

## NOTICE TO SHAREHOLDERS

The Management Board of Eurohold Bulgaria AD, Sofia, on grounds of Art. 223, paragraph 1 of the Commerce Act (CA) in connection with art. 115, paragraph 1 of the Public Offering of Securities Act (POSA) convenes an extraordinary session of the General meeting of the shareholders of Eurohold Bulgaria AD with universal identification code of the event: EUBG20211018EGMS which will be held on 18 October 2021 from 10.30 am (07.30 am UTC) at 43 Christopher Columbus Blvd., floor 1, conference hall, Sofia, Bulgaria, under the following agenda:

Item one: Adoption of a resolution for authorization of the Management Board and the persons who manage and represent Eurohold Bulgaria AD to undertake the necessary deeds and actions for increase of the amount of the corporate guarantee of Eurohold Bulgaria AD, approved by the general meeting of the shareholders held on 10 April 2021 and issued by force of a Guarantee Agreement dated 21 July 2021, executed by and between Eurohold Bulgaria AD (as guarantor) and the security agent acting in favour of the creditors under the below Facility Agreement according to report of reasons prepared by the management board of the company and as follows: increase of the liability threshold of Eurohold Bulgaria AD in its capacity of a corporate guarantor up to a total value above the threshold under Art. 114, para. 1, item 2, prop. 4 in connection with Art. 114, para. 1, item 1, letter "b" of POSA, namely from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary - Eastern European Electric Company II BV (a company incorporated and validly existing under the laws of the Netherlands, registered in the Dutch Chamber of Commerce under number 75452553, with registered office and address of management: Amsterdam, Amsterdam, 1097 JB, Prince Bernhardplein), which are related to and/or would result from a Facility Agreement for the amount of up to 133 990 000 (one hundred and thirty three million nine hundred and ninety thousand) euro executed on 21 July 2021 by and between among others Eastern European Electric Company II B.V., as borrower and the financial institutions as lenders as provided for in the agreement. The main parameters of the corporate guarantee are: *parties* – the parties under the Guarantee Agreement as appointed hereinabove, *value* – increase of the liability threshold of Eurohold Bulgaria AD, in its capacity of a corporate guarantor from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro; *term* – 66 months, whereas irrespective of the foregoing the guarantee remains valid until all obligations secured by it and fully, unconditionally and irrevocably paid or otherwise repaid; the guarantee is carried out *in favour of* the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II BV, indirectly in favour of the parent company Eurohold Bulgaria AD and of the beneficiaries under the guarantee – the lenders under the abovementioned Facility Agreement dated 21 July 2021; *purpose of the guarantee transaction* – securing financing of part of the acquisition price for the CEZ Group in Bulgaria, the fees and expenses related thereof and further investments in the companies subject to the transaction.

Adoption of a resolution authorizing the Management Board to undertake all necessary legal and factual actions to implement this decision.

*(Draft resolution:*

*The General meeting of the shareholders adopts resolution for authorization of the Management Board and the persons who manage and represent Eurohold Bulgaria AD to undertake the necessary deeds and actions for increase of the amount of the corporate guarantee of Eurohold Bulgaria AD, approved by the general meeting of the shareholders held on 10 April 2021 and issued by force of a Guarantee Agreement dated 21 July 2021, executed by and between*

*Eurohold Bulgaria AD (as guarantor) and the security agent acting in favour of the creditors under the below Facility Agreement according to report of reasons prepared by the management board of the company and as follows: increase of the liability threshold of Eurohold Bulgaria AD in its capacity of a corporate guarantor up to a total value above the threshold under Art. 114, para. 1, item 2, prop. 4 in connection with Art. 114, para. 1, item 1, letter "b" of POSA, namely from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary - Eastern European Electric Company II BV (a company incorporated and validly existing under the laws of the Netherlands, registered in the Dutch Chamber of Commerce under number 75452553, with registered office and address of management: Amsterdam, Amsterdam, 1097 JB, Prince Bernhardplein), which are related to and/or would result from a Facility Agreement for the amount of up to 133 990 000 (one hundred and thirty three million nine hundred and ninety thousand) euro executed on 21 July 2021 by and between among others Eastern European Electric Company II B.V., as borrower and the financial institutions as lenders as provided for in the agreement. The main parameters of the corporate guarantee are: parties – the parties under the Guarantee Agreement as appointed hereinabove, value – increase of the liability threshold of Eurohold Bulgaria AD, in its capacity of a corporate guarantor from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro; term – 66 months, whereas irrespective of the foregoing the guarantee remains valid until all obligations secured by it and fully, unconditionally and irrevocably paid or otherwise repaid; the guarantee is carried out in favour of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II BV, indirectly in favour of the parent company Eurohold Bulgaria AD and of the beneficiaries under the guarantee – the lenders under the abovementioned Facility Agreement dated 21 July 2021; purpose of the guarantee transaction – securing financing of part of the acquisition price for the CEZ Group in Bulgaria, the fees and expenses related thereof and further investments in the companies subject to the transaction.*

*The General meeting adopts resolution authorizing the Management Board to undertake all necessary legal and factual actions to implement this decision.)*

Item two: Election of a specialized auditors' company of Eurohold Bulgaria AD for the year 2021. (draft decision: *The General meeting of the shareholders elects the specialized auditors' company of Eurohold Bulgaria AD for the year 2021 Grant Thornton OOD, UIC 831716285.*);

The registration of the participants at the session will start at 09.30 am (06.30 am UTC) on 18 October 2021 at 43 Christopher Columbus Blvd., floor 1, Sofia, Bulgaria.

On grounds of Art. 115, paragraph 2 of POSA the Company notifies the shareholders that the total number of its shares as of the date of the resolution for convening the general meeting of the shareholders is 260 500 000 (two hundred and sixty million and five hundred thousand) and a voting right appertains to each share, ISIN code of the issue BG1100114062. Only the persons registered as shareholders in Central Depository's registers, as well as in the Polish Central Depository (KDPW) 14 days before the date of the General meeting (namely 04 October 2021) shall be admitted to participation in the session of the General meeting. Only the persons registered till and including this date have the right to participate and to vote at the General meeting.

The shareholders have the right to include items in the agenda of the general meeting and to propose draft decisions of items, already included in the agenda of the general meeting. The shareholders who possess jointly and severally shares representing at least 5 per cent of the share capital of the Company may include additional items in the agenda of the general meeting or propose different draft decisions under items already included in the agenda of the general meeting

after the announcement at the Trade register. These shareholders are not entitled to propose different draft decisions under items already included in the agenda, whereas the subject matter of the respective item is voting resolution under art. 114, paragraph 1 of the POSA, and they are not entitled to include in the agenda of the general meeting new items with respect to resolutions under art. 114, paragraph 1 of the POSA.

Not later than 15 days before the opening of the General meeting (03 October 2021), the shareholders who possess shares representing at least 5 per cent of the share capital of the company present for announcement in the Trade Register the list of the items, which will be included in the agenda, as well as the draft decisions. The shareholders shall present before the Bulgarian Financial Supervision Commission and the public company at the latest on the next business day after the announcement at the Trade register the materials related to the additional items in the agenda, pursuant to Art. 223a, paragraph 4 of the Commerce Act. Upon receipt of the materials, Eurohold Bulgaria AD will update the invitation and will publish it together with the written materials under the terms and conditions of Art. 110t, paragraph 1 and 3 of POSA immediately, but not later than the end of the business day following the day of receipt of the notification for the inclusion of additional questions in the agenda.

The shareholders have the right to make draft resolutions in substance under each item, included in the agenda and observing all legal requirements, but they cannot propose resolution to items already included in the agenda when the subject matter is voting resolution under art.114, para. 1 of POSA. The deadline for execution of this right is up to the termination of the discussion under the respective item and before voting of the resolution of the general meeting.

The shareholders have the right to pose queries during the General meeting. The members of the management board and supervisory board of the Company shall respond truly, exhaustively and accurately to the queries of the shareholders, regarding the economic and financial status and business activity of the Company, unless regarding the circumstances representing internal information. The shareholders may pose such queries regardless of the fact that they may not be related to the agenda.

In order to be admitted for participation in the General meeting, the shareholders should present an ID document and the proxies should present original explicit notarized power of attorney for the particular general meeting, with content corresponding to the requirements of Art. 116, paragraph 1 of POSA and the relevant legislation. The reauthorization with the powers granted by force of this power of attorney, as well as power of attorney which violates the rules under the previous sentence shall be null. The shareholders – legal entities and sole proprietors registered under Bulgarian laws should present certificate of good standing issued by the Trade Register. Foreign legal entities should present an original certificate of good standing of their registration, containing clear and unambiguous information regarding the persons entitled to represent the company and the way of representation, issued not more than 3 months before the date of the general meeting by a competent state body in the state of their registration, translated, certified and legalized according to the Bulgarian legislation.

The shareholders in the public company have the right to authorize each natural or legal person to participate and vote in the General meeting on their behalf. Art. 220, paragraph 1, sentence three of the Commerce Act will not apply in case the shareholder has explicitly stated the way of voting under each item of the agenda. The proxy has the same rights to speak and to pose queries at the session of the general meeting as the represented shareholder does. The proxy has to exercise the voting right in compliance with the instructions given in the power of attorney. The proxy may represent more than one shareholder at the General meeting. In this case the proxy may

vote in a different way with shares owned by different shareholders it represents. The authorization may be performed by electronic means. Eurohold Bulgaria AD will receive and accept electronically as valid, powers of attorney to the following e-mail: [investors@eurohold.bg](mailto:investors@eurohold.bg), whereas the electronic messages should be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal and should be accompanied by an electronic document (electronic image) of the power of attorney with a notarized signature, which should also be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal.

The written materials according to the agenda of the General meeting of the shareholders shall be at disposal of the shareholders and their authorized representatives at the office of the company – 43 Christopher Columbus Blvd., Sofia, Bulgaria at the office of the investor relation manager each working day between 09.00 a.m. (06.00 a.m. UTC) and 5.00 p.m. (2.00 p.m. UTC) and on the web page of the public company – [www.eurohold.bg](http://www.eurohold.bg).

In case of lack of quorum on grounds of Art. 227 of Commerce Act in liaison with Art. 115, paragraph 14 POSA the session of the General meeting of the shareholders will be held on 03 November 2021 at 10.00 a.m. (07.00 a.m. UTC) at 43 Christopher Columbus Blvd., floor 1, conference hall, Sofia, Bulgaria, with identical agenda, and the registration of the participants in the new session will start at 09.30 a.m. (06.30 a.m. UTC) on 03 November 2021 at 43 Christopher Columbus Blvd., floor 1, Sofia, Bulgaria. Items under art. 223a of the CA may not be included in the agenda of the new session.

For and on behalf EUROHOLD BULGARIA AD:



Assen Minchev Minchev,  
Executive director



Milena Miltchova Guentcheva,  
Procurator



**MATERIALS AND PROPOSALS FOR RESOLUTIONS  
UNDER THE AGENDA OF THE EXTRAORDINARY MEETING OF THE SHAREHOLDERS OF  
EUROHOLD BULGARIA AD  
CONVENED FOR 18.10.2021**

**I. DRAFT RESOLUTIONS:**

**1. Adoption of a resolution for authorization of the Management Board and the persons who manage and represent Eurohold Bulgaria AD to undertake the necessary deeds and actions for increase of the amount of the corporate guarantee of Eurohold Bulgaria AD, approved by the general meeting of the shareholders held on 10 April 2021 and issued by force of a Guarantee Agreement dated 21 July 2021, executed by and between Eurohold Bulgaria AD (as guarantor) and the security agent acting in favour of the creditors under the below Facility Agreement according to report of reasons prepared by the management board of the company and as follows: increase of the liability threshold of Eurohold Bulgaria AD in its capacity of a corporate guarantor up to a total value above the threshold under Art. 114, para. 1, item 2, prop. 4 in connection with Art. 114, para. 1, item 1, letter "b" of POSA, namely from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary - Eastern European Electric Company II BV (a company incorporated and validly existing under the laws of the Netherlands, registered in the Dutch Chamber of Commerce under number 75452553, with registered office and address of management: Amsterdam, Amsterdam, 1097 JB, Prince Bernhardplein), which are related to and/ or would result from a Facility Agreement for the amount of up to 133 990 000 (one hundred and thirty three million nine hundred and ninety thousand) euro executed on 21 July 2021 by and between among others Eastern European Electric Company II B.V., as borrower and the financial institutions as lenders as provided for in the agreement. The main parameters of the corporate guarantee are: *parties* – the parties under the Guarantee Agreement as appointed hereinabove, *value* – increase of the liability threshold of Eurohold Bulgaria AD, in its capacity of a corporate guarantor from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro; *term* – 66 months, whereas irrespective of the foregoing the guarantee remains valid until all obligations secured by it and fully, unconditionally and irrevocably paid or otherwise repaid; the guarantee is carried out *in favour of* the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II BV, indirectly in favour of the parent company Eurohold Bulgaria AD and of the beneficiaries under the guarantee – the lenders under the abovementioned Facility Agreement dated 21 July 2021; *purpose of the guarantee transaction* – securing financing of part of the acquisition price for the CEZ Group in Bulgaria, the fees and expenses related thereof and further investments in the companies subject to the transaction.**

**Adoption of a resolution authorizing the Management Board to undertake all necessary legal and factual actions to implement this decision.**

*(Draft resolution:*

*The General meeting of the shareholders adopts resolution for authorization of the Management Board and the persons who manage and represent Eurohold Bulgaria AD to undertake the necessary deeds and actions for increase of the amount of the corporate guarantee of Eurohold Bulgaria AD, approved by the general meeting of the shareholders held on 10 April 2021 and issued by force of a Guarantee Agreement dated 21 July 2021, executed by and between Eurohold Bulgaria AD (as guarantor) and the security agent acting in favour of the creditors under the below Facility Agreement according to report of reasons prepared by the management board of the company and as follows: increase of the liability threshold of Eurohold Bulgaria AD in its capacity of a corporate guarantor up to a total value above the threshold under Art. 114, para. 1, item 2, prop. 4 in connection with Art. 114, para. 1, item 1, letter "b" of POSA, namely from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary - Eastern European*

*Electric Company II BV (a company incorporated and validly existing under the laws of the Netherlands, registered in the Dutch Chamber of Commerce under number 75452553, with registered office and address of management: Amsterdam, Amsterdam, 1097 JB, Prince Bernhardplein), which are related to and/ or would result from a Facility Agreement for the amount of up to 133 990 000 (one hundred and thirty three million nine hundred and ninety thousand) euro executed on 21 July 2021 by and between among others Eastern European Electric Company II B.V., as borrower and the financial institutions as lenders as provided for in the agreement. The main parameters of the corporate guarantee are: parties – the parties under the Guarantee Agreement as appointed hereinabove, value – increase of the liability threshold of Eurohold Bulgaria AD, in its capacity of a corporate guarantor from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro; term – 66 months, whereas irrespective of the foregoing the guarantee remains valid until all obligations secured by it and fully, unconditionally and irrevocably paid or otherwise repaid; the guarantee is carried out in favour of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II BV, indirectly in favour of the parent company Eurohold Bulgaria AD and of the beneficiaries under the guarantee – the lenders under the abovementioned Facility Agreement dated 21 July 2021; purpose of the guarantee transaction – securing financing of part of the acquisition price for the CEZ Group in Bulgaria, the fees and expenses related thereof and further investments in the companies subject to the transaction.*

*The General meeting adopts resolution authorizing the Management Board to undertake all necessary legal and factual actions to implement this decision.)*

**2. Election of a specialized auditors' company of Eurohold Bulgaria AD for the year 2021.** (draft decision: *The General meeting of the shareholders elects the specialized auditors' company of Eurohold Bulgaria AD for the year 2021 Grant Thornton OOD, UIC 831716285.*);

## **II. MATERIALS RELEVANT TO THE AGENDA OF THE MEETING OF THE SHAREHOLDERS**

1. Notice to shareholders for the extraordinary Meeting of the Shareholders of Eurohold Bulgaria AD;
2. Sample of a power of attorney for participation at the extraordinary Meeting of the Shareholders of Eurohold Bulgaria AD;
3. Minutes from a session of the Management Board of Eurohold Bulgaria AD convening the extraordinary Meeting of the Shareholders of Eurohold Bulgaria AD;
4. Reasoned report of the Management Board of Eurohold Bulgaria with respect to the transaction pursuant to item 1 of the agenda of the General meeting of the shareholders of Eurohold Bulgaria AD.

10.09.2021

**MANAGING DIRECTOR:**



**ASSEN MINCHEV MINCHEV**

**PROCURATOR:**



**MILENA MILTCHOVA GUENTCHEVA**

**MINUTES**  
**OF MEETING OF THE MANAGEMENT BOARD OF**  
**EUROHOLD BULGARIA AD**

On this 10<sup>th</sup> day of September 2021, a meeting of the Management Board of Eurohold Bulgaria AD, UIC 175187337, was held with the attendance of all the members of the Management Board, namely:

KIRIL IVANOV BOSHOV – Chairman;  
ASSEN MINCHEV MINCHEV – Executive director;  
VELISLAV MILKOV CHRISTOV – Member;  
ASSEN EMANOUILOV ASSENOV – Member;  
RAZVAN STEFAN LEFTER – Member.

Upon finding that there are no legal obstacles for adoption of valid resolutions pursuant to the provisions of the law and the company's Articles of Association, the members of the Management Board **unanimously** adopted the following

**AGENDA:**

**Item one:** Adoption of resolution for convening of an extraordinary meeting of shareholders of Eurohold Bulgaria AD.

**Item two:** Adoption of a report of reasons of the Management board regarding the appropriateness and terms of transactions pursuant to Art. 114, paragraph 1, item 2, proposal 4 in conjunction with Art. 114, paragraph 1, item 1, letter "b" of the Public Offering of Securities Act (POSA).

**Under item one of the agenda,** the Management Board of Eurohold Bulgaria AD *unanimously* adopted the following

**RESOLUTION № 1:**

**The Management Board of Eurohold Bulgaria AD, Sofia, on grounds of Art. 223, paragraph 1 of the Commerce Act (CA) in connection with art. 115, paragraph 1 of the Public Offering of Securities Act (POSA) convenes an extraordinary session of the General meeting of the shareholders of Eurohold Bulgaria AD with universal identification code of the event: EUBG20211018EGMS which will be held on 18 October 2021 from 10.30 am (07.30 am UTC) at 43 Christopher Columbus Blvd., floor 1, conference hall, Sofia, Bulgaria, under the following agenda:**

**Item one: Adoption of a resolution for authorization of the Management Board and the persons who manage and represent Eurohold Bulgaria AD to undertake the necessary deeds and actions for increase of the amount of the corporate guarantee of Eurohold Bulgaria AD, approved by the general meeting of the shareholders held on 10 April 2021 and issued by force of a Guarantee Agreement dated 21 July 2021, executed by and between Eurohold Bulgaria AD (as guarantor) and the security agent acting in favour of the creditors under the below Facility Agreement according to report of reasons prepared by the management board of the company and as follows: increase of the liability threshold of Eurohold Bulgaria AD in its capacity of a corporate guarantor up to a total value above the threshold under Art. 114, para. 1, item 2, prop. 4 in connection with Art. 114, para. 1, item 1, letter "b" of POSA, namely from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary - Eastern**

European Electric Company II BV (a company incorporated and validly existing under the laws of the Netherlands, registered in the Dutch Chamber of Commerce under number 75452553, with registered office and address of management: Amsterdam, Amsterdam, 1097 JB, Prince Bernhardplein), which are related to and/ or would result from a Facility Agreement for the amount of up to 133 990 000 (one hundred and thirty three million nine hundred and ninety thousand) euro executed on 21 July 2021 by and between among others Eastern European Electric Company II B.V., as borrower and the financial institutions as lenders as provided for in the agreement. The main parameters of the corporate guarantee are: *parties* – the parties under the Guarantee Agreement as appointed hereinabove, *value* – increase of the liability threshold of Eurohold Bulgaria AD, in its capacity of a corporate guarantor from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro; *term* – 66 months, whereas irrespective of the foregoing the guarantee remains valid until all obligations secured by it and fully, unconditionally and irrevocably paid or otherwise repaid; the guarantee is carried out *in favour of* the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II BV, indirectly in favour of the parent company Eurohold Bulgaria AD and of the beneficiaries under the guarantee – the lenders under the abovementioned Facility Agreement dated 21 July 2021; *purpose of the guarantee transaction* – securing financing of part of the acquisition price for the CEZ Group in Bulgaria, the fees and expenses related thereof and further investments in the companies subject to the transaction.

Adoption of a resolution authorizing the Management Board to undertake all necessary legal and factual actions to implement this decision.

*(Draft resolution:*

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*– the lenders under the abovementioned Facility Agreement dated 21 July 2021; purpose of the guarantee transaction – securing financing of part of the acquisition price for the CEZ Group in Bulgaria, the fees and expenses related thereof and further investments in the companies subject to the transaction.*

*The General meeting adopts resolution authorizing the Management Board to undertake all necessary legal and factual actions to implement this decision.)*

**Item two: Election of a specialized auditors' company of Eurohold Bulgaria AD for the year 2021. (draft decision: The General meeting of the shareholders elects the specialized auditors' company of Eurohold Bulgaria AD for the year 2021 Grant Thornton OOD, UIC 831716285.);**

The registration of the participants at the session will start at 09.30 am (06.30 am UTC) on 18 October 2021 at 43 Christopher Columbus Blvd., floor 1, Sofia, Bulgaria.

On grounds of Art. 115, paragraph 2 of POSA the Company notifies the shareholders that the total number of its shares as of the date of the resolution for convening the general meeting of the shareholders is 260 500 000 (two hundred and sixty million and five hundred thousand) and a voting right appertains to each share, ISIN code of the issue BG1100114062. Only the persons registered as shareholders in Central Depository's registers, as well as in the Polish Central Depository (*KDPW*) 14 days before the date of the General meeting (namely 04 October 2021) shall be admitted to participation in the session of the General meeting. Only the persons registered till and including this date have the right to participate and to vote at the General meeting.

The shareholders have the right to include items in the agenda of the general meeting and to propose draft decisions of items, already included in the agenda of the general meeting. The shareholders who possess jointly and severally shares representing at least 5 per cent of the share capital of the Company may include additional items in the agenda of the general meeting or propose different draft decisions under items already included in the agenda of the general meeting after the announcement at the Trade register. These shareholders are not entitled to propose different draft decisions under items under items already included in the agenda, whereas the subject matter of the respective item is voting resolution under art. 114, paragraph 1 of the POSA, and they are not entitled to include in the agenda of the general meeting new items with respect to resolutions under art. 114, paragraph 1 of the POSA.

Not later than 15 days before the opening of the General meeting (03 October 2021), the shareholders who possess shares representing at least 5 per cent of the share capital of the company present for announcement in the Trade Register the list of the items, which will be included in the agenda, as well as the draft decisions. The shareholders shall present before the Bulgarian Financial Supervision Commission and the public company at the latest on the next business day after the announcement at the Trade register the materials related to the additional items in the agenda, pursuant to Art. 223a, paragraph 4 of the Commerce Act. Upon receipt of the materials, Eurohold Bulgaria AD will update the invitation and will publish it together with the written materials under the terms and conditions of Art. 110t, paragraph 1 and 3 of POSA immediately, but not later than the end of the business day following the day of receipt of the notification for the inclusion of additional questions in the agenda.

The shareholders have the right to make draft resolutions in substance under each item, included in the agenda and observing all legal requirements, but they cannot propose resolution to items already included in the agenda when the subject matter is voting resolution under art.114, para.

**1 of POSA. The deadline for execution of this right is up to the termination of the discussion under the respective item and before voting of the resolution of the general meeting.**

**The shareholders have the right to pose queries during the General meeting. The members of the management board and supervisory board of the Company shall respond truly, exhaustively and accurately to the queries of the shareholders, regarding the economic and financial status and business activity of the Company, unless regarding the circumstances representing internal information. The shareholders may pose such queries regardless of the fact that they may not be related to the agenda.**

**In order to be admitted for participation in the General meeting, the shareholders should present an ID document and the proxies should present original explicit notarized power of attorney for the particular general meeting, with content corresponding to the requirements of Art. 116, paragraph 1 of POSA and the relevant legislation. The reauthorization with the powers granted by force of this power of attorney, as well as power of attorney which violates the rules under the previous sentence shall be null. The shareholders – legal entities and sole proprietors registered under Bulgarian laws should present certificate of good standing issued by the Trade Register. Foreign legal entities should present an original certificate of good standing of their registration, containing clear and unambiguous information regarding the persons entitled to represent the company and the way of representation, issued not more than 3 months before the date of the general meeting by a competent state body in the state of their registration, translated, certified and legalized according to the Bulgarian legislation.**

**The shareholders in the public company have the right to authorize each natural or legal person to participate and vote in the General meeting on their behalf. Art. 220, paragraph 1, sentence three of the Commerce Act will not apply in case the shareholder has explicitly stated the way of voting under each item of the agenda. The proxy has the same rights to speak and to pose queries at the session of the general meeting as the represented shareholder does. The proxy has to exercise the voting right in compliance with the instructions given in the power of attorney. The proxy may represent more than one shareholder at the General meeting. In this case the proxy may vote in a different way with shares owned by different shareholders it represents. The authorization may be performed by electronic means. Eurohold Bulgaria AD will receive and accept electronically as valid, powers of attorney to the following e-mail: [investors@eurohold.bg](mailto:investors@eurohold.bg), whereas the electronic messages should be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal and should be accompanied by an electronic document (electronic image) of the power of attorney with a notarized signature, which should also be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal.**

**The written materials according to the agenda of the General meeting of the shareholders shall be at disposal of the shareholders and their authorized representatives at the office of the company – 43 Christopher Columbus Blvd., Sofia, Bulgaria at the office of the investor relation manager each working day between 09.00 a.m. (06.00 a.m. UTC) and 5.00 p.m. (2.00 p.m. UTC) and on the web page of the public company – [www.eurohold.bg](http://www.eurohold.bg).**

**In case of lack of quorum on grounds of Art. 227 of Commerce Act in liaison with Art. 115, paragraph 14 POSA the session of the General meeting of the shareholders will be held on 03 November 2021 at 10.00 a.m. (07.00 a.m. UTC) at 43 Christopher Columbus Blvd., floor 1, conference hall, Sofia, Bulgaria, with identical agenda, and the registration of the participants in the new session will start at 09.30 a.m. (06.30 a.m. UTC) on 03 November 2021 at 43 Christopher Columbus Blvd., floor 1, Sofia, Bulgaria. Items under art. 223a of the CA may not be included in the agenda of the new**

session.

The Management Board found that no objections have been brought against the voting so held and against the results of such voting.

Under item two of the agenda, the Management Board of Eurohold Bulgaria AD *unanimously* adopted the following

**RESOLUTION № 2:**

The Management Board of Eurohold Bulgaria AD adopts a report of reasons of the Management Board of Eurohold Bulgaria AD, representing Appendix No.1 to these minutes, drafted in compliance with the provisions of Art. 114a, paragraph 1, proposal 4 of POSA, regarding the appropriateness and terms of transactions pursuant to Art. 114, paragraph 1, item 2, proposal 4 in conjunction with Art. 114, paragraph 1, item 1, letter "b" of the POSA.

The Management Board found that no objections have been brought against the voting so held and against the results of such voting.

Upon voting the above resolutions, the session of the Management Board of Eurohold Bulgaria AD was closed.

ANNEX № 1: According to the text.

**MEMBERS OF THE MANAGEMENT BOARD:**

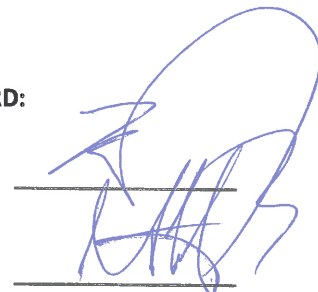
**KIRIL IVANOV BOSHOV:**

**ASSEN MINCHEV MINCHEV:**

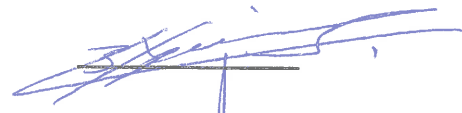
**VELISLAV MILKOV CHRISTOV:**

**ASSEN EMANOUILOV ASSENOV:**

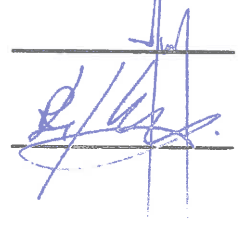
**RAZVAN STEFAN LEFTER:**



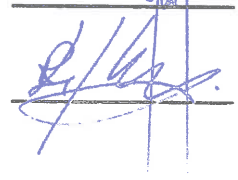
Handwritten signature of Kiril Ivanov Boshov in blue ink, positioned above a horizontal line.



Handwritten signature of Assen Minchev Minchev in blue ink, positioned above a horizontal line.



Handwritten signature of Assen Emanouilov Assenov in blue ink, positioned above a horizontal line.



Handwritten signature of Razvan Stefan Lefter in blue ink, positioned above a horizontal line.



## **EUROHOLD BULGARIA AD**

1592, Sofia, Iskar district, 43 Christopher Columbus Blvd., UIC 175187337

### **REPORT OF REASONS**

**by**

### **THE MANAGEMENT BOARD OF EUROHOLD BULGARIA AD ADDRESSED TO THE SHAREHOLDERS OF THE COMPANY**

*in accordance with art. 114a, para. 1 of the Public Offering of Securities Act ("POSA") and Art. 46 of Ordinance № 2 of the Financial Supervision Commission ("FSC") on prospectuses for public offering and admission to trading on a regulated securities market and for disclosure of information ("Ordinance № 2 of FSC")*

### **REGARDING**

**the expedience and the terms for  
amendment of the corporate guarantee provided by EUROHOLD BULGARIA AD in favour  
of its subsidiary company for the purpose of financing of the acquisition of CEZ Bulgaria,**

in accordance with  
art. 114, para. 1, item 2, proposal 4 in conjunction with art. 114, para. 1, item 1, letter  
"b" of POSA,  
namely - incurrance of an obligation by the company in favour of an interested parties of a  
value exceeding two percent of the lower value of the assets, according to the last two  
balance sheets of the company, at least one of which has been audited and which have been  
publicly disclosed according to art. 100t of POSA.

*(the transaction has been proposed for approval to the general meeting of shareholders  
of EUROHOLD BULGARIA AD at a meeting scheduled for 18 October 2021)*

adopted at a meeting of  
THE MANAGEMENT BOARD of EUROHOLD BULGARIA AD,  
held on 10 September 2021 in the city of Sofia

### **MEMBERS OF THE MANAGEMENT BOARD OF EUROHOLD BULGARIA AD**

Chairman: Kiril Ivanov Boshov

Executive Director: Asen Minchev Minchev

Members: Velislav Milkov Christov

Assen Emanouilov Assenov

Razvan Stefan Lefter

**Dear shareholders of EUROHOLD BULGARIA AD,**

Pursuant to Art. 114a, para. 1 of POSA in conjunction with Art. 46 of Ordinance № 2 of the FSC, we hereby present to your attention the following report of reasons (“**the Report of Reasons**”) of the Management Board of EUROHOLD BULGARIA AD (“**EUROHOLD**”) on the expedience and the terms of amendment of the Corporate guarantee provided by EUROHOLD in connection to the financing of the acquisition of CEZ Bulgaria (hereinafter referred to as “**the Guarantee**” or “**the Security Transaction**”).

The issuance of the Guarantee was approved by the General meeting of the shareholders of EUROHOLD, held on 10 April 2021, based on the report of reasons of the Management Board dated 01 March 2021, containing information on the expedience and the terms of the Security Transaction (hereinafter “**Report of the MB dated 01 March 2021**”).

The Guarantee has been provided by EUROHOLD by force of signing of a Guarantee Agreement dated 21 July 2021 with the security agent, acting in favour of the creditors under the Facility Agreement (as defined in section I hereinbelow). The Guarantee is issued within the parameters approved by the General meeting of the Shareholders, including limit of liability of the guarantor of EUR 150,000,000.

Due to the fact that condition precedent to the utilization of the subsequent tranches of the abovementioned Facility Agreement is increase of the limit of liability of EUROHOLD from EUR 150,000,000 (at present) up to EUR 240,000,000, the Management board proposes to EUROHOLD’s shareholders for approval increase of the value of the Guarantee up to EUR 240,000,000.

The borrower under the Facility Agreement Eastern European Electric Company II B.V. is interested party within the meaning of Art. 114, para. 7, preposition 4 of POSA in respect of the Security Transaction, which is of a total value above the threshold under Art. 114, para. 1, item 2, proposal 4 in conjunction with Art. 114, para. 1, item 1, letter “b” of POSA, namely with a value over 2 (two) per cent of the lower value of the assets according to the last two balance sheets of the company, at least one of which has been audited and which have been disclosed publicly according to art. 100t of POSA.

This report aims to acquaint the shareholders of EUROHOLD with the necessary information regarding the material terms and the expedience of the proposed for approval increase of the value of the Corporate guarantee, with a view to the adoption of an informed decision by the General Meeting and authorizing the persons managing and representing EUROHOLD to execute the necessary deeds and actions with this respect.

As the subject of this Report of Reasons is an amendment to the Security Transaction approved by the shareholders, this report can be considered in connection with and as a continuation of the Report of the MB dated 01 March 2021 on the initial issuance of the Guarantee.

#### **I. DEFINITIONS:**

Certain capitalized terms used more frequently in this report are defined below.

**Guarantee or Corporate** means the corporate guarantee defined in details in section II, B of this

<b><i>guarantee</i></b>	Report of Reasons.
<b><i>Company</i></b>	means EUROHOLD.
<b><i>Facility Agreement</i></b>	means the facility agreement, defined in details in section II, A of this Report of Reasons, the repayment of all borrower's liabilities under which is secured with the Corporate guarantee.
<b><i>Eastern European Electric Company II BV</i></b>	<p>means Eastern European Electric Company II BV, a company incorporated and validly existing under the legislation of the Netherlands, registered in the Dutch Chamber of Commerce and Industry under number 75452553, with registered office and address: Netherlands, Amsterdam, 1097 JB, Prince Bernhardplein.</p> <p>Sole owner of the capital of this company is EUROHOLD. On other hand this company owns indirectly 100 % of the capital of Eastern European Electric Company BV.</p>
<b><i>Security Transaction</i></b>	means the Corporate guarantee.
<b><i>General Meeting</i></b>	means the General Meeting of Shareholders of EUROHOLD.
<b><i>Acquisition</i></b>	is the purchase by EUROHOLD, through its subsidiary Eastern European Electric Company BV, a company incorporated and validly existing under the legislation of the Netherlands, registered in the Dutch Chamber of Commerce and Industry under number 75462788, with registered office and address: Netherlands, Amsterdam, 1097 JB, Prince Bernhardplein, of CEZ Bulgaria.
<b><i>CEZ Bulgaria</i></b>	<p>means the assets of the Czech energy company CEZ a.s. and its subsidiary company CEZ Bulgarian Investments B.V. (the Netherlands) in Bulgaria, subject to the Acquisition, as follows:</p> <ul style="list-style-type: none"> <li>◦ the electricity distribution company CEZ Distribution Bulgaria AD (UIC 130277958);</li> <li>◦ the company for public supply of electricity and licensed trader CEZ Electro Bulgaria AD (UIC 175133827);</li> <li>◦ the licensed electricity trader CEZ Trade Bulgaria EAD (UIC 113570147);</li> <li>◦ the photovoltaic park Free Energy Project Oreshets EAD (UIC 201260227),</li> <li>◦ other: the companies providing shared services in CEZ Bulgaria: the IT services company CEZ Information and Communication Technologies Bulgaria EAD (UIC 203517599), and CEZ Bulgaria EAD (UIC 131434768), which coordinates and manages the activities of all companies in the group in Bulgaria, as well as Bara Group EOOD (UIC 120545968).</li> </ul>
<b><i>Management Board</i></b>	means the Management Board of EUROHOLD.

## II. DESCRIPTION OF THE SECURITY TRANSACTION AND OF THE PROPOSED INCREASE OF ITS VALUE

### A. General information

On 27 July 2021 EUROHOLD has finalized the Acquisition of CEZ Bulgaria. By this step the Company set the beginning of the implementation of its main strategic goal, namely to set the focus of its future development in two main directions – energy and insurance. The transaction which overall value amounts to 335 million euro were financed by combination of own and borrowed funds.

EUROHOLD has secured part of the Acquisition price by own funds, which were attracted by means of an increase of the share capital of the Company. The decision for capital increase was voted by the General meeting of the shareholders held on 10 April 2021. As result of the successfully completed procedure, the share capital of the company was increased from BGN 197,525,600 to BGN 260,500,000 by means of issuance of 62 974 400 number of dematerialized, registered, non-preferred shares with nominal value BGN 1 for each share and issue value of BGN 2,50 which were subscribed and paid-in by local and foreign investors. As result, EUROHOLD has attracted over BGN 157 million (EUR 80,5 million).

The borrowed part was secured by combination of financing instruments, including the Facility Agreement under which EUROHOLD provided the Corporate guarantee for securing all liabilities of its subsidiary – Eastern European Electric Company II B.V.

The Facility Agreement was executed on 21 July 2021 between, among others, the borrower - Eastern European Electric Company II B.V., the arranger, the security agent and the financial institutions, as appointed in the agreement as lenders. The provisions of the Facility Agreement are governed by the English law and its purpose is partial financing of the Acquisition of CEZ Bulgaria (including part of the purchase price of CEZ Bulgaria, of the transaction expenses), as well as further investments in CEZ Bulgaria, in case these are necessary. The loan principal is up to 133 990 000 euro.

For securing the payment of all liabilities (including without limitation principal, interest, default, fees, commissions, other expenses) of Eastern European Electric Company II B.V., related to and/ or originating from the execution of the Facility Agreement and/or related to the provided thereof financing agreements and documents (including claims for ungrounded enrichment against the borrower, as a result of declaring the Facility Agreement (or part thereof) invalid or unenforceable), EUROHOLD has provided the Corporate guarantee, the increase of which amount is subject to the present Report of Reasons.

To date EUROHOLD's limit of liability under the provided Corporate guarantee is in amount of up to EUR 150,000,000 and secures any and all Eastern European Electric Company II B.V.'s liabilities as described in the previous paragraph. The Corporate guarantee provided by EUROHOLD was approved by the General meeting of the shareholders held on 10 April 2021 and is issued by EUROHOLD by force of the execution of a Guarantee agreement dated 21 July 2021 with the security agent acting in favour of the lenders under the Facility Agreement.

### B. Material conditions of the Security Transaction

The material conditions (parameters) of the Security Transaction - type, parties, amount, term are presented in the following table:

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1) <i>Type and</i>	The Corporate guarantee is issued by EUROHOLD based on a
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<b>characteristics of the Security Transaction:</b>	<p>Guarantee Agreement dated 21 July 2021, executed by and between EUROHOLD and the security agent under the Facility Agreement for securing the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of Eastern European Electric Company II B.V., which liabilities are related to and/ or would arise from the conclusion of the Facility Agreement (see also section II, A hereinabove).</p> <p>In view of the fact that the main debtor under the Facility Agreement is a company registered in the Netherlands, the Corporate guarantee is governed by the Dutch law (as well as all non-contractual obligations arising out of or in connection with the guarantee).</p> <p>The guarantor's obligation is a direct, unconditional, irrevocable and unsecured obligation to the beneficiary. This obligation becomes due simultaneously with the recoverability of the debt of the main debtor as result of default, whereas guarantor's liability shall be redeemed by the repayment of the debt by the principal debtor or by the guarantor itself. This means that only in case of default by the main debtor – Eastern European Electric Company II B.V., the creditors under the Facility Agreement may require repayment of the debt by the parent company EUROHOLD, which will be liable under the guarantee with all of its assets.</p>
<b>2) Parties to the Corporate Guarantee</b>	<p><i>Corporate guarantor:</i> EUROHOLD;</p> <p><i>Beneficiaries:</i> the security agent acting in favour of the creditors (the lenders) investors under the Facility agreement.</p>
<b>3) Total value of the Corporate guarantee:</b>	<p>To date EUROHOLD's liability under the Guarantee is limited to EUR 150,000,000 (one hundred and fifty million euro) and is within the limits approved by the General meeting of the shareholders held on 10 April 2021. The present Report of Reasons aims to provide the shareholders with information regarding the expediency and terms of the proposed increase of the limit of liability under the Guarantee to up to EUR 240,000,000 (two hundred and forty million euro), whereas EUROHOLD's liability should coincides with the value of the Facility Agreement, namely the expenses for principal and interest, which may be reached for the entire term of the Facility Agreement.</p>
<b>4) Term:</b>	<p>66 months, whereas irrespective of the foregoing the guarantee remains valid until all obligations secured by it and fully, unconditionally and irrevocably paid or otherwise repaid.</p>
<b>5) In whose favour the Security Transaction is concluded of</b>	<p>Through the funds raised by the Facility Agreement with a borrower Eastern European Electric Company II B.V., EUROHOLD has financed part of the acquisition price of CEZ Bulgaria and by the proposed increase of the limit under the Facility Agreement and respectively increase of the limit of liability under the Security transaction EUROHOLD shall cover expenses incurred in the process of Acuiqstion as well as expenses to be incurred during the process of integration of the newly acquired companies within the structure, as well as shall made investments in the newly acquired companies in case such are needed. Accordingly, the Security Transaction is in favour of all parties</p>



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as follows:

- (i) in favour of EUROHOLD's subsidiary and borrower Eastern European Electric Company II B.V., whose obligations in connection with the Facility Agreement (for payment of principal and interest) are secured by the Corporate guarantee issued by EUROHOLD;
  - (ii) in favour of the EUROHOLD (see for further details section III. *"Economic benefit for EUROHOLD from the Security Transaction"*); and
  - (iii) In favour of the creditors (lenders) under the Facility Agreement, who are beneficiaries under the Corporate guarantee.
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### ***Contingent liability under the Corporate guarantee***

As a result of the Corporate guarantee EUROHOLD incurs contingent liability. This liability will be treated as a current liability only if the borrower under the Facility Agreement – Eastern European Electric Company II B.V. does not service its obligations. Such outcome seems to be very unlikely with a view to the stable operating cash flows of the acquired assets of CEZ Bulgaria, which will ensure financial resource for repayment of the obligations under the Facility Agreement. For example, the revenues of CEZ Distribution Bulgaria AD in 2018, 2019 and 2020 amount to approximately BGN 350, 360 and 370 million respectively, to CEZ Electro Bulgaria AD - about BGN 530, 590 and 670 million and to CEZ Trade EAD - about BGN 450, 480 and 460 million, respectively. According to the forecasts prepared by the Management Board of EUROHOLD and its team working on the Acquisition transaction, in cooperation with the involved international consultants and energy experts, CEZ Bulgaria envisages generating annual profit before taxes and fees in the range of BGN 170-270 million.

### **C. Proposal for increase of the value of the Security Transaction**

As of the date of this Motivated Report Eastern European Electric Company II B.V. has not utilized the full amount of the principal under the Facility Agreement. The reason for this is that the loan is targeted and the funds under it should be used on one hand to finance part of the acquisition price, and on the other - to finance costs following the Acquisition and future investments in newly acquired companies - CEZ Bulgaria, if necessary.

The currently provided Corporate guarantee with a limit of liability of EUROHOLD up to EUR 150,000,000 secures all liabilities of Eastern European Electric Company II B.V., as described above, up to the amount of the utilized part of the loan, which concerns financing of part of the Acquisition price.

The increase of EUROHOLD's liability limit up to EUR 240,000,000 is necessary and is a condition precedent for utilization of the subsequent tranches of the facility, which should cover costs following the Acquisition, as well as future investments in the newly acquired companies - CEZ Bulgaria, if such are needed.

In addition, it should be pointed out that the necessity of increase EUROHOLD's limit of liability under the Guarantee is due to the possibility of capitalization of the interest expenses of Eastern European Electric Company II B.V. in accordance with the provisions of the Facility Agreement, which could accordingly lead to an increase of the principal of the loan obligation. This possibility accordingly entails the need to increase the limit of liability of EUROHOLD under the

already provided Corporate guarantee.

According to the Management Board, the economic benefit for EUROHOLD from the Acquisition of CEZ Bulgaria (see section III of this Motivated Report below) justifies the proposed increase of the limit of liability under the Guarantee.

As far as at the date of preparation of the Report of the MB dated 01 March 2021 and the proposal for approval of the Corporate guarantee by the General Meeting of Shareholders of EUROHOLD it was not possible to estimate the amount of these costs accurately, based on the information presented in this Report of Reasons the Management Board proposes to the shareholders to approve the increase of the limit of liability of EUROHOLD under the Guarantee to up to EUR 240,000,000.

#### **D. Participation of Interested parties**

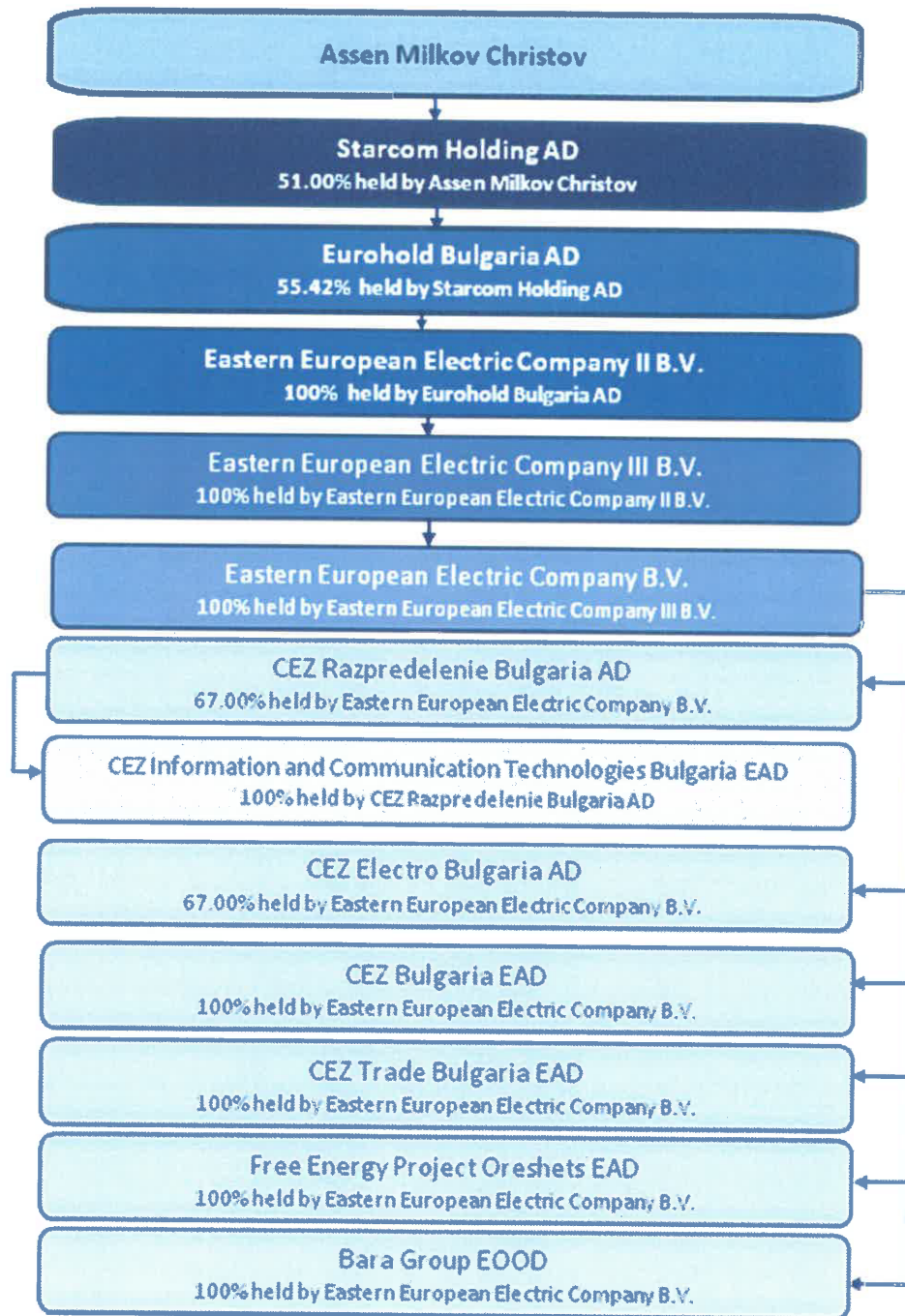
The Management Board considers that the interested parties with regard to the Security Transaction (including within the context of the proposed increase of the amount of the Guarantee) are:

- 1) **Eastern European Electric Company II B.V.** (interested party within the meaning of Art. 114, para. 7, item 1, proposition 4 of POSA), as the Corporate Guarantee will be issued inclusively in favour of the subsidiary of EUROHOLD, and at the same time the subsidiary is related person with a shareholder, who directly owns more than 25 percent of the votes in the General Meeting.
- 2) **STARCOM HOLDING AD**, UIC 121610851, with registered office and address of management: Etropole, 191 Ruski Blvd. (interested party within the meaning of Art. 114, para. 7, item 2 of POSA), as it owns directly more than 25 per cent of the votes in the General Meeting of EUROHOLD and at the same time indirectly holds more than 25% of the votes in the General Meeting of Eastern European Electric Company II BV, in whose favour the Security Transaction is carried out.

As of the date of this Report of Reasons STARCOM HOLDING AD directly owns 55,41 % from the votes in the General Meeting of EUROHOLD. In turn, EUROHOLD directly holds 100% of the votes in the General Meeting of the Eastern European Company II B.V., which in turn holds 100% of the votes in the General Meeting of the Eastern European Electric Company III B.V. (*a company incorporated and validly existing under the legislation of the Netherlands, registered in the Dutch Chamber of Commerce and Industry under number 83417605, with registered office and address: Netherlands, Amsterdam, 1097 JB, Prince Bernhardplein*) and the latter is the owner of 100 % of the share capital of Eastern European Electric Company B.V.

- 3) **Assen Milkov Christov** (interested party within the meaning of Art. 114, para. 7, item 2 of POSA) - Chairman of the Supervisory Board of EUROHOLD and indirectly holding more than 25% of the votes in the general meeting of Eastern European Electric Company II B.V., in whose favour the Security Transaction is carried out.

For the sake of clarity and traceability of the above-mentioned shareholdings, below is a graphic representation of the property vertically:



In accordance with Art. 114a, para. 2 of POSA Asen Milkov Christov did not take part in the preparation of this report.

### III. ECONOMIC BENEFIT FOR EUROHOLD FROM THE PROVISION OF THE CORPORATE GUARANTEE AND INCREASE OF ITS VALUE

In view of the market situation in the country and the region, the acquisition of CEZ Bulgaria represents a very good opportunity for the realization of the medium and long-term goals of EUROHOLD, namely diversification of the investment portfolio, reduction of market risk and the risk of economic cyclicality, and penetration in new regulated markets, which will lead to higher accuracy in cash flow forecasting and more stable profitability.

As at the end of the second quarter of 2021, EUROHOLD's exposure is characterized by concentration in the insurance sector and car distribution, respectively 87.5% and 10.3% of the company's revenues for the second quarter of 2021. Given the cyclical nature of the new car market, the group's management considers appropriate to increase the diversification of its investment portfolio. In accordance with its strategy for reducing its exposure to cyclical businesses, by the second quarter of 2021 EUROHOLD through its subsidiary Auto Union AD sold the ownership in the companies - N Auto Sofia EAD - a representative and dealer of cars from the brand of Nissan, as well as in Espace Auto OOD - a representative and dealer of cars with the brands Renault and Dacia on the territory of the Republic of Bulgaria. EUROHOLD follows the set strategy of selling the businesses of its car sub-holding, whereas its subsidiary - Auto Union AD is in advanced negotiations for the sale of other companies that hold dealer rights to car brands. EUROHOLD is expected to fully implement its strategy to reduce the share of its revenues from car distribution at the expense of the shares of revenues from insurance and energy by the end of 2021.

Penetration and strategic expansion in the medium term in the energy sector of Bulgaria and of Southeast Europe would have an effective impact, as well as on reducing the concentration of the Company in the insurance business, as well as on increasing the sustainability of the revenues of the EUROHOLD group in times economic crises and recessions. Accordingly, the Management Board considers that the provision of stable funding for the Acquisition (which required, in particular, the issuance of the Corporate Guarantee and at present – the proposed increase of its value) was of great importance, both for the individual units in the holding structure and for EUROHOLD itself and its shareholders.

The consolidated results of EUROHOLD are in direct dependency on the results of its subsidiaries and within this meaning the integration of the business of CEZ Bulgaria to the current portfolio of businesses will lead to economic benefits for the Company. The realization of the Acquisition will provide opportunities for new investments and will contribute to the improvement of the performance of the subsidiaries of EUROHOLD, as well as the realization of higher volumes of newly generated business, resp. operating income. Regarding the revenues of the main companies in CEZ Bulgaria for the last three years, please see section II, B *“Contingent liability under the Corporate Guarantee”* above.

Taking into account the financial results of CEZ Bulgaria for 2020, EUROHOLD'S earnings before interest, taxes, depreciation and amortization (EBITDA) is expected to increase by more than four times and the total revenues, as well as the assets of the Company to be doubled after the realization of the Acquisition. These forecasts in the growth of operating profit and in the assets of EUROHOLD are expected to be realized by the end of 2021. For the expected annual profit from CEZ, please see section II, B *“Contingent liability under the Corporate Guarantee”* above.

CEZ Bulgaria is the largest distributor of electricity in the country, covering an area of about 40,000 square kilometres, serving over 3 million consumers. Given the significant customer base of CEZ Bulgaria, this transaction is important for the strategic positioning of EUROHOLD, as well as of its subsidiaries, providing opportunities for effective development through synergies between businesses. It is important to point out that the completion of CEZ Bulgaria acquisition will have a positive effect, both on the profitability of EUROHOLD and on the credit rating of the company, which will lead to an improvement in the financial condition and risk profile of the Company.

The benefit for EUROHOLD from carrying out the Security Transaction, including the proposed increase of the liability limit thereof, is particularly evident from the fact that the Company actually acquires the assets of CEZ in Bulgaria, as far as the direct acquirer Eastern European Electric Company B.V. is a 100% owned company by the EUROHOLD, specially set up for the Acquisition and, accordingly, the borrower - Eastern European Electric Company II B.V. is a company 100% owned by

EUROHOLD, also specially set up for the Acquisition. In a downstream guarantee the success of the subsidiary will usually benefit the parent, e.g., through an increase in the subsidiary's value or improved performance resulting in better dividends. Importantly, the regulatory approvals of both the CPC and the EWRC were issued on the basis of a thorough assessment and in-depth analysis of the condition of EUROHOLD, and both regulators have allowed the Acquisition to be carried out by EUROHOLD through a specially set up of the Acquisition Eastern European Electric Company BV.

The benefit for EUROHOLD of the increase in the value of the Guarantee from EUR 150,000,000 to EUR 240,000,000 is in the utilization of the part of the funds under the Facility Agreement intended for costs following the Acquisition, including those related to the integration of the newly acquired companies in the structure of EUROHOLD and additional investments in the companies of CEZ Bulgaria, in case of need of such, which is an integral part of the transaction on the Acquisition of CEZ Bulgaria in a broad sense.

#### **IV. AUTHORIZATION OF PERSONS WHO MANAGE AND REPRESENT EUROHOLD TO CONCLUDE THE SECURITY TRANSACTION**

According to Art. Art. 114, para. 1, item 2, proposal 4 in connection with Art. 114, para. 1, item 1, letter "b" of POSA, when liabilities for the company arise in favour of interested parties, namely in the case of EUROHOLD will arise as a result of the proposed increase of the amount of the Corporate guarantee contingent liabilities to third parties in favour of the interested party - Eastern European Electric Company II B.V. the calculation for the purposes of Art. 114, para. 1 of POSA is made taking into account the two percent threshold under Art. 114, para. 1, item 1, letter "b" of the POSA.

In addition, according to Art. 114a, para 7 of POSA, in case the decision of the General Meeting does not indicate a specific counterparty to the transaction, subject of approval under Art. 114 of POSA, the calculation for the purposes of Art. 114, para. 1 of POSA is made by applying the thresholds for transactions with the participation of interested parties. Insofar the Security Transaction, the Facility Agreement and the documents related to the Acquisition financing contain confidentiality clauses in the present Report of Reasons a counterparty shall not be appointed, namely the creditors who provide financing shall not be identified, the calculation for the purposes of this approval is made using a 2% materiality threshold.

Pursuant to Art. 114a, para. 7 of POSA the calculation for the purposes of art. 114, para. 1 of POSA shall be performed in relation to the maximum value of the transaction proposed for approval. The maximum possible amount of contingent liabilities that would arise for EUROHOLD as a result of the proposed increase of the amount of the Corporate guarantee is in overall amount of EUR 240,000,000 and exceeds two (2) per cent of the lower value of the assets of EUROHOLD according to the last audited non-consolidated and publicly disclosed pursuant to art. 100t of POSA balance sheet as of 31 December 2020 (value of assets: BGN 633,741 thousand) and according to the last unaudited non-consolidated and publicly disclosed under Art. 100t of POSA balance sheet as of 30 June 2021 (value of assets: BGN 640,123 thousand). For the purposes of the calculation, the lower of the two values should be taken into account, namely BGN 633, 741 thousand, which equivalent in euro equals to EUR 324,027 thousand. Two (2) per cent of the value of the assets of EUROHOLD, according to its balance sheet as of 31 December 2020, is BGN 12,675 thousand or EUR 6,481 thousand.<sup>1</sup> In this sense, the amount of the proposed increase of EUROHOLD's liability limit under the Guarantee with

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<sup>1</sup> On the grounds of art. 29, para. 2 and 3 of the Law on the Bulgarian National Bank, decision № 233 of the Bulgarian National Bank (BNB) of 31 December 1998 for determining the exchange rate to the euro (and submitted by the Governor of the BNB, promulgated, SG, no. 1 of 5.01.1999, in force since 1.01.1999) and Decision determining the conditions for negotiating the central rate of the lev against the euro in accordance with paragraph 2.3 of European Council resolution on the establishment of an exchange rate mechanism in the third stage of economic and monetary union Amsterdam, 16 June 1997 (97/C 236/ 03), and submitted by the National Assembly, Prom. DV. issue 10 of 4 February 2020 about the official exchange rate of the lev to the euro is 1.95583 leva for 1 euro.

EUR 90,000,000 (up to EUR 240,000,000) exceeds the threshold of two (2) percent of the lower value of the assets of EUROHOLD according to the last audited non-consolidated and publicly disclosed under Art. 100t of POSA balance sheet, which amounts to EUR 6,481 thousand. Due to the stated considerations, the Security transaction should be approved in compliance with art. 114 of POSA by the General Meeting.

Based on the above, and considering that the proposed increase in the amount of the Security Transaction is in the interest of EUROHOLD, the Management Board proposes to the shareholders to authorize the Management Board and its executive members to perform the necessary deeds and actions increase the value of the Corporate Guarantee according to the provisions of the Facility Agreement by taking the following decision:

*“The General meeting of the shareholders adopts resolution for authorization of the Management Board and the persons who manage and represent Eurohold Bulgaria AD to undertake the necessary deeds and actions for increase of the amount of the corporate guarantee of Eurohold Bulgaria AD, approved by the general meeting of the shareholders held on 10 April 2021 and issued by force of a Guarantee Agreement dated 21 July 2021, executed by and between Eurohold Bulgaria AD (as guarantor) and the security agent acting in favour of the creditors under the below Facility Agreement according to report of reasons prepared by the management board of the company and as follows: increase of the liability threshold of Eurohold Bulgaria AD in its capacity of a corporate guarantor up to a total value above the threshold under Art. 114, para. 1, item 2, prop. 4 in connection with Art. 114, para. 1, item 1, letter “b” of POSA, namely from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary - Eastern European Electric Company II BV (a company incorporated and validly existing under the laws of the Netherlands, registered in the Dutch Chamber of Commerce under number 75452553, with registered office and address of management: Amsterdam, Amsterdam, 1097 JB, Prince Bernhardplein), which are related to and/or would result from a Facility Agreement for the amount of up to 133 990 000 (one hundred and thirty three million nine hundred and ninety thousand) euro executed on 21 July 2021 by and between among others Eastern European Electric Company II B.V., as borrower and the financial institutions as lenders as provided for in the agreement. The main parameters of the corporate guarantee are: parties – the parties under the Guarantee Agreement as appointed hereinabove, value – increase of the liability threshold of Eurohold Bulgaria AD, in its capacity of a corporate guarantor from 150 000 000 (one hundred and fifty million) euro to up to 240 000 000 (two hundred and forty million) euro; term – 66 months, whereas irrespective of the foregoing the guarantee remains valid until all obligations secured by it and fully, unconditionally and irrevocably paid or otherwise repaid; the guarantee is carried out in favour of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II BV, indirectly in favour of the parent company Eurohold Bulgaria AD and of the beneficiaries under the guarantee – the lenders under the abovementioned Facility Agreement dated 21 July 2021; purpose of the guarantee transaction – securing financing of part of the acquisition price for the CEZ Group in Bulgaria, the fees and expenses related thereof and further investments in the companies subject to the transaction.*

*The General meeting adopts resolution authorizing the Management Board to undertake all necessary legal and factual actions to implement this decision.”*

## **V. OTHER INFORMATION**

This report has been prepared on the basis of Art. 114a, para. 1 of POSA, in connection with Art. 46 of Ordinance № 2 of the FSC and is part of the materials on the agenda of the extraordinary General Meeting of the shareholders of EUROHOLD, which should take a decision based on the

requirements of Art. 114, para. 1, item 2, proposal 4 in connection with art. 114, para. 1, v.1, b. "b" of the POSA.

The General Meeting is convened for 18 October 2021 from 10.30 am (07.30 UTC time). The registration of the participants in the meeting will start at 09.30 (06.30 UTC) on 18 October 2021 at the address of the company's management in Sofia, 43 Christopher Columbus Blvd., floor 1. In the absence of a quorum on the date originally announced, the meeting will be held on 03 November 2021 from 10.00 am (07.00 am UTC) at the company's headquarters in Sofia, 43 Christopher Columbus Blvd., floor 1, with the same agenda. The registration of the participants in the meeting on the reserve date will start at 09.30 (06.30 UTC) on 03 November 2021 in Sofia, 43 Christopher Columbus Blvd., 1st floor.

This report of reasons is approved by decision of The Management Board, taken at a meeting held on 10 September 2021.

**MEMBERS OF THE MANAGEMENT BOARD OF EUROHOLD BULGARIA AD:**

KIRIL IVANOV BOSHOV

ASEN MINCHEV MINCHEV

VELISLAV MILKOV CHRISTOV

ASEN EMANOUILOV ASSENOV

RAZVAN STEFAN LEFTER

**POWER – OF – ATTORNEY \***

The undersigned ....., citizen of ....., PIN/ born on ....., ID card/ passport № ....., issued on ....., valid till, permanent residence: ....., in my capacity of .....  
(*data of the represented natural/ legal person*), possessing as of ..... (*day/month/year – the date pursuant to the invitation to the shareholders*)) ..... number (*description of shares*) voting shares from the share capital of EUROHOLD BULGARIA AD, registered with the Trade Register at the Registry Agency, UIC 175187337, having its registered seat and address of management at 43 Christopher Columbus Blvd., Iskar district, city of Sofia, pursuant to art. 226 of the Commerce Act (CA) and art. 116, paragraph 1 of Public Offering of Securities Act (POSA), hereby

**AUTHORIZE:**

..... (*full name*), PIN/ born on ....., ID card/ passport № ....., issued on ....., valid till, address: .....

TO REPRESENT ..... at annual/ extraordinary session of the General meeting of shareholders of EUROHOLD BULGARIA AD, which will be held on ..... (*day, month, year*) at ..... am at 43 Christopher Columbus Blvd., Iskar district, city of Sofia, conference hall and to vote with all shares owned by ..... under the items of the agenda by the following way, namely:

I. ANNOUNCED AGENDA OF THE SESSION OF THE GENERAL MEETING OF SHAREHOLDERS pursuant to the published invitation to the shareholders and as the case may be, announced under the procedure of Art. 223 of the CA in relation to Art. 115, par. 4 of the POSA or Art. 223a of the CA relating to Art. 115, par. 7 of the POSA

.....

II. DRAFT RESOLUTIONS ON THE SEPARATE ITEMS FROM THE AGENDA OF THE SESSION OF THE GENERAL MEETING OF SHAREHOLDERS pursuant to the published invitation to the shareholders and as the case may be, announced under the procedure of Art. 223 of the CA or Art. 223a of the CA.

.....

III. MANNER OF VOTING BY THE PROXY ON THE SEPARATE ITEMS OF THE AGENDA OF THE GENERAL MEETING OF SHAREHOLDERS:

The proxy shall be entitled to consider whether and how **to vote at his own discretion**, to decide whether to vote FOR, AGAINST or ABSTAIN FROM voting under any and all draft resolutions during the session of the General Meeting of shareholders of EUROHOLD BULGARIA AD.

The authorization includes the questions added into the agenda under the conditions of Art. 231, par. 1 of the CA and not announced or published in accordance with Art. 223 of the CA, as well as the manner of voting by the proxy in the cases under Art. 231, par. 1 of the CA.

*In case that the manner of voting by the proxy is not specified under each item of the agenda, it shall be pointed out that the proxy may vote at his/her own discretion (at his own discretion to vote "FOR", "AGAINST" or "ABSTAINED") under each draft resolutions during the session of the General meeting of the shareholders of EUROHOLD BULGARIA AD*

*It should be pointed out whether the authorization covers items which are included in the agenda under the conditions of Art. 231, paragraph 1 of the Commerce Act and are not notified to or announced pursuant to Art. 223 of the CA, as well as with respect to the way of voting by the proxy in the cases of Art. 231, paragraph 1 of the CA.*

Date: ..... FOR AND ON BEHALF OF: (.....)

**\*This power- of- attorney should be with notarized signature.**