11082/14.10.2021.

According to the message, by the tender offer Eastern European Electric Company B.V. (the Netherlands) fulfils its obligation under Art. 149, Par. 6 of the LPOS for submission of a tender offer for purchase of the shares of the rest of the shareholders of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*). The tender offeror Eastern European Electric Company B.V. (the Netherlands) holds directly 1,291,760 (one million two hundred and ninety-one thousand seven hundred and sixty) ordinary, registered, dematerialized, freely transferable voting shares with a par value of BGN 1 (one) each, representing 67% of the votes at the General Meeting of Shareholders of CEZ Distribution Bulgaria AD - object of the Tender Offer. The tender offer refers to 636,240 shares of the capital of CEZ Distribution Bulgaria AD.

The representatives of the Company's employees have been informed by Eastern European Electric Company B.V. (the Netherlands) about the tender offer within the term pursuant to Art. 154, Par. 1, second sentence of the LPOS.

- On 12th November 2021 has been disclosed the following information about the Tender offer:
 - 1) Company subject to the tender offer: CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*) - a public joint stock company established under the laws of the Republic of Bulgaria, entered with the Trade Register and the register of non-profit organizations at the Registry Agency with UIC: 130277958, with registered office and address of management in Sofia 1784, 159 Tsarigradsko Shosse Blvd., BenchMark Business Centre.
 - 2) Tender offeror: Eastern European Electric Company B.V., a company (besloten vennootschap met beperkte aansprakelijkheid), established and existing in accordance with the laws of the Kingdom of the Netherlands, registered within the Trade Register of the Kingdom of the Netherlands under № 75462788, with registered office and address of management: the Kingdom of the Netherlands, Amsterdam, 200 Prince Bernhardplein;

- 3) Authorized investment broker: Euro-Finance AD, with registered office and address of management in Sofia 1592, Iskar district, 43 Christopher Columbus Blvd., holding a license from the FSC under № 03-0004/11.07.2008 for performance of activity as an investment broker;
 - 4) Period of the tender offer: 15th October 2021 – 11th November 2021;
 - 5) Offered price per share: BGN 291.00 (two hundred and ninety-one leva);
 - 6) Number of persons who accepted the tender offer:
 - Number of natural persons who accepted the offer - 104;
 - Number of legal entities who accepted the offer - 39;
 - 7) Total number of shares that have been acquired by Eastern European Electric Company B.V. - 408 552 shares;
 - 8) Deadline for payment of the price by the tender offeror: until 22nd November 2021, inclusive;
 - 9) There were no grounds for application of Art. 157a and 157b of the LPOS.
- On 25.11.2021, on the grounds of Art. 148b in connection with Art. 100 of the Public Offering of Securities Act ("POSA"), was announced information that on 24.11.2021 by email to its Investor Relations Director, CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*) has received a notification under Art. 145, para. 1, item 1 of the Public Offering of Securities Act by Eastern European Electric Company B.V. ("EEEC") for the fact that EEEEC has acquired a block of shares in the Company as a result of the tender offer and after the completion of the transactions with the shareholders who have accepted the offer.
 - On 26.11.2021, on the grounds of Art. 148b in connection with Art. 100 of the Public Offering of Securities Act (POSA), was announced information that on 25.11.2021 in the office of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*) a notification was received under Art. 145, para. 1, item 1 of the POSA by PIC Doverie AD for the fact that PIC Doverie AD has disposed of a block of shares of the Company as a result of a tender offer.
 - On 26.11.2021, on the grounds of Art. 148b in connection with Art. 100 of the Public Offering of Securities Act (POSA), information was announced that on November 25, 2021 in the office of CEZ Distribution Bulgaria AD (*with current business name Electrorazpredelitelni mreji Zapad AD*) a notification was received under Art. 145, para. 1, item 1 of LPOS by UPF Doverie for the fact that UPF Doverie has disposed of a block of shares of the Company as a result of a tender offer.

4.2. *Announcement of Financial Statements and of Reports on the Activity of the Company*

On 01.02.2021, 29.04.2021, 30.07.2021 and 28.10.2021 were announced the interim statements of the Company, respectively, for the last quarter of 2020, for the first, for the second, and for the third quarter of 2021.

On 01.03.2021, 26.05.2021, 30.08.2021 and 30.11.2021 were announced the interim consolidated statements of the Company, respectively, for the fourth quarter of 2020, for the first, for the second, and for the third quarter of 2021.

On 31.03.2021 were announced the Annual Financial Statements of the Company as of 31 December 2020.

On 29.04.2021 were announced the Consolidated Annual Financial Statements of the Company as of 31 December 2020.

4.3. Activity Related to Held General Meetings of the Shareholders of the Company

- On 18th May 2021 to the FSC and to the BSE has been presented, and to the shareholders, the vote-holders and to the general public – has been made available, the invitation for convocation of a regular annual session of the GM, scheduled for 22nd June 2021, together with the materials appended to it. On the grounds of Art. 110r, Par. 1 of the LPOS, on 18th May 2021 to the CD has been submitted a notification for a GM, scheduled for 22nd June 2021 together with the invitation for convocation of the session and the materials appended to it. On 19th May 2021 has been also made an announcement of the publications of the invitation into the TR and a central daily newspaper on the official website of the Company on the Internet and on the platform of www.x3news.com.

On 8th June 2021 the Company received a notification on the grounds of Art. 223a, Par. 4 of the LC and Art. 115, Par. 8 of the LPOS, submitted by ČEZ, a.s. regarding the exercise of its right under Art. 118, Par. 2, item 4 of the LPOS, which consisted in the inclusion of new items and draft resolutions in the agenda of the regular annual GM, scheduled for 22nd June 2021 and the announcement of the list with the items within the TR on 7th June 2021. On 9th June 2021 to the FSC and the BSE has been presented, and to the shareholders, the vote-holders and to the general public – made available, the updated invitation for the regular annual GM, scheduled for 22nd June 2021, with the included new items in the agenda and proposed resolutions together with the appended materials to it. On the grounds of Art. 110r, Par. 1 of the LPOS, on 9th June 2021 to the CD has been submitted a notification for a GM, scheduled for 22nd June 2021 together with the updated invitation for convocation of the meeting and the materials appended to it. On 9th June 2021 has been also made a follow-up announcement of the publications of the updated invitation into a central daily newspaper and the list with items entered within the TR on the official website of the Company on the Internet and on the platform of www.x3news.com.

On 25th June 2021 were announced the Minutes of the Regular Annual GM, held on 22nd June 2021, together with the list of the votes, exercised via attorneys-in-fact.

- On 12th November 2021 to the FSC and to the BSE has been presented, and to the shareholders, the vote-holders and to the general public – has been made available, the invitation for convocation of an extraordinary session of the GM, scheduled for 15th December 2021, together with the materials appended to it. On the grounds of Art. 110r, Par. 1 of the LPOS, on 12th November 2021 to the CD has been submitted a notification for convocation of the GM, scheduled for 15th December 2021, together with the invitation for the meeting and the materials appended to it. On 12th November 2021 has been also made an announcement of the publications of the invitation into the TR and a central daily newspaper on the official website of the Company on the Internet and on the platform of www.x3news.com.

On 15th December 2021 has been announced the Minutes of the extraordinary session of the GM, held on 15th December 2021, together with the list of the votes, exercised via attorneys in fact. In view of the lack of quorum pursuant to Art. 227, Par. 1 of the LC for a valid adoption of resolutions on the included items in the agenda and considering the condition under item 8 of the publicly announced on 12th November 2021 invitation for the GM, the session of the GM has been re-scheduled for the second date indicated in the invitation – 29th December 2021. On 29th December 2021 have been announced the Minutes of the extraordinary session of the GM, held on 29th December 2021, together with the list of the votes, exercised via attorneys in fact.

4.4. Activity Related to Held Sessions of the MB and the SB of the Company

During the Reporting Period, 42 (forty-two) regular meetings of the Management Board were held, recorded in Minutes № 497 to Minutes № 538, of which 11 were absent. The minutes of the meetings have been prepared and signed in compliance with the requirements of Art. 239 of the LC. The minutes and the appendices to them are kept in the Company and can be provided to authorized persons upon request.

Within the Reported Period were held a total of 4 (four) sessions of the SB (recorded in Minutes from No. 80 to No. 83 inclusive). The Minutes of them are prepared and signed in accordance the requirements of Art. 239 of the LC. The Minutes and the appendices to them are kept in the Company and can be provided to authorized persons upon request.

5. General Conclusions

In compliance with the requirements of the LPOS, the By-laws of the Company, and the undertaken particular measures on the enhancement of the work and improvement of the communication with the shareholders and the potential investors, in my capacity of an Investor Relations Director, I would hereby state the following with regard to the Reported Period:

- **The disclosed inside information about the Company has always been full and accurate, presented to the investors in an accessible manner.**
- **The disclosed regulated information regarding the Company has always been in accordance with the requirements of the law on its substance and form.**
- **In the Company, there are practically established processes of the organisation of disclosure of information to the general public.**
- **Regulated information to the competent authorities and the public is provided within the prescribed time limits.**
- **The established procedural rules and the legal requirements for keeping record of the General Meeting of the Shareholders of the Company, of the sessions of the MB and of the SB, have been adhered to.**

Radoslav Dimitrov
Investor Relations Director
of Electrorazpredelitelni mreži Zapad AD

Заличени лични данни на основание чл. 5, ал. 1 от
Регламент (ЕС) 2016/679/ Removed personal data on the
grounds of Art.5, Para. 1 of Regulation (EU) 2016/679.