

# **STATUTE**



in force as of: 30.06.2023

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## **SECTION I. GENERALITIES**

### **Article 1. Legal status**

(1) Shelly Group PLC, hereinafter referred to in the Statute as “The Company”, is a public joint stock company developing independent business activity.

(2) The Company is an independent legal entity within the meaning of the laws of the Republic of Bulgaria, with its own seal and bank accounts.

(3) The Company shall be responsible for its liabilities with its own property. It is not responsible for the liabilities of the shareholders, nor are the shareholders responsible for the liabilities of the Company.

### **Article 2. Business name**

The name (business name) of the Company is Public Listed Company Shelly Group. It may be abbreviated as Шелли Груп АД as well as in Latin as Shelly Group PLC

### **Article 3. Registered office and address of management**

(1) The registered office of the Company is in Sofia, Republic of Bulgaria.

(2) The address of management of the Company is: Sofia 1407, Sofia Municipality, Lozenets Region, 103 Cherni Vrah Blvd.

### **Article 4. Purpose of business**

The company has the following purpose of business:

Acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation, sale and assignment of licenses for the use of patents and other intellectual and industrial property rights; financing of companies in which the Company participates; purchase of goods and other items for resale in the original, transformed or processed form; sale of goods from its own production; foreign trade transactions; commissions, forwarding, warehousing and leasing transactions; transport transactions in the country and abroad; transactions of commercial representation and mediation of local and foreign individuals and legal entities; consultancy and marketing transactions; providing management and administration services to local and foreign legal entities; as well as any other commercial transactions not prohibited by law.

### **Article 5. Term of the company**

The company was established for an indefinite period of time and its existence is not limited by other modalities.

## Section II. CAPITAL. CONTRIBUTIONS. SHARES

### Article 6. Capital

The issued, subscribed, paid-in and registered capital of the Company amounts to BGN 18 050 945 (eighteen million fifty thousand nine hundred and forty-five), divided in 18 050 945 (eighteen million fifty thousand nine hundred and forty-five) dematerialized ordinary registered voting shares with nominal value of BGN 1 (one) for each share.

### Article 7. Increase of the capital

(1) The capital of the Company may be increased by:

- (i) issue of new shares;
- (ii) conversion of bonds issued as convertible into shares;
- (iii) exercising rights to subscription of new shares on the basis of issued warrants, which give the right to subscribe for new shares from the capital of the Company;
- (iv) conversion of part of the profit into equity.

(2) The increase of the capital of the Company shall be carried out by a decision of the General Meeting of Shareholders with the majority provided for in this Statute, except in cases where according to this Statute and / or the applicable legislation another procedure is provided.

(3) In case of increase of the capital, each shareholder shall have the right to acquire shares corresponding to its share in the capital before the increase, unless the capital increase is conditional.

(4) Right to participate in the increase of the capital shall have persons who have acquired shares or warrants at latest 5 business days following the date of publishing of the announcement for public offering.

(5) In case of increase of the capital through the issue of new shares, rights shall be issued within the meaning of §1, item 3 of the Public Offering of Securities Act whereas one right is issued against each existing share. This rule shall apply accordingly where warrants or convertible bonds are issued and shall not apply in the case of capital increase, in which only members of the Board of Directors and / or employees of the Company shall be entitled to participate in compliance with the applicable restrictions in accordance with the applicable Bulgarian legislation.

(6) In case of a capital increase, the issue value of the new shares must be paid in full, except in the case of a capital increase by conversion of convertible bonds into shares or a part or the profit into equity.

(7) In case of a capital increase by conversion of a part of the profit into equity, the new shares shall be distributed among the shareholders, including the Company, when it holds treasury shares in proportion to their participation in the capital until the increase.

(8) The conditional capital increase within the meaning of the applicable law, shall be admissible, where necessary for the purpose of merger, commercial offering for shares exchange or for securing the rights of holders of warrants or convertible bonds.

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(9) Up to five years as of 27.06.2019, the Board of Directors is entitled to take decisions to increase the capital of the company, under any of the methods provided for under para. 1 except for by converting part of the profit into capital, until reaching a total nominal value of BGN 25,000,000 (twenty five million) by issuing and public offering of up to 10,000,000 (ten million) new dematerialized ordinary registered shares with the right of one vote, with a nominal value of BGN 1 (one) each and an issue value of one share, determined by an express decision of the Board of Directors of the Company. The restrictions set out here above shall apply in general regardless of which of the methods provided for under para. 1 here above has been used for the capital increase.

The capital increase by the Board of Directors pursuant to Art. 196, para 1 of the Commercial Code may be exercised without a specific proper delegation for this by the General Meeting of Shareholders on a case-by-case basis, but entirely on the basis of the powers conferred on it by this provision of the Statute. Within the limits set out here above, the Board of Directors shall also have the power to decide on the issue of warrants and convertible bonds, in which case the rules of this provision shall apply accordingly.

In the decision for issuance of the respective type of securities for the purposes of capital increase by one of the methods under para. 1 above, the Board of Directors shall determine:

1. the size and purpose of each increase;
2. the number and type of the new shares, which are to be issued as a result of the capital increase, their rights and privileges;
3. the terms and conditions for transfer and exercise of the rights within the meaning of § 1, item 3 of the POSA, issued against the existing shares;
4. the term and conditions for the issue of warrants or convertible bonds, including issue value, term and conditions for their subscription and payment, as well as the conditions for their conversion and the exercise of the rights under them, if applicable;
5. the terms and conditions for subscription of the new shares, including the amount of the issue value, the term, and the conditions for its payment depending on the choice of method for capital increase in accordance with para. 1 hereof;
6. the investment intermediary designated to implement the subscription;
7. all other parameters and circumstances required under the provisions of the effective legislation necessary for the implementation of the respective capital increase in accordance with the method for capital increase under para. 1 here above that have been chosen

(10) In case of increase of the capital of the Company in accordance with the preceding paragraph, the Board of Directors shall be empowered:

1. to prepare a prospectus for public offering of the shares of the capital increase of the Company together with the designated investment intermediary;
2. to adopt the respective amendments of the Statute of the Company, insofar as such are required, in relation to the implementation of the decisions taken for capital increase;
3. to prepare an update of the Statute, as of the date of the decision of the Board of Directors for amendment of the Statute, in accordance with the preceding sentence, and to announce the Statute to the Registry Agency - Commercial Register and Register of Non-Profit Legal Entities
4. to request the entry of the capital increase in the Registry Agency - Commercial Register and Register of

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Non-Profit Legal Entities;

5. to declare for entry the issue of shares in the register under Art. 30, para. 1, item 3 of the Financial Supervision Commission Act,
6. to declare for registration the issue in Central Depository AD;
7. to declare the admission of the issue for trading on the regulated market, operated by the Bulgarian Stock Exchange - Sofia AD;
8. to carry out any and all legal and factual actions in connection with the capital increase, which it deems necessary and / or appropriate.

When warrants or convertible bonds are issued, in addition to the above powers, which shall apply accordingly, the Board of Directors also has the following powers:

9. to take a decision for the issuance of warrants or convertible bonds, within the delegation under para. 9 of this article, including up to the amount and within the terms provided for in the same provision;
10. to take a decision for the conditional capital increase in compliance with the provisions of the applicable legislation and this Statute in order to ensure the rights of the owners of warrants or convertible bonds;

(11) The capital may be increased for the purposes of granting shares from the Company's capital to employees of the Company and the companies of its group, according to Article 112, para. 3 et seq. of POSA, as well as for the purposes of granting shares to the executive members of the Board of Directors in accordance with a Remuneration policy adopted by the Company and a scheme approved by the General Meeting of Shareholders for granting variable remuneration to executive members of the Board of Directors in the form of shares in the capital of the Company, only by resolution of the General Meeting of the Shareholders.

(12) In the event of a capital increase under the preceding paragraph in which members of the Board of Directors are entitled to participate, those of them who are shareholders with voting rights may not exercise their voting rights when the General Meeting of Shareholders decides on the increase.

#### **Article 8. Reduction of the capital**

The capital of the Company may be reduced by decision of the General Meeting of Shareholders by:

- (I) reduction in the nominal value of the shares;
- (II) cancellation of shares under the conditions of the applicable Bulgarian legislation.

#### **Article 9. Contributions**

(1) Each person who has subscribed one or more shares of the capital of the Company upon the capital increase shall be obliged to pay their issue value to the Company's account within the term and under the conditions applicable to the specific increase.

(2) The capital of the Company subscribed by the shareholders shall be paid in full as follows:

**(i) First issue:**

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The amount of BGN 50,000 (fifty thousand) is a non-monetary contribution with importers Dimitar Stoyanov Dimitrov, Personal Identification Number ..... and Svetlin Iliev Todorov, Personal Identification Number ..... The non-monetary contribution has for subject shares, with monetary valuation, prepared in accordance with the act of appointment of experts No. 20091123180820 / 24.11.2009 issued by the Commercial Register pursuant to Article 72, para. 2 of the Commercial Code, totalling BGN 50,000 (fifty thousand) as follows:

- Dimitar Stoyanov Dimitrov, Personal Identification Number ....., has made a non-monetary contribution amounting to BGN 25,000 (twenty-five thousand) BGN which has for subject 25,000 (twenty-five thousand) ordinary registered voting shares with nominal value of BGN 1 (one) for each share of the capital of TERA VOICE AD (a joint-stock company incorporated and existing under the legislation of Bulgaria, registered in the Commercial Register at the Registry Agency, UIC 200724639, with registered office and address of management Sofia, Vitosha Region, 5A Nikola Petkov Blvd. Cantek Business Building, floor 4). According to the monetary valuation prepared in accordance with Article 72 para 2 of the Commercial Code, the total amount of the non-monetary contribution, made by Dimitar Stoyanov Dimitrov, Personal Identification Number ....., is BGN 25,000; and

- Svetlin Iliev Todorov, Personal Identification Number ....., has made a non-monetary contribution amounting to BGN 25,000, which has for subject 25,000 ordinary registered voting shares with nominal value of BGN 1 (one) for each share of the capital of TERA VOICE AD (a joint-stock company incorporated and existing under the legislation of Bulgaria, registered in the Commercial Register of the Registry Agency, UIC 200724639, with registered office and address of management Sofia, Vitosha Region, 5A Nikola Petkov Blvd. Cantek Business Building, floor 4). According to the monetary valuation prepared in accordance with Article 72, para. 2 of the Commercial Code, the total amount of the non-monetary contribution made by Svetlin Iliev Todorov, Personal Identification Number ....., is BGN 25,000;

**(ii) Second issue:**

the sum of 5,438,000 (five million four hundred and thirty-eight thousand) is a non-monetary contribution with importers Dimitar Stoyanov Dimitrov, Personal Identification Number ..... and Svetlin Iliev Todorov, Personal Identification Number ..... The non-monetary contribution has for subject shares with monetary valuation prepared in accordance with the Act of Appointment of Experts, issued by the Registry Agency - Commercial Register, No. 20100325163625 / 26.03.2010 pursuant to Article 72, para. 2 of the Commercial Code, totalling BGN 5 438 000 (five million four hundred and thirty-eight thousand), as follows:

- Dimitar Stoyanov Dimitrov, Personal Identification Number ....., has made a non-monetary contribution amounting to 2,719,000 (two million seven hundred and nineteen thousand), which has for subject 1,500 (one thousand and five hundred) ordinary registered voting shares of the capital of TERA COMMUNICATIONS AD, with UIC 131384920, with registered office and address of management Sofia 1784, Mladost Region, 113A Tsarigradsko Shose Blvd., with nominal value of BGN 10 (ten) each, with numbers from 0001 to 1500, issue No. 2 / 01.03.2010 in accordance with the temporary certificate No.1 / 01.03.2010, the value of which according to the conclusion of the experts under Article 72 para. 2 of the Commercial Code amounts in total to BGN 2,719,000 (two million seven hundred and nineteen thousand);

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- Svetlin Iliev Todorov with Personal Identification Number ..... has made a non-monetary contribution amounting to 2, 719,000 (two million seven hundred and nineteen thousand), which has for subject 1,500 (one thousand and five hundred) ordinary registered voting shares of the capital of TERA COMMUNICATIONS AD, with UIC 131384920, with registered office and address of management Sofia 1784, Mladost Region, 113A Tsarigradsko Shose Blvd., with nominal value of BGN 10 (ten) each, with numbers from 1501 to 3000, issue No. 2 / 01.03.2010 in accordance with the temporary certificate No.2 / 01.03.2010, the value of which according to the conclusion of the experts under Article 72 para. 2 of the Commercial Code amounts in total to BGN 2,719,000 (two million seven hundred and nineteen thousand);

**(iii) Third issue:**

Against the issued 8,012,000 (eight million and twelve thousand) ordinary registered shares issued with the right to vote, contributions have been made as follows:

- Against the subscribed 3,198,250 (three million one hundred ninety-eight thousand two hundred and fifty) ordinary registered voting shares with nominal value of BGN 1 (one) each, the importer Dimitar Stoyanov Dimitrov with Personal Identification Number ..... has made a non-monetary contribution of 333 (three hundred and thirty-three) registered shares of the capital of ALLTERCO PTE LTD., a company incorporated and operating under the Singapore law, registered under No. 200821332D, with registered office and address of management: 45A Temple Street, Singapore 058590, each with nominal value of SGD 1 (one Singapore dollar), representing 33.3% of the capital of ALLTERCO PTE LTD., which value according to conclusion of the experts under Art. 72, para. 2 of the Commercial Code under the Act on Appointment of Experts No. 20151112140958 / 13.11.2015 amounts to BGN 3,437,329 (three million four hundred thirty-seven thousand three hundred and twenty-nine);

- Against the subscribed 3,198,250 (three million one hundred ninety-eight thousand two hundred and fifty) ordinary registered voting shares with nominal value of BGN 1 (one) each, the importer Svetlin Iliev Todorov with Personal Identification Number ..... has made a non-monetary contribution of 333 (three hundred and thirty-three) registered shares of the capital of ALLTERCO PTE LTD., a company incorporated and operating under the Singapore law, registered under No. 200821332D, with registered office and address of management: 45A Temple Street, Singapore 058590, each with nominal value of SGD 1 (one Singapore dollar), representing 33.3% of the capital of ALLTERCO PTE LTD., which value according to conclusion of the experts under Art. 72, para. 2 of the Commercial Code under the Act on Appointment of Experts No. 20151112140958 / 13.11.2015 amounts to BGN 3,437,329 (three million four hundred thirty-seven thousand three hundred and twenty-nine);

- Against the subscribed 1,120,500 (one million one hundred and twenty thousand and five hundred) ordinary registered voting shares with nominal value of BGN 1 (one) each, the importer Victor Georgiev Atanasov with Personal Identification Number ..... has made a non-monetary contribution of takings from ALLTERCO JSCo, a joint-stock company incorporated and operating under the laws of the Republic of Bulgaria, with its registered office and address of management: Sofia 1614, Ovcha Kupel Region, 81, Nikola Petko Blvd., floor 4, registered at the Registry Agency - Commercial Register under UIC 201047670 in the amount of BGN 1,120,500 (one million one hundred and twenty thousand and five hundred) representing the price of shares of the capital of ALLTERCO PTE LTD, a company incorporated and operating under the Singapore law, *This document is translated from Bulgarian and provided for information purposes. In case of discrepancies between the version in Bulgarian and in English, the Bulgarian version shall prevail.*



registered under No. 200821332D, with registered office and address of management: 45A Temple Street, Singapore 058590 according to a contract concluded between the parties for the transfer of shares, dated 05.08.2015, which value according to the opinion of the experts under Art. 72, para. 2 of the Commercial Code under the Act on Appointing of Experts No. 20151112140958 / 13.11.2015 amounts to BGN 1,120,500 (one million one hundred twenty thousand and five hundred);

- Against the subscribed 225,000 (two hundred and twenty-five thousand) ordinary registered voting shares with nominal value of BGN 1 (one) each, the importer Krasimir Emanuilov Rabin, with Personal Identification Number ..... has made a non-monetary contribution of takings from ALLTERCO JSCo, a joint-stock company incorporated and operating under the laws of the Republic of Bulgaria, with its registered office and address of management: Sofia 1614, Ovcha Kupel region, 81, Nikola Petko Blvd., floor 4, registered at the Registry Agency - Commercial Register under UIC 201047670 in the amount of BGN 353,000 (three hundred and fifty-three thousand) representing the price of shares of the capital of TERA COMMUNICATIONS AD, a joint-stock company incorporated and operating under the Bulgarian law, with registered office and address of management: Sofia 1784, Mladost Region, 113A Tsarigradsko Shose Blvd., registered at the Registry Agency – Commercial register under UIC 131384920 according to article 2 letter “a” of a contract concluded between the parties for the transfer of shares, dated 02.11.2015, which value according to the opinion of the experts under Art. 72, para. 2 of the Commercial Code under the Act on Appointing of Experts No. 20151112140958 / 13.11.2015 amounts to BGN 353,000 (three hundred and fifty-three thousand);

- Against the subscribed 135,000 (one hundred and thirty-five thousand) ordinary registered voting shares with nominal value of BGN 1 (one) each, the importer IMPETUS CAPITAL OOD., a Limited Liability Company, established and operating under the laws of the Republic of Bulgaria, with its registered office and address of management: Sofia 1784. Mladost Region, Mladost 1 residential area, bl. 29A, entr. A, floor 8. ap. 38, registered at the Registry Agency - Commercial Register under UIC 203592737 has made a non-monetary contribution of takings from ALLTERCO JSCo, a joint-stock company incorporated and operating under the laws of the Republic of Bulgaria, with its registered office and address of management: Sofia 1614. Ovcha Kupel region, 81 Nikola Petkov Blvd., floor 4, registered at the Registry Agency - Commercial Register under UIC 201047670, consisting of a principal amounting to BGN 195,583 {one hundred ninety-five thousand five hundred and eighty-three) and contractual interest, according to contracted between the parties Loan Agreement of 30.10.2015, which value according to the opinion of the experts under Art. 72, para. 2 of the Commercial Code under the Act on Appointment of Experts No.20151112140958 / 13.11.2015 amounts to BGN 196 ,419 (one hundred ninety-six thousand four hundred and nineteen);

- Against the subscribed 135,000 (one hundred and thirty-five thousand) ordinary registered voting shares with nominal value of BGN 1 (one) each, Svetozar Gospodinov Iliev, with Personal Identification Number ..... has made a monetary contribution of BGN 135,000 (one hundred and thirty-five thousand).

**(iv) Fourth issue:**

- Against the subscribed 1,500,000 (one million and five hundred thousand) dematerialized ordinary registered voting shares with nominal value of one BGN each, individual payments have been made in a procedure for initial public offering of a share issue, held between 20.09.2016 and 19.10.2016 inclusive, *This document is translated from Bulgarian and provided for information purposes. In case of discrepancies between the version in Bulgarian and in English, the Bulgarian version shall prevail.*

according to a Prospectus approved by Decision of the Financial Supervision Commission №487-E / 08.07.2016.

**(v) Fifth issue:**

- Against the subscribed 2,999,999 (two million nine hundred ninety-nine thousand nine hundred and ninety-nine) dematerialized ordinary registered voting shares with nominal value of one BGN each, individual payments have been made in a procedure for initial public offering of a share issue, held between 28.09.2020 and 30.10.2020 inclusive, according to the Prospectus approved by Decision № 148 - E of 18.02.2020 of the Financial Supervision Commission, together with all supplements thereto, confirmed by Decisions of the Financial Supervision Commission № 405-E of 11.06.2020, № 601-E of 13.08.2020 and № 791-E of 29.10.2020

**(iv) Sixth Issue:**

- Against the subscribed 50,496 (fifty thousand four hundred and ninety-six) dematerialized ordinary registered voting shares with a nominal value of one BGN each, individual payments have been made in a procedure for initial public offering of a share issue, held in the period from 28.06.2023 up to and including 29.06.2023, in accordance with Art. 112(3) of the Public Offering of Securities Act, without a prospectus pursuant to Information Document in accordance with Article 1(4)(i) in conjunction with Article 1(5)(h) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market

#### **Article 10. Shares**

(1) The Company issues dematerialized ordinary registered shares, which are registered in the Book of Shareholders, kept by CENTRAL DEPOSITORY AD. By decision of the General Meeting of Shareholders, the Company may issue also other types of shares to the extent permitted by the applicable Bulgarian legislation.

(2) The shares are indivisible. In the event that a share belongs to several persons, they exercise the rights thereon jointly by designating a common proxy.

(3) Each ordinary registered share shall give voting rights at the General Meeting of Shareholders, a right to a dividend and to a liquidation quota, which rights are commensurate with the nominal value of the share. The conditions for the occurrence of the voting right at the General Meeting are the full payment of the issue value of each share and entry of the issue in the Commercial Register.

#### **Article 11. Shareholders**

(1) A shareholder is any person who has acquired one or more shares in the capital of the Company under compliance with the applicable Bulgarian legislation and this Statute.

(2) All shareholders have the same rights and the volume is proportional to the nominal value of the shares held by them. If shares are issued in different classes, the rule applies in regard to the shareholders of one class

#### **Article 12. Right to information**

(1) The company shall provide all the necessary conditions and information to enable the shareholder to

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exercise their rights, as well as guarantees the integrity of this information.

(2) The company may use electronic means to provide shareholders with information under the following conditions:

- (i) the use of electronic means does not depend on the register office or address of the shareholders or the persons entitled to acquire, transfer or exercise voting rights in the General Meeting;
- (ii) identification measures have been taken so that the information to be actually made available to shareholders or to persons who are entitled to exercise their voting right or to determine its exercise;
- (iii) the shareholders or persons entitled to acquire, transfer or exercise the voting right have expressly agreed in writing to receive the information by electronic means, or have not stated explicitly refusal within 14 days of receiving a request from the Company for such consent; at the request of the persons under the first sentence, the public company shall at all times be obliged to supply the information in paper form as well;
- (iv) determining the costs associated with the provision of information by electronic means does not contravene the principle of ensuring equality of shareholders.

The specific rules for the provision of information by electronic means shall be adopted by the Board of Directors.

(3) The Company maintains its own website.

#### **Article 13. Minority rights**

Persons holding together or separately at least 5% of the capital of the Company may, in the event of inaction of its managing bodies, which endangers the interests of the Company, initiate claims of the Company against third parties, including;

- (i) initiate a claim before the District Court in which area of operation is located the registered office of the Company for compensation of damages caused to the Company by acts or omissions of the members of the Board of Directors and of the procurators of the Company;
- (ii) to request from the General Meeting or the district court the appointment of controllers to inspect all of the Company's accounting records and to prepare a report on their findings;
- (iii) to request the district court to convene a General Meeting or to authorize their representative to convene a General Meeting on their agenda;
- (iv) to request the inclusion of questions and to suggest solutions to issues already included in the agenda of the General Meeting in accordance with the procedure provided by law.

#### **Article 14. Transfer of Shares**

(1) The shares of the company shall be freely transferable, without restrictions or conditions, subject to the requirements of the applicable Bulgarian legislation.

(2) The issuance and disposal of dematerialized registered shares shall have effect from their registration in CENTRAL DEPOSITARY AD.

(3) Upon the death of a shareholder, the shares shall be transferred to the ownership of his or her heirs by law or by will in accordance with the applicable legislation in respect of the found inheritance.

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## Article 15. Acquisition of treasury shares

(1) The company may acquire more than 3% of its treasury voting shares in one calendar year in the cases of reduction of the capital through the cancellation of shares and buying back only under the terms and conditions of the commercial offering under Art. 149 b of the Public Offering of Securities Act (POSA). In this case the requirements concerning the holding of at least 5% of the voting shares and the minimum buying back amount of more than 1/3 of the voting shares are not applicable.

(2) In the cases of para. 1, the Company shall be obliged to inform the FSC and the public about the number of treasury shares that it will buy back within the limitation of Art. 111, para. 5 of the Public Offering of Securities Act, as well as for the investment intermediary to which the buying order has been assigned. The notification must be made by at latest the end of the business day preceding the day of buying back.

(3) The company may buy back its treasury shares without making a trading offer, acquiring in the course of one calendar year no more than 3 per cent of its treasury voting shares, per decision of the General Meeting of Shareholders, for a term not exceeding eighteen months from the date of the decision of the respective body of the Company. The Company may buy back its own shares by decision of the General Meeting of Shareholders for the purposes the implementation of programs for additional material incentives for the employees within its group with the provision of Company's shares and the schemes for granting variable remuneration in shares to the executive members of the Board of Directors, in accordance with the Remuneration policy of the members of the Board of Directors of the Company.

(4) The decision of the General Meeting of Shareholders for the buying back of shares shall be taken by the majority of the capital represented at the meeting. The decision of the General Meeting of Shareholders for buyback should have the following content: the minimum and maximum number of shares to be bought back; the terms and conditions under which the Board of Directors shall make the buyback within a specified period not exceeding five years as of the date of the decision; the minimum and maximum buyback value of per share, as well as the investment intermediary through which the buyback will take place.

(5) The public company shall notify the commission and the public in accordance with the procedure of Art. 100, para. 3 and 4, as well as the Bulgarian Stock Exchange AD for the number of bought back treasury shares not later than the end of the working day following the buying back day, carried out in accordance with the procedure of para 3.

(6) In the case of the acquisition or transfer by the company of its treasury shares directly or through a third party acting on its own behalf, but on the account of the company, it shall disclose information on the number of votes related to those shares, under the terms and conditions of the Public Offering of Securities Act in the statutory time limits, when their number reaches, exceeds or falls below 5 or 10 percent of the voting rights. The voting rights are calculated on the basis of the total number of voting shares.

## SECTION III. COMPANY MANAGEMENT BODIES

### Article 16. Management bodies

(1) Company Management bodies are:

- (I) General Meeting of Shareholders;
- (II) Board of director

(2) The advisory body of the Company is the Advisory Board (if such is constituted)

### Article 17. Composition of the General Meeting of Shareholders

(1) The General Meeting of Shareholders is the supreme body of the Company and consists of all holders of voting shares entered in the registers of the Central Depository as such with voting right 14 days before the date of the General Meeting.

(2) The shareholders participate in the General Meeting in person or through a representative. Several shareholders may authorize a common representative,

(3) The shareholders and proxies of shareholders shall be legitimized for participation in the General Meeting in accordance with the Rules for holding the General Meeting of Shareholders, approved by the Board of Directors, which are part of the materials for the meeting.

(4) The members of the Board of Directors who are not shareholders shall participate in the work of the General Meeting by an advisory vote. The General Meeting of Shareholders may decide, by a simple majority, to allow or not to allow other non-shareholders to participate in its work with an advisory vote.

### Article 18. Participation by a proxy

(1) The proxy shall have the same rights to speak and ask questions to the General Meeting as the shareholder he/she represents.

(2) The proxy shall be obliged to exercise the right to vote in accordance with the instructions of the shareholder contained in the power of attorney.

(3) The proxy may represent more than one shareholder in the General Meeting of the Company. In this case, the proxy may vote differently for the shares held by the individual shareholders he/she represents. The rule applies accordingly to his/her own shares, in case the proxy is a shareholder.

(4) The authorization and withdrawal of the power of attorney may also be effective by the use of electronic means in the form of an electronic document signed with an electronic signature. The terms and conditions for obtaining power of attorney by electronic means and notices of withdrawal thereof shall be published on the Company's website.

(5) The requirements regarding the authorization, the presentation of the power of attorney to the Company and the giving of instructions by the shareholder regarding the voting shall be determined by rules of the Board of Directors.

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## **Article 19. Competence of the General Meeting of Shareholders**

(1) The General Meeting of Shareholders is the supreme body of the Company and has unlimited competence to take decisions on matters concerning the Company,

(2) The General Meeting of Shareholders shall have exclusive competence to take decisions on the following issues:

(i) amending and / or supplementing the Statute of the Company;

(ii) increase and reduction of the capital;

(iii) transformation and termination of the Company;

(iv) determining the number of the members and the composition of the Board of Directors, determining the remuneration of its members, including the ability to acquire part of the Company's profits, options, shares or bonds;

(v) exercising control over the activities of the Board of Directors and discharging its members from responsibility;

(vi) designation of auditor(s);

(vii) approval of the annual financial statements after certification by the auditor(s) designated;

(viii) distribution of the profits, replenishment of the Reserve Fund and payment of dividends;

(ix) issuance of bonds and other corporate instruments;

(x) appointment of liquidators upon termination of the Company through liquidation proceedings;

(xi) authorizes the Board of Directors to conclude transactions under Art. 114, para. 1 of the Public Offering of Securities Act.

(xii) approves the distribution of the profits and the payment of the annual and / or 6-month interim dividend proposed by the Board of Directors,

## **Article 20. Convening of the General Meeting**

(1) The General Meeting of Shareholders shall be held at the place where the registered office of the Company is located. Regular (annual) General Meeting of Shareholders is held until the end of the first half of the year after the closing of the business year.

(2) The Board of Directors may, on its own initiative, convene extraordinary General Meetings of Shareholders.

(3) The Board of Directors shall be obliged to convene the General Meeting of Shareholders at an extraordinary meeting at the request of shareholders holding together or separately at least 5% of the voting shares.

(4) The General Meeting of Shareholders shall be convened by an invitation announced in the Commercial Register and disclosed under the terms and conditions of Art. 100t, para. 1 and 3 of the POSA, at least 30 (thirty) days before the opening of the General Meeting of Shareholders. The invitation, together with the materials for the General Meeting under Art. 224 of the Commercial Code, shall be sent to the Financial Supervision Commission within the term of the preceding sentence and shall be published on the Company's website for the time from the announcement of the invitation under the preceding sentence until the end of the General Meeting. The information published about the invitation and the materials for the General Meeting shall be available for the duration of the preceding sentence. *This document is translated from Bulgarian and provided for information purposes. In case of discrepancies between the version in Bulgarian and in English, the Bulgarian version shall prevail.*

Meeting on the Company's website must be identical in content to the information provided to the public. The Company shall also publish the forms for voting by a proxy or by correspondence, if applicable, in the manner indicated here above.

(5) The invitation should contain at least the information required by law.

(6) The written materials for the General Meeting shall be made available to the shareholders at the latest until the date of announcement of the invitation for convening of the General Meeting in accordance with para. 4 above. At a request they shall be provided to each shareholder free of charge. Where the agenda includes the election of members of the Board of Directors, the materials shall also include details of the names, permanent address and professional qualifications of the persons proposed to be members. The written materials shall be published on the Company's website within the time limits and under the conditions stipulated in para. 4 here above.

(7) Shareholders holding jointly or separately at least 5 percent of the capital of the Company may request the inclusion of questions and propose resolutions on issues already included in the agenda of the General Meeting in accordance with Art. 223a of the Commercial Code. In such cases, the shareholders shall submit to the Financial Supervision Commission and the Company not later than the next business day after the announcement of the issues in the Commercial Register the materials under Art. 223a. para. 4 of the Commercial Code. The company shall be obliged to update the invitation and to publish it together with the written materials under the conditions and in accordance with Art. 100t, para. 1 and 3 of the POSA immediately, but not later than the end of the working day following the day of receipt of the notification for the inclusion of the issues in the agenda.

#### **Article 21. Quorum**

(1) The General Meeting shall be considered as regular if there is attendance of shares representing more than 1/2 of all voting shares and the shareholders are regularly invited.

(2) The decisions under Article 19, para. 2, subparagraphs (i), (ii), (iii), (iv) and (ix) shall be taken only if at least 2/3 of all voting shares are represented at the General Meeting

(3) In the absence of a quorum in the cases referred to in paragraphs 1 and 2, a new meeting on the same issues may be scheduled no earlier than fourteen days and it will be lawful regardless of the capital represented to it. The date, place and time of the new meeting may be indicated in the invitation of the first meeting. The agenda of the new meeting may not include items under Article 223a of the Commercial Code.

#### **Article 22. Majority**

(1) The decisions of the General Meeting shall be taken by a majority of the shares represented at the meeting, such as:

(i) the decisions referred to in Article 19 (2), subparagraphs (i), (ii), (iii), (iv) and (ix) shall be taken by a qualified majority of at least 2/3 of the shares represented;

(ii) on all other matters the decisions shall be taken by a majority of more than 1/2 of the shares represented, unless a qualified majority is required by law.

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(2) In addition to the right of the shareholders to vote in attendance, the Board of Directors may provide for the possibility of voting by electronic means and / or by correspondence under the rules established by the Board of Directors. The possibility to vote on any of the methods foreseen in the previous sentence shall be indicated in the invitation by the Board of Directors for the General Meeting of Shareholders, and the voting rules shall form part of the materials for the meeting.

(3) When voting by electronic means and / or by correspondence, a list of the voters in this way shall be drawn up in a separate document or as part of the list of shareholders present. The attendance shall be certified by the signature of the Chairperson and the Secretary of the session elected by the General Meeting.

(4) The voting shares of the shareholders who have voted by electronic means or by correspondence shall be counted in determining the quorum and the majority.

#### **Article 23. Attendance list**

(1) A list of the shareholders present or their representatives and the number of shares held by them shall be drawn up for the session of the General Meeting. The list shall be certified by the Chairperson and the Secretary of the session elected by the General Meeting.

(2) Shareholders and representatives shall certify their presence with a signature.

#### **Article 24. Minutes of the General Meeting**

(1) Minutes shall be kept for the session of the General Meeting, which shall be stored in a special book.

(2) The minutes shall contain at least information on the number of shares for which actual votes have been made, the proportion of the capital they represent, the total number of actual votes made, the number of affirmative and negative voting and, if necessary, the number of abstentions from voting for each of the decisions on the issues of the agenda. The minutes shall be signed by the Chairperson and the Secretary of the session and the vote counters.

(3) The Minutes and annexes to them shall be kept for at least five years and, upon request, copies of them shall be presented to each shareholder. However, the minutes shall be published on the Company's website for a period of no less than one year.

#### **Article 25. Board of Directors**

(1) The Board of Directors shall consist of 3 to 9 members, who shall be elected for a term determined by the General Meeting of Shareholders, not exceeding five years.

(2) The Board of Directors shall manage and represent the Company collectively.

(3) The Board of Directors may authorize one or more persons of its membership to represent the Company in compliance with the requirements of the Commercial Code.

#### **Article 26. Composition of the Board of Directors**

(1) Members of the Board of Directors may be both natural and legal persons.

(2) No person may be elected as a member of the Board of Directors who:

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(i) Has been a member of the management or supervisory body of a company terminated by virtue of bankruptcy in the last two years preceding the date of the bankruptcy decision, if any unsatisfied creditors remain;

(ii) Has been a manager, a member of the management or supervisory body of a company for which a penal decree has entered into force that has failed to fulfil obligations to create and maintain at its designated levels stocks under the Oil and Petroleum Inventories Act;

(iii) has been convicted by a judgment entered into force, for offences against the property, against the economy or against the financial, tax and social security systems, committed in the Republic of Bulgaria or abroad, unless rehabilitated.

(3) At least 1/3 of the members of the Board of Directors must be independent persons. An independent member of the Board of Directors may not be:

(i) an employee of the Company;

(ii) a shareholder who holds, directly or through related parties, at least 25% of the votes in the General Meeting or is a person related with the Company;

(iii) a person which is in a lasting commercial relationship with the Company;

(iv) a member of a management or supervisory body, a procurator or an employee of a company or another legal entity under (ii) or (iii);

(v) a person related with another member of the Board of Directors of the Company.

(4) In the election of the independent members of the Board of Directors, the capital represented at the General Meeting shall include the shares held by persons under para. 3 only if no other shareholders are present or represented at the meeting.

(5) Persons, elected as members of the Board of Directors, for whom after the date of their election the circumstances under para. 2 and / or respectively para. 3 arise, shall immediately notify the Board of Directors of this circumstance, in which case the persons cease to perform their functions and receive no remuneration.

#### **Article 27. Duties of the members of the Board of Directors**

(1) The members of the Board of Directors shall be obliged to perform their duties with the care of a good trader and in a manner which they reasonably consider to be in the interest of all shareholders of the Company and using only information for which they reasonably believe that is reliable and full;

(2) The members of the Board of Directors shall also be obliged to show loyalty to the Company by:

**(i)** preferring the interest of the Company to their own interest;

**(ii)** avoiding direct or indirect conflicts between their interest and the interests of the Company, and if such conflicts arise - promptly and fully disclosing them in writing to the relevant body and do not participate in, and do not influence the other members of the Board in making decisions in these cases;

**(iii)** not disclosing non-public information about the Company even after they cease to be members of the respective bodies, until the public disclosure of the relevant circumstances by the Company.

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(iv) (iv) having no right, on their own or on behalf of others, to conduct business transactions, to participate in trading companies as unlimited liability partners, and to be procurators, managing directors or members of boards of other companies without obtaining prior consent for this, given from the General Meeting of Shareholders. The restriction does not apply to subsidiaries of the Company. The consent may be withdrawn by the General Meeting of Shareholders

(3) Each member of the Board of Directors shall be obliged to report immediately to the President and of the Executive Director in the event of arisen material circumstances for the Company.

(4) The above provisions shall apply accordingly to the natural persons who represent legal entities - members of the Board and Directors as well as to the procurators.

#### **Article 28. Powers of the Board of Directors**

(1) The Board of Directors discusses and resolves all issues other those that falling within the exclusive competence of the General Meeting of Shareholders, including but not limited to:

- (i) plans and programs for the Company's activities;
- (ii) organizational structure of the Company;
- (iii) participation in tenders and competitions;
- (iv) adopting and modifying the rules of procedure of the Board of Directors;
- (v) election and dismissal of the Executive Members in its staff;
- (vi) acquisition of Company's participation in other companies;
- (vii) opening and closing of branches of the Company in the country and abroad
- (viii) acquisition and alienation of real property and limited real rights owned by the Company;
- (ix) creating a mortgage on the Company's real estate or pledge on fixed tangible assets of the Company;
- (x) granting loans to third parties, providing guarantees, taking out guarantees and providing collaterals for the obligations of third non-related parties, concluding bank loan agreements for an amount (excluding interest and charges) of above 3% (three percent) of the value of the consolidated revenue of the Company, according to the last audited annual financial statement of the Company;
- (xi) the conclusion by the Company of operating or financial leasing contracts for amounts exceeding BGN 250,000 (excluding interest and charges);
- (xii) disposal of intellectual property rights, including acquisition, sale and assignment of licenses for the use of patents, know-how and other intellectual property rights (with the exception of intellectual property rights granted to third parties in connection with the granting of products and services to end users within the scope of the Company's purpose of business);
- (xiii) determining the conditions for the appointment and adoption of programs for material incentives on an annual basis for key management personnel of the Company's subsidiaries, namely, executive directors, procurators and managing directors of the Company's subsidiaries.
- (xiv) to constitute and deconstitute the Advisory Board, to take decisions on all matters concerning the Advisory Board, except those previously determined by this Statute or by a decision of the General Meeting of Shareholders, including but not limited to: to determine the number and personnel of the Advisory Board, to appoint and dismiss its members at its discretion, to determine the term of its existence, the remuneration and the mandate of its members, to adopt, amend, revoke and monitor

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the implementation of any and all documents concerning the Advisory Board, including the Rules on the functioning of the Advisory Board.

The decisions of the Board of Directors shall not take effect if they are contrary to the law, to this Statute or to a previous decision of the General Meeting of Shareholders on the same matter.

(2) The Board of Directors shall take decisions on and shall empower persons who manage and / or represent the Company for conducting transactions with interested parties within the meaning of Art. 114, para. 2 of the Public Offering of Securities Act for which no prior authorization is required from the General Meeting of Shareholders.

(3) Decisions under Article 28, para. 1 and para. 2 shall be taken by the majority of more than half of all members of the Board of Directors.

(4) Upon application of the terms and conditions provided for in the POSA, to prior approval by the Board of Directors by a simple majority shall be subject the conclusion of transactions by subsidiaries of the Company under which:

- (i)** The subsidiary transfers, provides for use or as collateral in any form, fixed assets with a total value over:
  - a)** 1/3 of the lower value of the assets according to the last audited or the last prepared balance sheet of the subsidiary;
  - b)** 2% of the lower value of the assets according to the last audited or the last prepared balance sheet of the subsidiary when interested persons are involved in the transactions;
- (ii)** The subsidiary is involved in the establishment or in the increase of the capital of a company or makes additional cash contributions to a company with assets above the threshold of subparagraph (i).

(5) In cases in which a transaction is to be approved by the General Meeting of Shareholders pursuant to the requirements of Art. 114 et seq. of the POSA, the Board of Directors shall prepare and submit to the General Meeting of Shareholders a reasoned report on the expediency and conditions of such a transaction, which is part of the materials provided to the shareholders at the convening of the General Meeting.

(6) The rules of para. 4 are not applied in case of:

- (i)** crediting from the Company to a subsidiary within the holding structure on terms not less favorable than those in the market for the country;
- (ii)** granting of deposits from a subsidiary to the Company on terms not less favorable than those in the market for the country;
- (iii)** if there is a Contract for Joint Enterprise within the meaning of the POSA
- (iv)** commitments and / or providing assets as collateral from the public company when granting or in connection with the granting of a bank loan to the subsidiary.

(7) When deposits are granted under para. 6 (ii), the company shall be obliged to notify the Financial Supervision Commission within the deadline set by law.

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(8) In the cases provided for in the above paragraphs, persons qualified as interested may not exercise their right to vote, respectively, shall not participate in the decision taking, and their votes shall not be taken into account in the calculation of the quorum and the majority for the respective decision.

#### **Article 29. Meetings of the Board of Directors**

(1) The Board of Directors shall meet at regular meetings at least once every three months to discuss the activities of the Company.

(2) At its first meeting after its election, the Board of Directors shall adopt its rules of procedure and shall elect its President, Vice-President and one or more Executive Directors. The number of the executive board members shall not exceed the number of the rest of the board members.

(3) The meetings shall be convened by the President of the Board of Directors according to the rules of procedure of the Board, adopted pursuant to para. 2.

(4) Any member of the Board of Directors may request the President to convene a meeting to discuss certain issues.

#### **Article 30. Decisions of the Board of Directors**

(1) Unless expressly stated otherwise in this Statute, all decisions of the Board of Directors shall be taken by a majority of more than half of all members of the Board of Directors.

(2) A quorum at the meetings of the Board of Directors shall be present if the number of members present is sufficient for taking decisions on the issues in the agenda. In the event that a quorum is not available on any of the issues requiring a qualified majority, the absence of a quorum shall be noted in the minutes and the matter shall not be considered at the meeting.

(3) If technically possible, a member of the Board of Directors may participate in the meeting by telecommunication stating his/her desire to participate remotely before the President of the Board of Directors at least 1 (one) hour before the beginning of the meeting. Participation by telecommunication shall be noted in the minutes of the meeting. The number of members participating through telecommunications may not exceed the number of people present in person.

(4) Any member of the Board of Directors may authorize another member of the Board of Directors in writing to represent him for a specific meeting as one member present may represent no more than one absent member of the Board of Directors. The authorization may be general or may contain an explicit indication of the voting on the agenda items, as well as a combination of both.

(5) Minutes shall be kept for the meetings and the decisions of the Board of Directors, which shall be signed by all members present. Participation by telecommunication shall be certified by the chairman of the meeting and participation by proxy shall be certified by the authorized member of the Board of Directors. The decisions taken shall be entered in a special book, which shall be kept by the President of the Board of Directors.

(6) It may also be possible to make non-present decisions in writing if all members have given their written

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consent to the decision. Non-present decisions may be drawn up in one or more identical copies and shall be deemed to have been accepted at the date of the last affixed signature and it is not obligatory that all signatures are affixed to the same copy - in the latter case, all signed copies shall be stored and presented together as composite parts of a single document.

(7) The written form referred to in the above paragraphs shall be considered to have been complied with when the electronic document is signed with an electronic signature. The signed document shall be kept in original on an electronic media, and a hardcopy of the paper shall nevertheless be kept.

#### **Article 31. Responsibility of the members of the Board of Directors**

(1) The members of the Board of Directors shall be jointly and severally liable for the damages they have caused to the Company.

(2) The General Meeting may discharge from liability a member of the Board of Directors if there is an annual financial statements for the previous year certified by a registered auditor, approved by a regular annual General Meeting of Shareholders, and an interim financial statement for the period from the beginning of the current year to the last day of the month preceding the month in which the invitation to convene the General Meeting was published.

#### **Article 32. Executive Director**

(1) The Executive Director shall organize and carry out the operational management of the Company in accordance with this Statute and in compliance with the decisions of the General Meeting and the Board of Directors.

(2) He/she shall solve independently internal organizational issues for which this Statute or the law does not explicitly state that they are within the competence of the General Meeting or the Board of Directors.

#### **Article 33. Procurator**

(1) The company may be represented by one or more Procurators elected by the Board of Directors.

(2) The provisions relating to the members of the Board of Directors shall apply also to the Procurator and the powers of the General Meeting of Shareholders shall be exercised by the Board of Directors.

#### **Article 34. Investor Relations Director**

(1) The Company shall appoint an Investor Relations Director with a contract of employment and the nomination shall be approved by the Board of Directors by a simple majority.

(2) The Investor Relations Director must have appropriate qualification or experience to fulfil his / her duties and may not be a member of the Board of Directors or a procurator of the Company.

3) The Investor Relations Director shall:

(i) establish effective relation between the Board of Directors, the shareholders of the Company and the persons interested in investing in the Company's securities by providing them information on the current

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financial and economic status of the Company; and any other information to which they are entitled by law in their capacity as shareholders or investors;

(ii) be responsible for sending within the statutory term the materials for the convened General Meeting to all shareholders who requested to get acquainted with them;

(iii) keep and storage true and complete minutes of the meetings of the Board of Directors of the Company;

(iv) be responsible for the timely submission of all necessary reports and notifications of the Company to the FINANCIAL SUPERVISION COMMISSION, the regulated market in which the Company's securities are traded, and the CENTRAL DEPOSITORY;

(v) keep a register of the materials sent under subparagraphs (ii) and (iv), as well as of the requests received and the information provided under subparagraph (i), describing the reasons for not providing the requested information.

(4) The Investor Relations Director shall report on his/her activity to the shareholders at the annual General Meeting of Shareholders.

(5) The persons managing the company shall be obliged to assist the Investor Relations Director and to control the performance of his/her functions.

(6) In the election of the Investor Relations Director, the restrictions provided for the election of a member of the Board of Directors in this Statute shall apply accordingly, except for the requirements for the election of an independent member.

(7) The obligations of the members of the Board of Directors for taking due care and for loyalty to The Company, as well as the related liability, shall apply accordingly to the Investor Relations Director, and his/her responsibility shall be engaged by decision of the Board of Directors.

#### **Article 34a. Advisory Board**

(1) At the discretion and initiative of the Board of Directors, an Advisory Board may be established in the Company. The Advisory Board is a collective advisory body, which assists the members of the Board of Directors and the senior management of the Company, based on the expertise of each of its members and according to the goals set by the Board of Directors in its constitution, as for this purpose it can (the enumeration is exemplary):

- (i) to prepare and provide strategic guidelines and programs for development of the Company;
- (ii) to monitor the activity and the results of the activity of the Company, to prepare reports and to give proposals for improvement of some aspects of the Company's activity;
- (iii) to provide information on the current developments and trends in the business sector in which the Company operates;
- (iv) to provide information on innovative practices, as well as to recommend and develop programs for introduction of such practices in the activities of the Company;
- (v) to propose improvements regarding the products and / or services offered by the Company, as well as the development of new ones;
- (vi) to propose strategies for improving the Company's position in the current markets in which it operates, to explore opportunities for access to new markets, as well as for the implementation of

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new market mechanisms;

- (vii) to perform any other activity assigned to it by the Board of Directors, which is in the interest of the development of the Company.

(2) The Advisory Board does not explicitly and cannot be assigned any management, controlling or supervisory functions. The members of the Advisory Board have the right to access information belonging to the Company in the volume determined by the Board of Directors and subject to the requirements for handling such information no less restrictive than the requirements applicable to members of the Board of Directors.

(3) The Decisions, reports, strategies and all other documents issued by the Advisory Board, regardless of their name, are not explicitly binding and are not enforceable, unless a decision of the Board of Directors has given them such force that the document in question will be considered incorporated in the decision of the Board of Directors.

(4) The numerical composition of the Advisory Board is determined by a decision of the Board of Directors. Each of its members shall be elected for a term of office determined by the Board of Directors, not exceeding five years, which may be renewed without restriction or terminated before its expiry:

- (i) by decision of the Board of Directors for dismissing the relevant member of the Advisory Board;
- (ii) at the request of the relevant member of the Advisory Board concerned;
- (iii) in the event of inability to perform the functions of a member of the Advisory Board due to death, illness or any other circumstance preventing them from performing them.

(5) The personnel of the Advisory Board shall be determined by a decision of the Board of Directors. Any natural person who, in the opinion of the Board of Directors, has expertise that can contribute to the development of the Company may be elected a member of the Advisory Board. The members of the Board of Directors, the procurators, the Investor Relations Director, the employees of the Company and the persons who directly or indirectly hold at least 25% of the votes at the General Meeting of Shareholders or control it, may not be explicitly elected as members of The Advisory Board.

(6) The Chairman and the Secretary of the Advisory Board are determined in accordance with the procedure provided for in the Rules of Procedure of the Advisory Board, adopted by a decision of the Board of Directors upon its constitution.

(7) The amount and the type of remuneration of each of the members of the Advisory Board shall be determined by the Board of Directors upon their election. The remuneration may be changed, both by type and amount, at any time by a decision of the Board of Directors.

(8) The annual expenses related to the activity of the Advisory Board, incl. for remuneration, may not exceed 2% of the annual revenues of the Company on a consolidated basis according to the adopted annual consolidated financial statements for the previous year. This provision shall apply respectively in the years of constitution and deconstitution of the Advisory Board, whereas the limit shall be calculated proportionally on the basis of the respective number of days during the period of existence of the Advisory Board towards the total number of days in the calendar year.

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### Article 35. Conflict of interests

(1) The members of the Board of Directors, the Procurators, the Investor Relations Director, the members of the Advisory Board and persons who directly or indirectly hold at least 25% of the votes of the General Meeting of Shareholders or control it shall be obliged to declare to the Board of Directors information:

- (i) about the legal entities in which they directly or indirectly hold at least 25% of the votes in the general meeting or which they control;
- (ii) about the legal entities in which management or supervisory bodies they participate, or whose procurators they are;
- (iii) about the known current and future transactions for which they believe that maybe recognized as interested parties.

(2) The members of the Board of Directors and the procurators shall be obliged to declare the circumstances under para.1 within 7 days or their election, and persons who directly or indirectly hold at least 25% of the votes in the General Meeting of Shareholders or control it - within 7 days of the acquisition of the votes, respectively of the control. Persons referred to in the first sentence are required to update the declaration within 7 days from the occurrence of the relevant circumstances,

(3) The declaration of the above circumstances to the Board of Directors shall not relieve the said persons from their obligation by law to declare the same information to the respective authorities.



## SECTION IV. FUNDS. PROFIT DISTRIBUTION AND ACCOUNTING

### Article 36. Business year

1) The operational financial and business year of the Company shall commence on 01 January and shall end on 31 December.

(2) By the end of March each year, the Board of Directors shall draw up annual financial statements and an annual activity report for the previous calendar year and shall present them to the designated by the General Meeting auditors who, after verification, shall return them together with a report.

### Article 37. Monetary funds

(1) The Company shall form a RESERVE fund. Other funds may be set up by decision of the Board of Directors.

{2) The amount of deductions for the RESERVE Fund shall be determined by the General Meeting of Shareholders, but it shall be not less than 10 percent of the profit after taxation. Contributions to the reserve fund may be suspended when it reaches 10 percent of the nominal value of the capital.

### Article 38. Dividends

(1) Dividend shall be distributed by decision of the General Meeting of Shareholders.

[2) The Company may pay the 6-month and annual dividend as defined in this Statute and with the relevant application of Art. 247a of the Commercial Code. The company may pay an interim dividend based on 6-month financial statements only if the following conditions are fulfilled:

(i) there are 6-month financial statements; a report has been prepared to the statements, based on the accounting information proving that the company has sufficient funds to pay the dividends and that their payment will not lead to the indebtedness of the company to creditors, staff, budget and others;

(ii) the financial result for the 6-month period is a profit and there is a decision of the general meeting of shareholders to distribute the profit;

(iii) the amount of funds that may be distributed in accordance with Art. 247a of the Commercial Code must not exceed the total profit received as:

(a) the current accounting result for the period from 01 January to 30 June of the current year;

(b) non-distributed profit from previous years;

(c) the amount of reserves, the distribution of which is not prohibited by law or this Statute;

(d) the total amount under letters "a" - "c" is reduced by the transferred losses and the legal reserves formed in accordance with the requirements of Art. 246 of the Commercial Code and / or the compulsory reserves under the Statute of the company;

(iv) the company has no undertaken and unpaid liabilities whose maturity has expired prior to the adoption of the profit-distribution decision and will be able to fulfil its obligations for the current financial year after the payment of the interim dividends.

(4) The persons registered on the registers of the CENTRAL DEPOSITORY as shareholders on the 14th day after

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the day of the General Meeting, on which the annual, respectively the 6-month financial statements were adopted and the decision on profit distribution was taken, shall have the right to receive a dividend.

(5) The company shall be obliged to ensure payment of the dividend to the shareholders voted at the General Meeting within 3 months from its holding.

(6) The payment of the dividend shall be made with the assistance of the Central Depository.

## **SECTION V. TERMINATION OF THE COMPANY AND LIQUIDATION**

### **Article 39. Conditions for termination**

The joint stock company shall be terminated upon occurrence of any of the grounds specified in the law.

### **Article 40. Liquidation**

- (1) Liquidation shall be effective by liquidators designated by the General Meeting of Shareholders,
- (2) After satisfaction of the creditors of the Company, the remainder of the property shall be distributed between the shareholders according to the shares they hold.

## SECTION VI. OTHERS

### Article 41. Applicable law

(1) The provisions of the effective legislation of the Republic of Bulgaria shall apply to all issues not regulated by this Statute.

(2) The bodies of the Company shall ensure that the provisions of this Statute are in accordance with the applicable law and, when changes in the legislation occur, shall amend it accordingly. Nevertheless, if a rule laid down in a provision of this Statute contradicts an imperative rule established by law, then the rule set out in the law shall be applicable and the provision in the Statute shall be deemed to have been amended accordingly.

### Article 42. Transitional and final provisions

This Statute was adopted at the General Meeting of Shareholders of Shelly Group PLC held on 15.04.2016. This Statute was amended by the Board of Directors in accordance with the explicit authorization of the General Meeting of Shareholders, held on 25.01.2016 by Non-present decisions of the Board of Directors into force from 26.10.2016. This Statute was amended by the General Meeting of Shareholders of Shelly Group PLC held on 29.01.2018. This Statute was amended by the General Meeting of Shareholders of Shelly Group PLC held on 20.12.2018. This Statute was amended by the General Meeting of Shareholders of Shelly Group PLC held on 27.06.2019. This Statute was amended by the Board of Directors in accordance with art.7 para. 10, item 2 of it by Non-present decisions of the Board of Directors into force from 04.11.2020. This Statute was amended by the General Meeting of Shareholders of Shelly Group PLC held on 28.06.2021. This Statute was amended by the General Meeting of Shareholders of Shelly Group PLC held on 15.10.2021: This Statute was amended by the General Meeting of Shareholders of Shelly Group PLC held on 08.04.2022. This Statute was amended by the General Meeting of Shareholders of Shelly Group PLC held on 12.06.2023. This Statute was amended by the General Meeting of Shareholders of Shelly Group PLC held on 19.06.2023. This Statute was amended by Resolutions of the Board of Directors effective June 30, 2023 in accordance with authorization by Resolution of the General Meeting of Shareholders held on June 19, 2023.

**EXECUTIVE DIRECTOR:**

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Mr. Dimitar Dimitrov

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