

# EUROHOLD BULGARIA AD

## PROSPECTUS

for initial public offering of securities  
(issue of shares from capital increase)

### Part III

### SECURITIES NOTE

<b>Subject of the offering</b>	<b>79 010 240 new shares</b>
<b>Type of the shares</b>	<b>registered, dematerialized, non-preferred voting shares, with voting rights</b>
<b>Issue value of 1 share</b>	<b>BGN 2,50</b>
<b>Nominal value of 1 share</b>	<b>BGN 1,00</b>
<b>Total issue value of the offered new shares</b>	<b>total for the issue BGN 197 525 600</b>
<b>Total nominal value of the offered new shares</b>	<b>total for the issue BGN 79 010 240</b>

**ISIN BG1100114062**

**12 April 2021**

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This Security Note is part of a Prospectus for public offering of an issue of shares from capital increase of Eurohold Bulgaria AD. The Prospectus consists of three parts: Prospectus Summary - Part I, Registration Document - Part II and Securities Note - Part III. The Prospectus contains all the information about the Issuer and the securities necessary for the investors to make an investment decision.

The Registration Document contains all the information about the Issuer of the securities for accurate assessment of its economic and financial condition, assets and liabilities, financial results and development prospects, including the main risks related to the Issuer and its economic group.

The Securities Note contains all the information on the issue of new shares from capital increase, including the main risks associated with the offered securities.

The Summary contains the key information that investors need to understand the characteristics of the Issuer, the risks associated with the Issuer and the securities offered.

It is in the interest of investors to familiarize themselves with this Security Note - Part II, as well as with the Registration Document - Part II of the Prospectus before making an investment decision.

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**THIS SECURITIES NOTE HAS BEEN APPROVED BY THE FINANCIAL SUPERVISION COMMISSION, AS COMPETENT AUTHORITY UNDER REGULATION (EU) 2017 / 1129, WITH RESOLUTION No. 278-E / 29.04.2021**

**THE FINANCIAL SUPERVISION COMMISSION ONLY APPROVES THIS SUMMARY AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY REGULATION (EU) 2017/1129.**

**SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE QUALITY OF THE SECURITIES THAT ARE THE SUBJECT OF THIS PROSPECTUS.**

**THE INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES.**

**THE FINANCIAL SUPERVISION COMMISSION IS NOT RESPONSIBLE FOR THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THE PROSPECTUS.**

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This Securities Note has been prepared in accordance with the requirements of Annex 11 to Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004,

as part of the Prospectus, prepared in accordance with:

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, and repealing Directive 2003/71/EC and

Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301

Public Offering of Securities Act.

### **PERSONS RESPONSIBLE**

Eurohold Bulgaria AD, as the Issuer of the shares issue, assumes the responsibility for the completeness, accuracy and compliance with the legal requirements of the information contained in the Prospectus.

The members of the Management Board of Eurohold Bulgaria AD and its Procurators are jointly and severally liable for damages caused by incorrect, misleading or incomplete data in the Prospectus.

The compilers of the audited annual and unaudited interim consolidated financial statements of the Company, included in the Prospectus, are jointly and severally liable with the persons under the previous sentence for damages caused by incorrect, misleading or incomplete data in the consolidated financial statements of Eurohold Bulgaria, while the auditors – for damages caused by the audited consolidated financial statements, included in the Prospectus.

### **ESSENTIAL INFORMATION**

This Prospectus is prepared to provide information to potential investors based on which they can assess their possible investment in the offered shares. In this regard, the information contained in the Prospectus about the Issuer and the offered shares is selected and summarized. This Prospectus does not contain any commitments or waiver of rights and does not create rights to any other person except for the potential investors in the shares.

Eurohold Bulgaria AD hereby informs potential investors that investing in the offered securities is related to taking certain risks and which may lead to loss of invested capital. All risks are described in detail in this Prospectus for initial public offering of securities. The risk factors specific to the Issuer's activity are discussed in detail in Section III "Risk factors" of the Registration Document, the main risks specific to the offered shares are contained in Section II "Risk Factors" of the Securities Note. Investors must perform an informed assessment of all risks specified in the Registration Document and the Securities Note and make investment decisions, considering all facts.

Investors shall take into consideration that they should rely only on the information contained in this Prospectus. Except as provided for by the mandatory legal provisions, the Issuer has not authorized any person to provide various information or make any statements in relation to the Company and the offered shares, other than those contained in this Prospectus, and if any, this information or statements shall not be accepted as given with the authorization of the Issuer.

The information provided in the Prospectus, as well as any other information regarding the initial public offering of the new shares, should not be considered as legal, financial, business or tax advice. The information provided in the Prospectus does not constitute basis for any assessment of the Issuer and should not be considered as a recommendation by the Issuer to any investor for the purchase of the new shares offered by the Issuer. Each investor must make its own independent assessment of the Issuer's financial condition, as well as seek and consult its own legal, financial or tax advisor, as well as a broker, lawyer, accountant or other consultants it deems appropriate as to understand the nature of the Issuer's activity and the nature of the shares before deciding to invest in the shares, subject of this public offering of securities.

Investors shall be aware that the share price and the earnings thereto may fall.

The content of the website of Eurohold Bulgaria AD does not form part to this Prospectus, unless this information is incorporated by reference in the Prospectus.

In case, in this Prospectus, information is incorporated by reference, the respective documents containing such information shall be read together with the Prospectus.

The period of validity of this Prospectus shall begin upon its approval by the Financial Supervision Commission, as indicated on the first page of this document, and shall be valid for 12 months after its approval.

Investors should be aware that the information in the Prospectus is relevant as of the date indicated on the first page of this document. This is the only information for the accuracy and completeness of which the Issuer assumes responsibility. After the date of the approval of this Prospectus, changes in the state of affairs of the Company may occur. Potential investors are hereby warned that the future results from the activity of the Issuer may vary substantially from previously achieved results, as a result of the occurrence of various circumstances or risks.

The distribution of this Prospectus does not constitute a proposal for offering and subscription of shares by persons in another jurisdiction, where the making of such an offer or invitation to such persons may be restricted by law. The public offering of shares will take place only within the territory of the Republic of Bulgaria. The offered shares are issued in accordance with the Bulgarian legislation.

Following the successful completion of the capital increase, the Issuer will list the shares of the current issue for trading on the Bulgarian Stock Exchange AD and the Warsaw Stock Exchange.

### **FINANCIAL INFORMATION**

Unless otherwise provided for herein, the financial information presented in this Prospectus for the covered historical financial period is presented on a consolidated basis.

Some of the financial data of the period covered by the historical financial information, contained in this Prospectus have not been extracted from the consolidated financial statements of the Issuer. These data are presented as of the date of the Prospectus and are extracted from the accounting registers of the Issuer and its subsidiaries. The members of the Management Board of Eurohold Bulgaria AD and its Procurators declare that to the best of their knowledge, the financial information relevant as of the date of this Prospectus is true and complete and does not contain omissions likely to affect its import.

### **BUSINESS INFORMATION**

Unless otherwise provided for herein, the information presented in this Prospectus on the Issuer's activity, markets and trends is considered on the basis of the Issuer's economic group (Eurohold Group).

THE INVESTORS INTERESTED IN THE OFFERED SECURITIES OF THE ISSUER MAY GET ACQUAINTED WITH THE ORIGINAL HARD COPY OF THIS DOCUMENT TOGETHER WITH THE OTHER PARTS OF THE PROSPECTUS, AS WELL AS TO RECEIVE ADDITIONAL INFORMATION THERETO AT THE CORRESPONDENCE ADDRESS OF THE ISSUER AND AT THE ADDRESS OF THE AUTHORIZED INVESTMENT INTERMEDIARY PROVIDED BELOW:

AT REQUEST, THE INVESTORS MAY OBTAIN A FREE COPY OF THE PROSPECTUS IN HARD COPY OR ON A DURABLE MEDIUM.

<p><b>ISSUER</b></p> 	<p><b>EUROHOLD BULGARIA AD</b></p> <p><b>Address:</b> Sofia, 1592, 43, Christopher Columbus Blvd.</p> <p><b>Tel:</b> (+359 2) 9651 653; (+359 2) 9651 651</p> <p><b>Fax:</b> (+359 2) 9651 652</p> <p><b>Contact person:</b>  <b>Milena Stoyanova, E-mail: <a href="mailto:investors@eurohold.bg">investors@eurohold.bg</a>;</b>  <b>Galya Georgieva, E-mail: <a href="mailto:g_georgieva@eurohold.bg">g_georgieva@eurohold.bg</a>;</b></p> <p><b>Working hours:</b> 9.30 – 17.00</p> <p><b>Website: <a href="http://www.eurohold.bg">www.eurohold.bg</a></b></p>
<p>THE INVESTMENT INTERMEDIARY AUTHORISED TO MANAGE AND SERVICE THE CAPITAL INCREASE OF EUROHOLD BULGARIA AD IS EURO-FINANCE AD.</p>	
<p><b>INVESTMENT INTERMEDIARY</b></p> 	<p><b>EURO-FINANCE AD</b></p> <p><b>Address:</b> Sofia, 1592, 43, Christopher Columbus Blvd.</p> <p><b>Tel:</b> (+359 2) 980 5657</p> <p><b>Fax:</b> (+359 2) 981 1496</p> <p><b>Contact person:</b> Pavel Nikolov  from 9.30 – 17.00</p> <p><b>Website: <a href="http://www.eurofinance.bg">www.eurofinance.bg</a></b></p> <p><b>E-mail: <a href="mailto:office@eurofinance.bg">office@eurofinance.bg</a></b></p>

THE SECURITIES NOTE, TOGETHER WITH THE OTHER PARTS OF THE PROSPECTUS WILL BE PUBLISHED AND AVAILABLE ON THE WEBSITE OF:

**Financial Supervision Commission** ([www.fsc.bg](http://www.fsc.bg)) following the approval of the Prospectus by Financial Supervision Commission;

**Bulgarian Stock Exchange AD** ([www.bse-sofia.bg](http://www.bse-sofia.bg)) following admission to stock exchange trading of the securities of the Company (subject to the offering with this Prospectus);

**Issuer Eurohold Bulgaria AD** ([www.eurohold.bg](http://www.eurohold.bg)) following approval of the Prospectus by the Financial Supervision Commission;

**The authorized investment intermediary – manager of the issue Euro-Finance AD** ([www.eurofinance.bg](http://www.eurofinance.bg)) following approval of the Prospectus by the Financial Supervision Commission.

Abbreviations are being used in this Prospectus. All abbreviations are defined at their first use.

Other commonly used abbreviations, as well as the meaning of some terms are listed in the following table:

FULL NAME	ABBREVIATION, MEANING
Eurohold Bulgaria AD	Eurohold; the Issuer; the Company
All subsidiaries of the Issuer, as referred to under item "Economic Group" of this document	The Group; Eurohold Group; Companies of the Issuer's Group
Investment intermediary/firm	II/IF
Financial Supervision Commission	FSC
Bulgarian Stock Exchange AD	BSE
National Statistical Institute	NSI
Bulgarian National Bank	BNB
Ministry of Finance	MF
FITCH RATINGS	FITCH
Bulgarian Credit Rating Agency	BCRA
Public Offering of Securities Act	POSA
Commerce Act	CA
Commercial Register and the register of the NPLE at the Registry Agency	Commercial Register at the Registry Agency; Commercial Register; CR
Institute of Certified Public Accountants	ICPA
European Union	EU
International Accounting Standards, adopted by the EU	IAS
International Financial Reporting Standards, adopted by the EU	IFRS
Management Board	MB
Supervisory Board	SB
General Meeting of Shareholders	GMS
General Meeting of Bondholders	GMB
Personal Income Taxes Act	PITA
Corporate Income Tax Act	CITA
Double Taxation Treaties	DTTs
Tax and Social Security Procedure Code	TSSPC
Special Pledges Act	SPA

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## I. PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

### 1.1. ALL PERSONS RESPONSIBLE FOR THE INFORMATION OR ANY PARTS OF IT, GIVEN I THE SECURITIES NOTE:

The Securities Note, as part of the Prospectus for public offering of securities of Eurohold Bulgaria AD ("Eurohold", the "Issuer", the "Company") was prepared by Asen Minchev - Executive Director, and Galya Georgieva - Financial Director of Eurohold Bulgaria AD.

The information contained in the Prospectus is provided to the compiler by the Issuer or is collected from public sources.

Responsible for the information in the entire Prospectus is the Issuer Eurohold Bulgaria AD, UIC 175187337 with registered office in Sofia, postal code 1592, Iskar District, 43, Christopher Columbus Blvd. as a person offering the issue of shares to the public.

The members of the Management Board of the Issuer – Kiril Ivanov Boshov, Asen Minchev Minchev, Velislav Milkov Christov, Assen Emanouilov Assenov and Razvan Stefan Lefter, as well as the Procurators- Hristo Lubomirov Stoev and Milena Miltchova Guentcheva are jointly and severally liable for damages caused by incorrect, misleading or incomplete data in the Prospectus.

Ivan Dimitrov Hristov – Chief Group Controller of the Issuer and compilers of the audited annual consolidated financial statements of the Company for the year 2017, 2018 and 2019, as well as of the unaudited interim consolidated financial statements as of 31.12.2020, in his capacity of a person under Art. 18, para. 1 in conj. with Art. 17, para. 1 of the Accounting Act in the Issuer, is jointly and severally liable with the responsible persons under the previous sentence for damages caused by incorrect, misleading or incomplete data in the consolidated financial statements of the Issuer, information from which is included in the Prospectus.

Audit Firm HLB Bulgaria OOD, entered in the Commercial Register and the register of the NPLE at the Registry Agency with UIC 121871342 and with registered office and address of management Sofia, 1309, 149-151 Konstantin Velichkov Blvd., floor 1, office 2, a registered audit firm, represented by its Managers Veronika Borisova Revalska and Dimitrios Triantafilos Papazis, which has audited the annual consolidated financial statements for 2017, 2018 and 2019, is jointly and severally liable with the responsible persons referred above for damages caused by the audited consolidated financial statements of the Issuer, information from which is included in the Prospectus.

### 1.2. DECLARATIONS OF RESPONSIBILITY:

#### **Declaration under Art. 89d, para. 6 in conj. with Art. 89d, para. 3 of the Public Offering of Securities Act (POSA) by the persons responsible for the information given in the Securities Note**

Pursuant to Art. 89d, para. 6 in conj. with Art. 89d, para. 3 of POSA, all persons referred in item 1.1 above responsible for the content of the Prospectus declare that to the best of their knowledge, and after all due diligence and reasonable efforts have been made to ensure that, the information contained in the Prospectus, respectively in any parts of it, for which they are responsible, is true and complete, as it is in accordance with the facts and does not contain omissions likely to affect its import, namely:

- the members of the Management Board and the Procurators are responsible for all the information contained in the Prospectus;
- the persons under Art. 18, para. 1 in conj. with Art. 17, para. 1 of the Accounting Act are responsible for the information, included in the Prospectus from the compiled by them financial statements;



- the registered auditor is responsible for the information from the audited financial statements, included in the Prospectus,

*The declarations under Art. 89d, para. 6, in conj. with art. 89d, para 3 of POSA made by the above-mentioned responsible persons are presented as separate appendices to the Prospectus and represent an integral part thereto.*

### **Declaration under Art. 89d, para. 2 of the Public Offering of Securities Act (POSA) by the legal representatives of the Issuer**

Pursuant to Art. 89d, para. 2 of POSA, the representatives of the Issuer declare that to the best of their knowledge, and after all due diligence and reasonable efforts have been made to ensure that, the information contained in the Securities Note is true and complete, as it is in accordance with the facts and does not contain omissions likely to affect its import, and that the Securities Note is in compliance with the requirements of Regulation (EU) 2017/1129, the Public Offering of Securities Act, Chapter Six of POSA and their implementing acts.

*The declarations under Art. 89d, para. 2 of POSA made by the above-mentioned responsible persons are presented as separate appendices to the Prospectus and represent an integral part thereto.*

#### **Note:**

The investment intermediary that assisted the Issuer in the preparation of the Prospectus is EURO-FINANCE AD, with UIC 831136740 and registered office and address of management: Sofia, 43 Christopher Columbus Blvd., 5th floor. is EURO-FINANCE AD is the investment intermediary that which will service the capital increase of Eurohold Bulgaria AD under the conditions of public offering. The assistance provided by EURO-FINANCE AD to the Issuer in preparation of the Prospectus consists in providing clarifications to Eurohold Bulgaria AD regarding the structure and the required content of the Prospectus in accordance with the applicable European and Bulgarian legislation, as well as regarding the procedure for public offering of the issue of shares from the capital increase. EURO-FINANCE AD is not responsible for the information in this Prospectus, for its completeness and for compliance with the facts.

### **1.3. INFORMATION ON STATEMENTS OR REPORTS ATTRIBUTED TO A PERSON AS AN EXPERT**

When preparing this Prospectus, its content does not include declarations or reports prepared by a person in his capacity as an expert. Eurohold Bulgaria AD has not assigned to third parties the preparation of expert reports in connection with this Prospectus.

### **1.4. THIRD PARTY INFORMATION:**

In certain parts of the Prospectus, the Issuer has included reports and statements sourced from third parties, with their explicit indication, the most frequently used of which are the following:

- Ministry of Finance - [www.minfin.bg](http://www.minfin.bg);
- National Statistical Institute - [www.nsi.bg](http://www.nsi.bg);
- FITCH – (Credit Rating Agency) - [www.fitchratings.com](http://www.fitchratings.com);
- BCRA – (Credit Rating Agency) - [www.bcra-bg.com](http://www.bcra-bg.com);
- Commercial Register - [www.portal.registryagency.bg](http://www.portal.registryagency.bg);
- Bulgarian National Bank - [www.bnb.bg](http://www.bnb.bg)

Throughout this Prospectus, where information has been sourced from a third party, the source(s) of the information is identified and the information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **1.5. APPROVAL BY THE COMPETENT AUTHORITY:**

The Financial Supervision Commission, as competent authority under Regulation (EU) 2017/1129 has approved this Securities Note by Resolution No. 278-E / 29.04.2021.

The Financial Supervision Commission only approves this Security Note as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129.

Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Securities Note.

The investors should make their own assessment as to the suitability of investing in the securities.

## 1.6. STATUTORY AUDITORS:

### **Information on the Issuer's auditors for the period covered by the historical financial information:**

Auditor of Eurohold Bulgaria AD certified the annual consolidated financial statements for 2017, 2018 and 2019 is Audit Firm HLB Bulgaria OOD, entered in the Commercial Register at the Registry Agency with UIC 121871342 and with registered office and address of management Sofia, 1309, 149-151 Konstantin Velichkov Blvd., floor 1, office 2, represented by its Managers Veronika Borisova Revalska and Dimitrios Triantafilos Papazis.

The Audit Firm HLB Bulgaria OOD is registered in the register of the Institute of Certified Public Accountants (ICPA) in Bulgaria under reg. No 017 and is a member of HLB INTERNATIONAL.

The Managers Veronika Revalska and Dimitrios Papazis represent the audit firm separately.

Registered auditor responsible for the audit of the consolidated financial statements of the Issuer for 2017 and 2018 is Vaska Todorova Gelina, with current business address - Sofia 1309, 90 Aldomirovska Str., 2nd floor, apt. 6. included in the register of ICPA under reg. No 0667. Vaska Gelina is a member of the Fourth Sofia Regional Organization of ICPA.

Registered auditor responsible for the audit of the consolidated financial statements of the Issuer for 2017 and 2018 is Prof. Stoyan Dimitrov Stoyanov entered in the register of ICPA under reg. No 0043, with business address – Sofia 1700, Studentski Grad District, 1 Acad. Stefan Mladenov Str. Prof. Stoyan Dimitrov Stoyanov is a member of the First Sofia Regional Organization of ICPA.

As at the date of this Securities Note the registered auditor responsible for the audit of the consolidated financial statements of the Issuer for 2017 and 2018, namely: registered auditor Vaska Todorova Gelina, reg. No 0667, is no longer part of the team of Audit Firm HLB Bulgaria OOD, and in this regard responsible for the review of the audited historical consolidated financial information for 2017 and 2018, is registered auditor Prof. Stoyan Dimitrov Stoyanov entered in the register of ICPA under reg. No 0043, with business address – Sofia 1700, Studentski Grad District, 1 Acad. Stefan Mladenov Str.

Audit Firm HLB Bulgaria Ltd. is jointly and severally liable with the responsible persons referred above for damages caused by incorrect, misleading or incomplete data in the audited consolidated financial statements of the Issuer for 2017, 2018 and 2019, information from which is included in this Prospectus.

The Declaration by the Audit Firm HLB Bulgaria OOD pursuant to Art. 89d, para. 6 in conj. with Art. 89d, para. 3 of POSA, declaring that the data from the audited by the latter annual consolidated financial statements of the Issuer for the years 2017, 2018 and 2019, included in the Prospectus, is true and complete, as it is in accordance with the facts and does not contain omissions likely to affect its import, is presented as separate appendix to the Registration Document and represents an integral part thereto.

The Declaration by Prof. Stoyan Dimitrov Stoyanov in his capacity of registered auditor responsible for the review of the audited historical consolidated financial information of Eurohold Bulgaria AD for the years 2017, 2018 and 2019, pursuant to Art. 89d, para. 6 in conj. with Art. 89d, para. 3 of POSA, declaring that the information from the annual audited consolidated financial statements of the Issuer for 2017 and 2018, audited by the responsible registered auditor Vaska Todorova Gelina, reg. No. 0667, and the information from annual audited consolidated financial statements of the Issuer for 2019, audited by the responsible registered auditor Prof. Stoyan Dimitrov Stoyanov, reg. No 0043, included in the Prospectus, is true and complete, as it is in accordance with the facts and does not contain omissions likely to affect its import, is presented as separate appendix to the Registration Document and represents an integral part thereto.

For the period covered by the historical financial information, the auditor of the Issuer - audit firm HLB Bulgaria OOD has not relinquished, been removed or resigned. The audit firm HLB Bulgaria OOD audited the financial statements of the Issuer for 2017, 2018 and 2019 was not re-appointed by the GMS as independent auditor of the annual financial statements for the year 2020 as an offer of another auditor was selected on the basis of criteria such as the price of the service and the term for the audit.

Eurohold Bulgaria AD is a holding company with a complex business structure, in which there are three levels of audit - individual reports of each business unit, consolidated report of a subholding group and finally consolidated report of the Issuer. As a responsible corporate company for Eurohold Bulgaria AD is extremely important to create organization and speed in the performance of the audits at each audit level. In this regard, at the GMS held on 30.09.2020 was proposed and appointed an auditor who is also the auditor of the largest business structure in Eurohold Bulgaria AD, namely the insurance group which consolidates 11 companies from 7 countries, each with its regulatory framework and requirements for audit deadlines.

**Information on the Issuer's auditors appointed to conduct the independent financial audit of the separate and consolidated financial statements of Eurohold Bulgaria AD for the year 2020:**

At the General Meeting of Shareholders, held on 30.09.2020 for statutory auditor to perform the independent financial audit of the separate and the consolidated financial statements of Eurohold Bulgaria AD for 2020 was appointed the audit firm ZAHARINOVA NEXIA OOD, registered in the Commercial Register at the Registry Agency with UIC 200876536 and with registered office and address: Sofia, 157-159 Konstantin Velichkov Blvd., floor 1, office 3, tel. 02 9204670, e-mail: [office@zaharinovanexia.com](mailto:office@zaharinovanexia.com), website: [www.zaharinovanexia.com](http://www.zaharinovanexia.com), registered in the register of the Institute of Certified Public Accountants in Bulgaria under reg. No. 138. As of the date of this Prospectus the audit firm ZAHARINOVA NEXIA OOD is represented by the managers of the company Dimitrina Dimitrova Zaharina and Marina Hristozova Krasteva. Audit firm ZAHARINOVA NEXIA OOD is a member of the audit network of NEXIA INTERNATIONAL.

Registered auditor responsible for the audit of the separate and consolidated financial statements of the Issuer for 2020 is Dimitrina Dimitrova Zaharina, with current business address – Sofia 1000, 157-159 Konstantin Velichkov Blvd., 1st floor, office 3, entered in the register of ICPA under reg. No 0415. Dimitrina Dimitrova Zaharina is a member of the Second Sofia Regional Organization of ICPA.

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## II. RISK FACTORS

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Investing in stocks is associated with a high degree of risk. Each investor should be informed of the nature and specifics of the risks to which it is exposed as an investor in the shares, described in this document.

It is recommended that each investor should get acquainted in historical terms with the trade on BSE-Sofia AD and on the Warsaw Stock Exchange/Giełda Papierów Wartościowych w Warszawie (Warsaw Stock Exchange)/ of the existing share issues of the Company of the same class in order to clearly understand and accept the risks of investing in the shares of the Company described below.

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*The order of listing the risks in each of the categories below is set out taking into account their materiality in terms of their negative impact on the offered securities and the probability of their occurrence.*

**Price Risk:**

Price risk is the probability of investor's losses from changes in share prices. After the registration of the offered issue of shares for free trading shares on BSE AD and the Warsaw Stock Exchange, their value will be determined by supply and demand, and their price may increase or decrease. Share prices may undergo sharp fluctuations and decrease below the price at which investors have acquired them. The stock market price will be affected by publicly announced corporate events and financial results, which may be weaker than the market expectations. The share price may be influenced by the general market trends, the volume of freely tradable shares, the yield on alternative investments and other significant factors concerning the activity of the Company.

**Liquidity Risk:**

Liquidity risk is associated with the liquidity of the securities market itself and expresses the potential for buying or selling in the short term and in usual volumes of the given securities in the secondary market. Low liquidity, and in particular the absence of an active market demand for shares, impedes the conclusion of transactions with shares of the Company, which may lead to inability to realize capital gains or to prevent

possible losses by individual investors. The registration of the shares of Eurohold Bulgaria AD for free trade at BSE-Sofia AD and the Warsaw Stock Exchange limits the impact of this risk.

**Inflation Risk:**

Inflation risk is associated with to the probability of inflation affecting the real profitability and return on investments. Low inflation rate since 1998 enabled economic operators to generate non-inflationary operating income. Despite positive trends, resulting from the currency board and the maintenance of restrictive fiscal policy concerning the change in the inflation index, the openness of the Bulgarian economy, its dependence on energy sources and the fixed exchange rate BGN/EUR, pose a risk of imported inflation. In the event of increasing inflation in the country, the real return on the investment may decrease as a result of an increase in the overall price level.

**Currency Risk:**

The shares of Eurohold Bulgaria AD are listed for trading at BSE-Sofia AD and the Warsaw Stock Exchange. Shares are quoted and traded in BGN on BSE-Sofia AD and in PLN on the Warsaw Stock Exchange. Any payments related to the shares, including amounts allocated as dividends, and the sale and purchase of shares on a regulated market will be carried out in BGN or PLN. Any appreciation of PLN or BGN against foreign currencies could adversely affect the foreign currencies equivalent of the amount paid in respect of shares, including share dividend paid, and the sale and purchase of shares on a regulated market.

**Risk of Non-Payment of Dividend**

All ordinary shares are characterized by an uncertainty regarding the payment of dividends (variability in the amount of the dividend), and in particular, the lack of a guarantee for payment of such. Each share of the current issue entitles its holder to a dividend in proportion to the nominal value of the share. The amount of the dividend is a variable that depends on the amount of the profit of the Company, the need for new investments, the change in cash flows and directly on the resolution for profit distribution adopted by the General Meeting of Shareholders. The Company's ability to generate profit is subject to specific risks associated with the Issuer's operations discussed in the Registration Document. Subject to profit distribution is the profit of the Company after its taxation with the due taxes. However, there is no guarantee that the Company will distribute cash dividends to shareholders. It is possible that for a given year the Company may not realize a profit, and even if any, the General Meeting of Shareholders may not adopt a resolution for its distribution as dividend. All future payments of dividends will depend on the earnings and cash flows of the Issuer as well as on the expenses of the Company, its investment plans, and intentions of the major shareholders.

**Risk associated with the possibility of significant transactions with shares of the Company to affect their price:**

Sales of significant amount of shares or the expectations of such sales may adversely affect the market price of the shares. As a result of such sales, the Company may face difficulties in issuing new shares in the future when necessary and at the price the Company deems appropriate.

**Reinvestment Risk:**

Reinvestment risk is expressed in the investor deciding to dispose of their shares earlier than their initial investment decision, where there is a risk for the investor to be unable to find other securities with the same or higher yield to reinvest in.

**Risk of Dilution:**

The risk of dilution is the probability of a reduction in the shareholder's proportionate share from the profit of the Issuer, the distributed dividends and liquidation shares, the voting rights at the General Meeting of Shareholders and even in the loss of some specific rights. In order to avoid such dilution, each shareholder of the Company receives free rights that provide him with the opportunity to subscribe on a pro rata basis part of the new issue of securities corresponding to the percentage of its participation before the capital increase. In the event that the shareholder takes advantage of these rights in full, the risk of dilution is eliminated. This risk may occur only when shareholders do not exercise their rights and do not subscribe its corresponding pro rata share of the new shares.

**Risk of force majeure:**

Force majeure circumstances such as fires, earthquakes, environmental incidents, terrorist acts, etc. are difficult to predict, but can have significant consequences for companies operating in the specific region affected by such events, such as temporary or permanent cessation of activities, material damage, etc. Such events could also lead to economic and political instability, which in turn could negatively affect the business climate in the particular region or in the country as a whole. The impact on the economy and financial stability of the coronavirus pandemic, COVID-19, can also be assigned to this category. As a result of the spread of the disease and the measures related to its limitation, the indices on the world capital markets decreased. The most serious decline was observed in companies in the transport and tourism sectors. The slowed down economic development on a global scale has led to decrease in the price of oil, difficulties have arisen in the business and economic activity of a number of enterprises and entire industries. Due to the unpredictable dynamics of COVID-19 and the dynamic measures taken by public authorities, the scope and effects on business are complex and practically impossible to estimate accurately at this stage.

### Risk of changes in the taxation regime of investments in securities

Taxation of income generated by transactions in shares of listed companies on regulated and unregulated market, as well as of income from dividends and liquidation shares is discussed in detail in item 4.11 of the present document. The risk of changes in the described taxation regime consists in the possibility to change the specified tax status of income from securities, dividends and liquidation shares, in the direction of increasing the tax burden for shareholders and decreasing their earnings.

### Risk factors discussed in the Registration Document:

The specific risks associated with the main activities of the Company as well as the general risks that may influence its operations are described in details in the Registration Document.

## III. ESSENTIAL INFORMATION

### 3.1. WORKING CAPITAL STATEMENT:

By signing on the last page hereto Asen Minchev Minchev, in his capacity of Executive Director and Milena Miltchova Guentcheva, in her capacity of Procurator of the Issuer state that according to the assessment of the management body of the Company, the working capital of Eurohold Bulgaria AD is sufficient for its present requirements.

### 3.2. CAPITALISATION AND INDEBTEDNESS:

The below table presents data on the capitalisation and indebtedness of the Issuer based on the audited consolidated financial statements as of 31.12.2017, 31.12.2018 and as of 31.12.2019, as well as from the updated unaudited interim financial statements as of 31.12.2020:

Capitalisation and indebtedness (thousand BGN)	2017 r. audited data	2017 r.* restated data	2018 audited data	2018** restated data	2019 audited data	31.12.2020 unaudited data
<b>1. Total Equity, incl.:</b>	<b>214 506</b>	<b>214 109</b>	<b>207 322</b>	<b>200 575</b>	<b>190 698</b>	<b>135 221</b>
Equity attributable to the parent	170 804	170 503	168 630	160 111	157 275	105 221
Minority participation	43 702	43 606	38 692	40 464	33 423	29 225
<b>2. Subordinated debts</b>	<b>26 058</b>	<b>26 058</b>	<b>19 558</b>	<b>19 558</b>	<b>19 558</b>	<b>76 985</b>
<b>3. Non-current liabilities</b>	<b>252 626</b>	<b>248 951</b>	<b>267 242</b>	<b>267 239</b>	<b>264 414</b>	<b>273 229</b>
Loans from banks and non-bank financial institutions	72 445	72 445	94 877	94 877	93 259	118 948
Bond liabilities	149 810	149 810	147 224	147 224	147 516	139 559
Deferred tax liabilities	284	284	396	393	397	342
Non-current liabilities	30 087	26 412	24 745	24 745	23 242	14 380
<b>4. Current liabilities</b>	<b>833 224</b>	<b>837 296</b>	<b>900 879</b>	<b>902 877</b>	<b>1 035 140</b>	<b>1 190 675</b>
Loans from banks and non-bank financial institutions	26 800	26 800	47 290	47 290	47 476	55 393
Bond liabilities	947	947	10 340	10 340	10 148	23 783
Current liabilities	25 587	29 262	35 330	37 328	43 891	54 230
Trade and other obligations	102 192	102 192	108 308	108 308	139 749	124 617
Obligations on reinsurance operations	81 863	81 863	23 265	23 265	26 193	46 855

## SECURITIES NOTE

Insurance reserves	595 835	596 232	676 346	676 346	767 683	885 797
<b>5. Total liabilities (2+3+4)</b>	<b>1 111 908</b>	<b>1 112 305</b>	<b>1 187 679</b>	<b>1 189 674</b>	<b>1 319 112</b>	<b>1 540 889</b>
<b>6. EQUITY and LIABILITIES (1+5)</b>	<b>1 326 414</b>	<b>1 326 414</b>	<b>1 395 001</b>	<b>1 390 249</b>	<b>1 509 810</b>	<b>1 676 110</b>
7. Equity / Assets (1/6)	0,16	0,16	0,15	0,14	0,13	0,08
8. Financial autonomy ratio (1/5)	0,19	0,19	0,17	0,17	0,14	0,09
9. Liabilities / Assets (5/6)	0,84	0,84	0,85	0,86	0,87	0,94
10. Current liabilities / Liabilities (4/5)	0,75	0,75	0,76	0,76	0,78	0,77
11. Debt ratio (5/1)	5,18	5,20	5,73	5,93	6,92	11,39
12. Non-current liabilities / Equity ((2+3)/1)	1,30	1,28	1,38	1,43	1,49	2,59

**Source:** Eurohold Bulgaria AD - according to data from the audited annual consolidated financial statements for 2017, 2018 and 2019 and the unaudited consolidated financial statements for 2020 on the basis of updated data

\*,2017r. restated data"; \*\*,2018r. restated data" - represent recalculated (restated) data for 2017 and 2018, respectively resulting from of recalculation made in connection with the correction of an error in the comparable financial information during the preparation of the audited annual consolidated financial statements for 2018 and 2019 (see 10.2. of this Document and item 18.1. of the Registration Document)

The Equity of Eurohold Bulgaria AD on a consolidated basis as of 31.12.2020 amounts to BGN 135.2 million. The authorized (subscribed) capital as of the same date amounts to BGN 197,525,600.

During the period covered by the presented historical financial information the debt ratio has increased, and as of the date of the last prepared consolidated report it amounts to 11.39. The financial autonomy ratio of the Group also changes during the periods, decreasing to 0.09 as at 31.12.2020. The Group attracts borrowed capital based on the companies' needs of external financing to fund working capital and investment needs depending on the business they operate in, as well as to fund the ongoing expansion of the insurance business.

The capital structure of Eurohold Bulgaria AD is stable. As of 31.12.2020 the amount of equity is 0.08% of the total balance sheet amount, which ensures the necessary stability of the company given that large part of the attracted funds are used by the leasing group to carry out their operational activities under leasing transactions.

#### **Indebtedness of Eurohold Bulgaria AD on consolidated basis according to the last prepared interim unaudited consolidated financial statements as of 31.12.2020**

<b>Indebtedness (thousand BGN)</b>	<b>31.12.2020 r. unaudited data</b>
Current liabilities	1 190 675
Non-current liabilities	350 214
<b>TOTAL liabilities</b>	<b>1 540 889</b>
Guaranteed liabilities	218 617
Unguaranteed liabilities	1 322 272
<b>TOTAL liabilities</b>	<b>1 540 889</b>
Secured liabilities	266 000
Unsecured liabilities	1 274 889
<b>TOTAL liabilities</b>	<b>1 540 889</b>
Direct liabilities	1 540 889
Indirect liabilities	-
<b>TOTAL liabilities</b>	<b>1 540 889</b>
<b>Contingent liabilities</b>	<b>82 811</b>

**Source:** Eurohold Bulgaria AD - according to data from the audited annual consolidated financial statements for 2017, 2018 and 2019 and the unaudited consolidated financial statements for 2020 on the basis of updated data

The secured liabilities of the Issuer's Group represent current and non-current bank liabilities for working capital and are secured by pledge of assets under the SPA, pledge of shares, real estate mortgages and a bond loan insurance.

With reference to the provision of item 3.2. of Annex 11 of Delegated Regulation (EU) 2019/980, according to which a statement of capitalization and indebtedness shall be as of a date not earlier than 90 days prior to the date of the Prospectus, the Issuer presents in the below table information on capitalization and indebtedness as of 31.03.2021 at the level of the companies participating in the consolidation of the Issuer. The data are presented by sub-holding structures based on preliminary data with netted intragroup

settlements between the companies for the purpose of comparability of the data with the historical financial information presented in this Prospectus:

Capitalisation and indebtedness as of 31.03.2021 /preliminary data/	Eurohold Bulgaria AD standalone base	Euroins Insurance Group AD consolidated base	Eurolease Group EAD consolidated base	Auto Union AD consolidated base	Euro-Finance AD standalone base
(thousand BGN)	according to preliminary data as of 31.03.2021 net of intra-group settlements				
<b>1. Equity and reserves, incl.:</b>	<b>298 703</b>	<b>408 902</b>	<b>11 883</b>	<b>18 229</b>	<b>14 100</b>
Equity attributable to the parent	298 703	402 039	12 074	13 218	14 100
Minority participation	-	6 863	-191	5 011	-
<b>2. Subordinated debts</b>	<b>32 784</b>	<b>19 558</b>	-	-	-
<b>3. Non-current liabilities</b>	<b>184 715</b>	<b>67 848</b>	<b>65 231</b>	<b>37 067</b>	<b>958</b>
Loans from banks and non-bank financial institutions	39 861	21 866	51 587	1 639	-
Bond liabilities	142 166	-	6 280	13 839	-
Deferred tax liabilities	-	-	137	203	-
Other long-term liabilities	2 688	45 982	7 227	21 386	958
<b>4. Current liabilities</b>	<b>67 628</b>	<b>965 981</b>	<b>41 398</b>	<b>66 347</b>	<b>16 090</b>
Loans from banks and non-bank financial institutions	15 432	-	29 167	15 652	-
Bond liabilities	21 979	-	2 126	1 081	-
Current liabilities	29 848	18 627	3 987	6 351	-
Trade and other obligations	369	14 381	6 118	43 263	16 090
Obligations on reinsurance operations	-	46 426	-	-	-
Insurance reserves	-	886 547	-	-	-
<b>5. Total liabilities, (2+3+4)</b>	<b>285 127</b>	<b>1 053 387</b>	<b>106 629</b>	<b>103 414</b>	<b>17 048</b>
<b>6. EQUITY and LIABILITIES, (1+5)</b>	<b>583 830</b>	<b>1 462 289</b>	<b>118 512</b>	<b>121 643</b>	<b>31 148</b>
7. Equity / Assets, (1/6)	0,51	0,28	0,10	0,15	0,45
8. Financial autonomy ratio (1/5)	1,05	0,39	0,11	0,18	0,83
9. Liabilities / Assets, (5/6)	0,49	0,72	0,90	0,85	0,55
10. Current liabilities / Liabilities, (4/5)	0,24	0,92	0,39	0,64	0,94
11. Debt ratio (5/1)	0,95	2,58	8,97	5,67	1,21
12. Non-current liabilities / Equity, ((2+3)/1)	0,73	0,21	5,49	2,03	0,07

**Source:** Eurohold Bulgaria AD – according to data extracted from the accounting registers of the Issuer and its subsidiaries

Evident from information provided in the above table the leasing and automotive divisions have the highest indebtedness within the Group. The debt ratio of Eurolease Group EAD (leasing activity) is 8.97, which is typical for the leasing business due to the fact that its activity is financed through borrowed capital. The need of such funds is determined by the growth of the business. Auto Union AD (automotive business) also has a high debt ratio of 5.67, which is due to the deferred payment of ordered cars and spare parts for the service activities agreed with car dealers in commercial agreements. Apart from that, the automotive group uses bank loans for working capital and bank guarantees for deferred payment to car dealers. The amount of the debt ratio of Euroins Insurance Group AD is also over one, which is due to the specific for the insurance business technical provisions which at the end of the first quarter of 2021 amount to BGN 886,547 thousand.

**Indebtedness of Eurohold Bulgaria AD according to preliminary unaudited interim consolidated financial report as of 31.03.2021 following netting the intra-group transactions settlements**

INDEBTEDNESS  (thousand BGN)	according to preliminary data as of 31.03.2021 net of intra-group settlements				
	Eurohold Bulgaria AD standalone base	Euroins Insurance Group AD consolidated base	Eurolease Group EAD consolidated base	Auto Union AD consolidated base	Euro-Finance AD standalone base
Current liabilities	67 628	965 981	41 398	37 067	16 090
<i>incl. insurance reserves</i>	-	886 547	-	-	-
Non-current liabilities	217 499	87 406	65 094	66 347	958
<b>TOTAL liabilities</b>	<b>285 127</b>	<b>1 053 387</b>	<b>106 492</b>	<b>103 414</b>	<b>17 048</b>
Guaranteed liabilities	157 635	-	12 489	7 256	-
Unguaranteed liabilities	127 492	<b>1 053 387</b>	94 003	96 158	17 048
<b>TOTAL liabilities</b>	<b>285 127</b>	<b>1 053 387</b>	<b>106 492</b>	<b>103 414</b>	<b>17 048</b>
Secured liabilities	107 914	19 163	96 599	46 368	-
Unsecured liabilities	177 213	1 034 224	9 893	57 046	17 048
<b>TOTAL liabilities</b>	<b>285 127</b>	<b>1 053 387</b>	<b>106 492</b>	<b>103 414</b>	<b>17 048</b>
Direct liabilities	285 127	1 053 387	106 492	103 414	17 048
Indirect liabilities	-	-	-	-	-
<b>TOTAL liabilities</b>	<b>285 127</b>	<b>1 053 387</b>	<b>106 492</b>	<b>103 414</b>	<b>17 048</b>
<b>Contingent liabilities as of 31.03.2021</b>	<b>59 843</b>	<b>4 890</b>	-	<b>17 798</b>	<b>280</b>

**Source:** Eurohold Bulgaria AD – according to data extracted from the accounting registers of the Issuer and its subsidiaries

**Future contingent liabilities that will arise for the Issuer after the date of approval of this Prospectus**

Future contingent liabilities will arise for Eurohold Bulgaria AD following it provides corporate guarantee(s) in favour of the creditors/investors of its subsidiary company Eastern European Electric Company II BV. in relation to the conclusion of financing transactions or a combination of such transaction by the subsidiary.

Currently, the Issuer does not possess precise information as to the exact amount of the contingent liability that will arise upon the provision of the corporate guarantee (or corporate guarantees - in the case of a combination of instruments), therefore three of the possible options are provided below:

- at minimum amount of EUR 50 mln.*	<b>97 791</b>
- at the amount of 100 mln.*	<b>195 583</b>
- at maximum amount of 150 mln.*	<b>293 374</b>

**Source:** Eurohold Bulgaria AD

\* For the Issuer, in its capacity as corporate guarantor, will arise additional contingent liabilities (after the date of this document) for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) towards the creditors/investors of its subsidiary - Eastern European Electric Company II BV, which are related to and/ or would result from the conclusion of financing transactions for the purpose of raising funds to finance the acquisition of CEZ's Assets in Bulgaria. Funds will be raised through one or a combination of the following financing instruments - subordinated debt; perpetual non-convertible preferred shares with guaranteed dividend, issued by the subsidiary - Eastern European Electric Company II B.V.; a mezzanine loan and/or another financial instrument with an economic



effect similar to the effect of the instruments listed above, the obligations under which will be secured by the guarantee(s) provided. The resolution for providing of the corporate guarantee(s) securing the payment of the liabilities of its subsidiary - Eastern European Electric Company II BV towards its creditors/investors of a total value of - minimum EUR 50,000,000 and maximum EUR 150,000,000, for a period of 3 to 10 years, was adopted on 10.04.2021 at an extraordinary meeting of the General Meeting of Shareholders of Eurohold Bulgaria AD.

There is no indirect indebtedness within the Group, as long as there is contingent indebtedness related to issued bank guarantees mainly to the automotive division, as well as to Eurohold Bulgaria AD and Euroins Insurance Group AD in connection with loans provided to companies from the economic group.

### **3.3. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER:**

The persons who prepared and/or are responsible for the content of this prospectus do not own significant interests in the capital of Eurohold Bulgaria AD, including conflicting interests, that are significant for the current issue/offer.

No remuneration associated with the success of this public offering is provided for any of the compilers and/or the persons responsible for the content of the prospectus. Part of the total amount of the remuneration of the authorized investment intermediary is formed as a percentage on the actually subscribed and paid shares.

The Issuer is not aware of any conflicts, potential or arisen, between its interests and the private interests of the persons responsible for the preparation of this prospectus and for the organization of the public offering as a whole.

### **3.4. REASONS FOR THE OFFER AND USE OF PROCEEDS:**

#### **NET AMOUNT OF THE PROCEEDS FROM THE PUBLIC OFFERING AT MAXIMUM AND MINIMUM SUBSCRIPTION**

##### **Maximum Subscription:**

The maximum amount that the Issuer can raise through the present public offering in case the issue is subscribed and paid in the maximum provided amount is BGN 197,525,600.

The costs of the public offering at maximum subscription are expected to amount to BGN 51,825.

Provided that the entire amount of the offered issue of shares is subscribed, the net amount of the proceeds from the public offering (net of expenses incurred) is expected to amount to **BGN 197,473,775**.

##### **Minimum Subscription:**

The minimum amount that the Issuer can raise through the present public offering in case the issue is subscribed and paid in the minimum provided amount of 40 % is BGN 79,010,240.

The costs of the public offering at maximum subscription are expected to amount to BGN 46,874.

Provided that the minimum provided amount of the offered issue of shares is subscribed, the net amount of the proceeds from the public offering (net of expenses incurred) is expected to amount to **BGN 78,963,366**.

#### **USE OF THE PROCEEDS FROM THE OFFERED SHARES AT MINIMUM AND MAXIMUM SUBSCRIPTION**

The management body of Eurohold Bulgaria AD intends to use the proceeds raised from this issue for investment purposes, as detailed below:

#### **Rationale of the investment purposes:**

##### **1. ACQUISITION OF CEZ'S ASSETS IN BULGARIA**

The significant investment for which as of the date of this document the Issuer has undertaken a commitment and the same is in the process of implementation is the acquisition of CEZ's Assets in Bulgaria.

The execution of this investment implements the long-term investment strategy of the Issuer for entering new regulated business segments and diversification of its investment portfolio.

In June 2019, Eurohold Bulgaria AD executed an agreement for the acquisition of CEZ's Assets in Bulgaria. According to the agreement, Eurohold Bulgaria AD will acquire the CEZ's Assets in Bulgaria through its subsidiary registered in the Netherlands - Eastern European Electric Company B.V., created specifically to consolidate the Issuer's energy business, whose sole owner is the 100% owned subsidiary of the Issuer - Eastern European Electric Company II B.V.

Following receipt of the required approvals and authorizations of the transaction from the respective competent regulatory authorities – Commission for Protection of Competition and Energy and Water Regulatory Commission, currently Eurohold Bulgaria AD is in the process of securing the financing for the transaction.

### **Acquisition structure of CEZ's Bulgarian Assets transaction**

The acquisition of CEZ's Assets in Bulgaria will be carried out in 2 stages.

**Stage One** includes the acquisition by Eastern European Electric Company B.V., the Netherlands of 67% of the share capital CEZ Electro Bulgaria AD (a power supply utility company and licences electricity trader) and CEZ Distribution Bulgaria AD (electricity distribution company), as well as of the acquisition of 100% from the capital of the licensed electricity trader CEZ Trade Bulgaria EAD, the IT services company CEZ ICT Bulgaria EAD (a subsidiary of CEZ Distribution Bulgaria AD), the photovoltaic (solar) park "Free Energy Project Oreshets" EAD, the company for production of electricity from biomass - Bara Group EOOD and CEZ Bulgaria EAD, which coordinates and manages the activities of all companies in the Czech group in the Bulgaria - at total of EUR 335 million in aggregate.

**Stage Two** includes the acquisition by Eastern European Electric Company B.V., the Netherlands of a minority stake (33%) in the public listed companies CEZ Electro Bulgaria AD and CEZ Distribution Bulgaria AD. Upon stage one of the acquisition is completed for Eastern European Electric Company B.V. arises the legal obligation to submit a mandatory tender offer (MTO) to the minority shareholders for the purchase of their respective minority stake (shares from the capital) in the two public listed companies - CEZ Electro Bulgaria AD and CEZ Distribution Bulgaria AD. Currently, the Issuer cannot make an estimation how many of the minority shareholders will accept the offer and sell their shares. Assuming all minority shareholders shall accept the offer, the Issuer estimates the necessary funds for this second stage of the transaction at approx. EUR 100 million.

Separately, apart from the acquisition of participations in the target companies, the investment also includes repayment to the current majority shareholder of shareholder's loans in total amount of EUR 45 million provided to some of the subsidiary target companies. Eurohold Bulgaria AD is not authorized to disclose the parameters of these loans, including date of execution, maturity and purpose. However, these parameters are irrelevant for the future assessment of the Issuer's solvency, given that the loans are subject to repayment in stage one of the transaction execution.

The total value of the investment, including the costs incurred in the acquisition process, amounts to EUR 490 million.

### **Transaction Financing**

Eurohold Bulgaria Ad will finance the the acquisition of CEZ's Assets in Bulgaria through a combination of equity (raised by the current share capital increase of the Issuer) and debt financing raised by the specially created for the acquisition of CEZ's Assets company - Eastern European Electric Company B.V., the Netherlands (whose sole owner is the 100% owned subsidiary of the Issuer - Eastern European Electric Company II B.V, the Netherlands)

The financing structure provides for fund raising through three financing instruments:

First financing instrument - secured senior debt financing (senior loan facility) in the amount of approx. EUR 300 - 320 million, representing the core funding of the transaction, extended by leading global investment banks to the subsidiary Eastern European Electric Company B.V., the Netherlands. As of the date of the Prospectus, the Issuer has executed a mandate letter - an agreement with global banking institution for a leading and exclusive arranger of the secured debt financing (senior loan), as the

Second financing instrument – execution of a financing transactions on behalf of the subsidiary Eastern European Electric Company II B.V. in the form of any of or a combination of the following instruments: subordinated debt; perpetual non-convertible preferred shares with guaranteed dividend, issued by the subsidiary Eastern European Electric Company II B.V.; a mezzanine loan and/or another financial instrument with an economic effect similar to the effect of the listed instruments. The approximate amount of the funding raised under the selected financial instrument(s) shall be around EUR 100 million. The liabilities of the financed company towards its creditors/investors will be guaranteed by Eurohold Bulgaria AD, by providing corporate guarantee, with the following parameters: minimum value of EUR 50 000 000 (fifty million), including the corresponding return of the applied financing instrument for creditors/investors (e.g. interest, fixed dividend, nominal discount) and maximum value of EUR 150 000 000 (one hundred and fifty million), including the relevant return for creditors/investors (e.g. interest, fixed dividend, nominal discount) for a period of 3 to 10 years with purpose of the transaction - financing of part of the acquisition price for the CEZ's Assets in Bulgaria

The funds raised by Eastern European Electric Company II B.V. through the second financing instrument will be down-streamed to its subsidiary Eastern European Electric Company B.V. either through a capital increase, or through financing mechanism similar to the above-listed financing instruments and having a similar economic effect.

Third financing instrument – equity investment in a share capital increase of the subsidiary Eastern European Electric Company B.V. The capital increase will amount to approx. EUR 65 to 75 million and will be carried out in the following manner: first - Eurohold Bulgaria AD will increase the share capital of its subsidiary company Eastern European Electric Company II B.V.; and second, the Eastern European Electric Company II B.V. in turn will increase the share capital of its subsidiary Eastern European Electric Company B.V. Eurohold Bulgaria AD will fund the capital increase of its subsidiary with the proceeds from the current share capital increase of the Issuer.

### Summary of the structure and financing of the transaction for the acquisition of CEZ's Assets in Bulgaria

Transaction costs specification	Value in EUR mln.	Financing	Amount in EUR mln.
Payment of Purchase Price by Eastern European Electric Company B.V.	€ 335	Secured debt financing - (senior loan) /First financing instrument/	€ 300 – € 320
Purchase by Eastern European Electric Company B.V. of a 33 % minority stake in the event MTO is accepted by all shareholders	approx. € 100	Combination of financing transactions /Second financing instrument/	approx. € 100
Repayment by Eastern European Electric Company B.V. of shareholder's loans to the current majority owner of the companies from the CEZ Group in Bulgaria	€ 45	Capital increase of Eastern European Electric Company B.V. /Third financing instrument/	€65 - € 75
Additional expenses incurred by Eastern European Electric Company B.V. in the course of the transaction	approx. € 10		
<b>TOTAL transaction costs</b>	<b>approx. € 490</b>	<b>TOTAL financing*</b>	<b>approx. € 490</b>

\* The total amount of financing of the transaction and its distribution by financing instruments will be structured depending on the following factors - net amount of funds raised from the current share capital increase of the Issuer, and the amount of funding required for the acquisition of the minority stake in the two public listed energy companies - CEZ Electro Bulgaria AD and CEZ Distribution Bulgaria AD dependant on how much of the minority shareholders have accepted the MTO. Due to the current uncertainty as to the value of these two main factors, the Company has undertaken steps towards organizing the financing in the most flexible and broad manner as detailed above. In any case, the total amount of the transaction financing will be structured in such a way that at any given moment it is at least equal to the total amount of the costs. The funds raised from the three financing instruments will be expended proportionally for all transaction costs, as detailed above, arising in in the course of the transaction.

## **2. INVESTMENTS IN SUPPORT OF THE ISSUER'S TWO MAIN BUSINESSES - INSURANCE AND ENERGY**

In case the current public offering of shares closes with subscribed over 75% of the offered new shares, Eurohold Bulgaria AD intends to retain the accumulated amount, not used for capital increase of Eastern European Electric Company B.V., as a buffer for future support of the two main businesses of the Company - insurance and energy.

### **Use of proceeds**

The capital increase of Eurohold Bulgaria AD subject to this Prospectus envisages raising funds in the maximum amount of BGN 197,473,775 (EUR 100,966,738) after deduction of the cost for the public offering.

In case of closing subscription of 75% of the offered new shares, the funds to be raised amount to BGN 148,105,331 (EUR 75,725,053) after deduction of the cost for the public offering.

At a minimum subscription of the current capital increase of the Issuer (40%) the raised funds will amount to BGN 78,963,366 (EUR 40,373,328) after deduction of the cost for the public offering..

#### **1. USE OF PROCEEDS AT MINIMUM SUBSCRIPTION:**

In case of closing subscription at the minimum amount of 40 % of the offered new shares at which the public offering is considered successfully completed, the total amount of the funds raised from the issue, amounting to BGN 79 million (EUR 40.4 million), will be used to finance the investment in the acquisition of CEZ's Assets in Bulgaria.

In such case, for the amount required for the capital increase of Eastern European Electric Company B.V. (amounting to between EUR 65 to 75 million, representing approx. 65% - 75% of the current capital increase of the Issuer) a shortage of approx. BGN 49 million (EUR 25 million) to approx. BGN 69 million. (EUR 35 million) will arise.

In order to mitigate this possible risk of closing subscription of the current issue being less than 75%, the majority owner of Eurohold Bulgaria AD will at any time monitor the subscription of the offered new shares subject to this Prospectus, and, if necessary, will undertake relevant actions for an additional contribution in excess of its proportional subscription quota in the capital of Eurohold Bulgaria AD, so that the amount raised by this public offering is not less than the required 75% of the total offered new shares.

#### **2. USE OF PROCEEDS AT CLOSING SUBSCRIPTION OF 75% OF THE OFFERED NEW SHARES:**

In case of closing subscription of approx. 75% of the offered to the public new shares, the entire amount of raised funds amounting to net sum of BGN 148 million (EUR 75 million) will be used in full to finance the investment in the acquisition of CEZ's Assets.

#### **3. USE OF PROCEEDS AT MAXIMUM SUBSCRIPTION:**

In case of closing subscription at the maximum amount of 100 % of the offered new shares, the raised funds amounting to BGN 197 million (EUR 101 million) will be used on the following investments:

- approx. 75% of the raised funds, amounting to approx. BGN 148 million (EUR 75.7 million), will be invested in share capital increase of Eastern European Electric Company B.V.

- the remainder of approx. 25%, amounting to approx. BGN 49 million (EUR 25 million), or a sum higher than this amount (depending on the amount used for the capital increase of Eastern European Electric Company B.V.) will be retained by the Issuer as a buffer for future support of the two main businesses of the Company - insurance and energy

Currently, the Issuer has received assurances from its majority shareholder, as well as from other investors, of their intention to participate in the current capital increase. Therefore, the management of Eurohold Bulgaria AD considers that the amount that will be raised from the subscribed new shares will be sufficient to fund the proposed use – partial funding of the investment in the acquisition of CEZ's Assets in Bulgaria

## IV. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ ADMITTED TO TRADING

### 4.1. DESCRIPTION OF THE TYPE AND THE CLASS OF THE SECURITIES BEING OFFERED AND/OR ADMITTED TO TRADING, ISSUE AMOUNT, INTERNATIONAL SECURITY IDENTIFICATION NUMBER ("ISIN"):

Subject of the public offering are 79 010 240 shares of the same type and class as the existing issue of shares of the Company, namely: dematerialized, registered, non-preferred, with the right to 1 (one) vote in the general meeting of the shareholders of the Company, with the right to dividend and right to liquidation share, proportionate to the nominal value of the share.

The International Securities Identification Number (ISIN) of the shares of Eurohold Bulgaria AD is BG1100114062.

The shares will be offered only in the Republic of Bulgaria and will not be subject to offering internationally.

### 4.2. LEGISLATION UNDER WHICH THE SECURITIES HAVE BEEN CREATED:

This public offering of shares from the capital increase issue of Eurohold Bulgaria AD is carried out in Bulgaria in accordance with the applicable Bulgarian and European legislation with direct effect on the territory of Bulgaria.

The questions that are essential to investors in relation to the public offering of shares from the capital increase issue of Eurohold Bulgaria AD and their subsequent admission to trading on a regulated market are subject to the provisions of the following acts:

- 📖 Commerce Act (CA);
- 📖 Public Offering of Securities Act (POSA);
- 📖 Markets in Financial Instruments Act (MFIA);
- 📖 Implementation of the Measures against Market Abuse with Financial Instruments Act (IMMAFI);
- 📖 Corporate Income Tax Act (CITA);
- 📖 Personal Income Tax Act (PITA);
- 📖 Tax and Social Security Procedure Code (TSSPC);
- 📖 Currency Act (CuA);
- 📖 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, and repealing Directive 2003/71/EC (Regulation (EU) 2017/1129);
- 📖 Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (Regulation (EU) 2019/980);
- 📖 Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301 (Regulation (EU) 2019/979);
- 📖 Ordinance No. 2 of 17.09.2003 on the prospectuses for public offering and admission to trading on a regulated market of securities and on disclosure of information (Ordinance No. 2);
- 📖 Ordinance No. 8 of 03.09.2020 on the requirements to the activity of the central securities depositories, the central register of securities and other persons, carrying out activities related to the settlement of securities (Ordinance No. 8);
- 📖 Ordinance No. 13 of FSC of 22.12.2003 on a tender offer for buying and exchange of shares (Ordinance No. 13);
- 📖 Ordinance No. 38 of FSC of 21.05.2020 on the requirements to the activities of the investment intermediaries (Ordinance No. 38);
- 📖 Rules and Regulations of the Bulgarian Stock Exchange AD;
- 📖 Rules of Procedure of Central Depository AD.

#### **4.3. INDICATION WHETHER THE SECURITIES ARE IN REGISTERED FORM OR BEARER FORM AND WHETHER THE SECURITIES ARE IN CERTIFICATED FORM OR BOOK-ENTRY FORM:**

The shares of this capital increase issue of Eurohold Bulgaria AD are registered and dematerialized.

The depository institution of the offered shares and the rights associated with them is Central Depository AD, address: 1303, Sofia, 6, Tri Ushi Str., 4<sup>th</sup> floor. Central Depository AD maintains the registers of dematerialized shares in the Republic of Bulgaria, respectively the shareholders' registers of the issuers of dematerialized shares as is the Issuer of the current issue - Eurohold Bulgaria AD.

Following the successful completion of the capital increase, the Issuer will submit the shares from the current issue for registration in the register of FSC under Art. 30, para. 1, item 3 of the Financial Supervision Commission Act (FSCA) for trading on a regulated market, as well as will submit it for registration in the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych (KDPW)), address: 00 - 498 Warsaw, 4 Książęca Str. The Issuer will list the shares from the current issue for trading on the Bulgarian Stock Exchange AD and the Warsaw Stock Exchange and submit it for registration with the Polish Financial Supervision Authority (FSA).

#### **4.4. CURRENCY OF THE ISSUE:**

The issue of shares from the capital increase of Eurohold Bulgaria AD is denominated in Bulgarian levs (BGN). Following the successful completion of the capital increase, the shares will be quoted and traded in Bulgarian levs on BSE AD and in Polish zlotys on the Warsaw Stock Exchange;

The nominal value of the offered shares is BGN 1.00 (one) per share, and the issue value is BGN 2.50 (two levs and fifty stotinki) per share

#### **4.5. DESCRIPTION OF THE RIGHTS ATTACHED TO THE SECURITIES, INCLUDING ANY LIMITATIONS OF THOSE RIGHTS AND PROCEDURE FOR THE EXERCISE OF THOSE RIGHTS:**

##### **BASIC RIGHTS:**

Each share gives the right to 1 (one) vote in the general meeting of the shareholders of the Company, the right to dividend and right to liquidation share, proportionate to the nominal value of the share.

##### **Dividend rights**

The right to dividend is the most important property right of the shareholder, manifested in his right to receive part of the net (book) profit of the Company. This part is proportionate to the shareholder's participation in the capital of the Company. The right to dividend becomes a specific entitlement to receivables of the shareholder from the Issuer under the following prerequisites, applied cumulatively:

1. end of the financial year;
2. realized positive financial result (profit);
3. approval of the annual financial statements of the Company by the General Meeting of Shareholder;
4. according to the audited and approved annual financial statements for the respective year, the net asset value, reduced by the dividends and interests to be paid, is not less than the amount of the capital of the Company, the Reserve Fund and the other funds that the Company may be obliged to create by law or as per its Articles of Association;
5. adoption of a resolution by the General Meeting of Shareholders for distribution of the realised profit, respectively part of it, and in particular for distribution of dividends, determining their amount, etc.

The right to receive a dividend is entitled to the persons recorded as such with right to dividend in the Central Securities Register on the 14th day following the date of the general meeting at which the annual financial statements and a resolution for distribution of the profit were adopted. The Company does not apply restrictions or specific provisions for distribution of dividends to foreign persons.

The public listed company is obliged to ensure payment of the dividend voted at the general meeting of shareholders within 60 days following the said meeting. The expenses for payment of dividends are borne by the Company.

The right to dividend shall be extinguished upon the expiration of the general five-year limitation period under the Obligations and Contracts Act, which period shall commence on the date of adoption of the

resolution for distribution of dividends. After the expiration of the specified term, the right to dividend is extinguished and the uncollected dividends remain in the Company.

### **Voting right**

The right to vote is the most important non-property and governing right of shareholders. By it they participate in the adoption of resolutions by the General Meeting of Shareholders on all issues included in the agenda.

Each share from the current capital increase issue of Eurohold Bulgaria AD entitles its holder to 1 (one) vote in the General Meeting of Shareholders. The Issuer, as a public listed company, may not issue preferred shares entitling the holder to more than one vote.

The right to vote is exercised by the those persons recorded as such with voting rights in the Central Securities Register 14 days before the date of the general meeting. The Central Securities Register is obliged to provide the Company with the list of shareholders under para. 1 and of the foreign persons under Art. 136, para. 1 of POSA at the request of the person authorized to manage and represent the Company.

The presence of the shareholder in this list is a sufficient condition for the shareholder to be entitled to participate in the General Meeting and to exercise its voting rights subject to its proper identification (ID card for natural persons and a certificate of current status for shareholders - legal persons). Holders of the voting rights may participate in the General Meeting in person or through a representative authorized by an explicit written power of attorney issued by the shareholder, with reference to the specific general meeting and with the content stipulated by POSA and the Articles of Association of the Issuer. The authorization may also be performed by electronic means.

The public company may provide in its articles of association for the option to exercise the voting right before the date of the general meeting by correspondence, using mail, including e-mail, courier or any other technically possible means.

### **Pre-emption rights for subscription of offered securities of the same class**

Pursuant to Art. 112 of the Public Offering of Securities Act, upon increase of the share capital of a public company, each shareholder is entitled to acquire shares that correspond to its share in the capital before the increase. Upon increase of the capital of a public company by issuing new shares, rights as defined under § 1, item 3 of the Additional Provisions of the Public Offering of Securities Act shall be issued. One right shall be issued for each existing share. The persons who have acquired shares no later than 5 (five) working days following the date of publication of the announcement under Art. 89t, para. 1 of the Public Offering of Securities Act are entitled to participate in the share capital increase.

### **Right to liquidation share**

Each share entitles to a liquidation share in proportion to its nominal value.

Only persons who are shareholders of the Company at the time of its termination have the right to a liquidation share.

This right is conditional - it arises and may be exercised only in the event that upon liquidation of the Company, after satisfying the claims of all creditors, there are assets remaining for distribution between the shareholders, respectively up to the amount of these assets.

The company is dissolved upon resolution of the General Meeting of Shareholders and in other cases provided for by law or the Articles of Association of the Company.

According to the legislation in force, the right to liquidation share extinguishes upon the expiration of the general 5-year limitation period.

The Issuer as a public listed company may not issue preferred shares entitling the holder to an additional liquidation share.

### **ADDITIONAL RIGHTS:**

Each share additionally entitles its owner to:

- ✓ the right of each shareholder to elect and be elected in the management bodies of the Company;
- ✓ the right to information, including the right to get acquainted with the written materials relevant to the agenda of the General Meeting of the Shareholders prior to the meeting;
- ✓ the right to protection of membership and of individual membership rights (Article 71 of the CA);

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- ✓ the right of each shareholder to bring an action before court against resolutions of the General Meeting of Shareholders that are inconsistent with the provisions of the law or the articles of association (art. 74 of the CA);
- ✓ the right to request a registration official at the Registry Agency to appoint registered auditors, if registered auditors have not been elected by the General Meeting of Shareholders - Art. 249 of the CA.

Additional rights of the minority shareholders (shareholders holding jointly or separately at least 5 percent of the capital of the public company):

- ✓ the right to bring actions before the court against third parties on behalf of the Company in the event the management bodies fail to act, when such omission jeopardizes the interests of the Company;
- ✓ the right to bring an action before the district court exercising jurisdiction at the registered office of the Company for indemnification of damages caused to the Company by acts or omissions of the members of its management and supervisory bodies and its Procurator;
- ✓ the right to requisition the General Meeting of Shareholders or the district court to appoint inspectors to inspect all accounting records of the Company and prepare a report on their findings thereof;
- ✓ the right to require the district court to convene a General Meeting of Shareholder or empower a representative of theirs to convene a General Meeting of Shareholders under an agenda determined by them;
- ✓ the right to require the inclusion of items and to propose resolutions on items that are already included under the agenda of the General Meeting of Shareholders in accordance with the provisions of Art. 223a of the CA. This right is not applicable when on the agenda of the General Meeting of Shareholders is included an item whose subject matter is adoption of a resolution under Art. 114, para. 1 of POSA. The persons in reference are not entitled to include on the agenda of the General Meeting of Shareholders any new items whose subject matter is adoption of a resolution under Art. 114, para. 1 of POSA.

Rights conferred by the shares, subject to this public offering, may not be limited by the rights granted by another class of securities or the provisions of any other contract or document.

#### **Redemption provisions**

Pursuant to the provisions of POSA, a public company may acquire more than 3 per cent of its own shares with voting rights within one calendar year in case of capital decrease through cancellation of shares and repurchase only under the terms and conditions of the tender offer under Art. 149b of POSA. In this case, the requirements for holding at least 5 percent and a minimum repurchase of more than 1/3 of the shares with voting rights do not apply. The Company shall notify FSC and the public as per the procedures set out in Art. 100s(3) and Art.100s(4) of POSA of the number of own shares to be repurchased within that limitation, and for the investment intermediary to which a repurchase order is submitted. The notification must be made no later than the end of the working day preceding the day of the repurchase.

In the event that the Company acquires or transfers its own shares directly or through a person acting in his own name but on behalf of the Company, the Company is obliged to disclose information on the number of votes attached to such shares under the terms and conditions of Articles 100r and 100t of POSA immediately, but not later than four working days of the acquisition or transfer when their number reaches, exceeds or falls below 5 or 10 percent of the voting rights.

#### **Conversion provisions**

Convertible securities are hybrid instruments that can be structured either in the form of debt - as bonds or in the form of capital - as preferred shares. The ownership of convertible securities entitles the owner to convert them into a certain number of shares of a company, under the pre-determined conditions in the resolution for their issuance. Each holder of a convertible security has the right to convert into a document for capital participation - share.

At present Eurohold Bulgaria AD has not issued convertible securities.

#### **4.6. RESOLUTIONS, AUTHORISATIONS AND APPROVALS BY VIRTUE OF WHICH THE SECURITIES HAVE BEEN OR WILL BE CREATED AND/OR ISSUED:**

The resolution for capital increase of Eurohold Bulgaria AD was adopted pursuant to Art. 30, item 2 of the Articles of Association of Eurohold Bulgaria AD, Art. 192 et seq. of the Commerce Act and Art. 112 et seq. of the Public Offering of Securities Act, by the General Meeting of Shareholders of the Issuer, held on 10.04.2021.



In accordance with the resolution of the General Meeting of Shareholders, the capital of Eurohold Bulgaria AD shall be increased from BGN 197,525,600 (one hundred ninety-seven million five hundred twenty-five thousand six hundred) to BGN 276,535,840 (two hundred and seventy-six million five hundred and thirty-five thousand eight hundred and forty). The new issue consists of 79,010,240 shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, non-preferred, with the right to 1 (one) vote in the general meeting of the shareholders of the company, with the right to dividend and right to liquidation share, proportionate to the nominal value of the share. The nominal value of each share is BGN 1.00 (one). The issue value of each share is BGN 2.50 (two and 0.50).

The public offering will be considered successfully completed and respectively the capital of Eurohold Bulgaria AD will be increased only if at least 31,604,096 (thirty-three million six hundred and four and ninety-six) shares are subscribed and fully paid, representing 40% (forty percent) of the offered shares. In this case, pursuant to the provisions of Art. 192a, para. 2 of the Commerce Act, the capital of the Company will be increased only with the value of the subscribed and fully paid shares, equal to or exceeding the indicated minimum admissible amount of the raised capital, whereby the public offering is considered successfully completed. It is not possible to subscribe for shares above the maximum admissible amount of the capital announced for raising amounting to 79,010,240 (seventy-nine million ten thousand two hundred and forty) shares.

On 12.04.2021, the Management Board of Eurohold Bulgaria AD approved this Prospectus for public offering of securities and its submission thereto for confirmation to the Financial Supervision Commission.

The Prospectus of Eurohold Bulgaria AD for public offering of shares, part of which is this Securities Note, has been confirmed by the Financial Supervision Commission with the decision indicated on the first page above.

#### **4.7. EXPECTED ISSUE DATE:**

The capital increase of Eurohold Bulgaria AD is effective from the date of its entry in the Commercial Register and the register of the NPLE. The new shares are issued with the registration of the issue from the capital increase by the Central Depository AD, which is expected to take place by the end of June 2021.

Following the issue is registered by the Central Depository AD., the Issuer will submit the shares from the current issue for registration in the register of FSC under Art. 30, para. 1, item 3 of the Financial Supervision Commission Act (FSCA) for trading on a regulated market, as well as will submit it for registration in the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych (KDPW)), address: 00 - 498 Warsaw, 4 Książęca Str. The Issuer will list the shares from the current issue for trading on the Bulgarian Stock Exchange AD and the Warsaw Stock Exchange and submit it for registration with the Polish Financial Supervision Authority (FSA). The issue is expected to be admitted to trading on BSE AD by the end of June 2021, and on the Warsaw Stock Exchange by the end of September 2021.

The commencement of the public offering is provided in item 5.1.3 of this documents.

As of today, no other capital increases of the Issuer are planned or in the process of implementation.

#### **4.8. DESCRIPTION OF ANY RESTRICTIONS ON THE TRANSFERABILITY OF THE SECURITIES:**

##### **Restrictions on the transferability of shares in the Republic of Bulgaria:**

The shares of this issue are freely transferable without any restrictions, as per the will of their owner and in accordance with the provisions of Markets in Financial Instruments Act (MFIA), Ordinance No. 38 on the requirements to the activities of the investment intermediaries, Rules of Procedure of Central Depository AD (CD) and the Rules and Regulations of the Bulgarian Stock Exchange AD.

Central Depository AD registers the transactions for transfer of shares if the necessary financial instruments and the funds due against them are available and enters the data in the register of dematerialized securities of the Issuer. The transfer is considered executed from the moment of its registration by Central Depository AD. The ownership rights of the Purchaser of shares are certified by a depository receipt or other evidence of registration with equivalent legal effect issued by Central Depository AD. The transmission of documents for registration and payment of the sale price is carried out by an investment intermediary, based on a concluded investment services contract.

The trading in Company's shares on the regulated market – BSE will be carried out through a licensed investment intermediary, a member of the stock exchange. In order to purchase or sell shares on the stock exchange, investors and shareholders submit the respective purchase or sale orders to the investment

intermediary with which they have concluded a contract for investment services. According to the requirements of art. 62 of Ordinance No. 38 of 21.05.2020 on the requirements to the activities of the investment intermediaries, an investment intermediary may not conclude a contract under Art. 82, para. 1 of MFIA (i.e. contract with a client), if the client has not been identified and if the client or his representative has not submitted and signed the necessary documents, has submitted documents with obvious irregularities or the data in them are incomplete, have inaccuracies or inconsistencies or there is another circumstance that raises the suspicion of improper identification or representation. According to the requirements of the Anti-Money Laundering Measures Act (AMLMA), before concluding a contract and entering into commercial relations with a client, each investment intermediary is obliged to perform identification and complex inspection of each client, as well as to assess the risk by determining the risk profile of the client.

Upon execution of the stock exchange transaction, the investment intermediary performs the necessary actions for registration of the transaction with the Central Depository AD and for settlement, whereby the shares are transferred from the account of the seller to the account of the purchaser.

Pursuant to the requirements of Art. 63, para. 1 of Ordinance No. 38 of 21.05.2020. on the requirements to the activities of the investment intermediaries is not allowed to execute an order if it ascertains that the financial instruments - subject of the sale order, are not available at the client's account or are blocked in a depository institution, as well as when the instruments have been pledged or distrained.

The restriction in respect of pledged financial instruments does not apply in the following cases:

1. the acquirer has been notified of the established pledge and has expressly agreed to acquire the pledged financial instruments and there is an explicit consent of the pledge creditor in the cases provided for under the Special Pledges Act;
2. the pledge is established on an aggregate within the meaning of the Special Pledges Act.

The restriction on execution of a sale order of financial instruments that are not available on the client's account shall not apply in cases where the investment intermediary otherwise ensures that the financial instruments subject to sale will be delivered on the transaction settlement date.

Transactions with shares of the Issuer may also be concluded at a multilateral trading facility and outside a regulated market.

The investment intermediary is not allowed to execute client's order for transactions with financial instruments, if this would lead to a violation of MFIA, AMLMA, IRAMLMA, IMMAFI or other legislative acts in force.

The parties to a contract for transactions in financial instruments concluded in advance directly between themselves, respectively the persons seeking to transfer dematerialized financial instruments in case of donation and inheritance, change of data on holders of dematerialized financial instruments, correction of erroneous data, issue of duplicates of certification documents and other similar actions, use the services of an investment intermediary - registration agent at Central Depository AD.

#### **Restrictions on the transferability of shares in the Republic of Poland:**

The shares of this issue are freely transferable without any restrictions, as per the will of their owner. The sale and purchase of the Issuer's shares on the Warsaw Stock Exchange may be carried out through an investment intermediary, by using the trading mechanisms applicable to this regulated market and in accordance with the provisions of the Polish law.

Pursuant to Art. 75 of the Polish Public Offering Act, shares that are the subject of a pledge may not be traded until the pledge is released, unless the acquisition of the shares is made in connection with a financial collateral arrangement, as defined in the Polish Financial Collaterals Act, dated 02.04.2004.

#### **4.9. NATIONAL LEGISLATION ON TAKEOVERS APPLICABLE TO THE ISSUER:**

The shares of Eurohold Bulgaria AD may be the subject of a tender offer or a compulsory squeeze-out or compulsory redemption proposal, in the cases specified in POSA, as provided below:

Pursuant to Art. 149, para. 1 of POSA, a person who acquires directly or through related parties more than one third of the votes in the General Meeting of Shareholders (GMS) of a public company, in which company there is no person or persons holding directly or through related parties more than 50 percent of the votes in the GMS, is obliged within 14 days from the acquisition, respectively within one month from the entry in the commercial register of the reorganization or the reduction of the capital, when the crossing of the threshold is as a result of reorganization or as a result of cancelation of shares, to register in the FSC in accordance with art. 151 of POSA, tender offer to the other shareholders with voting rights for the purchase

of their shares and/or for their exchange with shares, which will be issued by the offeror for this purpose (mandatory tender offer – MTO) or to transfer the required number of shares so as to hold directly or through related parties - less than one third of the votes in the GMS of the Company. Such obligation arises also for a person who acquires directly, through related parties or indirectly under the provisions of Art. 149, para. 2 of POSA more than 50 per cent of the votes in the GMS of a public company, as well as for a person who acquires directly, through related parties or indirectly more than two thirds of the votes in the GMS of a public company, unless within 14 days from the acquisition, the person has transferred the required number of shares so as to hold directly, through related parties or indirectly less than 50 percent, respectively less than two thirds of the votes. The tender shall be accepted with an explicit written statement of intent and by depositing the documents certifying for the shares with an investment intermediary or in the Central Depository AD, as well as by performance of other acts and deeds as may be necessary in relation to the transfer. The acceptance of the offer may be withdrawn until the expiration of the term under Art. 150, para. 2, item 7, respectively of the extended term under Art. 155, para. 4 of POSA. The transaction shall be considered closed at the time of expiration of the term under Art. 150, para. 2, item 7, respectively of the extended term under Art. 155, para. 4 of POSA. The payment of the price, respectively the exchange of the securities, shall be made within 7 working days after the closing of the transaction. The rights under the shares - subject of the tender offer, pass to the offeror with the registration of the transfer of the shares in the Central Securities Register.

The compulsory squeeze-out is provided for in Art. 157a of POSA. According to this legal institute, a person who, as a result of a tender offer addressed to all shareholders with voting rights, acquires directly, through related parties or indirectly in the cases under Art. 149, para. 2 of POSA at least 95 percent of the votes in the GMS of the public company, this person has the right within three months from the deadline of the tender offer to buy the voting shares of the other shareholders without the need for their consent. The proposal for compulsory purchase shall be approved by the FSC within 14 days from the submission of the application for its approval.

Within three days from the issuance of the approval, the person is obliged to present the proposal to the Company and the regulated market, on which the shares of the Company are admitted to trading, and to publish it in accordance with art. 154 of the POSA. The transfer of the shares and the payment of the price shall be made simultaneously within 7 working days from the publication of the proposal.

Pursuant to Art. 157b of POSA, each shareholder has the right to demand from the person who, as a result of a tender offer, has acquired directly, through related parties or indirectly in the cases under Art. 149, para. 2 of POSA, at least 95 percent of the votes in the GMS of the public company, to redeem its voting shares within three months from the deadline of the tender offer (the compulsory redemption proposal). The request must be made in writing and contain information about the shareholder and the shares held by him. The person is obliged to redeem the shares within 30 days of receiving the request.

#### **4.10. INDICATION OF PUBLIC TAKEOVER BIDS BY THIRD PARTIES IN RESPECT OF THE ISSUER'S EQUITY, WHICH HAVE OCCURRED DURING THE LAST FINANCIAL YEAR AND THE CURRENT FINANCIAL YEAR:**

As at the date of the present document, the shares of Eurohold Bulgaria AD were subject to one tender offer. The tender offer was made to all remaining shareholders of the company by BULGARIAN HOLDING CORPORATION AD (currently renamed Starcom Holding AD), in its capacity of a shareholder, holding 96.3% of the voting rights at the general meeting of Eurohold Bulgaria AD, at a price of BGN 2.03 per share. The tender offer was approved by FSC on 29.01.2007, respectively published by the offeror on 01.02.2007.

#### **4.11. TAXATION:**

This text with regard to the taxes due is intended only as a general guide and should not be construed as legal or tax advice. Potential investors must be aware that they are entitled to choose the regulated market on which they want to trade their shares of the Issuer i.e. BSE-Sofia AD or Warsaw Stock Exchange, which decision must take into account the tax consequences. It is recommended that potential investors consult tax and legal advisers regarding taxation of income in the Republic of Bulgaria and the Republic of Poland related to financial instruments and tax treatment of the acquisition and disposal of financial instruments.

#### **TAXATION IN THE REPUBLIC OF BULGARIA**

The below provided information complies with the current legislation in the Republic of Bulgaria as at the date of preparation of this document and the Issuer is not responsible for subsequent amendments to the legislation on taxation of income from shares.

Shares generate income to their holders in the form of a positive difference between the sale price and the acquisition price (capital gain) on share transactions, income from dividends and income from liquidation shares (upon termination of the Company).

The Issuer make the warning that the tax legislation of the investor's Member State and of the issuer's country of incorporation may have an impact on the income received from the securities.

The information set forth in this part regarding the taxation related to the shares of the Company and the taxes due in the Republic of Bulgaria is applicable to the holders of shares of the Company, including local and foreign persons for tax purposes.

Local legal entities are legal entities and unincorporated associations registered in the Republic of Bulgaria, as well as European public limited-liability company (*Societas Europaea* or SE) established under Regulation (EC) No. 2157/2001 and a European Cooperative Society (SCE) established under Regulation (EC) No. 1435 / 2003, whose registered office is in Bulgaria and which are entered in a Bulgarian register.

Local natural persons are natural persons, regardless of citizenship, with a permanent address in the Republic of Bulgaria or who reside in the Republic of Bulgaria for more than 183 days in each 12-month period. Also local are the persons whose center of vital interests (which is determined by the family, property, place of employment, professional or economic activity or the place from which the person manages his property) is located in the Republic of Bulgaria, as well as persons sent abroad by the Bulgarian state, its bodies and / or organizations, Bulgarian enterprises and their family members.

Foreign persons (legal and natural) are persons who do not meet the above definitions.

### **Capital gains**

Taxation of income earned from transactions concluded on a regulated market

#### LOCAL NATURAL PERSONS

According to Art. 13, para. 1, item 3 of PITA, income from disposal of financial instruments within the meaning of § 1, item 11 of the additional provisions of the Personal Income Tax Act, namely income from transactions in shares and rights, conducted on a regulated market under Article 73 of the Markets in Financial Instruments Act /MFIA/ are not taxable.

Therefore, the income of local natural persons from transactions in rights and shares of the Issuer concluded on BSE-Sofia AD are exempt from taxation.

#### FOREIGN NATURAL PERSONS

Pursuant to Article 37(1)(12) of PITA, the income of foreign natural persons originating from the sale, exchange or any other transfer for consideration of shares, stocks, compensatory instruments, investment bonds and other financial assets under Article 38(5) of PITA, in case this income has not been realized by a base, calculated in the country, shall be subject to a final taxation, irrespective of circumstances referred to in Article 13 of PITA.

Income referred to in the preceding sentence is not subject to a final tax when exempt from taxes under Article 13 of PITA and accrued/paid in favour of foreign natural persons residing for tax purposes in a Member State of the European Union or in another Member State of the European Economic Area i.e. income from transactions in shares carried out on a regulated market in the meaning of Art. 152, par. 1 and 2 of MFIA, are not subject to withholding tax when paid to foreign natural persons residing for tax purposes in a EU Member State or in another Member State of the EEA. The fact that the persons are domiciled for tax purposes in a EU Member State or in another Member State of EEA is certified to the payer of the income by a document issued by the tax authority of the State, in which the person is residing for tax purposes and a declaration from the person acquiring the income that the circumstances under Article 13 of PITA for non-taxable income are present.

When the income from a source in Bulgaria has not been realized by a base, calculated in the country, and at the same time are accrued/paid in favour of foreign natural persons residing for tax purposes in a third country, they are subject to a final tax of 10 per cent under the provisions of PITA. The tax is declared and paid by the recipient of the income without obligation for the Issuer.

#### LOCAL LEGAL PERSONS

Taxation of legal persons is governed by the Corporate Income Tax Act /CITA/. Article 44(1) of CITA provides for that In the process of determining the tax financial result, the accounting financial result shall be decreased by the profit from disposal of financial instruments within the meaning of § 1, Item 21 of the Additional Provisions of CITA, determined as the positive difference between the sale price and the documented price of acquisition of the said financial instruments. Pursuant to the mentioned paragraph and similar to PITA the term "disposal of financial instruments" include transactions in shares and rights, carried out on a regulated market pursuant to Art. 152, par. 1 and 2 of MFIA.

It shall be taken into consideration, however, that according to Art. 44, para. 2 of CITA, the loss from disposal of financial instruments is not recognized as an expense for tax purposes and the financial result is increased by it.

Therefore, the income of local legal persons from transactions in rights and shares of the Issuer concluded on BSE-Sofia AD are exempt from corporate tax.

#### FOREIGN LEGAL PERSONS

Pursuant to Article 196 of CITA no tax at the source shall be due on income from disposal of financial instruments under § 1, Item 21 of the Additional Provisions. Income from disposal of financial instruments for the purpose of Article 196 shall be income from transactions in shares and rights, carried out on a regulated market within the meaning of Art. 152, par. 1 and 2 of MFIA.

Therefore, the income of foreign legal persons from transactions in rights and shares of the Issuer concluded on BSE-Sofia AD are not taxable.

#### **Taxation of income realized from transactions concluded outside a regulated market**

Income realized by natural and legal persons /local and foreign/ from OTC transactions with shares, admitted for trading on a regulated market, which are only announced on the regulated market is subject to taxation. In this case, the income realized from the sale of shares by local persons shall be subject to taxation in accordance with the general rules of CITA and PITA, while the income from the sale of shares, realized from foreign persons shall be subject to withholding tax i.e. in Bulgaria, in the amount of 10 per cent if the applicable Double Taxation Treaty (DTT) does not provide otherwise.

The Issuer assumes no obligation and responsibility to withhold taxes at the source, due from trading in securities of Eurohold Bulgaria AD.

#### **Income from dividends and liquidation shares**

##### LOCAL AND FOREIGN NATURAL PERSONS

According to Article 38(1) of PITA, income from dividends and liquidation shares distributed to local or foreign natural persons from a source in Bulgaria shall be subject to final tax at the rate of 5 per cent, which tax shall be withheld and paid by the Issuer of shares as the payer of the income.

The final tax on income from dividends shall be determined on the gross amount decided by the General Meeting of Shareholders for dividend distribution.

The final tax on income from liquidation shares shall be determined on the positive difference between the value of the liquidation share and documented cost of acquisition of the share in the Company.

##### LOCAL LEGAL PERSONS

According to CITA, revenue resulting from the distribution of dividends by local legal persons is recognized for tax purposes. Therefore, income from dividends, distributed to local legal persons by the persons under the first sentence are exempt from corporate tax.

Pursuant to Article 194(1) of CITA, tax at the source shall be due on dividends and liquidation shares distributed by local legal persons in favour of local legal persons that are not traders, including municipalities. This provision shall not apply where the dividends and liquidation shares are distributed to mutual funds and local legal persons that participate in the capital of the Company as a representative of the State. The tax is final amounting to 5 per cent and is withheld and paid by local legal persons distributing dividends, i.e. in that case the tax at the source will be withheld and paid by the Issuer of shares, which in this case is the payer of the income /person that distributes dividend, liquidation share /.

##### FOREIGN LEGAL PERSONS

According to Article 194(1) of CITA, tax at the source is due on the dividends and liquidation shares distributed by local legal persons in favor of foreign legal persons, except where the dividends are realized by a foreign legal person through a permanent establishment in the country or when dividends are allocated to a mutual fund or a foreign legal person, which is a local person for taxation purposes of a Member State of the European Union or of another state – party to the Agreement on European Economic Area. The withholding tax is at a rate of 5 per cent. The tax is final and is withheld from the local legal persons distributing dividends or liquidation shares, i.e. in that case the withholding tax will be withheld and paid by the Issuer of shares, which in this case is the payer of the income /person that distributes dividend, liquidation share/.

### **Double Taxation Treaties (DTTs)**

Where the Republic of Bulgaria and the respective foreign country, whose resident has realized income in Bulgaria, has concluded a Double Taxation Treaty (DTT), its provisions shall apply with priority over Bulgarian local legislation.

The procedure for implementation of DTT is covered in detail in Chapter XVI, Section III of the Tax and Social Security Procedure Code (TSSPC). DTT shall apply only after submission of a request and justification of the reasons before the revenue authorities. For this purpose, after occurrence of a tax liability on income from sources in the country, the foreign person should certify to the revenue authority that: 1) it is a resident of the other State within the meaning of the respective DTT; 2) it is the owner of the income from a source in the Republic of Bulgaria; 3) it does not have a permanent establishment or fixed base in the Republic of Bulgaria, with which the respective income is effectively connected; 4) the special provisions for the implementation of DTT or its individual provisions regarding the persons specified in the DTT itself are complied with, where such special provisions are contained in the respective DTT.

A foreign person shall be an owner of the income, where it is entitled to dispose of the income and to assess its utilization and to bear the whole or a substantial degree of the risk from the activity by which the income is being realized and does not act as a Company for income redirection.

A company for income redirection is a company, which is being controlled by persons, who would not be entitled to the same type and amount of reductions, if the income has been realized directly by them, and does not carry out any business activity beyond the possession and/or administration of the rights or assets from which the income of the company is realized, and the company: 1) does not dispose with assets, capital or staff adequate to its business activity; 2) does not have control over the usage of the rights or of the assets by which the income is realized. A foreign person, if more than half of its voting shares are traded on a regulated market, shall not be considered a company for income redirection.

The reasons to apply DTT under Article 136 of TSSPC shall be certified by a declaration or official documents, including abstracts of public registries. When such documents are not issued, other written evidence shall be acceptable.

Written evidences shall be submitted regarding the kind, the ground for receipt of the income and the size of the respective income.

In case of income from dividends from shares issued by a public company - a decision of the general assembly of the company; coupon notes; abstract from the book of the shareholders certified by the company; a copy of a copier or a temporary certificate; personal certificate for dematerialized shares; an abstract of the book for dematerialized shares or other document certifying the kind and size of the income, as well as the size of the participation of the foreign person may be provided as evidence.

For income from a liquidation share - a document proving the size of the investment, a final liquidation balance after the satisfaction of the creditors and a document determining the distribution of the liquidation share, and for distribution of the liquidation share in kind - a decision of the shareholders and documents on whose grounds the market price of the liquidation share was determined;

For income from transfer of shares and trading in share rights, when not exempt from taxation by operation of law - a document for the transfer of rights and a document certifying the sale price and the price of acquisition.

The foreign person shall file with the revenue authorities a request to apply DTT with the documents and evidences attached thereto. The provisions of DTT apply only if the statement of the revenue authority on this request confirms the reasons for this application. Otherwise, the provisions of the relevant material tax law shall apply, i.e. Bulgarian tax legislation. In case of statement for lack of grounds for application of DTT, the foreign person has the right to appeal.

When a payer charges to a foreign person income from a source in the country with total amount up to BGN 500 000 per year, the above circumstances for application of DTT shall be certified before the payer of the

income. In this case, DTT application request shall not be filed before the revenue authorities. This text with regard to the taxes is intended only as a general guide and should not be construed as legal or tax advice. It is recommended that potential investors consult tax and legal advisers regarding general tax consequences including taxation of income in the Republic of Bulgaria related to financial instruments and to tax treatment of the acquisition and disposal of financial instruments.

### **Legal regime on the import and export of capital**

The legal regime of the transactions and the payments between local and foreign persons, of cross-border transfers and payments and cross-border transportation of BGN and foreign currency in cash is regulated by the Currency Act of 1999 (last amended SG, No 14 of 18.02.2020) and the secondary legislative acts thereto.

#### **Cross-border Transportation of Cash**

Local and foreign persons may transport unlimited amount of BGN and foreign currency in cash across national borders, as well as bearer payment instruments in compliance with the Currency Act and Ordinance No H-1 of 01.02.2012 on the transfer of cash across the national border, precious metals, precious stones and articles made therewith or thereof and keeping customs registers under Article 10a of the Currency Act. Pursuant to Ordinance No H-1 of 01.02.2012 (the Ordinance):

- Transportation of cash to the amount of EUR 10 000 or more or the equivalent in BGN or other currency across the national border to or from a third country is subject to customs declaration in the manner provided for in Article 9 of the Ordinance.
- The customs authorities shall allow transportation of funds amounting to BGN 30 000 or more or their equivalent in another currency across the national border to a third country after presentation of a certificate from the competent territorial directorate of the National Revenue Agency for lack of public liabilities or a document certifying that the person is not entered into the register of the National Revenue Agency.
- Upon transportation of cash to third countries amounting to BGN 30,000 or more or their equivalent in another currency, foreign natural persons declare before the customs authorities only the type and amount of transported cash when their value does not exceed previously declared cash.
- Transportation of cash to the amount of EUR 10,000 or more or the equivalent in BGN or other currency across the national border to or from a EU Member State is declared upon request of the customs authorities in the manner provided for in the Ordinance.

#### **Restrictions of cash payments in Bulgaria**

The Act on Restriction of Cash Payments provides for restrictions of cash payments on the territory of the country, when: 1. the amount is equal to or exceeds BGN 10,000 or the equivalent in foreign currency; or 2. the amount is below BGN 10,000, or the equivalent in foreign currency, but is part of a cash consideration under a contract which value is equal to or exceeds BGN 10,000 or the equivalent in foreign currency. Payments over the above limits shall be made only by a bank transfer or deposited under a payment account with a credit or payment institution.

### **TAXATION IN THE REPUBLIC OF POLAND**

This section provides information with respect to taxes arising from possession and secondary trading of shares admitted to trading on the official market of the Warsaw Stock Exchange. All the information presented in the section below relates solely to the shares of the Issuer. The following information complies with the current legislation in the Republic of Poland as at the date of preparation of this document and the Issuer is not liable for subsequent amendments to the legislation on taxation of income from shares. The information presented below is of a general nature and should not be considered comprehensive in assessing the tax consequences of an investment. It is recommended that potential investors consult a tax expert.

#### **Personal taxes**

Tax principles applicable to natural persons for income from sale of shares and from dividends from shares depend on the particular treatment of the person whether permanently residing in Poland for tax purposes (respectively there are tax liabilities) or not (hence no tax liabilities). The principles for determining the status of the person for tax purposes are defined in the Personal Taxes Act as well as in the bilateral tax treaties of the Republic of Poland with other countries. In general, a taxable person is considered a person living on the territory of the Republic of Poland or a person residing in the Republic of Poland for more than 183 days in one calendar year. The bilateral agreements of Poland for the avoidance of double taxation, however, may affect this rule.

- Taxes on income from sale of shares for consideration

Art. 30b of the Personal Taxes Act provides that natural persons, that is a taxable person in the Republic of Poland, owes an income tax when selling shares for consideration. The difference between the sale share price and the purchase share price and associated costs is subject to tax. Profits from the sale of shares are subject to 19.0% tax, except in cases where they are a form of payment/transaction, in which case the relevant tax rate is valid. Natural persons are required to declare their income in a separate tax return. Pursuant to Article 30b, para. 6 of the Personal Tax Act, the natural person is obliged to disclose the income and to calculate the due tax in an annual declaration under Article 45, para. 1a, item 1 of the Personal Taxes Act.

Income from sale of shares by foreign natural persons is also subject to taxation under the same principles, except in cases where there are existing bilateral agreements to avoid double taxation that treat the situation differently. The person certifies the applicability of DTT provisions by an official document of residence.

➤ Taxes on dividends

Art. 30 of the Personal Taxes Act provides that income from dividends in the Republic of Poland are taxed at a flat rate of 19.0%. Pursuant to Art. 41, par. 4 the flat tax of 19.0% payable on the payment of dividends or other forms of cash transfers to the taxpayer shall be deducted from the paying party. This rule applies to foreigners (non-taxable persons in the country), except in the cases of existing agreements for the avoidance of double taxation, which treats the situation differently. To implement the provisions of an existing agreement for the avoidance of double taxation, including non-payment of this tax by the paying party, the latter is required to possess a valid document issued by the relevant tax authorities where the person is taxable, which certifies that the person is taxable in another jurisdiction.

### Corporate taxes

As with natural persons, tax principles applicable to legal persons for income from sale of shares for consideration and for dividends from shares depend on the concrete treatment of the person, whether permanently residing in Poland for tax purposes (respectively there are tax liabilities) or not (hence no tax liabilities). The grounds for determining the status of the person in Poland for tax purposes is determined by the official registration of the legal entity or governing body of the person. The bilateral agreements of Poland for the avoidance of double taxation, however, may affect this rule.

➤ Taxes on income from sale of shares for consideration

The Corporate Taxation Act defines tax principles applicable to legal persons that are taxable in the Republic of Poland. According to the Act, expenses incurred for the acquisition of shares are not recognized as expense at the time of their purchase, and are accounted for as an expense at the time of subsequent sale and are used in determining the tax liability of the person. Foreign taxable legal persons are also subject to this tax, except in cases where there is a valid agreement to avoid double taxation.

➤ Taxes on dividends

Pursuant to Art. 22, par. 1 of the Corporate Taxation Act, dividend income from shares are taxed at a flat rate of 19.0% (without recognition of related expenses). The tax is deducted from the person distributing the dividend. Reason for non-payment of this tax and respectively not deducting it from the paying party is the presence of an official document issued by the counterparty's national tax administration defining the person as taxable in the respective other State, to which the bilateral agreement on avoidance of double taxation is applicable.

Also, according to art. 22, para. 4 of the Corporate Taxation Act dividend income/revenue of taxable legal entities in the Republic of Poland are not subject to taxation if they meet all of the following conditions:

- The person paying the dividend or other amounts as part of a realized profit is a company that is liable under the Corporate Taxation Act and whose official registration, office or governing body are in the Republic of Poland (Republic of Poland/RP Company);
- The person receiving dividends or other amounts as part of a realized profit of another legal person, is a person paying taxes in the Republic of Poland, in another Member State of the European Union (EU) or in another country of the European Economic Area (EEA) on its global income, irrespective of the place of origin (EU/EEA Company);
- The EU/EEA Company holds 10.0% of the shares of the RP Company (Shares);
- The dividend or other amounts as part of the realized profit of other legal persons are received by the EU/EEA Company or a foreign branch of an EU/EEA Company.



**Inheritance taxes and donations**

The Ordinance on inheritance taxes and donations sets out that the acquisition of property rights by natural persons as a result of inheritance or donation, including rights stemming from securities, are subject to taxation if at the moment of acquisition of the inheritance or the donation, the beneficiary on the inheritance or the donation is a Polish national, resides in the Republic of Poland or the property rights are exercised in Poland. The tax rate for inheritance and donation depends on the bloodline relationship or the relationship between the deceased and the heir in the case of inheritance and between the donor and the beneficiary in case of a donation. The Ordinance on inheritance tax and donations determines that the acquisition of ownership on assets through donation, including securities by a spouse, direct and indirect heirs of the collateral branch of the family up to second degree is exempt from taxes if the onset of inheritance or receipt of the donation is officially announced before the relevant tax authorities within 6 months from the final vesting of the asset. If this condition is not complied with, the acquisition of property rights on these assets is subject to taxation under the taxation rules for natural persons.

**4.12. THE POTENTIAL IMPACT ON THE INVESTMENT IN THE EVENT OF RESOLUTION UNDER DIRECTIVE 2014/59/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL:**

Not applicable.

**4.13. THE IDENTITY AND CONTACT DETAILS OF THE OFFEROR OF THE SECURITIES AND/OR THE PERSON ASKING FOR ADMISSION TO TRADING, IF DIFFERENT FROM THE ISSUER:**

Not applicable.

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**V. TERMS AND CONDITIONS OF THE OFFER OF SECURITIES TO THE PUBLIC**

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**5.1. CONDITIONS, OFFER STATISTICS, EXPECTED TIMETABLE AND ACTION REQUIRED TO APPLY FOR THE OFFER:****5.1.1. Conditions to which the offer is subject:**

This public offering of shares from the the capital increase share issue of Eurohold Bulgaria AD is carried out in Bulgaria according to the applicable Bulgarian and European legislation with direct effect on the territory of Bulgaria.

Pursuant to Art. 112, par. 2 of POSA, upon increase of the capital of any public company by issuing of new shares, it is mandatory to issue rights within the meaning of § 1, item 3 of the Additional Provisions of the POSA. One right shall be issued for each existing share. The rights allow for subscription of a certain number of shares in connection with the adopted resolution for the capital increase of the public company.

Pursuant to Art. 112b, para. 2 of the Public Offering of Securities Act (POSA), the persons who have acquired shares no later than 5 (five) working days after the date of publication of the announcement under Art. 89t, para. 1 of the Public Offering of Securities Act shall be entitled to participate in the share capital increase. Within two working days of the expiration of the specified term of 5 working days, the Central Depository AD opens accounts for rights of these persons on the basis of data entered in the book of shareholders.

Against each share from the capital of Eurohold Bulgaria AD is issued one right within the meaning of § 1, item 3 of the Additional Provisions of the Public Offering of Securities Act. Against every 5 (five) rights, their holder may subscribe for 2 (two) new shares from the issue of the capital increase at an issue value of BGN 2.50 (two and 0.50) each.

All persons who wish to subscribe for shares from the new issue of shares of Eurohold Bulgaria AD shall first acquire rights. The current shareholders acquire the rights free of charge under the procedure described above. All other investors may purchase rights through a trade performed at the organized by the Bulgarian Stock Exchange - Sofia AD "Rights Market" within the term for free trading of the rights or

through purchase under the conditions of an open auction for the unexercised rights, according to the procedure described in detail in prospectus.

### **5.1.2. Total amount of the issue/offer:**

Subject of the public offering are 79 010 240 (seventy-nine million ten thousand two hundred and forty) dematerialized, registered, non-preferred, freely transferable shares from the new issue of shares from the capital increase of Eurohold Bulgaria AD

shares of the same type and class as the existing issue of shares of the Company, namely: dematerialized, registered, non-preferred, with the right to 1 (one) vote in the general meeting of the shareholders of the Company, with the right to dividend and right to liquidation share, proportionate to the nominal value of the share;

The offered shares are with issue value of BGN 2.50 (two leva and fifty stotinki) and a nominal value of BGN 1.00 each.

All shares of the new issue from the capital increase of Eurohold Bulgaria AD are offered equally to the investors for subscription.

The public offering will be considered successfully completed and respectively the capital of Eurohold Bulgaria AD will be increased only if at least 31,604,096 (thirty-three million six hundred and four and ninety-six) shares are subscribed and fully paid, representing 40% (forty percent) of the offered shares. In this case, pursuant to the provisions of Art. 192a, para. 2 of the CA and Art. 112, para. 7 of POSA, the capital of the Company will be increased only with the value of the subscribed and fully paid shares, equal to or exceeding the indicated minimum admissible amount of the raised capital, whereby the public offering is considered successfully completed. It is not possible to subscribe for shares above the maximum admissible amount of the capital announced for raising amounting to 79,010,240 (seventy-nine million ten thousand two hundred and forty) shares.

### **5.1.3. The time period, including any possible amendments, during which the offer will be open and description of the application process:**

#### **Date of publication of the Prospectus**

Following the Prospectus is confirmed by FSC, Eurohold Bulgaria AD will publish an announcement under Art. 89t, para. 1 of the Public Offering of Securities Act, in which it indicates the initial and final term of the subscription, respectively the initial and final term of the purchase; the number of the decision of the FSC for approval of the prospectus; the place, the time and the manner of acquaintance with the prospectus.

The announcement is published on the website of Eurohold Bulgaria AD ([www.eurohold.bg](http://www.eurohold.bg)) and of the investment intermediary EURO-FINANCE AD ([www.eurofinance.bg](http://www.eurofinance.bg)), at least 7 days before the initial subscription term.

#### **Starting date of the public offering**

The date of publication of the announcement under Art. 89t, para. 1 of the Public Offering of Securities Act shall be considered as commencement of the public offering. In case the date of publication of the announcement on the website of the Issuer and the investment intermediary is different, the later of the two dates shall be considered as the commencement of the public offering.

#### **Deadline of the public offering**

The public offering closes on the last working day of the period for subscription of new shares set out below.

#### **Starting date for transfer of rights**

The starting date for transfer of rights is the first working day following the expiration of 7 (seven) working days from the date of the publication of the announcement of the public offering notice pursuant to Art. 89t, para. 1 of the Public Offering of Securities Act.

#### **Deadline for the transfer of rights**

The deadline for the transfer of rights is the first working day following the expiration of 5 (five) working days from the starting date for the transfer of rights.

#### **Transfer of rights**

The transfer of the rights through sale-purchase is carried out on a regulated market - Main Market of BSE AD, Subscription Rights Segment. The persons shall submit a sell order to the respective investment

intermediary, with which their accounts for rights have been opened, respectively through a purchase order to an investment intermediary - member of the stock exchange. The provisions of the Rules of procedure of the Central Depository AD shall apply to the acquisition of rights through alternative ways.

In relation to the settlement period of the transactions concluded on BSE AD - T+2, the last date for trading in rights on the stock exchange is 2 working days before the deadline for transfer of the rights.

The rights can be offered for sale by all persons who own them, regardless of the way in which they acquired them - as shareholders in the Company, or subsequently through a transaction for the purchase of rights on the market during the term for trading in rights.

Shareholders who do not wish to participate in the capital increase, as well as all other rights holders, have the right to sell their rights under the said procedure until the end of the trading session on the last trading day, respectively to dispose of them by other means until the last day to transfer the rights.

### **Open Auction**

On the second working day after the expiration of the term for transfer of the rights, Eurohold Bulgaria AD, through the investment intermediary Euro-Finance AD, will offer for sale under the conditions of open auction on BSE AD those rights against which no shares of the new issue have been subscribed until the expiration of the term for the transfer of rights.

The amounts received from the sale of rights are transferred to a special account opened by the Central Depository AD and cannot be used until the registration of the capital increase in the Commercial Register and the register of the NPLE. Central Depository AD distributes the amount received from the sale of the unexercised rights, reduced by the costs of sale, in proportion amongst their holders.

### **Starting and final date for share subscription**

The commencement of the period for subscription of shares /starting date for share subscription/ coincides with the commencement of the period for transfer of rights /starting date for transfer of rights/.

The deadline for subscription of new shares by the holders of rights, acquired at the auction, is the first working day following the expiration of 5 (five) working days term, commencing on the day on which the term for transfer of the rights expires. It is not allowed to subscribe for shares before the specified initial term and after the deadline for subscription of shares.

The subscription of shares from the new issue will be carried out under the following conditions and in the following manner: Persons, holding shares with rights and any other holders of rights that have acquired the latter within the period for their transfer may subscribe the relevant number of shares for them until expiration of the deadline for the transfer of rights, otherwise their unexercised rights will be sold officially at an open auction. Persons that have acquired rights at the sale on an open auction may subscribe the relevant number of shares by the final date for subscription of shares. The Company provides opportunity for subscription of shares by remote means through the Central Depository and its members. At the beginning of each working day during the subscription, Central Depository AD publicly discloses information about the rights exercised till the end of the previous working day.

### **Extension of the subscription period**

The provision of Art. 89I, par. 1 of POSA provides that the term of the subscription may be extended once by not more than 60 days, amending the Prospectus accordingly and notifying FSC. In such a case, the last day of the period as extended is considered deadline of the subscription. The Issuer shall give immediate notice of the extension on its own website and notifies FSC and Euro-Finance AD for the extension. Immediately after it was notified by the Issuer, Euro-Finance AD announces on its website the extension of the subscription period.

### **Procedure for subscription of the offered securities. Subscription orders**

The subscription of shares is made by submitting written applications/orders.

All persons, holding shares with rights, as well as all other holders of rights, acquired within the period for their transfer and/or at the open auction, file share subscription applications/orders with the authorized investment intermediary EURO-FINANCE AD, servicing the share capital increase, and/or with the investment intermediaries, members of Central Depository AD, where clients accounts for the owned by them rights are held.

Immediately after acceptance of an application/order from a client, the investment intermediary shall submit to Central Depository AD an order to block exercised rights on behalf of the client and shall inform EURO-FINANCE AD for the application received. Upon receipt of the notification, under the preceding

sentence, EURO-FINANCE AD shall immediately submit to Central Depository AD counter-order on behalf of Eurohold Bulgaria AD definitively blocking the rights exercised under the application.

Upon submission of an application/order for subscription of shares for rights to EURO-FINANCE AD by a client, EURO-FINANCE AD shall submit an order on behalf of the client and an order on behalf of Eurohold Bulgaria AD to Central Depository AD in accordance with the procedures of the latter.

Submission of application/order for subscription of shares is subject to the requirements for submission of orders for concluding transactions with financial instruments. Each investment intermediary, with whom an application/order for subscription of shares for rights has been filed, performs a comprehensive inspection of the client and monitors compliance with the provisions of the AMLMA, IRAMLMA and MFIA and the secondary legislation thereunder. All documents concerning the subscription of shares for rights shall remain and shall be kept in the archives of the investment intermediary that have accepted them.

The application/orders for subscription of shares are filed in the office of EURO-FINANCE AD in Sofia, 43 Christopher Columbus Blvd., floor 5, every working day from 9.00 to 17.30, and in the offices and the within the working hours of the other investment intermediaries respectively .

### **Content of subscription applications/orders**

Applications for subscription of shares shall contain the following minimum data:

- ✓ full name (name) and unique client number of the person and its representative at the investment intermediary, PIN of natural persons, UIC/Bulstat of legal persons;
- ✓ type of financial instruments, Issuer, number of rights held, number of shares subscribed covered by the application, ISIN code of the rights issue and the share issue;
- ✓ type and nature of the application;
- ✓ unit price and total price of the application;
- ✓ validity term of the application;
- ✓ date, time and place of filing the application;
- ✓ signature of the person filing the application.

### **Filing subscription applications**

Natural persons /Bulgarian and foreign/ shall file the subscription application in person or by a proxy. Legal persons shall file subscription applications by their legal representatives or by proxy.

When submitting subscription applications by a proxy, the latter shall identify by an identity document, explicitly notarized power of attorney /original or notarized copy/ and the documents listed above in accordance with the legal status of the principal (local or foreign natural or legal person). When the subscription application is filed by a proxy, the latter shall present a copy of the identity document of the principal certified by the proxy.

Bulgarian and foreign natural persons shall identify themselves by an identity document, certified copy of which shall be enclosed to the subscription application.

The following documents for identification of the person submitting the application shall be attached to the application:

- ✓ for natural persons - a certified copy of an identity document, required also for the representatives of legal entities;
- ✓ for Bulgarian legal entities - the identification of legal entities is carried out by making a reference in the Commercial Register and the register of the NPLE or BULSTAT register at the file of the legal entity and documenting the actions taken for identification;
- ✓ for the foreign legal entities a duly translated and legalized certificate of current status from the jurisdiction of their registration or another equivalent certifying document containing the full name of the legal entity; date of issue and country of registration; address of the legal entity; the names of the persons authorized to represent him; information about the beneficial owners. In the presence of an official public commercial or company register in a Member State in which the legal entity is registered, the identification of legal entities shall be carried out by consulting the commercial register or the relevant public register on the legal entity's account and documenting the identification actions taken.

When submitting subscription applications by a proxy, the latter shall identify by an identity document, explicitly notarized power of attorney /original or notarized copy/ and the documents listed above in

accordance with the legal status of the principal (local or foreign natural or legal person). When the subscription application is filed by a proxy, the latter shall present a copy of the identity document of the principal certified by the proxy.

### **Special condition for the validity of subscription**

Subscription of shares shall be valid only if made by the holder of rights to the maximum possible number of shares, within the terms and under the conditions set out in this Securities Note. Pursuant to Art. 112, para 7 of POSA, the issue price of the new shares must be fully paid. In case of partial payment of the issue price the number of shares for which it is paid in full shall be considered subscribed.

#### **5.1.4. When, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun:**

##### **5.1.4.1. In the Republic of Bulgaria:**

The Financial Supervision Commission (FSC), respectively the Deputy Chair of the FSC, in charge of the Supervision of the Investment Activities Division (the Deputy Chair) may temporarily or permanently suspend trading in financial instruments upon the occurrence of the relevant conditions provided for in the Public Offering of Securities Act and MFIA.

During the period from the submission of an application for approval of a prospectus until the decision of FSC, the Issuer is obliged within three working days from the occurrence, respectively becoming aware, of any changes that require amendments to the prospectus, to notify FSC of these changes and to submit the relevant amendments to the prospectus. In the event of occurrence, respectively becoming aware, of significant new factor, mistake or inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities in the period between the time when the prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, Art. 23, para. 1 of Regulation (EU) 2017/1129 shall apply. In cases under the previous sentence, FSC may refuse to approve the supplement to the prospectus when the requirements of Regulation (EU) 2017/1129, this chapter and / or their implementing acts are not met.

FSC may suspend the trade in certain financial instruments for the purpose of prevention and discontinuance of administrative offences under the Implementation of the Measures against Market Abuse with Financial Instruments Act (IMMAFI), Regulation (EU) 596/2014 and its implementing instruments, prevention and elimination of their adverse effects, as well as where the exercise of the control activity by the Commission or the Deputy Chair is impeded or the interests of investors are jeopardised /Art. 20, para. 1 in conj. With para. 3, item 3 of the IMMAFI and Art. 23 (2) (j) of Regulation (EU) 596/2014/

BSE AD may suspend trading in financial instruments or remove financial instruments from trading, if this will not significantly harm the interests of investors and the normal functioning of the market under the terms and conditions of the Rules of BSE AD.

##### **5.1.4.2. In the Republic of Poland:**

Upon successful completion of the capital increase, the Issuer shall submit the shares of the current issue to trading on the Warsaw Stock Exchange, and the requirements of the Polish legislation will apply to the trading on the Warsaw Stock Exchange, respectively to the suspension of trading in the Issuer's shares.

The Exchange Management Board of the Warsaw Stock Exchange may decide to exclude securities from trading in the following cases:

(a) the securities no longer meet the conditions applicable to securities traded on the market, provided that this does not jeopardise the investors' interests and does not jeopardise the sound functioning of the market;

(b) pursuant to § 31.1 of the Warsaw Stock Exchange Rules:

- if the securities' transferability has become restricted;
- upon request of the Polish Financial Supervision Authority (PFSA) made in accordance with the Act on Trading in Financial Instruments;
- if the securities are no longer dematerialised;
- if the securities are delisted from trading on the regulated market by a relevant supervision authority.

(c) pursuant to § 31.2 of the Warsaw Stock Exchange Rules:

- if the financial instrument no longer meets the requirements for admission to exchange trading on a given market other than the condition of restricted securities' transferability;

- if the Exchange Management Board considers this necessary to protect the interests and safety of trading participants.

Pursuant to the provisions of the Act on Trading in Financial Instruments, at the request of the FSA, the Exchange Management Board shall suspend trading in financial instruments if trading in such securities endangers the reliable functioning of the regulated market or the trading security on such market, or, respectively, jeopardises the investors' interests. Such a request should be accompanied by a detailed justification.

Warsaw Stock Exchange Rules include general provisions for the temporary suspension of trading in an issue of shares on the Warsaw Stock Exchange. The basic rule stipulates that if, after the opening of continuous trading, a given transaction price exceeds the price margins specified in the Warsaw Stock Exchange Rules, the transactions, as well as the acceptance, amendment and withdrawal of orders with these securities shall be suspended.

### **5.1.5. Description of any possibility to reduce subscriptions and the manner for refunding amounts paid in excess by applicants**

#### **Reduction of the offered securities**

The Issuer does not envisage the possibility of reducing the number of offered securities.

#### **Procedure if subscribing less or more of the offered amount of the securities**

If all shares from the new issue are subscribed and paid-in before the closing date of the subscription, Eurohold Bulgaria AD shall notify FSC within 3 (three) working days, pursuant to Art. 112b, par. 12 of POSA, of the results of the said subscription and shall take the necessary actions to register the capital increase in the Commercial Register and the register of NPLE, and after that, to register the new issue with the Central Depository AD, in the register of the FSC, in the Polish National Securities Depository, as well as for trading on BSE AD and the Warsaw Stock Exchange and for registration with the Polish Financial Supervision Authority.

If not all shares are subscribed by the subscription deadline, but at least 31,604,096 (thirty-one million six hundred and four thousand ninety-six) shares representing 40 (forty) percent of the offered shares are subscribed and paid in full, the capital is increased to the amount of subscribed and paid shares, and the Issuer undertakes the necessary actions to enter the capital increase in the Commercial Register and the register of NPLE, respectively for registration of the new issue of shares in Central Depository AD, in the register of the FSC, in the Polish National Securities Depository, as well as for trading on BSE AD and the Warsaw Stock Exchange and for registration with the Polish Financial Supervision Authority.

The increase of the capital of the Company with rights under art. 112, para. 2 of POSA excludes the possibility for subscription of more than the offered shares and for competition between the applications.

#### **Reimbursement of amounts paid**

The persons who have subscribed for new shares shall deposit the amounts in a bank designated by the Issuer to a special fundraising account. The amounts on this account cannot be used before the end of the subscription and the entry of the capital increase in the Commercial Register and the register of NPLE.

When the subscription is completed unsuccessfully, without the conditions provided in the prospectus or the capital increase is not entered in the Commercial Register and the NPLE within one month from the notification under Art. 89I, para. 3 of the POSA, the collected amounts shall be returned to the persons, who have subscribed securities, together with the interests accrued by the bank, to the bank accounts indicated by them or in cash at the address of the bank.

On the day of the notification under Art. 89I, para. 3 of the POSA, the Issuer notifies the bank of the result from the subscription, publishes on its website an invitation to the persons who have subscribed for securities, in which it announces the terms and conditions for return of the collected amounts, and sends it to EURO-FINANCE AD, which in turn immediately publish it on its website.

### **5.1.6. Details of the minimum and/or maximum amount of application:**

Each person may subscribe at least two new shares and at most such number of shares, which depends on the rights held by him, and against every 5 (five) rights, their holder may subscribe 2 (two) new shares from the issue of the capital increase of Eurohold Bulgaria AD. Upon receipt of a number that is not an integer in relation to the number of subscribed shares, it is rounded to the smaller integer.

### **5.1.7. Period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription:**

Pursuant to §1, item 11 of AP of POSA, the "subscription" shall be an unconditional and irrevocable expression of will to acquire securities in a process of issuing and to pay the issue price thereof. The investor may neither withdraw its application for subscription of shares, nor claim for reimbursement of the funds under subscribed and paid shares.

The investor has the right to withdraw their acceptances under the procedure and the conditions of art. 89s, para. 4 of POSA - in case of supplementing the prospectus due to significant new factor, mistake or inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities arisen between the time when the prospectus is approved and the closing of the offer period. The withdrawal in this case is made with a declaration in writing submitted to the investment intermediary through which the securities have been subscribed.

### **5.1.8. Method and time limits for paying up the securities and for delivery of the securities:**

#### **Terms, conditions and deadline for payment of shares**

Payment of the issue price of the subscribed shares shall be made to a special bank account opened by and on behalf of Eurohold Bulgaria AD, which will be further specified in the announcement of the public offering.

The special fundraising bank account must be credited with contributions for the subscribed shares up until expiration of the last day of subscription. A document certifying the payment is the payment document (payment order or deposit slip) which is obtained by the servicing bank upon depositing, respectively transferring the amount under the special account of Eurohold Bulgaria AD. The payment order or the deposit slip must state the full name/name of the persons subscribing shares, its PIN/UIC/BULSTAT (for Bulgarian persons), the number of subscribed shares, and the total amount due and paid.

The funds raised under the special account may not be used prior to closure of the subscription and the registration of the capital increase with the Commercial Register and the register of the NPLE.

#### **Obtaining documents, certifying the payment**

After registration of the capital increase with the Commercial Register and the register of the NPLE, Eurohold Bulgaria AD shall register the issue of shares with Central Depository AD, requesting registration of the new shares on clients sub-accounts of the shareholders with the respective investment intermediary through which the shares have been subscribed. After receiving the shares on the client sub-accounts with the investment intermediary, the issuance of the certifying documents (depository receipts) is carried out at the request of the shareholder by submitting an order to the respective investment intermediary.

The issuance of supporting documents /depository receipts/ shall be done by Central Depository AD.

### **5.1.9. Full description of the manner and date in which results of the offer are to be made public:**

Eurohold Bulgaria AD shall notify the Deputy Chair of the FSC, in charge of the Supervision of the Investment Activities Division, within 3 working days following the closing of the subscription for its conduct and the results thereof, including any difficulties, disputes and other during trading in rights and subscription of shares (Art. 112b, par 12 of POSA). Within the same period of time, Eurohold Bulgaria AD and Euro-Finance AD will announce the results of the public offering on its website [www.eurohold.bg](http://www.eurohold.bg) и [www.eurofinance.bg](http://www.eurofinance.bg).

The notice to FSC as regards the result of the public offering should contain information as follows: The date of closure of the public offering; the total number of subscribed shares; the amount raised for the subscribed shares; the amount of the commissions and other costs under the public offering, including the fees paid to FSC.

Within 14 days from the deadline for the public offering, Eurohold Bulgaria AD and EURO-FINANCE AD shall submit to the FSC the following documents:

1. certificate from Central Depository AD for registration of the issue of securities;
2. bank certificate from the bank at which the fundraising account is opened, certifying the paid installments for the subscribed securities;
3. other documents, containing the remaining data, which pursuant to art. 30, para. 2 of the FSCA shall be entered in the public register kept by the commission.

In case the initial public offering of securities is completed successfully, the capital increase is applied for entry in the Commercial Register and the register of non-profit organizations, respectively for registration of the new issue of shares in Central Depository AD, in the FSC register, in the Polish National Securities Depository securities, as well as for trading on BSE-Sofia and the Warsaw Stock Exchange and for registration with the Polish Financial Supervision Commission.

In case the capital increase is not entered in the commercial register, Eurohold Bulgaria AD notifies the FSC within 7 days from the issuance of the refusal.

In accordance with the statutory supply deadlines, it is expected to be completed by the end of June 2021.

#### **5.1.10. Procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised:**

Upon increase of the capital of Eurohold Bulgaria AD, the current shareholders have the right to preferential acquisition of a part of the new shares, corresponding to their share in the capital before the increase. In case a person who has purchased rights at the auction does not exercise them and/or a person who has subscribed shares does not pay their issue value under the above conditions, the shares remain unsubscribed and no other holder of rights can subscribe for them.

### **5.2. PLAN OF DISTRIBUTION AND ALLOTMENT:**

#### **5.2.1. The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche:**

The current public offering of the shares from the capital increase issue of Eurohold Bulgaria AD is carried out in Bulgaria. Pursuant to the provisions of POSA, each shareholder has the right to acquire shares corresponding to his share in the capital before the increase. Apart from the right to pre-emptive subscription of shares from the increase, which belongs to the persons under the previous sentence, there is no restriction on the categories of investors to whom the securities are offered. All investors can participate under absolutely equal conditions in the capital increase of Eurohold Bulgaria AD by purchasing rights and acquiring shares against them within the specified time limits.

#### **5.2.2. An indication, to the extent known to the Issuer, of whether major shareholders or members of the Issuer's management, supervisory or administrative bodies intend to subscribe in the offer, or whether any person intends to subscribe for more than 5 % of the offer:**

Starcom Holding AD, in its capacity of a majority shareholder with a controlling interest of over 50% in the capital of the Issuer, has announced its intention to subscribe such part of the new shares as to ensure the preservation of its controlling interest in the Issuer.

The Issuer has no information whether members of the Management or Supervisory Board or of the administrative bodies of the Company intend to acquire shares from the offered shares from the capital increase.

The Issuer does not have definite information whether another person, regardless of the expressed intentions for investment in the Issuer's capital, will be able to subscribe more than 5 percent of the offered new shares from the current capital increase, given that the same person shall be a new shareholder in the Issuer who is not entitled to the right of pre-emptive subscription. In the current case, the means for such person to participate in the capital increase come down to the purchase of free rights offered at the auction of rights. The Issuer will not pre-allocate any parts of the issue.

In this public offering, the issue value of the securities is predetermined. Each investor has the legal right to subscribe for the desired number of shares without exceeding the amount of rights he holds. The number of subscribed shares and the amount due shall be specified in the subscription order, which each investor submits through the investment intermediary of its choice.

#### **5.2.3. Pre-allotment Disclosure:**

The Issuer will not pre-allocate any parts of the issue.

#### **5.2.4. Process for notifying applicants of the amount allotted:**



The Issuer shall not send out notices to investors about the amount of shares subscribed and/or the amounts due, as this information is previously known to investors at the time of submission of applications/orders for subscription.

In the present public offering, the issue price of the securities is preliminary set. Every investor has a legal right to subscribe the desired number of shares not exceeding the amount of the rights held. The number of subscribed shares and the amount due shall be specified in the subscription application/order, which every investor shall file through the selected investment intermediary.

If contact with the investors is needed, the contact shall be made through the authorized investment intermediary EURO-FINANCE AD and/or the respective investment intermediary through which the subscription application has been filed.

### **5.3. PRICING:**

#### **5.3.1. An indication of the price at which the securities will be offered and the amount of any expenses and taxes charged to the subscriber or purchaser:**

The issue value of each new share from the capital increase of Eurohold Bulgaria AD is BGN 2.50 (two leva and fifty stotinki). The issue value is determined by the resolution of the General Meeting of Shareholders of the Company to increase the capital, dated 10.04.2021, taking into account the current market value of the Company's shares, the interests of its current shareholders and potential investors and the optimal effect for the Issuer of the increasing of the capital.

All persons wishing to subscribe for shares from the new issue of Eurohold Bulgaria AD should first acquire rights. The current shareholders acquire the rights free of charge, as described in item 5.1.1. above. All other investors may purchase rights through a transaction on the Main Market of BSE AD, Subscription Rights Segment, within the term for free trading of the rights or through purchase under the conditions of a public auction for the unexercised rights, according to the procedure described above in item 5.1.3. All costs related to the purchase of the rights are at the expense of the investors, including the due fees and commissions to the investment intermediary, BSE AD and Central Depository AD, as well as bank fees and commissions.

The following costs in connection with the subscription of the shares are also borne by the investors:

- fees and commissions for the investment intermediary through which the shares are subscribed;
- Central Depository AD fees;
- BSE AD fees;
- bank fees and commissions for money transfers.

During the last year the members of the administrative, management or supervisory bodies of the Issuer, as well as the top management or related to them persons have not acquired special rights to purchase shares of the Issuer, nor have they acquired such shares at a preferential price or other exclusive grounds.

#### **5.3.2. Process for the disclosure of the offer price:**

The official source for announcing the issue price of the shares from the capital increase of Eurohold Bulgaria AD are the Prospectus for public offering of the issue of shares from the capital increase and the Announcement under Art. 89t, para. 1 of POSA.

Following the registration for trading on BSE AD and the Warsaw Stock Exchange of the new shares, their price will be determined by the market dynamics and the structure of supply and demand.

#### **5.3.3. If the Issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, an indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal:**

Upon increase of the share capital of Eurohold Bulgaria AD, each shareholder has the right to acquire shares that correspond to his share in the capital before the increase. Art. 194, para. 4 and Art. 196, para. 3 of the Commercial Act do not apply.

#### **5.3.4. Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management**

**or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons:**

The members of the Management Board, the Supervisory Board or the administrative bodies of Eurohold Bulgaria AD or the related to them parties are not entitled to acquire shares from the current issue from the capital increase at a price different from the announced issue value per share.

#### **5.4. PLACING AND UNDERWRITING:**

##### **5.4.1. Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place:**

The investment intermediary authorized to service the capital increase of Eurohold Bulgaria AD under the conditions of a public offering is EURO-FINANCE AD, with registered office and address: Sofia, 43 Christofor Columbus Blvd., 5th floor, phone 02/9805657, fax 02/9811496, website: [www.eurofinance.bg](http://www.eurofinance.bg), e-mail: [office@eurofinace.bg](mailto:office@eurofinace.bg).

##### **5.4.2. Name and address of any paying agents and depository agents in each country:**

The bank in which the special fundraising account will be opened, to which the issue value of the subscribed shares will be deposited, will be additionally indicated in the Public Offering Notice under Art. 89t, para. 1 of POSA.

The depository institution of the offered shares and the rights associated with them is Central Depository AD, address: 1303, Sofia, 6, Tri Ushi Str., 4<sup>th</sup> floor.

Following the successful completion of the capital increase, the Issuer will submit the shares from the current issue for registration in the Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych (KDPW)), address: 00 - 498 Warsaw, 4 Książęca Str.

##### **5.4.3. Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under best 'efforts' arrangements:**

There are no persons who have agreed to undertake the issue on the basis of a firm commitment, and there are no persons who have agreed to place the issue without a firm commitment or in agreements for "optimal" placement.

##### **5.4.4. When the underwriting agreement has been or will be reached:**

No underwriting agreement has been reached and is not expected to be reached.

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## **VI. ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

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### **6.1. INDICATION AS TO WHETHER THE SECURITIES OFFERED ARE OR WILL BE THE OBJECT OF AN APPLICATION FOR ADMISSION TO TRADING, WITH A VIEW TO THEIR DISTRIBUTION IN A REGULATED MARKET OR THIRD COUNTRY MARKET, SME GROWTH MARKET OR MTF:**

In accordance with the requirements of Art. 110, para. 9 of POSA, within two working days from the entry of the capital increase in the Commercial Register and the register of the NPLE, the representative of the Issuer Eurohold Bulgaria AD will submit to the FSC an application for entry of the new issue of shares in the register under Art. 30, para. 1, item 3 of the FSCA.

Within two working days from the entry of the issue in the register under Art. 30, para. 1, item 3 of the FSCA (respectively from the receipt of the decision of the FSC for registration of the issue), Eurohold Bulgaria AD will submit an application to BSE AD for admission of the issue to trading on the regulated market. Eurohold Bulgaria AD will undertake the required actions for admission to trading of the current issue on the Warsaw Stock Exchange.

The issue is expected to be admitted to trading on BSE AD at the end of June 2021, and on the Warsaw Stock Exchange by the end of September 2021. The sale and purchase of the Issuer's shares on the Warsaw Stock Exchange may be carried out through licensed investment intermediary member of the stock exchange, by using the trading mechanisms applicable to this regulated market and in accordance with the provisions of the Polish law.

The offered securities will not be the subject to an application for admission to trading with a view to their distribution on a third country market and on an SME growth market.

Following the issue from the capital increase is admitted to trading on BSE AD, the Issuer may request it to be admitted to trading on MTF - Sofia.

**6.2. ALL THE REGULATED MARKETS, THIRD COUNTRY MARKETS, SME GROWTH MARKET OR MTFs ON WHICH, TO THE KNOWLEDGE OF THE ISSUER, SECURITIES OF THE SAME CLASS OF THE SECURITIES TO BE OFFERED OR ADMITTED TO TRADING ARE ALREADY ADMITTED TO TRADING:**

The shares of Eurohold Bulgaria AD are admitted to trading on BSE AD, the Warsaw Stock Exchange and MTF-Sofia.

**6.3. IF SIMULTANEOUSLY OR ALMOST SIMULTANEOUSLY WITH THE APPLICATION FOR THE ADMISSION OF THE SECURITIES TO A REGULATED MARKET, SECURITIES OF THE SAME CLASS ARE SUBSCRIBED FOR OR PLACED PRIVATELY OR IF SECURITIES OF OTHER CLASSES ARE CREATED FOR PUBLIC OR PRIVATE PLACING, GIVE DETAILS OF THE NATURE OF SUCH OPERATIONS AND OF THE NUMBER, CHARACTERISTICS AND PRICE OF THE SECURITIES TO WHICH THEY RELATE:**

There is no other public or private subscription for securities of the same or another class, which are organized simultaneously or almost simultaneously with the issuance or admission to trading on a regulated market of the shares, subject of this Prospectus.

**6.4. DETAILS OF THE ENTITIES WHICH HAVE GIVEN A FIRM COMMITMENT TO ACT AS INTERMEDIARIES IN SECONDARY TRADING, PROVIDING LIQUIDITY THROUGH BID AND OFFER RATES AND A DESCRIPTION OF THE MAIN TERMS OF THEIR COMMITMENT:**

Eurohold Bulgaria AD has not engaged investment intermediaries to assume the obligation to ensure liquidity of the issue through bid and offer rates.

**6.5. STABILIZATION:**

Neither the Company, nor its shareholders have not provided for an option to exceed the amount of the offer of shares or other actions for their price stabilization.

**6.6. OVER-ALLOTMENT AND 'GREEN SHOE'**

The offer does not provide for a green shoe option, nor does it provide for the possibility of issuing and / or offering an additional number of shares beyond the offered 79,010,240 (seventy-nine million ten thousand two hundred and forty) number of new shares.

## VII. SELLING SECURITIES HOLDERS

### 7.1. NAME AND BUSINESS ADDRESS OF THE PERSON OR ENTITY OFFERING TO SELL THE SECURITIES, THE NATURE OF ANY POSITION OFFICE OR OTHER MATERIAL RELATIONSHIP THAT THE SELLING PERSONS HAS HAD WITHIN THE PAST THREE YEARS WITH THE ISSUER OR ANY OF ITS PREDECESSORS OR AFFILIATES:

All shares of the capital increase are offered for subscription on behalf and at the expense of the Issuer Eurohold Bulgaria AD, with registered office and address of management: Sofia 1592, 43 Christopher Columbus Blvd.

### 7.2. THE NUMBER AND CLASS OF SECURITIES BEING OFFERED BY EACH OF THE SELLING SECURITY HOLDERS

Subject of the public offering are 79 010 240 (seventy-nine million ten thousand two hundred and forty) shares of the same type and class as the existing issue of shares of the Company, namely: dematerialized, registered, non-preferred, with the right to 1 (one) vote in the general meeting of the shareholders of the Company, with the right to dividend and right to liquidation share, proportionate to the nominal value of the share

All shares from the capital increase are offered for subscription on behalf and for the account of the Issuer Eurohold Bulgaria AD.

The rights under this issue can be offered for sale by all persons who own them, regardless of the way in which they acquired them - as shareholders in the Company or subsequently through a transaction for the purchase of rights on the market during the period for trading in rights.

### 7.3. SALE BY THE MAJOR SHAREHOLDER

Not applicable

### 7.4. LOCK-UP AGREEMENTS

To the extend the Company is aware, there are no lock-up agreements under which the Company's shareholders have agreed not to sell their shares within a specified period.

## VIII. EXPENSES OF THE ISSUE/OFFER

In the below table represented by items are provided the basic costs directly related to the public offering of shares. All costs set below are borne by the Issuer.

The net proceeds from the public offering, in case the issue is subscribed and paid in the minimum provided amount, will amount to BGN 78,963,366.

The net proceeds from the public offering, in case the issue is subscribed and paid in the maximum provided amount, will amount to BGN 197,473,775.

Estimated costs at a minimum issue amount	BGN
FSC fee for approval of the Prospectus	10,000
Fee for obtaining ISIN code for the issue from Central Depository AD	72
Depositing the rights in Central Depository AD	5,000
Depositing the shares in Central Depository AD	11,000

Remuneration of the investment intermediary for the assistance provided during preparation of the prospectus	<b>5,000</b>
Remuneration of the investment intermediary for the successful completion of the subscription - 0.05% of the nominal value of the subscribed and actually paid shares	<b>15,802</b>
<b>Total expenses</b>	<b>46,874</b>
<b>Costs per offered share</b>	<b>0.0015</b>

<b>Costs at a maximum issue amount</b>	<b>BGN</b>
FSC fee for approval of the Prospectus	<b>10,000</b>
Fee for obtaining ISIN code for the issue from Central Depository AD	<b>72</b>
Depositing the rights in Central Depository AD	<b>5,000</b>
Depositing the shares in Central Depository AD	<b>11,000</b>
Publishing of the announcement of the public offering (estimated value)	<b>1,000</b>
Remuneration of the investment intermediary for the assistance provided during preparation of the prospectus	<b>5,000</b>
Remuneration of the investment intermediary for the successful completion of the subscription - 0.025% of the nominal value of the subscribed and actually paid shares	<b>19,753</b>
<b>Total expenses</b>	<b>51,825</b>
<b>Costs per offered share</b>	<b>0.0007</b>

#### Net proceeds from the public offering at maximum and minimum subscription

<b>Offered new shares</b>	<b>Maximum subscription 100% of the offered shares</b>	<b>Minimum subscription 40% of the offered shares</b>
	<b>(BGN)</b>	<b>(BGN)</b>
Offered shares	79 010 240	31 604 096
Issue value of 1 share	2,50	2,50
<b>Gross amount of the proceeds</b>	<b>197 525 600</b>	<b>79 010 240</b>
Expenses directly related to the public offering of shares	51,825	46,874
<b>Net amount of the proceeds</b>	<b>197 473 775</b>	<b>78 963 366</b>

## IX. DILUTION

The offered New Shares and the Existing Shares of the Company are of the same class and are part of the Issuer's capital.

A "dilution" effect can be served with respect to the ratio "Equity per share". Dilution of equity is observed when the issue price of the new shares is lower than the book value of the already issued (existing) shares according to the last prepared financial statement.

In this case, the issue value of one new share of the current issue amounts to BGN 2.50 per share, which is higher than the book value of one share after a successful capital increase, amounting to respectively BGN 1.81 (at maximum subscription) and BGN 1.67 (at minimum subscription per share), calculated as of the date of the last published unaudited interim consolidated financial statement of the Company as of 31.12.2020.

Therefore, in this public offering there is no dilution effect in relation to the balance sheet value of one share considering that the existing shareholders of Eurohold Bulgaria AD will not be diluted.

### Calculation of equity upon successful completion of the current issue, respectively with maximum and minimum subscription and payment of the proposed New Shares

Assuming that the new shares would be issued as of the date of the last prepared unaudited interim consolidated financial statement of the Issuer as of 31.12.2020 and after deducting the public offering costs amounting to BGN 51,825, the book value of one share at maximum subscription will increase to BGN 1.81.

At minimum subscription of the new issue and after deduction of the public offering costs amounting to BGN 46,874, the book value of one share after the increase will increase to BGN 1.67.

In the below table the equity and the number of share are calculated, if the capital increase was made on the date of the last published unaudited interim unconsolidated financial statement of Eurohold Bulgaria AD as of 31.12.2020.

Inticator	Maximum subscription (100% of the offered new shares)	Minimum subscription (40% of the offered new shares)
<b>Equity</b>		
Equity before capital increase as of 31.12.2020 (BGN)	303 724 000	303 724 000
Subscribed numbers of new shares (BGN)	79 010 240	31 604 096
Issue value per 1 share (BGN)	2,50	2,50
Subscribed share capital from the increase (BGN)	197 525 600	79 010 240
<i>Costs directly related to the public offering of shares at maximum subscription</i>	<i>(51,825)</i>	<i>(46,874)</i>
<b>Equity after the increase and after deducting the costs of the public offering</b>	<b>501 197 775</b>	<b>382 687 366</b>
<b>Number of shares</b>		
Number of shares before capital increase	197 525 600	197 525 600
Subscribed numbers of new shares	79 010 240	31 604 096
Nominal value per 1 share	1,00	1,00
<b>Total number of shares after the capital increase</b>	<b>276 535 840</b>	<b>229 129 696</b>
<b>Value of 1 share (BGN)</b>		
Book value of 1 share before capital increase	1,54	1,54
Issue value of 1 new share	2,50	2,50
<b>Book value of 1 share after capital increase</b>	<b>1,81</b>	<b>1,67</b>

Evident from the above calculations, in case of capital increase at maximum subscription and in case of increase at minimum subscription, the value of one share after the increase will remain higher than the book value of one share before the capital increase. Therefore, in the present public offering there is no dilution effect in relation to the book value of one share, regardless of the amount of subscribed and paid shares of the current issue, as a result of which the existing shareholders of Eurohold Bulgaria AD will not be diluted.

The amount and percentages of the immediate dilution of the shareholders, who do not participate in the increase of the capital of the Company from the present issue, is calculated as a ratio of the number of newly issued shares to the total number of shares after the increase.

Calculation of the immediate dilution of shareholders who do not participate in the capital increase.

Inticator	Maximum subscription (100% of the offered new shares)	Minimum subscription (40% of the offered new shares)
<b>Number of shares</b>		
Subscribed number of new shares (BGN)	79 010 240	31 604 096
<b>Total number of shares after the increase</b>	<b>276 535 840</b>	<b>229 129 696</b>
<b>Immediate dilution of shareholders not participating in the increase</b>	<b>28,57%</b>	<b>13,79%</b>

In this case, if the existing shareholders do not participate in the subscription of the offer, their participation will be diluted at the following percentages:

- At maximum subscribed capital of the increase, the dilution of the non-participating shareholders will amount to 28.57%.
- At minimum subscribed capital of the increase, the dilution of the non-participating shareholders will amount to 13.79%.

## X. ADDITIONAL INFORMATION

### 10.1. IF ADVISORS CONNECTED WITH AN ISSUE ARE REFERRED TO IN THE SECURITIES NOTE, A STATEMENT OF THE CAPACITY IN WHICH THE ADVISORS HAVE ACTED:

This document does not contain records, statements, reports or other expert opinions prepared by external consultants, experts or auditors, other than the persons responsible for the information in the Prospectus, specified in item I "Persons Responsible".

The document for the offered securities includes only information provided by the Issuer or collected from public sources.

### 10.2. AN INDICATION OF OTHER INFORMATION IN THE SECURITIES NOTE WHICH HAS BEEN AUDITED OR REVIEWED BY STATUTORY AUDITORS AND WHERE AUDITORS HAVE PRODUCED A REPORT:

This Securities Note does not contain any information other than the data presented from the audited annual consolidated financial statements for 2017, 2018 and 2019, which has been audited or reviewed by statutory auditors, and has not been prepared. report on such other information.

The audited financial information presented in this Securities Note for past periods includes historical data from:

- **The audited annual consolidated financial statements of the Issuer for the years 2017, 2018 and 2019, containing:**
  - ❑ Consolidated statement of profit or loss and other comprehensive income;
  - ❑ Consolidated statement of financial position;
  - ❑ Consolidated statement of changes in equity;
  - ❑ Consolidated statement of cash flows;
  - ❑ Notes to the consolidated financial statements;
  - ❑ Consolidated annual activity report;

- Independent auditor's report.

The audited annual consolidated financial statements of the Issuer for the years 2017, 2018 and 2019 with content described above have been duly disclosed and are available on the respective websites: FSC ([www.fsc.bg](http://www.fsc.bg)); BSE ([www.bse-sofia.bg](http://www.bse-sofia.bg)); specialized financial media „X3 news“ ([www.x3news.com](http://www.x3news.com)); and the Issuer ([www.eurohold.bg](http://www.eurohold.bg)).

The issuer has entered into an agreement with the financial information agency X3news for regular disclosure and disclosure of financial and other information.

The issuer also provides regular information through ESPI Sistem – Poland.

#### NOTE:

**- during the preparation of the audited consolidated financial statements of the Issuer for 2018, an accounting error concerning the audited comparable information for 2017 was discovered and eliminated.**

In this regard, the audited annual consolidated financial statements of the Issuer for 2018 reflect the correction of an error concerning the audited data for the comparable period - 2017 and this adjusted information is marked with a "\*\*\*";

**- during the preparation of the audited consolidated financial statements of the Issuer for 2019, an accounting error concerning the audited comparable information for 2018 was discovered and eliminated.**

In this regard, the audited annual consolidated financial statements of the Issuer for 2019 reflect the correction of an error concerning the audited data for the comparable period - 2018 and this adjusted information is marked with a sign "\*\*\*";

Due to this circumstance for the purpose of presenting true and accurate information, throughout this Prospectus the financial data concerning audited annual financial information for 2017 and 2018 are derived not only from the audited consolidated financial statements for 2017 and 2018 but also from the recalculated ( adjusted) data for 2017 and 2018 available in the audited annual consolidated financial statements of the Issuer for 2018 and 2019, respectively, where they are shown as recalculated (adjusted) comparable financial information and are marked with a "\*" and "\*\*\*".

Users of this Prospectus should note that throughout this Prospectus, the recalculated (adjusted) financial information for 2017 and 2018 marked with an "\*" and "\*\*\*" is available in the audited annual consolidated financial statements for 2018. and 2019 as comparable information and the same was not subjected to an independent financial audit procedure, but was reviewed by the responsible auditor upon confirmation of the opening balances of the balance sheet items as of 01.01.2018 and 01.01.2019, incl. the equity.

- **Correction of an error concerning the audited financial information for 2017 recalculated in the comparable information of the audited annual consolidated financial statements for 2018.**

In 2018, a technical error was found in the subsidiary IC Euroins AD in the calculations of the Reserve for filed but unpaid claims in the financial statements for 2016 and 2017. As a result, the costs associated with the Reserve for Claims but Unpaid claims and related liabilities were underestimated. The error was corrected by recalculating each of the objects affected in the financial statements for the previous reporting periods.

Since the adjustment does not have a material effect on the Information In the consolidated statement of financial position at the beginning of the previous period, the Group does not present two comparative periods In the consolidated statement of financial position.

The below tables summarize the effect on the Group's consolidated financial statements:

#### Effect on the consolidated statement of financial position

BGN'000 1 January 2017	Effect of error correction		
	Before Restatement	Restatement	Restated
<b>Total assets</b>	<b>1 134 514</b>	<b>-</b>	<b>1 134 514</b>
Insurance reserves	580 820	317	581 137
Subordinated debt instruments	77 253	-	77 253



## SECURITIES NOTE

Other liabilities	361 182	-	361 182
<b>Total liabilities</b>	<b>1 019 255</b>	<b>317</b>	<b>1 019 572</b>
Retained earnings/(loss)	(36 185)	(257)	(36 442)
Other	115 299	-	115 299
Non-controlling participation	36 145	(60)	36 085
<b>Total equity</b>	<b>115 259</b>	<b>(317)</b>	<b>114 942</b>

<b>BGN'000</b>			
<b>31 December 2017</b>	<b>Before Restatement</b>	<b>Restatement</b>	<b>Restated</b>
<b>Total assets</b>	<b>1 326 414</b>	<b>-</b>	<b>1 326 414</b>
Insurance reserves	595 835	397	596 232
Subordinated debt instruments	26 058	-	26 058
Other liabilities	490 015	-	490 015
<b>Total Liabilities</b>	<b>1 111 908</b>	<b>397</b>	<b>1 112 305</b>
Retained earnings/(loss)	(26 651)	(301)	(26 952)
Other	197 455	-	197 455
Non-controlling participation	43 702	(96)	43 606
<b>Total equity</b>	<b>214 506</b>	<b>(397)</b>	<b>214 109</b>

## Consolidated statement of profit or loss and other comprehensive income

<b>BGN'000</b>	<b>Effect of error correction</b>		
	<b>Before Restatement</b>	<b>Restatement</b>	<b>Restated</b>
<b>For the year ending on 31 December 2017</b>			
Insurance Costs	(919 175)	(80)	(919 255)
Gross Profit	<b>131 519</b>	<b>(80)</b>	<b>131 439</b>
Profit before Interest, depreciation and taxes	<b>57 593</b>	<b>(80)</b>	<b>57 513</b>
Profit before depreciation and taxes	<b>34 781</b>	<b>(80)</b>	<b>34 701</b>
Profit before tax	<b>26 671</b>	<b>(80)</b>	<b>26 591</b>
Net profit for the period	<b>24 415</b>	<b>(80)</b>	<b>24 335</b>
Distributed as follows:			
the owners of the parent company	18 174	(71)	18 103
Non-controlling Interests	6 241	(9)	6 232

The error does not have a material impact on earnings per share as well as on the operating, Investing or financing cash flows of the Group for the year ended 31 December 2017.

## Reclassifications

## Consolidated statement of financial position

<b>BGN'000</b>			
<b>31 December 2017</b>	<b>Before Restatement</b>	<b>Restatement</b>	<b>Restated</b>
Trade receivables	27 474	15 923	43 397
Non-current receivables	85 908	(15 923)	69 985
<b>Total assets</b>	<b>1 326 414</b>	<b>-</b>	<b>1 326 414</b>
Non-current liabilities	30 087	(3 675)	26 412
Current liabilities	25 587	3 675	29 262
<b>Total liabilities</b>	<b>490 015</b>	<b>-</b>	<b>490 015</b>

► **Correction of errors concerning the audited financial information for 2018 recalculated in the comparable information of the audited annual consolidated financial statements for 2019.**

a) In 2019 in the segments Insurance Business and Leasing technical errors were found in the financial statements for 2016 and 2017, which were corrected by recalculating each of the objects affected in the financial statements for the previous reporting periods.

As the adjustments in the financial statements for 2017 do not have a significant effect on the information in the consolidated Statement of Financial Position as at the beginning of the previous period, the Group does not present two comparative periods in the consolidated Statement of Financial Position.

The tables below summarize the impact on the consolidated financial statements of the Group for 2017:

**Disclosure of the effects of accounting errors and other reclassifications in the statement of financial position as of 1.1.2018**

	Correction of errors		
	Before Restatement	Restatement	Restated
1 January 2018, BGN'000			
Other receivables(Leasing business)	30 822	(373)	30 449
<b>TOTAL ASSETS</b>	<b>1 326 414</b>	<b>(373)</b>	<b>1 326 041</b>
Current liabilities (Insurance business)	29 262	640	29 902
Deferred tax liabilities (Leasing business)	284	(49)	235
<b>Total liabilities and subordinated debts</b>	<b>1 112 305</b>	<b>591</b>	<b>1 112 896</b>
Retained earnings/(losses), incl.:	(45 055)	(896)	(45 951)
<i>Insurance business</i>	-	(572)	(572)
<i>Leasing business</i>	-	(324)	(324)
Non-controlling interests, incl.:	43 606	(68)	43 538
<i>Insurance business</i>	-	(68)	(68)
<b>Total equity</b>	<b>214 109</b>	<b>(964)</b>	<b>213 145</b>

**b) Reported in 2018 liabilities and expenses related to the operations of the Branch of IC Euroins AD in Greece.** In 2018, in connection with the start of operations of the branch of IC Euroins AD in Greece on the basis of the right of establishment (Freedom of Establishment) in another country of the European Union, Euroins Insurance Group AD has used services in relation to certain activities related to the opening of the Branch in Greece. Their amount was BGN 489 thousand. As a result of the performed procedures expenses for hired services for the comparable period are recalculated to BGN (14,655) thousand from BGN (14,166) thousand.

**c) Reported in 2018 liabilities and expenses related to the liquidation activity of the IC Euroins AD in Greece.** In the process of reviewing the operations of IC Euroins AD in Greece (until January 31, 2019 - operating on the basis of Freedom of Services within the European Union, and then - operating through its branch based on Freedom of Establishment) and as a result of the transfer of its liquidation activities to another company of the Group, not reported expenses were identified in the period 2018. Due to the nature of the expenses and their tax effect as a result of subsequent inspection by the tax authorities, Euroins Insurance Company AD is obliged to accrue additional moratorium interest amounting to BGN 207 thousand. . As a result of the performed procedures . As a result of the performed procedures Other operating expenses for the comparable period are recalculated to BGN (28,248) thousand from BGN (27,379) thousand and the effect recognized in the statement of profit or loss and other comprehensive income amounts to BGN 869 thousand.

As a result of the adjustments under points **b)** and **c)** the "Other liabilities" are increased for the comparable period from BGN 12,145 thousand to BGN 14,143 thousand or a total of BGN 1,998 thousand.

**d) Reporting the investment in the associate in Russia using the equity method.** The investment in the associate of Euroins Insurance Group AD in Russia was presented for the comparable period as at December 31, 2018 at cost amounting to BGN 6,070 thousand. When applying the equity method, its value should be BGN 3,414 thousand. "Other Financial Assets" are reduced by BGN 2,656 thousand and the difference is reported for the comparable period as an increase of " Investment expenses " from BGN (16,024) thousand to BGN (18,680) thousand.

**e) Deferred tax asset adjustment by Euroins Romania Insurance-Reinsurance SA.** In 2018, the reported deferred tax asset of Euroins Romania Insurance-Reinsurance SA was increased by BGN 1,593 thousand. The adjustment leads to a decrease in "Deferred tax assets" and an increase in "Tax expense" by the same amount.

**f) The value of the "Non-controlling interest" in IC Euroins Georgia AD is recalculated from BGN 441 thousand to BGN 2,998 thousand for the comparable period as at December 31, 2018.** In 2018, after the acquisition of the controlling interest in IC Euroins Georgia AD, an initial assessment of the noncontrolling interest in the subsidiary was performed. In 2019, after an internal review by the Management of the Group, an inaccuracy was identified in the assessment amounting to BGN 2,547 thousand, for which a decision was made to report as a reclassification in the comparative period, because of the limited impact due to its purely representative characteristics.

**g) Recognized insurance expense in Eurolease - Rent a Car EOOD.** In 2018 expenses for insurance by Eurolease - Rent a Car EOOD were increased by BGN 130 thousand. Their adjustment leads to a decrease

in the balance sheet item "Other receivables" and an increase in "Other operating expenses / Expenses on hired services" with the same amount.

#### Disclosure of the effects of accounting errors and other reclassifications in the statement of financial position as of 31.12.2018

<b>BGN'000</b>	<i>Notes</i>	Before Restatement	<i>Restatement</i>	Restated
<b>ASSETS</b>				
Other receivables	24	39 262	(1 676)	37 586
Financial assets	29	290 023	1 173	291 196
Deferred tax assets	30	14 676	(1 593)	13 083
Investments in associates and other investments	31	12 698	(2 656)	10 042
<b>TOTAL ASSETS</b>		<b>1 395 001</b>	<b>(4 752)</b>	<b>1 390 249</b>
<b>EQUITY AND LIABILITIES</b>				
Revaluation and other reserves		(55 632)	(1 984)	(57 616)
Retained earnings/(losses)		(44 781)	(1 255)	(46 036)
Profit for the year	45	14 385	(5 280)	9 105
<b>Equity attributable to equity holders of the parent</b>		<b>168 630</b>	<b>(8 519)</b>	<b>160 111</b>
Non-controlling interests	46	38 692	1 772	40 464
<b>Total equity</b>		<b>207 322</b>	<b>(6 747)</b>	<b>200 575</b>
<b>LIABILITIES</b>				
Current liabilities	39	35 330	1 998	37 328
Deferred tax liabilities	42	396	(3)	393
		<b>491 775</b>	<b>1 995</b>	<b>493 770</b>
<b>Total liabilities and subordinated debts</b>		<b>1 187 679</b>	<b>1 995</b>	<b>1 189 674</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 395 001</b>	<b>(4 752)</b>	<b>1 390 249</b>

#### Disclosure of the effects of accounting errors and other reclassifications in the Consolidated Statement of profit or loss and other comprehensive income for 2018.

<b>BGN'000</b>	<i>Note</i>	Before Restatement	<i>Restatement</i>	Restated
<b>Expenses of operating activities</b>				
Expenses of insurance business	4	(928 424)	(3 525)	(931 949)
		<b>(1 129 920)</b>	<b>(3 525)</b>	<b>(1 133 445)</b>
<b>Gross Operating Profit</b>		<b>133 240</b>	<b>(3 525)</b>	<b>129 715</b>
Other operating expenses	13	(78 528)	(619)	(79 147)
<b>EBITDA</b>		<b>50 809</b>	<b>(4 144)</b>	<b>46 665</b>
<b>EBTDA</b>		<b>28 412</b>	<b>(4 144)</b>	<b>24 268</b>
<b>EBT</b>		<b>17 871</b>	<b>(4 144)</b>	<b>13 727</b>
Tax expenses	19	(997)	(1 642)	(2 639)
<b>Net profit for the year</b>		<b>16 874</b>	<b>(5 786)</b>	<b>11 088</b>
Net profit, attributable to:				
Equity holders of the parent		14 385	(5 280)	9 105
Non-controlling interests		2 489	(506)	1 983
Net loss from change in the fair value of financial assets through other comprehensive income				
		(7)	57	50
		<b>(7)</b>	<b>57</b>	<b>50</b>
Exchange differences on translating foreign operations				
		138	1 283	1 421

	<b>138</b>	<b>1 283</b>	<b>1 421</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>131</b>	<b>1 340</b>	<b>1 471</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>17 005</b>	<b>(4 446)</b>	<b>12 559</b>
Total comprehensive income, attributable to:			
Equity holders of the parent	14 494	(4 012)	10 482
Non-controlling interests	2 511	(434)	2 077

The error does not have a material impact on earnings per share as well as on the operating, investing or financing cash flows of the Group for the year ended 31 December 2018.

## XI. AVAILABLE DOCUMENTS

The following documents will be made available for hard copy review to investors in shares of this share issue, from the date of publication of the Prospectus until the expiration of its validity, during business hours, at the Issuer's correspondence address:

- Up-to-date Articles of Association of the Issuer;
- Audited annual consolidated financial statements of Eurohold Bulgaria AD for the years 2017, 2018 and 2019;
- Unaudited interim consolidated financial statements of Eurohold Bulgaria AD as of 31.12.2020;
- Prospectus for initial public offering of securities (issue of shares from capital increase) in three parts: Summary of the Prospectus - Part I, Registration Document - Part II and Securities Note - part III, including the declarations of the responsible persons attached thereto;
- All other reports, letters and other documents, assessments and reports, parts of which are included or indicated in this Prospectus

The above listed documents will be available in electronic form at the website of the Company [www.eurohold.bg](http://www.eurohold.bg).

**THE INVESTORS INTERESTED IN ISSUER OF THE OFFERED SECURITIES MAY GET ACQUAINTED WITH THE ORIGINAL HARD COPY OF THIS DOCUMENT TOGETHER WITH THE OTHER PARTS OF THE PROSPECTUS AND THE ABOVE LISTED DOCUMENTS, AS WELL AS TO RECEIVE ADDITIONAL INFORMATION THERETO AT THE CORRESPONDENCE ADDRESS OF THE ISSUER PROVIDED BELOW:**

**AT REQUEST, THE INVESTORS MAY OBTAIN A FREE COPY OF THE PROSPECTUS IN HARD COPY OR ON A DURABLE MEDIUM.**

### ISSUER



### EUROHOLD BULGARIA AD

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**Milena Stoyanova, e-mail:** [investors@eurohold.bg](mailto:investors@eurohold.bg);

**Galya Georgieva, e-mail:** [g\\_georgieva@eurohold.bg](mailto:g_georgieva@eurohold.bg);

**Working hours:** 9.30 – 17.00

**Website:** [www.eurohold.bg](http://www.eurohold.bg)

The above listed documents are available in electronic form at the website of Eurohold Bulgaria AD – ([www.eurohold.bg](http://www.eurohold.bg));

The up-to-date Articles of Association of the Issuer is also available in electronic form at the website of the Commercial Register at the Registry Agency at this address: ([www.portal.registryagency.bg](http://www.portal.registryagency.bg));

All audited annual consolidated financial statements and unaudited interim consolidated financial statements are disclosed to the public and available on the website of BSE ([www.bse-sofia.bg](http://www.bse-sofia.bg)), FSC ([www.fsc.bg](http://www.fsc.bg)), as well as on the website of the specialized financial media "X3News" ([www.x3news.com](http://www.x3news.com));

The Prospectus for public offering of securities issue will also be available in electronic form on the website of ([www.fsc.bg](http://www.fsc.bg)) and BSE ([www.bse-sofia.bg](http://www.bse-sofia.bg)).

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## XII. DECLARATIONS

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### DECLARATION BY THE COMPILERS

The undersigned, ASEN MINCHEV MINCHEV and GALYA ALEKSANDROVA GEORGIEVA, in our capacity as compilers of the Prospectus for public offering of issue 79 010 240 (seventy-nine million, ten thousand, two hundred and forty) shares from the increase of Eurohold Bulgaria AD, registered in the Commercial Register at the Registry Agency, UIC 175187337, with registered office and address of management: Bulgaria, Sofia, 43 Christopher Columbus Blvd. (the "Issuer"), hereby

### DECLARE, THAT

to the best of our knowledge, and after all due diligence and reasonable efforts have been made to ensure that the information contained in this Prospectus for public offering of an issue of 79 010 240 (seventy-nine million, ten thousand, two hundred and forty) shares from the share capital increase of Eurohold Bulgaria AD is true and complete, as it is in accordance with the facts and does not contain omissions likely to affect its import.

### COMPILERS:

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**Asen Minchev**

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**Galya Georgieva**

**DECLARATION**

from Eurohold Bulgaria AD (the "Issuer")  
under Art. 89d, para. 2 of the Public Offering of Securities Act

The undersigned, **ASEN MINCHEV MINCHEV**, in his capacity of Executive Director and **MILENA MILTCHOVA GUENTCHEVA**, in her capacity of a Procurator, both in our capacity of representatives of the Issuer Eurohold Bulgaria AD, registered in the Commercial Register at the Registry Agency, UIC 175187337, with registered office and address of management: Bulgaria, Sofia, 43 Christopher Columbus Blvd. (the "Issuer"), pursuant to Art. 89d, para. 2 of the Public Offering of Securities Act ("POSA"), hereby

**DECLARE, THAT**

this Prospectus for public offering of an issue of 79 010 240 (seventy-nine million, ten thousand, two hundred and forty) shares from the share capital increase of Eurohold Bulgaria AD is in compliance with the requirements of Regulation (EU) 2017/1129, the Public Offering of Securities Act ("POSA") and their implementing acts.

DECLARORS:

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Asen Minchev  
Executive Director

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Milena Guentcheva  
Procurator