ANNUAL ACTIVITY REPORT OF MONBAT AD, SOFIA

FOR THE FINANCIAL 2018

THIS REPORT WAS PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE. 39 OF THE ACCOUNTANCY ACT, ARTICLE 100N, PARAGRAPH 7 OF THE LAW ON PUBLIC OFFERING OF SECURITIES AND ANNEX № 10 TO ART. 32, PARA. 1, ITEM 2 OF ORDINANCE № 2 OF SEPTEMBER 17, 2003 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION.

FORWARD LOOKING STATEMENTS

The Annual Report may contain statements which reflect the current view of the Company's Board of Directors in respect of achieving future financial results, execution of business strategy, plans and objectives of the management.

These forward-looking statements concern MONBAT AD and the sectors where the Companies operate in. Statements that include the words "expects", "intends", "plans", "projects", "accepts", "will", "aims", "strives", "can", "could be", "continues", and other such statements with regard to the future presentation of the company constitute forward-looking statements for the purposes of the Bulgarian securities legislation and for other purposes.

In case that forward-looking statements are presented, the latter concern the future presentation and results of the company that involve risks and uncertainties. It is possible for factors and events to arise that could cause the actual results of MONBAT AD to differ significantly from those given in the forward-looking statements. These factors include but are not limited only to the factors described in the section entitled RISK FACTORS and should be considered in their interaction as well as in view of the whole financial and economic information presented in this document. The forward-looking statements are up-to-date as at the date of the Annual Report. In compliance with the obligations under the Bulgarian legislation and the approved policy of MONBAT AD, the company's Board of Directors will continue announcing publicly, under the legally provided procedure, new forecasts as well as to update already presented forward-looking statements that need to be corrected.

Before taking an investment decision, potential investors should carefully consider the factors stated in the Annual Report, which may cause the actual results of MONBAT AD to differ from the ones presented in this document.

PRESENTATION OF FINANCIAL, MARKET, ECONOMIC AND STATISTICAL INFORMATION

The financial information in the Annual Report has been prepared in compliance with the International Financial Reporting Standards (IFRS).

The market, economic and statistical information as well as information regarding the financial and economic situation in the Republic of Bulgaria and the Bulgarian securities market used in the Report has been taken from various sources, explicitly referred in the respective parts where such information is presented. Information presented in this document regarding a part of the systematic risks for MONBAT AD is extracted from publicly available information, including publications and information disclosed in compliance with the requirements of the applicable securities legislation and other regulations. Information presented in this Report regarding the economic sectors where MONBAT AD operates is extracted from publicly available information, including publications and information disclosed in compliance with the requirements of the applicable securities legislation and other regulations. MONBAT AD does not guarantee the accuracy and exhaustiveness of this information as well as the presence of complete uniformity in the information from all these

sources. With this regard, MONBAT AD takes responsibility only for the accurate reproduction of extracts from relevant sources of information.

The Board of Directors of MONBAT AD confirms that the information extracted from publications and other publicly available sources is reproduced correctly by the relevant sources and, to the best of its knowledge, no facts which could render the reproduced information inaccurate or misleading are missed. Nevertheless, the Board of Directors of MONBAT AD informs that is has relied on the accuracy of this information without conducting an independent review.

DEAR SHAREHOLDERS

We, the members of the Board of Directors of MONBAT AD, led by the desire to manage the company in the interest of the shareholders and pursuant to the provisions of art. 39 of the Accountancy Act, article 100m, paragraph 7 of the LPOS and Annex № 10 to art. 32, paragraph 1, item 2 of Ordinance No. 2 of FCS prepared this Activity Report /the Report/.

The Report presents comments and analysis of the financial statements and other essential information regarding the financial situation and the operational results of the company. The Report reflects in a credible way the condition and the development prospects of the company.

In 2018 occurred circumstances that the Company's management believes could be of relevance for investors in taking a decision to acquire, sell or continue holding publicly traded securities.

The occurred circumstances have been disclosed within the tetms and in accordance with the procedure as provided by the LPOS to the investors, the regulated securities market and the Financial Supervision Commission. The same are also available on the company's website www.monbatgroup.com

As at 31.12.2018 MONBAT AD generated individual net sales revenues in the amount of BGN 348 944 000 which represents 0.42 % decrease compared to the net sales revenues generated in 2017 in the amount of BGN 350 413 000.

As at 31.12.2018 MONBAT AD generated profit before taxes in the amount of BGN 10 244 000 which represents 43,33 % a profit growth compared to the profit before taxes generated for 2017 in the amount of BGN 7 147 000.

The individual net profit of MONBAT AD as at 31.12.2018 is in the amount of BGN 9 901 000 and reports 55,87 % profit increase compared to the individual net profit of the company for 2017 which is in the amount of BGN 6 352 000.

I. GENERAL INFORMATION ABOUT THE COMPANY

The company was incorporated in the Republic of Bulgaria in accordance with the Bulgarian legislation. The legal and organizational form of MONBAT AD is a joint stock public company. The company has its registered seat and business address at 4, Cherni vrah № 32A, 1407 Sofia.

Telephone: + 359 2 962 1150; + 359 2 988 24 13
Fax: + 359 2 962 1146
E-mail : investorrelations@monbat.com
Website: www.monbatgroup.com

As at the date of this Activity Report the share registered capital of the company is in the amount of BGN 39 000 000 divided in 39 000 000 dematerialized registered shares with a nominal value of BGN 1.00 each of them.

In 2016, 2017 and 2018 there were no changes in the amount of the capital of MONBAT AD.

As at 31.12.2018 there is one legal entity that exercises control over the public company MONBAT AD. This company is PRISTA OIL HOLDING EAD, Sofia. PRISTA OIL HOLDING EAD is related to another shareholder with considerable holdings, namely MONBAT TRADING OOD.

As at 31.12.2018 the capital structure of MONBAT AD is the following:

Table № 1

Name of the shareholder	Number of shares	Percentage of the capital
PRISTA OIL HOLDING EAD, Sofia	16 666 371	42.73 %
MONBAT TRADING Ltd., Sofia	2 752 800	7.06 %
PRISTA HOLDCO COOPERATIEF U.A.	8 103 758	20.78 %
UPF Doverie	2 553 813	6.55 %
MUPF Allianz	2 029 556	5.20 %
Free float	6 893 702	17.68 %

As at 31.12.2018 the Board of Directors of Monbat AD is the following:

Atanas Bobokov – Executive member of the Board of Directors

Plamen Bobokov – Member of the Board of Directors

Stoyan Stalev – Member of the Board of Directors

Alexander Chaushev – Member of the Board of Directors

Nikolay Trenchev – Member of the Board of Directors

Evelina Slavcheva – Member of the Board of Directors

Florian Huth – Member of the Board of Directors

Peter Bozadzhiev – Member of the Board of Directors

Yordan Karabinov – Member of the Board of Directors

II. OVERVIEW OF THE ACTIVITIES AND THE CONDITION OF THE COMPANY

1. Main Activity

The principal activity of MONBAT AD is production of lead-acid starter and stationary accumulator batteries and their servicing. The products of the company can be divided in the following main groups:

Starter Batteries



Comprehensive lineup of starter batteries, featuring the classic construction "Dynamic", "Maintenance Free", "Premium", "Heavy Duty" and "JIS" series and the AGM range under the label GEM. The batteries application cover the entire range of passenger and commercial vehicles, heavy trucks and agricultural machines, operating in normal and harsh environmental conditions.

Stationary Batteries



Valve-regulated lead-acid (VRLA-AGM) batteries, constructed in accordance with the following standards and reference norms: IEC 60 896-21/22, EN 60896-2, BS 6290-4, IEC 707 FVO, UL 94 VO, BS 6334 FVO, BDS 10457 / 88 and EUROBAT specification: Long life. Product range of 2-, 4-, 6- and 12-volt batteries with capacities from 50 to 600 Ah.

Deep cycle beteries



Megalight Power range features advanced AGM technology with absorbed electrolyte. Designed for reliable storage solutions for renewable energy applications.
Monolith Power Light Traction range is specially designed for applications requiring a permanent and long lasting supply electrical energy.
Monolith Power Deep Cycle range is specially design for powering electrical equipment for longer periods of time with increased ability of deep discharge cycles.

Special Batteries



Batteries for military application, suitable for both Russian and NATO designed tanks and armoured vehicles.

Locomotives Batteries



Railroad source of starter power - batteries designed to facilitate diesel engines initial cranking and to provide the electronic and control circuits power supply in the electrolocomotives.

Leisure batteries



Provided with a special design reliable to demanding charge/discharge cycling conditions peculiar to recreational and leisure equipment. Perfect for seasonal use.
Ideal for motorboats, canal boats, yachts, motorhomes and caravans.

2. Major raw materials

The major raw materials essential to the Company's activities are: lead with purity of 99.99% and 99.985%, lead alloys - antimony and calcium, polypropylene trade-mark 7523, polyethylene separator and sulfuric acid. The availability of these materials that MONBAT AD supports ensures the production process for a period of between 15 and 30 days. Prices of lead and lead alloys and polypropylene are variable and directly dependent on the exchange prices of lead on the London Metal Exchange and the stock exchange price of oil.

During the last few years the management of MONBAT AD has made considerable investment expenses to ensure resource availability of lead and propylene - own production, by means of building its own recycling facilities, namely: opened two recycling facilities in Serbia and Romania.

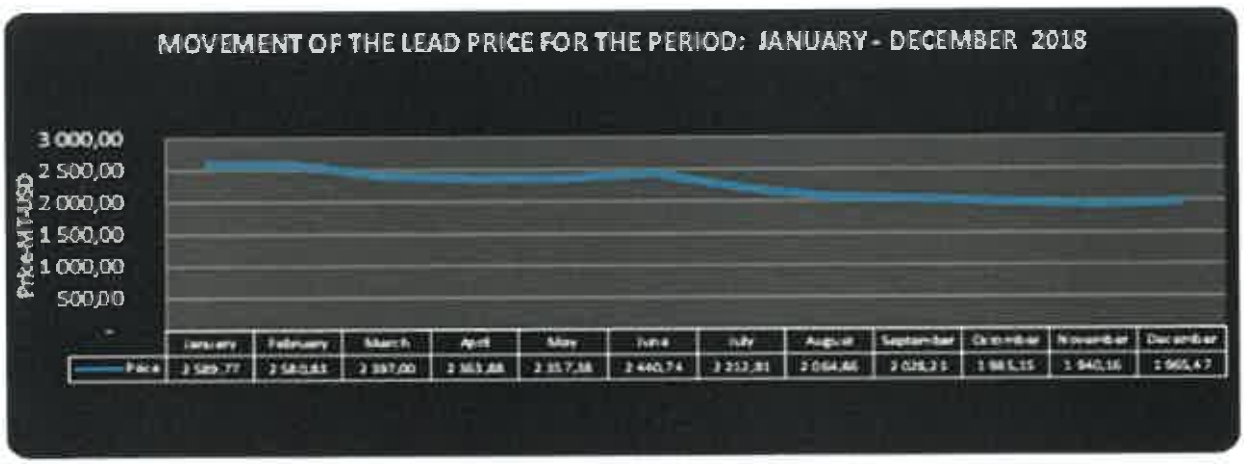
The share of own recycled lead, that MONBAT AD buys mainly from its subsidiaries, used in the production in 2016 represented 72 % and the share of the recycled polypropylene - own production - nearly 100 %.

The share of own recycled lead, that MONBAT AD buys mainly from its subsidiaries, used in the production in 2017 represented 80 % and the share of the recycled polypropylene - own production - nearly 100 %.

The share of own recycled lead, that MONBAT AD buys mainly from its subsidiaries, used in the production in 2018 represented 66 % and the share of the recycled polypropylene - own production - 43%.

By means of creating own recycling facilities, the management of the company strives to reduce the risk of change in the price of the major raw materials.

The movement of the lead price in 2018 is shown in the following diagram:



*** Average lead price for the period 01.01.2018 – 31.12.2018 is – 2 243,87 USD/MT**

As at 31.12.2018, lead takes approximately 74 % of the cost structure per unit:

The production is dependent on the price of electricity and natural gas, which are currently state-regulated. However, these prices do not significantly affect the cost price formation, as production of accumulator batteries is not energy consuming - up to 1.9 % of the cost price of the output is determined by electricity consumption and 0.7 % of the natural gas consumption.

MARKETS AND SALES

As a result of its marketing and distribution strategy, Monbat enjoys excellent market diversification, with sales in more than 64 countries in 2018, and important markets for 2018 are France, Spain, Germany, Romania and Italy. With its well developed distributor network Monbat accesses end customers in from all the major markets in the EU.

Starter batteries ultimately are retailed through automotive retailers and repair shops. Stationary batteries are sold directly to telecom companies and other users.

The company has granted deferred payment terms for the domestic market up to 30 days and for the foreign market – up to 120 days. In case of deferred payments, sales are being insured by BAEZ AD (the Bulgarian Export Insurance Agency).

A direct competitor on the Bulgarian market is Elchim-Iskra AD. As at 31.12.2018 MONBAT AD owns the third largest producer in the accumulator batteries business in Bulgaria – START AD, Dobrich.

As at 31.12.2018 MONBAT AD reported individual net sales revenues in the amount of BGN 348 944 000 which represents a decrease by 0.42 % compared to the net sales revenues generated in 2017 in the amount of BGN 350 413 000.

The generated sales revenues on the domestic market on an individual basis in 2018 were in the amount of BGN 93 749 000 (the generated sales revenues on the domestic market include technological waste and scrap, sold by Monbat Recycling Bulgaria and materials and other goods sold to other related parties) and represent 26,87 % of the total sales, and the generated revenues from abroad including intra-community supplies were in the amount of BGN 255 195 000 and represents 73.13 % of the net sales revenues of the company.

Monbat is geographically diversified with a market presence throughout the globe.

Table № 2

	31.12.2018		31.12.2017	
Country	Export (EUR '000)	%	Export (EUR '000)	%
Other	18 490,98	14,17	23 398,74	18,96
France	20 765,26	15,91	21 073,10	17,08
Romania	13 606,10	10,43	13 681,84	11,09
Germany	12 070,02	9,25	11 689,50	9,47
Italy	8 809,69	6,75	8 651,40	7,01
United Kingdom	6 914,54	5,30	7 411,18	6,01
Netherlands	6 175,56	4,73	6 752,69	5,47
Spain	5 258,99	4,03	5 554,26	4,50
Lebanon	4 793,36	3,67	2 181,32	1,77
Russia	4 656,45	3,57	2 986,28	2,42
South Africa	4 086,74	3,13	1 881,83	1,52
Ireland	3 332,90	2,55	1 974,87	1,60
Mexico	3 196,48	2,45	-	-
Polish	3 101,38	2,38	854,11	0,69
Belgium	3 063,23	2,35	2 459,76	1,99
Serbia	2 896,16	2,22	5 560,64	4,51
The Kingdom of Sweden	2 456,08	1,88	1 058,04	0,86
Finland	2 410,09	1,85	2 023,18	1,64
Denmark	2 320,89	1,78	2 092,19	1,70
Portugal	2 074,23	1,59	2 113,87	1,71
ОБЩО	130 479,11	100	123 398,81	100

For the period 01.01.2018 - 31.12.2018 major market for MONBAT AD was France with EUR 20 765 000 sales revenues which represents 15.91 % of the total revenues from abroad of the company on an individual basis.

QUALITY

ISO 9001

MONBAT AD continuously strives to improve the way it operates, in all possible aspects: developing innovative products and technologies; increasing market share; managing risk more effectively; improving customer satisfaction. The established quality management system provides for a reliable framework capable to monitor and improve performance in the area of activity.

AQAP 2110

MONBAT AD has a certificate that certifies that the company's quality management system is in compliance with the NATO Alliance Publication - AQAP 2110. Certification has been carried out by the Military Standardization, Quality and Codification Directorate at the Ministry of Defense. AQAP 2110 (Allied Quality Assurance Publication) is a NATO Alliance that reflects Alliance quality assurance requirements.

ISO/TS 16949

An international industry standard developed for the automotive industry on the basis of ISO 9000 standards. It describes the requirements of the Quality Management System in enterprises that are involved in the design, manufacture, regulation and servicing of production for the automotive industry.

II. OPERATING RESULTS

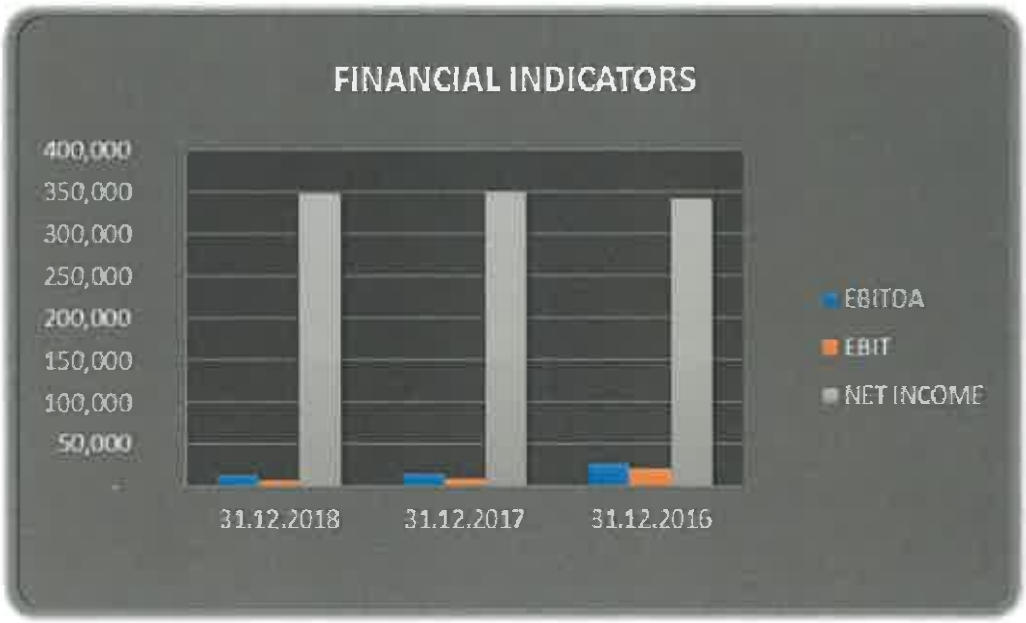
As a result of its business activities carried out in 2018 MONBAT AD reports profit before taxes in the amount of BGN 10 244 000 which represents a profit growth by 43,33 % compared to the profit before taxes generated in 2017 in the amount of BGN 7 147 000.

The individual net profit of MONBAT AD as at 31.12.2018 is in the amount of BGN 9 901 000 and registers a profit growth by 55.87 % compared to the company's individual net profit for 2017 which is in the amount of BGN 6 352 000.

Table № 3

FINANCIAL INDICATORS	31.12.2018	31.12.2017	31.12.2016
EBITDA	12 277	13 966	26 062
EBIT	6 340	7 882	20 465
NET INCOME	348 944	350 413	342 830

*Data presented in BGN thousands.



MONBAT GROUP

Table № 4

SHAREHOLDERS' EQUITY	2016	%	2017	%	2018
a	1		2		3
A. SHAREHOLDERS' EQUITY					
I. Share capital	39 000	0%	39 000	0%	39 000
II. Reserves	92 477	0%	92 477	0%	92 477
III. Financial result					
1. Retained earnings from previous periods	15 464	45,73%	22 535	-5,09%	21 387
undistributed profit	15 464	45,73%	22 535	-5,09%	21 387
loss not covered	0	0%	0	0%	0
one-time effect from changes in accounting policy	0	0%	0	0%	0
2. Current year profit	18 103	-64,91%	6 352	55,87%	9 901
3. Current year lost	0	0%	0	0%	0
III.Total	33 567	-13,94%	28 887	8,31%	31 288
TOTAL SHAREHOLDERS' EQUITY "A" (I+II+III)	165 044	-2,84%	160 364	1,50%	162 765

Operating revenues by category

Table № 5

REVENUES	2016	%	2017	%	2018
a	1		2		3
A. Operating revenues					
I. Net revenues from the sale of:					
1. Finished goods	267 532	-11,00%	238 097	-4,44%	227 521
2. Goods for sale	818	4539,24%	37 949	53,37%	58 204
3. Services	1 505	16,15%	1 748	16,59%	2 038
4. Other	72 975	-0,49%	72 619	-15,75%	61 181
I. Total	342 830	2,21%	350 413	-0,42%	348 944

Operating expenditures by category

Table № 6

EXPENSES	2016	%	2017	%	2018
a	1		2		3
Expenditures					
I. Operating expenses					
1. Materials	220 266	-8,07%	202 494	-8,52%	185 250
2. External services	17 459	2,73%	17 936	4,01%	18 656
3. Depreciation	5 597	8,70%	6 084	-2,42%	5 937
4. Salaries	9 685	6,88%	10 351	11,47%	11 538
5. Social securtiry	1 826	10,46%	2 017	7,49%	2 168
6. Net book value of assets sold (finished goods excluded)	71 101	47,91%	105 168	7,50%	113 051
7. Assets under construction and write off of assets	-6 272	-30,39%	-4 366	-113,81%	603
8. Other expenses	3 371	4,27%	3 515	72,66%	6 069
I. Total	323 033	6,24%	343 199	0,02%	343 272

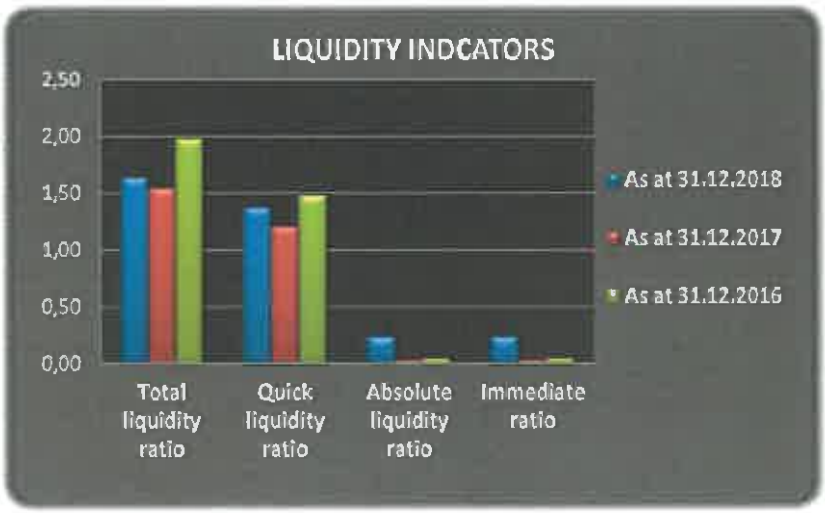
III. ANNALYSIS OF FINANCIAL AND NON-FINANCIAL BASIC INDICATORS ON THE RESULTS FROM THE ACTIVITIES RELATED TO THE BUSSINES INCLUDING INFORMATION ON ISSUES RELATED TO ECOLOGY AND HUMAN RESORSES. IN THE PREPARATION OF THE MANAGEMENT REPORT THERE MIGHT BE REFERENCE TO THE AMOUNT OF EXPENDITURE INLCLUDED IN THE STAND ALONE FINANCAIL STATEMENT.

1. FINANCIAL INDICATORS

LIQUIDITY

Table № 7

LIQUIDITY INDICATORS	31.12.2018	31.12.2017	31.12.2016
Total liquidity ratio	1,64	1,54	1,98
Quick liquidity ratio	1,38	1,21	1,48
Absolute liquidity ratio	0,24	0,03	0,05
Immediate ratio	0,24	0,03	0,05



The trend of the liquidity indicators over time provides the most valuable information. Liabilities to creditors of MONBAT AD are being paid off in cash rather than using inventories or equipment. I.e., these factors describe the company's ability to pay off its debts on time.

TOTAL LIQUIDITY RATIO

The total liquidity ratio is one of the earliest formulated indicators and is considered to be universal. The total liquidity ratio represents the ratio of current assets to current liabilities. It could be expected that current assets will be at least equal to current liabilities, whereas actually it is normal for them to be even slightly higher than the current liabilities. Therefore, optimal values of this ratio are over 1 – 1.5. However, some types of companies are able to operate at odds of less than 1.

For 2018 the value of the total liquidity ratio from 1.64 and increased in comparison with the rates for 2017.

The registered increase in the value of this ratio for 2018 compared to 2017 is due to the increase in the amount of the company's current assets by 34.29 % and the increase in the amount of the company's current liabilities by 26.45 %.

IMMEDIATE LIQUIDITY RATIO

The value of the immediate liquidity ratio of MONBAT AD for 2018 is 0.24 and registers an increase compared to its rate from 2017. The increase in the value of the

immediate liquidity ratio for 2018 compared to 2017 is due to the increase in cash of the company by 851.63 % and an increase in the current liabilities by 26.45 %.

QUICK LIQUIDITY RATIO

The quick liquidity ratio represents the ratio of current assets minus inventories to cutent liabilities. Its traditional rate, setting stability for the company is between 1.5 -2 but much higher rates would indicate that company's assets are not being used in the best way.

The quick liquidity ratio of the company for 2018 is 1.38 and registers an increase compared to its rate of 1.21 for 2017. In 2018 compared to 2017 the group of inventories decreased by 0.59 % and short term assets increased by 34.29 %, when there is an increase of short term liabilities by 26.45 %.

ABSOLUTE LIQUIDITY RATIO

The absolute liquidity ratio is calculated as the ratio of cash and short term liabilities and indicates company's ability to meet its short term liabilities with its available cash.

The absolute liquidity ratio of the company for 2018 is 0.24. For 2018 the company's cash reports an increase by 851.63 % compared to the previous 2017 while the rate of the short term liabilities reports an increase by 26.45 %.

CAPITAL RESOURCES

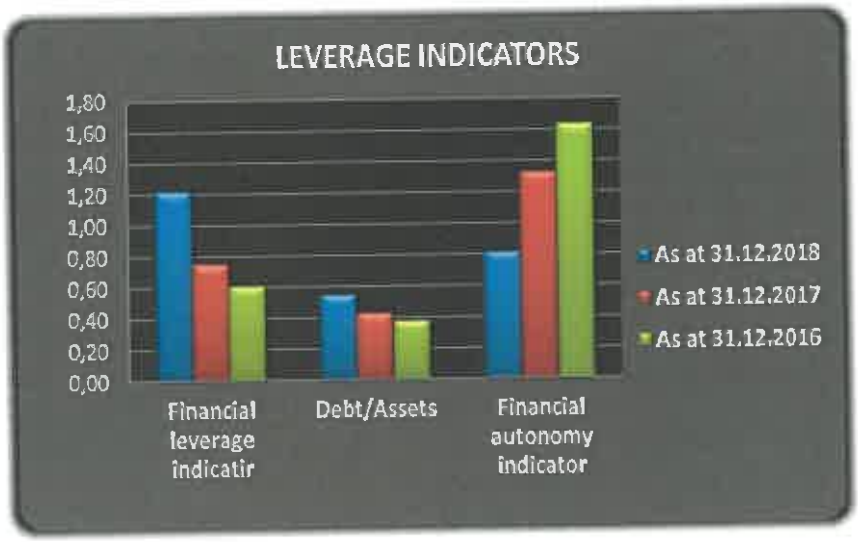
The financial autonomy and financial leverage indicators report on the ratio between own funds and borrowed funds in the capital structure of the company. High rates of the financial autonomy inicator, respectively, the low rates of the financial leverage indicator, provide guarantee both for investors /creditors/ and for the owners themselves, on the ability if the company to pay regularly its long-term liabilities.

The effect of using borrowed funds (debt) by the company with a view to increase the final total net income from the funds involved in the activity (equity and borrowings) is called financial leverage. The benefit of using financial leverage appears when the company benefits from the investment of borrowed funds more than the expenses (interest) on their attraction. When a company achieves higher yields when using borrowed funds in its capital structure than the expenses on their attraction are, leverage is justified and should be considered in a positive way (with the reservation that the rate of leverage does not significantly negatively influence other financial indicators of the company).

THE FINANCIAL LEVERAGE INDICATORS

Table № 8

LEVERAGE INDICATORS	31.12.2018	31.12.2017	31.12.2016
Financial leverage indicatir	1,22	0,75	0,61
Debt/Assets	0,55	0,43	0,38
Financial autonomy indicator	0,82	1,33	1,64



FINANCIAL LEVERAGE RATIO

The indicators for the share of capital, obtained through loans show what part of the total capital represent the borrowings. The higher the share of long-term debt compared to shareholders' equity is, the higher will be the likelihood of failure in the payment of fixed liabilities.

The value of the financial leverage ratio of MONBAT AD for 2018 is 1.22 and reports an increase compared to its rate registerred in 2017 and 2016.

In 2018 the shareholder's equity registred an increace by 1.50 % and company's debt registred an increase by 64.75 %.

FINANCIAL AUTONOMY RATIO

The financial autonomy ratio shows what percentage of the total liabilities represents the shareholders' equity of the company.

As at 31.12.2018 the value of the company's financial autonomy ratio is 0.82 compared to its rate of 1.33, registered as at 31.12.2017 and its rate of 1.64, reported for 2016.

During the analyzed financial period the value of the financial autonomy ratio increased compared to the previous 2017. The indicated increase in the value the financial autonomy ratio in 2018 compared to 2017 is due to the increase of the company's debt by 64.75 % and the increase of the shareholder's equity by 1.50 %.

DEBT TO TOTAL ASSETS RATIO

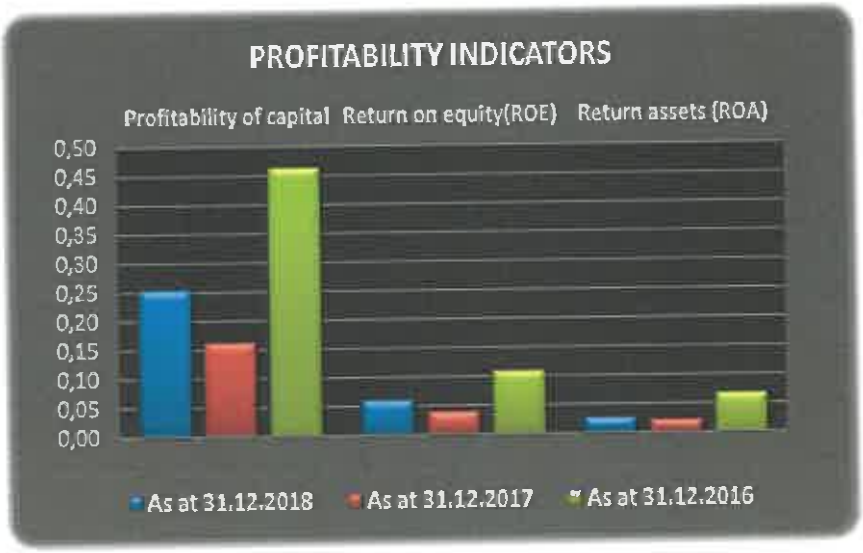
The rate of the ratio shows what part of the assets is being financed through debt.

As at 31.12.2018 the value of the Debt/Assets ratio is higher compared to its rate for 2017. The registered increase in the value of this ratio in 2018 compared to 2017 is due to the increase in the company's total debt by 64.75 % together with an increase in the value of the company's assets by 28.66 %.

PROFITABILITY INDICATORS

Table№ 9

PROFITABILITY INDICATORS	31.12.2018	31.12.2017	31.12.2016
Profitability of capital	0,25	0,16	0,46
Return on equity(ROE)	0,06	0,04	0,11
Return assets (ROA)	0,03	0,02	0,07



RETURN ON EQUITY (ROE)

The Return on Equity indicator is calculated as the profit after taxation from the total income statement is related as a percentage of the company's shareholders' equity. This ratio measures the return to shareholders in terms of their absolute investments. This ratio reports stable high rates for the last three financial periods due to the generated profit for these years.

For 2018 the value of the Return on Equity ratio from 0.06 reports an increase compared to its rate of 0.04 registerred in 2017. The increase in the value of the Return on Equity ratio is due to the increase of the company's net profit by 55.87 % with a registered increase of the shareholders' equity by 1.50 %.

RETURN ON ASSETS (ROA)

The Return on Assets indicator shows the effectiveness of using the total assets in the company. The increase in the value of the Return on Assets indicator in 2018 compared to 2017 is due to the increase of the company's net profit by 55.87 % and the increase of the total assets by 28.66 %.

PROFITABILITY OF CAPITAL

As of 31.12.2018 the profitability of capital ratio is 0.25 and reports an increase compared to 2017. In 2018 compared to 2017 the reported net profit of the company increased by 55.87 % and the company's registered capital is the same as prior year.

KEY INDICATORS

Summarized information on the financial indicators of MONBAT AD for the last three financial years is presented in the following table:

Table № 10

Indicators	2018	2017	2016
Net sales revenues	348 944	350 413	342 830
Shareholders' equity	162 765	160 364	165 044
Non-current liabilities	58 484	9 681	31 962
Current liabilities	140 401	111 037	68 803
Non-current assets	131 368	109 604	129 543
Current assets	230 282	171 478	136 266
Working capital	89 881	60 441	67 463
Cash and cash equivalents	33 507	3 521	3 141
Total debt	198 885	120 718	100 765
Interest expenses	4 874	2 018	1 362
Inventories	36 971	37 192	34 252
Short-term receivables	159 069	130 712	98 813
Operating expenses	343 272	343 199	323 033
Material expenses	185 250	202 494	220 266
P/E	0,25	0,16	0,46
P/BV	2,10	1,74	1,89
P/S	8,95	8,98	8,79
Financial Maneuver Coefficient	0,55	0,38	0,41
Return on sales	2,84%	1,81%	5,28%
ROFA *	0,04	0,04	0,13

The P/E, P/BV и P/S indicators are calculated based on the average share price of MONBAT AD as of 31.12.2018, 31.12.2017 and 31.12.2016.

* Financial maneuver coefficient – working capital / shareholders' equity;

*ROFA (return on non-current assets) – net profit/non-current assets;

*P/S – (net sales revenues / registered capital) x100

*P/BV – shareholders' equity / registered capital

*P/E – net profit / registered capital

ECOLOGY

The responsibility of MONBAT AD as the largest producer of accumulator batteries in Bulgaria and a dynamically developing public company finds expression also in the attitude towards environment. The management of MONBAT AD considers the activities directed towards pollution prevention or reduction aimed at achieving a maximum level of human health and environmental protection as a major priority and a crucial factor in the long-term and sustainable development. It is a company's practice of long standing to provide clear and accurate environmental information on its products, services and activities to customers, suppliers and the general public.

The management of MONBAT AD makes efforts to reduce the impact of the company on the environment through:

- effective use of electricity and heat power/thermal energy;
- minimizing and recycling waste;
- preventing pollution through reducing and minimizing detrimental emission in the air and water;

- using the best available techniques and best management practices when expanding the production;

- internal monitoring in terms of air, water and soil pollution;

Self-control system - the establishment and operation of an internal control system is designed to achieve continuous compliance with the environmental, health and safety regulations on the basis of the Integrated Management System. The self-control system evaluates the efficiency and effectiveness of the management system and the operations of MONBAT AD in general.

Pursuant to the requirements of the Law on Health and Safe Labor Conditions and the respective subordinate legislation and the Disaster Protection Act, MONBAT AD has developed an emergency plan to carry out rescue and emergency recovery activities in case of disasters, emergencies and accidents which have occurred in the production process. The purpose of the protection plan is to preventively ensure the necessary materials, equipment and resources for effective activities to prevent the consequences of disasters and accidents; preparation of the personnel on the site for action; way of announcing and preparing the personnel; managing the personnel's activities; procedures for putting the plan into action and informing the competent authorities; ways, means and procedures for notifying, when possible, the endangered population near the site; the procedure for carrying out the relevant rescue and emergency recovery activities on the territory of the site; procedures for restoring the activities on the site; ensuring the necessary measures for recreation of the environment.

The development strategy of MONBAT AD includes participation in long-term socially useful projects in the environment protection area. The Company has a system for separate waste collection and disposal by means of building a network of containers for collecting old accumulator batteries with the distributors of MONBAT AD. Old batteries are among the widespread harmful waste and the company significantly contributes to environmental protection by collecting, neutralizing and recycling such batteries. Lead and polypropylene derived form recycling are put again in the production of new accumulator batteries and thus waste has been efficiently utilized. The company has established the only individual system for collecting old batteries in Bulgaria and operates under its own Program for management of spent lead-acid accumulator batteries.

The Company has successfully passed through the certification process under ISO 14001 - an internationally recognized standard defining how a company can create and implement an effective management system in relation to the environment. The standard focuses on the delicate balance between maintaining efficiency and reducing environmental impact by engaging all levels of the organization to achieve both objectives.

HUMAN RESOURCES

The average number of the Company's employees as of 31.12.2018 is 408 employees. As a typical industrial structure, MONBAT PLC keeps its focus on the people involved in the production with adequate adequate administrative support.
For all levels, certain levels of remuneration are defined in advance. The remuneration of each person is structured within these limits based on personal experience, skills, knowledge and performance.
Making employees part of the company's economic success, Monbat offers wages that are usually above average.

Compensations and Benefits

The structure of our remuneration packages differs among the organizational hierarchy and depends both on the specific position and on the individual's personal contribution to the value creation in the group.

Professional Development

Monbat exploits the potential for professional growth and the personal advancement of all its employees through training courses and the opportunity to study while working.

An attractive supplement to the development program is the mentoring program for practical knowledge sharing and personal development planning based on results assessment efforts to close the gap between performance expectations and actual performance.

But sometimes even the smallest project can bring you together with colleagues and inspire you to take a forward step.

Monbat actively supports all development possibilities and enhancement opportunities for its employees, both professional and personal.

Global Work

Exciting opportunities can loom up at your current place of residence or guide you to a new home via Monbat's relocation program.

For all relevant positions the economic group supports its successful candidates with relocation and migration assistance as well as a special relocation package depending on the position in question.

Work-life Balance

Addressing individual needs, and an awareness of the desirability of flexible working conditions complement our personal approach throughout the job-matching process.

For some positions the work can be scheduled.

Placing quality and responsibility at the heart of its operations, Monbat always chooses, as a matter of policy, to support to the utmost its employees in their efforts to deliver high performance, regardless of their field of work.

Health Management

Being healthy and active is considered a core value in our economic group regardless of position, location or age.That's why Monbat takes illness prevention and health promotion extremely seriously.

The Company has successfully passed through the certification process under OHSAS 18001 - an internationally recognized standard in terms of management systems of production safety. The standard was developed by selected leading commercial and certification organizations, based on the international standards, and directed towards a segment where a single international policy has lacked until now.

NON FINANCIAL DISCLOSURE

In compliance with the requirements of Directive 2014/95/EU of the European Parliament for reporting non-financial information and the provisions of the Accounting Act, an obligation occurs for some of the companies to publish non-financial information independently or as part of the annual reports of the company operation.
This obligation accrues for large enterprises of public interest, which as of December 31 of the reporting period have surpassed the criteria for average number of employees during the financial year of 500 or more people. Enterprises of public interest are: public companies and other issuers of securities; lending institutions; financial institutions; insurers and re-insurers, pension security companies and funds managed by pension security companies; investment mediators; commercial companies, which produce, transfer and sell electric and heating power; commercial companies importing, transferring, distributing and transiting natural gas; commercial companies, which provide water supply, sewerage and telecommunication services; "Bulgarian State Railways" EAD and its subsidiary companies.

Enterprises having net sales revenue of 76 million BGN, or balance value of the assets of 38 million BGN have been defined as large enterprises.

Given the stipulations in the Accounting Act, a conclusion made by drawn that there is no obligation accruing for Monbat AD to report non-financial information on individual base separately or as part of the Management Report.

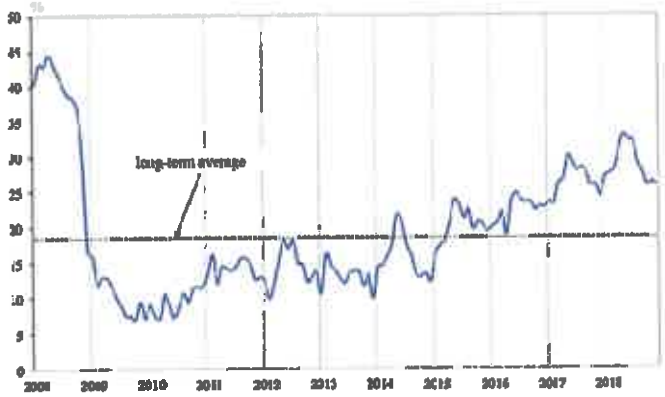
IV. PRINCIPAL RISKS WHICH THE ISSUER FACES

SYSTEMATIC RISKS

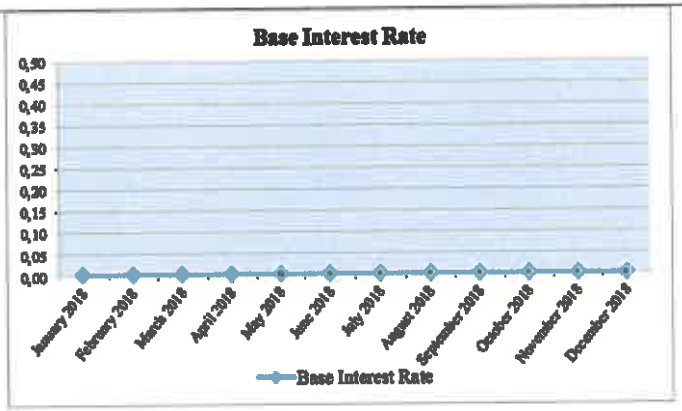
Systematic risks are related to the market and the macro-environment the Company operates in, and therefore could not be managed or controlled by the company management team. The following are examples of systematic risks: political risk, macroeconomic risk, inflation risk, currency risk, interest rate risk, tax risk.

Table 11

Risk type	Description
POLITICAL RISK	Political risk is the probability of changing the government or a sharp change in the direction of its policy, the risk of occurrence of domestic political shocks and adverse changes to the European and/or national legislation, as the result of which the environment for operation of the domestic business entities would suffer an adverse change, and investors would accrue losses. International political risks for Bulgaria are related to the commitments undertaken for major structural reforms in the country, in its capacity as full member of EU, improving social stability, limiting inefficiency costs, on the one hand, and on the other hand major destabilization of the Middle East states, intensifying threats of terrorist attacks in Europe, waves of refugees and instability of key countries in direct proximity to Bulgaria. Bulgaria, as all other EU member states in this region, continues to be severely affected by the general European problems with the intensive wave of refugees coming in from the Middle East. Other factors also influencing this risk are possible legislative changes, in particular changes referring to the business and investment climate in the country.

OVERALL MACROECONOMIC RISK	According to data of the National Institute of Statistics, in December 2018, the general business client indicator has decreased by 0.5 points compared to the previous month as a result of the more disadvantageous business climate in the industry. **Business climate – total**  Source: NIS The composite indicator "industrial business climate" in December 2018 has decreased by 2.7 points, mainly due to the more reserved expectations of industrial entrepreneurs regarding the business condition of enterprises over the next six months. In their opinion, the current production activity shall be preserved, and their expectations for their operation over the course of the next three months are more favorable. The insecure economic environment and the shortage of manpower remain the most serious obstacles toward the development of business, indicated respectively by 37.0 and 34.1% of enterprises. As regards to retail prices in the industry, most managers stipulate preservation of their level over the next quarter. According to data from the National Institute of Statistics, in December the composite indicator "business client in civil engineering" retains approximately its level from the previous month. The poll has registered an improvement in the evaluation of entrepreneurs in civil engineering regarding the current business situation of enterprises, while their expectations for the next six months are more reserved. The main problems for the operation continue to be related to the shortage of manpower, the insecure economic environment and the competition in the sector, even though in the last month their adverse effect has decreased. Regarding sale prices in civil engineering, managers do not expect any change over the next quarter. According to data from the National Institute of Statistics, the composite indicator "business climate in retail" has increased by 3.2 points, which shall be due to the optimistic evaluations and the expectations of retailers for the business status of enterprises. At the same time, however, their expectations both for the volume of sales and the orders to suppliers over the next three months are more unfavorable. The more serious difficulty for the business remains competition in the sector, which has been listed by 57.0% of enterprises. Over the course of the last month, an intensification of the negative impact of the factor "insufficient demand" is also observed, which moved the factor "insecure economic environment" to the third place. Retailers stipulate that sale prices in the sector retain their level over the course of the following quarter. According to data from the National Institute of Statistics, in December the composite indicator "business climate in the service sector" shall remain approximately at its level in November. As regards to the demand of services, the current trend shall be evaluated as decreased, and the expectations for the following quarter continue to be more reserved. The competition in the branch and the insecure economic environment continue to be the main obstacles for the activity of enterprises. Regarding sales prices in the services sector,

	managers expect that they remain unchanged over the course of the next three months. The economic evaluation of the Governing Council of the European Central Bank as of September 13, 2018 reports that during the third quarter of 2018, GDP in real terms of the Eurozone has increased by 0.2% on a quarterly basis, with growth rate of 0.4% over the course of the previous two quarters. The most recent data and results of studies are lower than expected, reflecting the decreasing contribution of external demand and some specific factors for separate parties and sectors. Regardless of some of these factors likely fading, this may be an indication of pending lower growth momentum. At the same time internal demand, also supported by the position of the Board of Governors for non-restrictive fiscal policy, continues to support the economic upturn in the Eurozone. The stable labor market, which is manifested in increasing employment and growing salaries, is still supporting private consumption. Furthermore, internal demand, favorable financing conditions and improving balances have had positive impact on business investments. Residential investments remain stable. Furthermore, economic activity on a global scale is expected to continue to improve, even though with a slower rate, stimulating the export from the Eurozone. According to the macroeconomic projections of the ECB experts, as of December 2018, the GDP of the Eurozone in real terms is projected to increase by 1.9% in 2018, 1.7% in 2019, 1.7% in 2020 and 1.5% on an annual basis in 2021. In comparison with the macroeconomics projections of ECB experts since September 2018, the projection for growth of real GDP has been revised to slightly lower levels for 2018 and 2019. The risks toward growth perspectives in the Eurozone may still be evaluated as balanced in general terms. The balance of risks, however, is displaced to results at a level lower than expected, due to the permanent uncertainty, related to factors of geopolitical nature, the threat of protectionism, vulnerable places on the emerging markets and the fluctuations on the financial markets.
INTEREST RISK	Interest risk is related to possible, contingent negative changes in interest rate levels, established by the financial institutions of the Republic of Bulgaria. At its meeting on the matters of monetary policy on December 13, 2018, the Board of Governors of the European Central Bank has taken a decision to suspend the net purchases of assets in December 2018 and has retained without change the main interest rates of the European Central Bank and to further develop its benchmark for reinvesting assets. Regardless the fact that the data received are worse than expected, reflecting the lower external demand, and due to certain factors, which are specific for separate countries and sectors, the internal demand, strong in its foundation, continues to support the economic upturn in the Eurozone and the gradually increasing inflation pressure. This affirms the confidence of the Board of Governors that the sustainable approach of inflation up to its target level shall continue and shall be retained even after resuming the net purchases of assets. At the same time, significant levels of insecurity related to geopolitical factors, the threat of protectionism, vulnerable places in the countries with the emerging markets and fluctuations on the financial markets remain. Therefore, policy of major monetary stimulation to support the follow-up intensification of the pressure of internal prices and the dynamics of the general inflation in the medium run is still necessary. The benchmark of the Board of Governors regarding the main interest rates of ECB, supported by reinvestments of a significant volume of assets acquired, has continued to provide the necessary monetary supply for sustainable approach of the inflation to its target level. In any case the Board of Governors is ready to adapt all its instruments depending on circumstances in order to guarantee that inflation continues to sustainably approach its target level.

	 *Source: BNB
INFLATION RISK	Inflation risk is an overall increase in prices, where money is devaluated and there is a probability of households and companies to accrue losses. According to preliminary data of NIS, the consumer price index for January 2018 compared to December 2017 is 100.3%, i.e. the monthly inflation is 0.3%. The annual inflation for January 2018 compared to January 2017 is 1.8 %. The annual average inflation for the period February 2017 – January 2018 compared to the period February 2016 – January 2017 is 2.1 %. According to preliminary data of NIS The harmonized consumer price index for January 2018 compared to December 2017 is 100.2 %, i.e. the monthly inflation is 0.2%. The annual inflation for January 2018 compared to January 2017 is 1.3 %. The annual average inflation for the period February 2017 – January 2018 compared to the period February 2016 – January 2017 is 1.3 %. The consumer price index for February 2018 compared to January 2018 is 100.3%, i.e. the monthly inflation is 0.3%. Inflation since the beginning of the year (February 2018 compared to December 2017) is 0.6%, and the annual inflation for February 2018 compared to February 2017 is 2.0%. The annual average inflation for the period March 2017 - February 2018 compared to the period March 2016 - February 2017 is 2.1%. The harmonized consumer price index for February 2018 compared to January 2018 is 100.2%, i.e. the monthly inflation is 0.2%. Inflation since the beginning of the year (February 2018 compared to December 2017) is 0.4%, and the annual inflation for February 2018 compared to February 2017 is 1.5%. The annual average inflation for the period March 2017 - February 2018 compared to the period March 2016 – February 2017 is 1.3%. The consumer price index for March 2018 compared to February 2018 is 99.7%, i.e. monthly inflation is minus 0.3%. Inflation since the beginning of the year (March 2018 compared to December 2017) is 0.3%, and the annual inflation for March 2018 compared to March 2017 is 2.2%. The annual average inflation for the period April 2017 – March 2018 compared to the period April 2016 - March 2017 is 2.2%. The harmonized consumer price index for March 2018 compared to February 2018 is 99.8%, i.e. monthly inflation is minus 0.2%. Inflation since the beginning of the year (March 2018 compared to December 2017) is 0.2%, and the annual inflation for March 2018 compared to March 2017 is 1.9%. The annual average inflation for the period April 2017 – March 2018 compared to the period April 2016 – March 2017 is 1.4%. The consumer price index for April 2018 compared to March 2018 is 100.4%, i.e. monthly inflation is 0.4%. Inflation since the beginning of the year (April 2018 compared to December 2017) is 0.7%, and annual inflation for April 2018 compared to April 2017 is 2.0%. The annual average inflation for the period May 2017 – April 2018 compared to the period May 2016 – April 2017 is 2.1%. The harmonized consumer price index for April 2018 compared to March 2018 is 100.3%, i.e.

the monthly inflation is 0.3%. Inflation since the start of the year (April 2018 compared to December 2017) is 0.6%, and annual inflation for April 2018 compared to April 2017 is 1.7%. The annual average inflation for the period May 2017 – April 2018 compared to the period May 2016 – April 2017 is 1.4%.

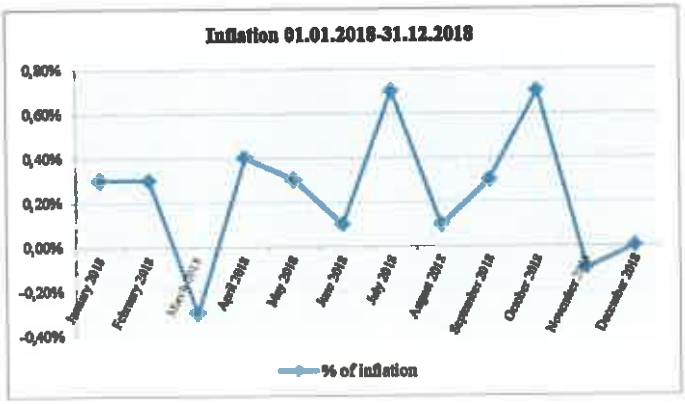
The consumer price index for May 2018 compared to April 2018 is 100.3%, i.e. monthly inflation is 0.3%. Inflation since the beginning of the year (May 2018 compared to December 2017) is 1.0%, and annual inflation for May 2018 compared to May 2017 is 2.6%. The annual average inflation for the period June 2017 – May 2018 compared to the period June 2016 – May 2017 is 2.1%.
The harmonized consumer price index for May 2018 compared to April 2018 is 100.4%, i.e. the monthly inflation is 0.4%. Inflation since the beginning of the year (May 2018 compared to December 2017) is 1.0%, and annual inflation for May 2018 compared to May 2017 is 2.3 %. The annual average inflation for the period June 2017 – May 2018 compared to the period June 2016 – May 2017 is 1.5%.

The consumer price index for June 2018 compared to May 2018 is 100.1 %, i.e. monthly inflation is 0.1 %. Inflation since the beginning of the year (June 2018 compared to December 2017) is 1.1 %, and annual inflation for June 2018 compared to June 2017 is 3.2 %. The annual average inflation for the period July 2017 - June 2018 compared to the period July 2016 - June 2017 is 2.2 %.
The harmonized consumer price index for June 2018 compared to May 2018 is 100.5 %, i.e. the monthly inflation is 0.5 %. Inflation since the beginning of the year (June 2018 compared to December 2017) is 1.4 %, and annual inflation for June 2018 compared to June 2017 is 3.0 %. The annual average inflation for the period July 2017 - June 2018 compared to the period July 2016 - June 2017 is 1.6%.

The consumer price index for July 2018 compared to June 2018 is 100.7%, i.e. monthly inflation is 0.7%. Inflation since the start of the year (July 2018 compared to December 2017) is 1.7%, and annual inflation for July 2018 compared to July 2017 is 3.5%. The average annual inflation for the period August 2017 – July 2018 compared to the period August 2016 – July 2017 is 2.4%.
The harmonized consumer price index for July 2018 compared to June 2018 is 101.0%, i.e. monthly inflation is 1.0%. Inflation since the beginning of the year (July 2018 compared to December 2017) is 2.5%, and annual inflation for July 2018 compared to July 2017 is 3.6%. Annual average inflation for the period August 2017 – July 2018 compared to the period August 2016 – July 2017 is 1.9%.

The consumer price index for August 2018 compared to July 2018 is 100.1%, i.e. monthly inflation is 0.1%. Inflation since the start of the year (August 2018 compared to December 2017) is 1.8%, and the annual inflation for August 2018 compared to August 2017 is 3.5%. Average annual inflation for the period September 2017 - August 2018 compared to the period September 2016 - August 2017 is 2.6%.
The harmonized consumer price index for August 2018 compared to July 2018 is 100.3%, i.e. the monthly inflation is 0.3%. The inflation since the start of the year (August 2018 compared to December 2017) is 2.8%, and the annual inflation for August 2018 compared to August 2017 is 3.7%. The average annual inflation for the period September 2017 – August 2018, compared to the period September 2016 – August 2017 is 2.1%.

The consumer price index for September 2018 compared to August 2018 is 100.3%, i.e. monthly inflation is 0.3%. Inflation since the start of the year (September 2018 compared to December 2017) is 2.1%, and the annual inflation for September 2018 compared to September 2017 is 3.6%. The average annual inflation for the period October 2017 - September 2018 compared to the period October 2016 – September 2017 is 2.7%.
The harmonized consumer price index for September 2018 compared to August 2018 is

	99.7%, i.e. monthly inflation is minus 0.3%. Inflation from the beginning of the year (September 2018 compared to December 2017) is 2.5%, and the annual inflation for September 2018 compared to September 2017 is 3.6%. The average annual inflation for the period October 2017 - September 2018 compared to the period October 2016 - September 2017 is 2.3%. The consumer price index for October 2018 compared to September 2018 is 100.7%, i.e. monthly inflation is 0.7%. The inflation since the start of the year (October 2018 compared to December 2017) is 2.8%, and annual inflation for October 2018 compared to October 2017 is 3.7%. Average annual inflation for the period November 2017 - October 2018 compared to the period November 2016 - October 2017 is 2.8%. The harmonized consumer price index for October 2018 compared to September 2018 is 100.2%, i.e. monthly inflation is 0.2%. The inflation since the start of the year (October 2018 compared to December 2017) is 2.6%, and annual inflation for October 2018 compared to October 2017 is 3.6%. Average annual inflation for the period November 2017 - October 2018 compared to the period November 2016 – October 2017 is 2.5%. The consumer price index for November 2018 compared to October 2018 is 99.9%, i.e. monthly inflation is minus 0.1%. The inflation since the start of the year (November 2018 compared to December 2017) is 2.7%, and annual inflation for November 2018 compared to November 2017 is 3.1%. Average annual inflation for the period December 2017 - November 2018 compared to the period December 2016 - November 2017 is 2.8%. The harmonized consumer price index for November 2018 compared to October 2018 is 99.7%, i.e. monthly inflation is minus 0.3%. The inflation since the start of the year (November 2018 compared to December 2017) is 2.3%, and annual inflation for November 2018 compared to November 2017 is 3.0%. Average annual inflation for the period December 2017 - November 2018 compared to the period December 2016 - November 2017 is 2.6%. The consumer price index for December 2018 compared to November 2018 is 100.0%, i.e. monthly inflation is 0.0%. Annual inflation for December 2018 compared to December 2017 is 2.7%. Average annual inflation for the period January – December 2018, compared to the period January – December 2017 is 2.8%. The harmonized consumer price index for December 2018 compared to November 2018 is 100.0%, i.e. monthly inflation is 0.0%. Annual inflation for December 2018 compared to December 2017 is 2.3%. Average annual inflation for the period January – December 2018 compared to the period January – December 2017 is 2.6%.  *Source: NIS
CURRENCY RISK	The currency risk exposure is the dependence on and the effects of the changes of the currency exchange rates. The systematic currency risk is the probability of a possible change in the currency regime of the Country (Currency Board), which would result either in devaluation of the Bulgarian lev (BGN) or in appreciation of the BGN against foreign currencies.

	Currency risk will have influence on companies with market shares, which are completed in a currency other than BGN and EUR. Because due to the laws in force in the country the Bulgarian lev is fixed to the Euro at an exchange rate of EUR 1 = BGN 1.95583, and the Bulgarian National Bank has to maintain a level of Bulgarian leva in turnover equal to the currency reserves of the bank, the risk of devaluation of the BGN compared to the European currency is minimum, and for the most part consists in a possible elimination of the currency board in the country. At this stage this appears to be very unlikely, because the Currency Board is expected to be removed at the time of accepting the Euro as official legal tender in Bulgaria. Theoretically the currency risk could increase when Bulgaria joins the second phase of the European Exchange Rate Mechanism (ERM II). This is a regime in which the country has to maintain the currency exchange rate against the Euro within the limits of +/-15% from central parity. In practice, all countries which are currently in the mechanism (Denmark, Estonia, Cyprus, Lithuania, Latvia and Malta) have experienced fluctuations at a rate significantly lower than the eligible ± 15%. The fixed exchange rate of the BGN to the EUR does not eliminate the risk for the Bulgarian currency of adverse changes in the exchange rate of the EUR to the exchange rate of the other main currencies (the US dollar, the British pound, the Swiss franc) on the international financial markets, but at present the company does not consider such a risk as being significant as regards to its operations. The Company could be affected be the currency risk depending on the type of transaction of financial proceeds and the type of currency of any contingent loans of the Company. According to "External Debt Statistics: Guide for Compilers and Users", page 7, paragraph 2.3, Gross Foreign Debt at a given time represents the amount of the current and unconditional obligations, requiring payment(s) of the principal and/or interest by the debtor in a given time in the future, which are due by non-residents to residents in a certain economy. High gross foreign debt is a prerequisite for potential problems with repayment of the debts, especially in case significant degree of currency risk exists. According to preliminary data of BNB as of 27.12.2018, the gross domestic foreign debt at the end of October 2018 is 33,982.5 million Euro (64.4% if GDP2), which has increased by 585.2 million Euro (1.8%) compared to the end of 2017 (33 397.3 million Euro, 64.6% of GDP). The debt has increased by 878.8 million Euro (2.7%) in comparison with October 2017 (33 103.7 million Euro, 64.1% of GDP). At the end of October 2018, long-term debts are 25,879.5 million Euro (76.2% of the gross debt, 49% of GDP), and they have increased by 284.2 million Euro (1.1%) compared to the end of 2017 (25 595.3 million Euro, 76.6% of the debt, 49.5% of GDP). Long-term debt has increased by 225.3 million Euro (0.9%) compared to October 2017 (25 654.2 million Euro, 49.7% of GDP). Short-term debts amount to 8,103.1 million Euro (23.8% of the gross debt, 15.3% of GDP) and they increase by 301 million Euro (3.9%) compared to the end of 2017 (7,802 million Euro, 23.4% of the debt, 15.1% of GDP). The short-term foreign debt has increased by 653.5 million Euro (8.8%) compared to October 2017 (7449.6 million Euro, 14.4% of GDP).
TAX RISK	Preservation of the current taxation regime is of defining importance for the financial result of the companies. There is no guarantee that the tax laws, which are of direct consequence for the operation of the Company, would not be changed in a direction which would result in significant overhead expenses and respectively have an adverse effect on the company profit. The taxation system in Bulgaria is still undergoing the process of development and consequently the existence of contradictory tax practices is a possibility.

UNSYSTEMATIC RISKS

RISK OF PRICE CHANGES IN THE BASIC PRIME AND RAW MATERIALS

The principal activity of MONBAT AD is production and trading with accumulator and lead-acid batteries – starter batteries, stationary batteries for telecom application, semi-traction batteries, specialized batteries – army power range and locomotive batteries. Major prime and raw materials for the company's production process are lead and lead alloys, polypropylene, polyethylene separator and sulfuric acid. For the last three years, lead takes the following percentage of the cost structure per unit: for for 2016 - 72 %, for 2017 – 80 % and for 2018 – 74 %

The risk of price change in the basic raw material – lead is being managed by means of construction of company's own recycling facilities and by monthly indexation of the sales prices of the batteries

In 2018 the used lead produced by own recycling facilities is 66%

DEPENDENCE OF MONBAT AD ON DISTRIBUTORS, SUPPLIERS, CUSTOMERS

There is no dependence of MONBAT AD on customers due to the fact that company's sales are not being made directly with customers but through the mediation of an extensive distribution network in the country and abroad. Sales with deferred payment in the country and for export are being insured in the Bulgarian Export Insurance Agency (BAEZ) by reason of which the risk of non-payment on the part of the customers is completely eliminated.

MONBAT AD is an export-oriented company. The company exports in 2018 most of its products as the most important markets as France, Germany, Spain, Italy and Romania.

DEPENDENCE OF MONBAT AD ON KEY PERSONNEL

The professional activities and efforts, qualifications, motivation and reputation of the members of the corporate boards and the senior officials of MONBAT AD and the companies within the economic group are essential for achieving the strategic and investment objectives of the Company. The leave or release of any member of corporate boards or key executive official would, in the short term, negatively affect the smooth conduct of the company's business activities.

Nevertheless, the established management system and consistently applied corporate policy for provision of incentives to motivate employees within the structure, guarantee to a great extent the long-term participation of the corporate boards' members and key management personnel in the activities of the company.

RISK OF CHANGE IN THE DEMAND AND INTRODUCTION OF NEW TECHNOLOGIES

This risk is related to demographic, economic and technological changes and determines the fact that the demand for company's products might change over time also as a result of the introduction of new products. With the introduction of new technologies in the automotive industry (hybrid and electric cars), consistent with environmental protection and reduction of the separate carbon dioxide emissions to a minimum, the need for alternative energy sources such as new generation lead-acid batteries grows. At the

same time, the need for multifunctional products - accumulator batteries - as a spare source for the photovoltaic power supply and lighting systems also grows. These new generation products could negatively affect the demand for an existing and approved product as a result of the fact that they are or at least they are perceived by consumers as more effective, more refined, combining new features, as well as due to the fact that they are more advertised.

Monbat AD has not yet been exposed to such a risk, but in the future could be relatively exposed to such a risk since the principal products of the company are lead-acid batteries for various applications: starter batteries, stationary batteries for telecommunication application, semi-traction batteries, special batteries for military application and locomotive batteries.

LIQUIDITY RISK

Liquidity risk consists of the likelihood that MONBAT AD is unable to pay its current liabilities. The absolute liquidity ratio is calculated as the ratio of cash and short term liabilities and indicates company's ability to meet its short term liabilities with its available cash.

The absolute liquidity ratio of the company for 2018 is 0.24. For 2018 r. the company's cash reports an increase by 851.63 % compared to the previous 2017 r. while the rate of the short term liabilities reports an increase by 26.45 %.

ECOLOGICAL RISK

The responsibility of MONBAT AD as the largest producer of accumulator batteries in Bulgaria and a dynamically developing public company finds expression also in the attitude towards environment. The management of MONBAT AD considers the activities directed towards pollution prevention or reduction aimed at achieving a maximum level of human health and environmental protection as a major priority and a crucial factor in the long-term and sustainable development. It is a company's practice of long standing to provide clear and accurate environmental information on its products, services and activities to customers, suppliers and the general public.

FORCE MAJEURE

A number of force majeure circumstances such as natural disasters, accidents or intentional acts, could cause substantial property damages that could lead to temporary suspension and even cessation of the activities of the company. MONBAT AD has a full property insurance of the production facilities and storages of materials and production but in case of a continuous violation of the sequence of production activities, that fact could hardly compensate the lost profits.

V. IMPORTANT EVENTS, OCCURRED AFTER THE DATE OF THE ANNUAL FINANCIAL STATEMENTS

All important events, which have occurred after the date of the annual financial statements, were disclosed through the information disclosure system of MONBAT AD, namely - to the regulated securities market, the Financial Supervision Commission and the public. The information is also available on the website of the company www.monbatgroup.com.

VI. CURRENT TRENDS AND PROBABLE FUTURE DEVELOPMENT OF THE COMPANY

The period 2019 - 2023 will be a new stage and a new approach will be used for the company to enter the target markets through a hybrid strategy for growth (production and distribution), as well as to create conditions for specialization in three categories: products derived from the recycling activities of the company, carried out by the subsidiaries of Monbat AD ; adoption of new technologies for the production of batteries and increase the number of product and technology solutions in the field of energy management.
The group of Monbat will use its financial strength and excellent relations with customers in 64 countries, to enrich its portfolio of products and services and meet new emerging trends in the battery industry.

VII. RESEARCH AND DEVELOPMENT ACTIVITIES

The management of MONBAT AD highly appreciates the importance of continuous development through elaborating new technologies and continuously invests significant resources and efforts in this direction.

The activities related to development and adoption of new products is being carried out jointly by the Marketing and Trade Department, Technical Department, Production Department and Testing Laboratory.

The company's own research and development laboratory – STARBAT wchis is equipped with modern, specialized electronic devices.

The highly qualified staff of both MONBAT and STARBAT ensures company permanent technological and innovative growth. Here, we are able to conduct all kinds of chemical, physical and electrical tests required under the internationally recognized standards for lead-acid batteries.

MONBAT Research and Development department works in close cooperation with the Institute of Electrochemistry and Energy Systems (IEES) of the Bulgarian Academy of Sciences.

The amount spent on research and development activities within the period 2016 – 2018 form a part of the overall amount spent on remunerations for the experts in the separate departments Marketing and Trade Department, Technical Department, Production Department and Testing Laboratory. Investments in research and development activities form a part of the overall investment expenses of the company for the respective periods. With this regard the same can not be separated.

VIII. INFORMATION REQUIRED PURSUANT TO ART. 187D AND ART. 247 OF THE COMMERCIAL LAW

1. The number and the nominal value of the acquired and transferred through the year own stocks; the share of the capital which they represent, as well as the price at which the acquisition or transfer have been executed

As at 31.12.2018 the company does not holds own shares.

2. The grounds for the acquisitions made through the year

Purcuant to the provisions of the company's Articles of Association the Board of Directors of MONBAT AD has the power to initiare redemption procedures based on respective particular resolutions.

3. The number and the nominal value of the possessed own stocks and the share of the capital which they represent

As at 31.12.2018 the company does not holds own shares.

4. The total remuneration received during the year by the members of the boards

In 2018 the members of the Board of Directors have received the following remuneration:

Table № 12

Full name	Position	Net/BGN
Atanas Bobokov	Chairperson and Executive member of the Board of Directors	617 640
Plamen Bobokov	Member of the Board of Directors	696 000
Alexandar Chaushev	Member of the Board of Directors	36 000
Nikolay Trenchev	Member of the Board of Directors	36 000
Florian Huth	Member of the Board of Directors	0
Peter Bozadzhiev	Member of the Board of Directors	424 315
Yordan Karabinov	Member of the Board of Directors	36 000
Evelina Slavcheva	Member of the Board of Directors	36 000
Petar Petrov	procurator	246 721

The General Assembly of Shareholders held in 2018 authorized the Board of Directors of the Company to set additional remuneration for 2017 to the members of the Board of Directors of MONBAT AD in the total amount of up to BGN 600 000.

In 2018 have been paid the following additional services to the member of the Board of Directors - Peter Bozadzhiev, who performs the functions of Group CEO, namely: BGN 388 315 net remuneration

5. The acquired, possessed and transferred stocks and bonds of the company by the members of the Board of Directors during the year

As at 31.12.2018 the shares of the capital of MONBAT AD hold by members of the Board of Directors are as follows:

Atanas Bobokov – Chairperson of the Board of Directors – 110 shares

Alexandar Chaushev – Member of the Supervisory Board - 8 630 shares

6. The rights of the members of the Board of Directors to acquire stocks and bonds of the company

Members of the Board of Directors of the Company may freely acquire shares of the company's capital on the regulated securities market subject to the provisions of the Market abuse regulation and the Law on Public Offering of Securities.

7. The participation of the members of the board of directors in commercial companies as unlimited liable partners, the possession of more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperations as procurators, managers or members of boards

ATANAS STOILOV BOBOKOV – CHAIRPERSON OF THE BOARD OF DIRECTORS AND EXECUTIVE DIRECTOR

Names of all the companies and partnerships of which Mr. Atanas Bobokov has been a partner at any time in the previous five years:

a. He has not participated in companies and partnerships as an unlimited liability partner;

b. He holds more than 25% of the shares of the following companies:

- **Partner with 36% in LUBRICO TRADING LTD, UIC: 130343881, 9 Laos Kashrut Str., 1606 Sofia;**
- **Managing partner with 40% in MONBAT ECO PROJECTS LTD, UIC: 204021314, 66A Tsar Asen Str., 1463 Sofia;**
- **Manager and owner in TORLASHKA SRESTA LTD. UIC: 200280522, 74A Asen Balkanski Str., Chuprene;**
- **Owner of MONBAT TRADE LTD. UIC: 203736851, 32A Cherny Vrah Blvd., 1407 Sofia;**
- **Partner with 50% in LEVENTA LTD., UIC: 117632621, 73 Borisova Str., 7012 Rousse;**
- **Partner with 50% in MIX OIL LTD, UIC:831015922, 1 Han Kubrat Sqr., 7000 Rousse;**

Information of all the companies and partnerships of which Mr. Atanas Bobokov has been a member of the administrative, management or supervisory bodies and /or other senior manager at any time in the previous five years:

- **Member of the BoD of PRISTA OIL HOLDING EAD, UIC: 121516626, 20 Zlaten Rog Str., Sofia;**
- **Managing partner of MONBAT ECO PROJECTS LTD, UIC: 204021314, 66A Tsar Asen Str., 1463 Sofia;**
- **Manager and owner of TORLASHKA SRESTA LTD. UIC: 200280522, 74A Asen Balkanski Str., Chuprene;**
- **Managing Director of MONBAT TRADING LTD., UIC: 130137657, 9 Laos Kashrut Str., 1606 Sofia;**
- **Executive Member of the BoD of PRISTA REAL ESTATES AD, UIC: 175021319, 9 Laos Kashrut Str., 1606, Sofia;**
- **Member of the BoD of START AD, UIC: 124712007, 4 Golo Burdo Str., Sofia;**
- **Member of the BoD of OCTA LIGHT BULGARIA AD, UIC: 201133233, 22 Veslets Str., 1000 Sofia;**
- **Member of the BoD of MONBAT RECYCLING EAD, UIC: 200801562, 4 Golo Burdo Str., Sofia;**
- **Member of the BoD of VUELTA EUROPE AD, UIC: 117546396, 106 Lipnik Str., 7013 Rousse;**
- **Member of the BoD of WINERY HOUSE RUSE AD, UIC: 117630264, 73 Borisova Str., 7012 Rousse.**
- **Member of the BoD of MONBAT NEW POWER AD, UIC: 204333335; 32A Cherny Vrah Blvd., Sofia;**
- **Member of the BoD and Executive Director of PRISTA INVEST AD, UIC: 204082281, 20 Zlaten Rog Str., Sofia;**

PLAMEN STOILOV BOBOKOV - MEMBER OF THE BOARD OF DIRECTORS

Names of all the companies and partnerships in which Mr. Plamen Bobokov has been a partner at any time in the previous five years:

a. He has not participated in companies and partnerships as an unlimited liability partner;

b. He holds more than 25% of the shares of the following companies:

- **Managing partner with 50% in MIX OIL LTD, UIC:831015922, 1 Han Kubrat Sqr., 7000 Rousse;**

- Managing partner with 50% in LEVENTA LTD., UIC: 117632621, 73 Borisova Str., 7012 Rousse;
- Partner with 36% in LUBRICO TRADING LTD, UIC: 130343881, 9 Laos Kashrut Str., 1606 Sofia;

Information of all the companies and partnerships of which Mr. Plamen Bobokov has been a member of the administrative, management or supervisory bodies and /or other senior manager at any time in the previous five years:

- Member of the BoD of PRISTA OIL HOLDING EAD, UIC: 121516626, 20 Zlaten Rog Str., Sofia;
- Managing partner in MIX OIL LTD, UIC:831015922, 1 Han Kubrat Sqr., 7000 Rousse;
- Managing partner in LEVENTA LTD., UIC: 117632621, 73 Borisova Str., 7012 Rousse;
- Managing Director of MONBAT TRADING LTD., UIC: 130137657, 9 Laos Kashrut Str., 1606 Sofia;
- Member of the BoD of PRISTA REAL ESTATES AD, UIC: 175021319, 9 Laos Kashrut Str., 1606, Sofia;
- Member of the BoD of VUELTA EUROPE AD, UIC: 117546396, 106 Lipnik Str., 7013 Rousse;
- Member of the BoD of WINERY HOUSE RUSE AD, UIC: 117630264, 73 Borisova Str., 7012 Rousse.

STOYAN ZHIVKOV STALEV – MEMBER OF THE BOARD OF DIRECTORS

In the previous five years, Mr. Stalev:

a. Has not participated in companies and partnerships as an unlimited liability partner;

b. Did not hold more than 25% of the shares of any companies;

c. Has not been a member of the administrative, management or supervisory bodies and /or other senior manager

ALEXANDER VIKTOROV CHAUSHEV – MEMBER OF THE BOARD OF DIRECTORS

Names of all the companies and partnerships of which Mr. Chaushev has been a partner at any time in the previous five years:

a. He has not participated in companies and partnerships as an unlimited liability partner;

b. He holds more than 25% of the shares of the following companies:

- Partner with 78 % in SOFSERVICE LTD., UIC: 131407109, 339, Tsar Boris III Blvd.,1618 Sofia;

Information of all the companies and partnerships of which Mr. Chaushev has been a member of the administrative, management or supervisory bodies and /or other senior manager at any time in the previous five years:

- Member of the BoD of SOPHARMA AD, UIC: 831902088, 16 Iliensko Shose, 1220 Sofia.
- Member of the BoD of MANAGEMENT AND ADVERTIZING AGENCY IN SPORTS EAD, UIC: 130969084, 42, Todor Alexandrov Blvd., 1303 Sofia;
- Member of the BoD of DK – DOMOSTROENE AD, UIC: 102148397, 8000 Burgas

NIKOLAY GEORGIEV TRENCHEV – MEMBER OF THE BOARD OF DIRECTORS

Names of all the companies and partnerships of which Mr. Trenchev has been a partner at any time in the previous five years:

a. He has not participated in companies and partnerships as an unlimited liability partner;

b. He holds more than 25% of the shares of the following companies:

- Partner with 75% in EKOTEH LTD., UIC: 125026751, 39 Tsar Osvoboditel Str., 7700 Turgovishte;

c. Information of all the companies and partnerships of which Mr. Trenchev has been a member of the administrative, management or supervisory bodies and /or other senior manager at any time in the previous five years:

Has not been a member of an administrative, supervisory or supervisory body and / or senior manager.

Has not been a member of administrative, management or supervisory bodies

FLORIAN HUTH – MEMBER OF THE BOARD OF DIRECTORS

In the previous five years Mr. Huth:

a. Has not participated in companies and partnerships as an unlimited liability partner;

b. Has not held more than 25% of the shares of any companies;

Information of all the companies and partnerships of which Mr. Huth has been a member of the administrative, management or supervisory bodies and /or other senior manager at any time in the previous five years:

- Member of the BoD of PRISTA OIL HOLDING EAD, UIC: 121516626, 20 Zlaten Rog Str., Sofia;
- Member of the BoD of SETCAR HOLDINGS LTD, Cyprus;
- Member of the BoD of AND GNG EAST UKRAINE LTD, BVI.

PETER BOZADZHIEV – MEMBER OF THE BOARD OF DIRECTORS

In the previous five years Mr. Bozadzhiev:

a. Has not participated in companies and partnerships as an unlimited liability partner;

b. Has not held more than 25% of the shares of any companies;

Information of all the companies and partnerships of which Mr. Bozadzhiev has been a member of the administrative, management or supervisory bodies and /or other senior manager at any time in the previous five years:

- Member of the BoD of PRISTA OIL HOLDING EAD, UIC: 121516626, 20 Zlaten Rog Str., Sofia;
- Member of the BoD of MONBAT NEW POWER AD, UIC: 204333335; 32A Cherny Vrah Blvd., Sofia;

YORDAN KARABINOV – MEMBER OF THE BOARD OF DIRECTORS

Names of all the companies and partnerships of which Mr. Karabinov has been a partner at any time in the previous five years:

a. He has not participated in companies and partnerships as an unlimited liability partner;

b. He holds more than 25% of the shares of the following companies:

- Managing partner with 80% in CONTRO LTD, UIC: 201971539, 4 Budilnik Str., Sofia;
- Manager and owner in J&K PARTNERS LTD, UIC: 175277788, 4 Budilnik Str., Sofia;
- Manager and owner in KRAIMORIE BEACH, UIC: 201642757, 70B Ivan Ivanov, 1303 Sofia;

Information of all the companies and partnerships of which Mr. Karabinov has been a member of the administrative, management or supervisory bodies and /or other senior manager at any time in the previous five years:

- Chairman of the Bulgarian Institute of Internal Auditors;
- Managing partner in CONTRO LTD, UIC: 201971539, 4 Budilnik Str., Sofia;
- Manager and owner in J&K PARTNERS LTD, UIC: 175277788, 4 Budilnik Str., Sofia;
- Manager and owner in KRAIMORIE BEACH, UIC: 201642757, 70B Ivan Ivanov, 1303 Sofia;

EVELINA SLAVCHEVA - MEMBER OF THE BOARD OF DIRECTORS

Names of all the companies and partnerships of which Mrs. Slavcheva has been a partner at any time in the previous five years:

a. She has not participated in companies and partnerships as an unlimited liability partner;

b. She holds more than 25% of the shares of the following companies:

- Managing partner with 50% in ELHIM ENERGY, UIC: 200171341, 12 Ivan Milanov Str., 1505 Sofia;

Information of all companies and partnerships of which Mrs. Slavcheva has been a member of the administrative, management or supervisory bodies and /or other senior manager at any time in the previous five years:

- Managing partner in ELHIM ENERGY, UIC: 200171341, 12 Ivan Milanov Str., 1505 Sofia;

8. Executed contracts in 2018 with members of the Board of Directors or their related persons beyond the usual activity of the company or substantially diverted from the market requirements

In 2018 ave not been executed transaction with members of the Board of Directors or their related persons beyond the usual activity of the company or substantially diverted from the market requirements.

9. Planned economic policy for the next year, including the expected investments and development of the personnel, the expected revenue from investments and development of the company, as well as the forthcoming transactions of substantial importance for the activity of the company

The Company presents consolidated data on sales revenue, profit and EBITDA on a monthly basis. In October 2018 the company announced its updated forecast for the development of the economic group of Monbat AD for the period until 2022. The forcast is available at the company web www.monbatgroup.com

IX. AVAILABILITY OF BRANCHES OF THE ENTERPRISE

The company does not have registered branches in the country and abroad.

X. FINANCIAL INSTRUMENTS USED BY THE COMPANY

In 2018 MONBAT AD has not used financial instruments for hedging the risks of changes in the exchange rates, interest rates or cash flows. During the reported year the company has made no transactions to hedge the currency risk, as there were not enough large-scale and remote in time transactions in USD or other currencies floating against the BGN exchange rate.
The company could have exposure to liquidity, market, interest rate, currency and operational risks arising from the use of financial instruments.

XI. ADDITIONAL INFORMATION UNDER SECTION VI A OF APPENDIX NO 10 OF ORDINANCE NO 2 OF FSC

1. Information given in value or quantitative terms about the main categories of commodities, products and/or provided services, with indication of their share in the revenues from sales of the issuer as a whole and the changes that occurred during the reporting fiscal year

SOLD CONTINGENT ACCUMULATOR BATTERIES FOR THE PERIOD 2016 - 2018

Table № 13

Year	2018	2017	2016
Number of accumulator batteries sold	2 860 027	2 549 921	2 906 299

MONBAT GROUP

BREAKDOWN OF SALES BY TYPES OF BATTERIES

Table № 14

BREAKDOWN OF SALES BY TYPES OF BATTERIES (%)	2018	2017	2016
Starter Bateries	89.07%	88,67 %	89,23 %
Stationary Bateries	4.75%	4,63 %	4,13 %
Semi traction Bateries	6.18%	6,71 %	6,64 %
Total:	100%	100%	100%

Table № 15

BREAKDOWN OF SALES BY TYPES OF BATTERIES (value in BGN):	2018	2017	2016
Starter Bateries	74.67%	75.24	76,82
Stationary Bateries	14.53%	13.47	12,19
Semi traction Bateries	10.79%	11.29	11,00
Total:	100%	100%	100%

2. Information about the revenues allocated by separate categories of activities, domestic and external markets as well as information about the sources for supply of materials required for the manufacture of commodities or the provision of services with indication of the degree of dependence in relation to any individual seller or buyer/user, where if the share of any of them exceeds 10 per cent of the expenses or revenues from sales, information shall be provided about every person separately about such person's share in the sales or purchases and his relations with the issuer

Information about the revenues allocated by major categories of activities

Table № 16

(in BGN '000)

REVENUES	2016	%	2017	%	2018
a	1		2		3
A. Operating revenues					
I. Net revenues from the sale of:					
1. Finished goods	267 532	-11,00%	238 097	-4,44%	227 521
2. Goods for sale	818	4539,24%	37 949	53,37%	58 204
3. Services	1 505	16,15%	1 748	16,59%	2 038
4. Other	72 975	-0,49%	72 619	-15,75%	61 181
I: Total	342 830	2,21%	350 413	-0,42%	348 944
II. Revenues from financing for fixed assets	668	0,00%	668	0%	668
incl. government grants					
II: Total	668	0,00%	668	0%	668
III. Financial income					
1. Interest revenue	2 038	4,81%	2 136	-41,25%	1 255
2. Dividend income	0	0%	0	0%	7 500
3. Gains from operations with financial assets and instruments	0	0%	0	0%	0
4. Gains from foreign exchange operations	401	87,03%	750	222,40%	2 418
5. Other financial income	0	0%	0	0%	0
III: Total	2 439	18,33%	2 886	287,14%	11 173
B. Total revenues (I+II+III)	345 937	2,32%	353 967	1,93%	360 785

Information about the the revenues allocated by local and external markets re presented in table N 2 .

3. Information about concluded considerable transactions

In 2018, MONBAT AD did not conclude significant transactions within the meaning of Ordinance 2 of the FSC

4. Information about the transactions concluded between the issuer and related parties during the reporting period, proposals for conclusion of such transactions as well as transactions which are outside its usual activity or substantially deviate from the market conditions, to which the issuer or its subsidiary is a party, indicating the amount of the transactions, the nature of relatedness and any information necessary for an estimate of the influence over the issuer's financial status

In 2018 MONBAT AD has concluded transactions with related parties as follows:

Table № 17

Related party	Type of relation	Transactions
Monbat Trading OOD	Shareholder in Monbat AD	Purchase of goods and services by Monbat AD, and sale of services to Monbat Trading.
Prista Oil Holding EAD	Shareholder in Monbat AD	Purchase of goods by Monbat AD
START AD, Sofia	Subsidiary company of MONBAT AD	Sale of materials, production, materials, services and PPE by MONBAT AD. Purchases of materials and goods.
MONBAT RECYCLING SERBIA	Subsidiary company of Monbat Recycling EAD Bulgaria	Purchase of materials on the part of MONBAT AD.
YU Monbat Serbia	Subsidiary company of Monbat Recycling Serbia	Sale of materials and goods by MONBAT AD.
MONBAT RECYCLING ROMANIA	Subsidiary company of Monbat Recycling EAD Bulgaria	Purchase of materials on the part of MONBAT AD. Sale of materials, production goods on the part of MONBAT AD
MONBAT RECYCLING EAD BULGARIA	Subsidiary company of MONBAT AD , where the shareholding interest is 100%	Sale of materials and technological waste and marriage and others on the part of MONBAT AD; purchase of materials, services and others
Octa Light Bulgaria EAD	Subsidiary of Octagon International EOOD	Purchase of materials and services by MONBAT AD
MONBAT ROMANIA OOD	Subsidiary company of Monbat Recycling Romania	Sale of materials and goods by MONBAT AD.
MONBAT HOLDING GmbH	Subsidiary of Monbat Recycling EAD Bulgaria, as MONBAT AD owns 10% of the capital	Providing a loan from MONBAT AD
MONBAT NEW POWER	Subsidiary of Monbat Holding	Providing a loan from

Related party	Type of relation	Transactions
AD	Germany	MONBAT AD
Monbat Italy Srl.	Subsidiary company of Monbat Recycling EAD Bulgaria	Providing a loan from MONBAT AD
„MONBAT SPED" LTD	Subsidiary company of MONBAT AD	Sale of survices on the part of MONBAT AD

No transactions with related parties have been concluded which are outside its usual activity or substantially deviate from the market conditions.

5. Information about events and indicators of unusual for the issuer nature, having substantial influence over its operation and the realized by it revenues and expenses made; assessment of their influence over the results during the current year

During 2018 has not occurred an unpredictable and unforeseen circumstance of an extraordinary nature, which has had an impact on the company.

6. Information about off-balance kept transactions in 2018 – nature and business objective, indication of the financial impact of the transactions on the operation, if the risk and benefits of these transactions are substantial for the assessment of the issuer's financial status

In 2018 were not concluded off-balance kept transactions.

7. Information about holdings of the issuer, about its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate), as well asthe investments in equity securities outside its economic group and the sources/ways of financing

As of 31.12.2018 MONBAT AD has direct and indirect holdings in the following subsidiary companies within the economic group if the issuer:

Table № 18

Company's name	Principal activity	Capital share or percentage of votes at the General Assembly as of 31.12.2018
MONBAT PLC DOO, Serbia	Recycling of accumulator batteries and lead scrap, lead alloys, polyethylene and polypropylene materials, trading in accumulator batteries, batteries, lead, polyethylene and polypropylene scrap and materials on the territory of the Republic of Serbia as well as export and import from and to the Republic of Serbia of scrap, materials and finished goods.	100 % of the capital
START AD, Sofia	Production, service and marketing of accumulator batteries; engineering and development-implementation activities; production and marketing of equipment for production of accumulator batteries; foreign and domestic trade and setting up commercial networks, specialized stores and representation offices.	97.80 % of the voting shares

Company's name	Principal activity	Capital share or percentage of votes at the General Assembly as of 31.12.2018
SC MONBAT RECYCLING SRL – Romania	Recycling of accumulator batteries and lead scrap, lead alloys, polyethylene and polypropylene materials, trading in accumulator batteries, batteries, lead, polyethylene and polypropylene scrap and materials on the territory of the Republic of Romania as well as export and import from and to the Republic of Romania of scrap, materials and finished goods.	100 % of the capital
MONBAT RECYCLING EAD – Bulgaria	Recycling of accumulator batteries and lead scrap, lead alloys, polyethylene and polypropylene materials, trading in accumulator batteries, batteries, lead, polyethylene and polypropylene scrap and materials on the territory of Bulgaria.	100 % of the capital
MONBAT ROMANIA OOD	Trade company with scope of activity: trading, service and marketing of accumulator batteries, accumulator, lead, polyethylene and polypropylene scrap.	99 % of the capital
MONBAT NEW POWER AD	Production and trade of batteries	51% of the capital
Energy Batteries Nigeria Limited	Trade of batteries and their accessories;	100 % of the capital
OCTAGON INTERMATIONAL	Holding Company hold 100% of the capital of OCTA LIGHT BULGARIA AD	49.94 % of the capital
MONBAT HOLDING GmbH	Holding Company hold „EAS BATTERIES" GmbH and„MONBAT NEW POWER" GmbH	100 % of the capital
Monbat Italy Srl.	Holding Company hold Piombifera Italiana	100% of the capital
PIOMBIFERA ITALIANA	Production, processing and trade of metal alloys, color and ferrous metals, semi, intermediate processing plastics, anhydrous sodium sulfate, and all products, products and / or waste resulting from the processing cycle; the exercise of commissioning systems in reserve, pre-storage, handling and utilization of hazardous waste and / or toxic and harmful and / or dangerous waste, consisting of sludge and waste of used batteries, and / or waste, including scrap minerals or alloys containing lead and / or heavy metals; management of plants for secondary lead smelting slag, including inertia chairs, aimed at producing concrete and / or produced products and / or bituminous products and manufacture of lead acid batteries.	100 % of the capital
"Monbat Batterien" GmbH	Trade company	100 % of the capital
MONBAT SPED LTD	Transport services, internal and external transport, spedition, export and import of special goods and objects, opening of a warehouse network in the country, commercial agency and intermediation.	100 % of the capital
YU Monbat Serbia	Trade company	100 % of the capital
MONBAT HOLDING Tunisia BV	Holding Company	100 % of the capital

8. Information about the concluded by the issuer, by its subsidiary or parent undertaking, in their capacity of borrowers, loan contracts with indication of the terms and conditions thereof, including the deadlines for repayment as well as information on the provided guarantees and assuming of liabilities

The main contracts for loans of Monbat its subsidiary and main contracts granted to related parties are presented as follows:

1. Rajfaizenbank EAD
Contract dated 25.02.2014,
Maturity date: 15.02.2017
Amount borrowed: EUR 3 200 000
Type of credit: Revolving loan
Interest: 1-month EURIBOR + fixed mark-up
Collateral: Rank collateral of mortgage of own real estate, cadaster № 48489.5.279, cadaster № 48489.5.281, cadaster № 48489.5.396, together with bildings on it, on the teritory of Montana str. Indystrialna.
With anex N 4/ 30.06.2016 r. the amount of the loan was been increased to 4 200 000 EUR
With anex m.06.2016 r. the amount of the loan was been increased to 9 200 000 EUR:
Maturity date: 15.05.2019
First rank pledge agreement for Monbat's receivables from the third parties.
Pledge of fixed assets owned by Monbat AD
Utilized amount as of 31.12.2018 at the amount of EUR 9 199 891 EUR or BGN 17 993 424

2. Eurobank Bulgaria AD
Contract № 339/07.12.2004
Maturity date: 01.09.2014
Amount borrowed: EUR 2 200 000
Type of credit: Credit line
Interest: 3-month EURIBOR + fixed mark-up
Collateral: Pledge, registered in the Special Pledge Registry
Type of credit: Credit line
Interest: 3 M EURIBOR + fixed mark-up
Collateral: Pledge of assets and inventories owned by Monbat AD
With annex from 16.06.2017 and the amount of the loan was been increased to 18 971 401 BGN
Maturity date: 28.08.2019
Utilized amount as of 31.12.2018 at the amount of BGN 18 971 199

3. Eurobank Bulgaria AD
Contract № 100-972 / 23.11.2010
Maturity date: 29.08.2015
Amount borrowed: EUR 1 000 000
Type of credit: Working capital
Interest: 3-month EURIBOR + fixed mark-up
Collateral:
Real estate 1: ½ ideal part of land with identification N48489.282 on the cadastral map of Montana, buildings and factories, warehouse currently owned by Monbat AD, approved with Directive № RD-18-19-/05.04.2006 of the executive director of AK.
Real estate 2: ½ ideal part of land with identification N48489.282 on the cadastral map of Montana, buildings and factories, warehouse currently owned by Monbat AD, approved with Directive № RD-18-19-/05.04.2006 of the executive director of AK.
Pledges:

Pledge 1: Machines, installations and vehicles, located in the factory of Monbat AD in Montana, 72 "Industrial" str.
Pledge 2: Vehicle weighing machine and security room with an area of 102 sq.m., according to documentary evidence and inventory number 300000003
Pledge 3: Unloading area, with an area of 1980 sq.m., according to documentary evidence and property inventory number 3000000004.
There is annex from 29.07.2014 and the loan is transfered from EUR in BGN
Maturity date: 28.08.2019
Amount borrowed: 1 955 830 BGN
Type of credit: Credit line
Interest: 3 M Sofibor + + fixed mark-up
Collateral: Pledge of assets and inventories owned by Monbat AD
Utilized amount as of 31.12.2018 at the amount of BGN 1 909 756

4. HYPO NOE Gruppe Bank AG
Contract from 16.05.2014
Maturity date: 03.10.2018
Amount borrowed: EUR 10 000 000
Type of credit: Investment loan
Interest: 3 M EURIBOR + fixed mark-up
Collateral: Pledge agreement for all Monbat's shares of Monbat Recycling EAD
With annex from 21.07.2018 and the amount of the loan was been decreased.
Maturity date: 31.07.2020
Amount borrowed: EUR 8 000 000
Interest: 6 M EURIBOR + fixed mark-up
Utilized amount as of 31.12.2018 at the amount of EUR 8 000 000 or BGN 15 646 640
Accrued interest as of 31.12.2018 at the amount of BGN 212 745

5. DSC Bank EAD
Contract. №1675/16.09.2015
Maturity date: 10.09.2019
Amount borrowed: EUR 2 500 000
Type of credit: For working capital
Interest: 3 M EURIBOR + fixed mark-up
Collateral: Pledge agreement for materials
Utilized amount as of 31.12.2018 at the amount of EUR 2 500 000 or BGN 4 889 575

6. DSC Bank EAD
Contract. №1674/16.09.2015
Maturity date: 10.09.2019
Amount borrowed: BGN 2 000 000
Type of credit: For working capital
Interest: 1 M EURIBOR + fixed mark-up
Collateral: Pledge agreement for materials
Utilized amount as of 31.12.2018 at the amount of BGN 1 997 883

7. SG Expresbank
Contract. Of 31.10.2017
Maturity date: 31.10.2019
Amount borrowed: BGN 7 000 000
Type of credit: For working capital
Interest: 1 M SOFIBOR + fixed mark-up
Collateral: Pledge of inventories. First pledge agreement for Monbat's receivables from the third parties.
Utilized amount as of 31.12.2018 at the amount of BGN 6 974 517

8. Raifaizenbank EAD
Contract. Of 09.11.2015
Maturity date: 15.05.2019
Amount borrowed: EUR 490 000
Type of credit: For working capital
Interest: 1 M SOFIBOR + fixed mark-up
Collateral: No collateral
Utilized amount as of 31.12.2018 at the amount of BGN 488 434

9. Hypo Noe Grouppe Bank AG
Contract. Of 21.07.2016
Maturity date: 22.07.2021
Amount borrowed: EUR 3 600 000
Type of credit: For working capital
Interest: 6 M EURIBOR + fixed mark-up
Collateral: Second pledge agreement for Monbat's shares of Monbat Recycling EAD
With annex from 21.07.2018 and the amount of the loan was been increased.
Maturity date: 31.07.2023
Amount borrowed: EUR 5 000 000
Interest: 6 M EURIBOR + fixed mark-up
Utilized amount as of 31.12.2018 at the amount of EUR 5 000 000 or BGN 9 779 150
Accrued interest as of 31.12.2018 at the amount of BGN 127 158

10. Pireos Bank
Contract. Of 05.10.2017
Maturity date: 30.09.2019
Amount borrowed: EUR 2 556 459
Type of credit: Credit line
Interest: 3 M EURIBOR + fixed mark-up
Collateral: First pledge agreement for Monbat's receivables from the third parties.
Utilized amount as of 31.12.2018 at the amount of EUR 2 473 500 or BGN 4 837 745

11. UBB AD
Contract №1317/18.03.2016
Maturity date: 30.12.2019
Amount borrowed: EUR 2 700 000

Type of credit:: working capital
Interest: 3-month EURIBOR + fixed mark-up
Collateral: Land with ident. N72624.603.300, including the buildings on it. Land with ident. N72624.603.190, including the buildings on it. Land with ident. N72624.603.191, including the buildings on it. Land with ident. N72624.603.193., including the buildings on it.
Land with ident. N72624.603.196, including the buildings on it.
Special pledge on plant and equipment
Special pledge on receivables in UBB AD
Balance as at 31.12.2018 at the amount of EUR 1 500 000 or BGN 2 933 745

12.UBB AD
Contract №1318/18.03.2016
Maturity date: 20.03.2021
Amount borrowed: EUR 5 035 000
Type of credit: Investment loan
Interest: 3-month EURIBOR + fixed mark-up
Collateral: Land with ident. N72624.603.300, including the buildings on it. Land with ident. N72624.603.190, including the buildings on it. Land with ident. N72624.603.191, including the buildings on it. Land with ident. N72624.603.193., including the buildings on it.
Land with ident. N72624.603.196, including the buildings on it.
Special pledge on plant and equipment
Special pledge on receivables in UBB AD
Balance as at 31.12.2018 at the amount of EUR 2 832 184 or BGN 5 539 270

13. Raiffeisen Bank SA
Contract N 80046/IS/2017
Maturity date: 30.10.2019
Amount borrowed: EUR 5 000 000
Type of credit: Credit line
Interest rate and commission: 1Week EURIBOR + fixed mark-up
Collaterals: Corporate guarantee on the name of Prista Oil Holding EAD, as well as reprocessing equipment for the recycling of wastage accumulator batteries – rotational furnace, boiler 5000.
Balance as at 31.12.2018 at the amount of EUR 4 881 815 or BGN 9 548 000

14. Raifaizenbank EAD
Contract dated 15.07.2015
Maturity date: 30.09.2019
Amount borrowed: EUR 3 000 000
Type of credit: Credit line
Interest rate and commission: 1 M EURIBOR + fixed mark-up
Collaterals: Special pledge on plant and equipment situated in Montana
Balance as at 31.12.2018 at the amount of EUR 2 715 000 or BGN 5 310 078

15. Raifaizenbank EAD
Contract dated 30.06.2016

Maturity date: 25.05.2021
Amount borrowed: EUR 2 200 000
Type of credit: Credit line
Interest rate and commission: 1 M EURIBOR + fixed mark-up
Collaterals: First pledge of receivables
First rank collateral of assets including Engitec line, owned by Monbat Recysling
First pledge of materials
Balance as at 31.12.2018 at the amount of EUR 1 507 888 or BGN 2 949 173

16. Pireos Bank
Contract N 196/2016
Maturity date: 30.08.2018.
Amount borrowed: EUR 1 500 000
Type of credit: Credit line
Interest rate and commission: 3 M EURIBOR + fixed mark-up
Repayment schedule: Currently paid depending on the available cash and cash equivalents.
With anex 27.09.2017 r. the amount of the loan was been increased to 2 500 000 EUR :
Maturity date: 30.09.2019.
Collaterals: First pledge of receivables from third parties.
Amount borrowed: EUR 2 500 000
Interest rate and commission: 3 M EURIBOR + fixed mark-up
Balance as at 31.12.2018 at the amount of EUR 2 467 635 or BGN 4 826 276

17. UBI Banca
Contract dated 30.06.2009
Maturity date: 31.03.2019
Amount borrowed: 3 500 000 EUR
Type of credit: Investment loan
Interest: 3-month EURIBOR + fixed mark-up
Collateral: Pledge on property, plant and equipment owned by Piombifera Italiana
Utilized amount as of 31.12.2018 at the amount of EUR 99 000 or BGN 194 000

18. Eurobank Beograd
Contract LC-31/17 dated 05.12.2017
Maturity date: 19.04.2019
Amount borrowed: 3 000 000 EUR
Type of credit: Credit line
Interest: 3-month EURIBOR + fixed mark-up
Collateral: Pledge of inventories.
Utilized amount as of 31.12.2018 at the amount of EUR 3 000 000 or BGN 5 867 000

9. Information about the concluded by the Company, by its subsidiary or the parent undertaking, in their capacity of lenders, loan contracts, including the provision of guarantees of any type, including to related persons, with indication of the concrete conditions there under, including the deadlines for repayment and the purpose for which they have been granted

Monbat concluded in its capacity of lenders loan contracts in 2018 with:

Octa Light Bulgaria AD - BGN 1 400 000
Monbat Italy – BGN 3 689 000
Monbat Sped EOOD- BGN 296 000

Loan contracts concluded by the subsidiaries of Monbat in their capacity of lenders:

Monbat Recycling:

Monbat Italy
Contracts from 2017
Amount borrowed: BGN 7 608 000.
Maturity date: 31.12.2018
Interest: 3.5% annual interest rate
Principal for repayment outstanding as of 31.12.2018 – 0 bgn.

10. Information on the use of the funds from a new issue of securities carried out

During the reported period the company has issued a new issue of bonds.
MONBAT AD, has issued first order corporate convertible bonds with ISIN BG2100023170, issued under the conditions of initial public offering as follows:

Principal amount of the issue: EUR 28 015 000 (twenty-eight million and fifteen thousand).
Number of bonds: 28 015 (twenty-eight thousand and fifteen).
Denomination: EUR 1 000 (one thousand) each
Issue Date: 20/01/2018
Maturity Date: 20/01/2025
Type of bonds: convertible, ordinary, registered, dematerialized, interest-bearing, freely transferable, unsecured.
Term to maturity: 84 (eighty-four) months.
Interest rate: floating rate of 6M EURIBOR plus premium of 300 basis points, but not less than 3.00 % on an annual basis.
Interest payment date: 20 January and 20 July of each year during the Maturity Date. If the Interest Payment Date is not a Business Day, the Interest Payment Date shall be postponed to the next Business Day.
Amortization: in three installments at the end of the 5th, the 6th, and the 7th year of the life of the bond; at 20%, 30% and 50% of the nominal value, respectively, which corresponds to the following Interest Payment Dates: 20/01/2023, 20/01/2024 and 20/01/2025. In the event of conversion, the principal repayments will be calculated on the basis of the current bond issue's nominal value at the date of the respective principal payment. In this case, the last principal installment at the end of the 7th year will be

equalized and will repay the entire outstanding nominal value of the issue, if such outstanding nominal value exists.

Conversion option: Each bondholder may request the conversion of the bonds he/she holds according to their current nominal amount at the Conversion Price on the 48th, 66th and 78th month after issuance, corresponding to the following Interest Payment Dates, respectively: 20/01/2022, 20/07/2023 and 20/07/2024.

Conversion price: equal to 90% of the weighted average price of a MONBAT`s share on the BSE for the six months preceding the respective conversion date.

Minimum conversion threshold: 5% of the outstanding nominal amount of all Bonds on each of the respective conversion dates.

Call option: The Issuer may redeem the residual outstanding part of the Bond issue on the 60th month after issuance at 101% of the current outstanding principal amount. The date of the Call option corresponds with the interest and principal payment on the 60th month or 20.01.2023 with the call option taking into account the corresponding 20% principal instalment.

On 20.01.2018, the public offering has concluded successfully, and on 29.01.2018, the new bond loan has been declared as concluded in the Commercial Register. "Monbat" AD has raised 28 015 000.00 Euro, representing 54 792 577.45 equivalence in BGN, with fixed exchange rate of BNB 1.95583/EUR.

As of 31.12.2018, "Monbat" AD has spent 13.4 million Euro, raised by the bond issue 2018 ISIN code BG2100023170.

Utilizing the funds raised from the bond issue issued by "Monbat" AD has started on 26.06.2018, when "Monbat" AD has taken part in the acquisition of shares in the capital of "Monbat Holding Germany" AD (parent company to EAS Germany GmbH ("EAS"), to a full amount of 5.4 million Euro.

The next utilization has been conducted on 05.12.2018 when "Monbat" AD has taken part in the acquisition of shares in the capital of "Monbat Recycling" EAD (parent company of Monbat Italy S.R.L), to the amount of 8 million EUR. On 07.12.2018, "Monbat Recycling" EAD participated in the increase of capital of „Monbat Italy"S.R.L. (the parent company of Piombifera Italiana) through the acquisition of shares amounting to 8 million EUR.

11. Analysis of the ratio between the achieved financial results reflected in the financial statement for the fiscal year, and previously published forecasts for these results

The Company has not published a Forecast for 2018 on the individual base.

12. Analysis and assessment of the policy concerning the management of the financial resources with indication of the possibilities for servicing of the liabilities, eventual jeopardizes and measures which the issuer has undertaken or is to undertake with a view to their removal

The management of the financial resources is subject to the requirement to achieve maximum efficiency with the simultaneous observance of agreed payment terms both with suppliers and customers. This means predominant use of own resources which leads to

lower financial costs. A result of such a policy of managing the financial resources is faster reduction of the period for collection of receivables compared to the period for payment of liabilities. This leads to an effective increase of the cash in the company and to the possibility for the investment costs to be financed without this being always at the expense of resources attracted by banks, which reduces the interest costs. On the other hand, this way a significant reserve of unused credits is preserved that can be used for both current and investment expenditures thus maintaining high liquidity of payments.

13. Assessment of the possibilities for realization of the investment intentions, indicating the amount of the available funds and stating the possible changes in the structure of the financing of this activity

In 2019 the management of MONBAT AD plans an investment program as follow:

Table № 19

Investment Program 2018	BGN	Euro
Monbat AD		
Bussines projects new markets	68 454	35 000
Introduction of new products	0	0
Improvement of the Infrastructure	1 267 378	648 000
Improvement of the production eficiency and quality		0
Improvement of the Capasity	5 012 792	2563000
Total	6 348 624	3 246 000
Group level projects	**335 600**	**171 590**
Total investment program	6 684 224	3 417 590

14. Information about occurred during the reporting period changes in the base principles for management of the issuer and its economic group

There is no change occured in the base principles for management of the company.

15. Information about the main characteristics of the applied by the issuer in the course of preparation of the financial statements internal controls system and risk management system

The company has a functioning internal control and risk management system /ICRM system/ that guarantees the efficient functioning of reporting and information disclosure systems. The ICRM system was elaborated and functions also with a view to identify risks that pursue the activities of the company and support their efficient management. Senior management has the main responsibility and role in terms of developing the internal control and risk management system. It performs both managing and directing function and also ongoing monitoring.

The ongoing monitoring of controls by senior management is to assess whether the ICRM system is still suitable for the company in a changed environment, whethet it acts as

expected and whether it is periodically adjusted to changed conditions. Evaluation of selected areas carried out in this context as a responsibility of the senior management complies with the priorities of the company. Evaluation is also proportionate to the characteristics of the company and the impact of the risks identified.

The senior management reports to the audit committee on the basic characteristics of the ICRM system and also on key issues, including main incidents established and the respectively approved or applied corrective measures.

16. Information on the changes in the Board of Directors in 2018

There is no change in the Board of Directors of Monbat AD

17. Information on the amount of the remunerations, rewards and/or the benefits of everyone of the members of the management and control bodies for the fiscal year under review, paid by the Company and its subsidiaries, irrespective of whether they have been included in the issuer's expenses or rise from profit distribution, including:

a) received amounts and non-money remunerations;

b) contingent or deferred remunerations occurred during the year, even if the remuneration is due at a later time;

c) amount owed by the issuer or its subsidiaries for payment of pensions, compensations at retiring on a pension or other similar compensations

Table № 20

Full name	Position	net/BGN
Atanas Bobokov - Chairperson of the Board of Directors of Monbat AD	Member of the Board of Directors of Monbat Recycling EAD	372 000
Plamen Bobokov – Member of the Board of Directors of Monbat AD	Member of the Board of Directors of Start AD	8 400
Nikolay Trenchev - Member of the Board of Directors of Monbat AD	Member of the Board of Directors of Start AD	8 400
Atanas Bobokov - Chairperson of the Board of Directors of Monbat AD	Member of the Board of Directors of Octa Light AD	9 032
Atanas Bobokov - Chairperson of the Board of Directors of Monbat AD	Member of the Board of Directors of New Power AD	0
Atanas Bobokov - Chairperson of the Board of Directors of Monbat AD	Member of the Board of Directors of Start AD	8 400
Peter Bozhadzhiev - Member of the Board of Directors of Monbat AD	Member of the Board of Directors of New Power AD	0

The General Assembly of Shareholders held in 2018 authorized the Board of Directors of the Company to set additional remuneration for 2017 to the members of the Board of Directors of MONBAT AD in the total amount of up to BGN 600 000.

18. Information about the owned by the members of the management and of the control bodies, procurators and the senior management shares of the issuer, including the shares held by anyone of them separately or as a percent from the shares of each class, as well as provided to them options on securities of the issuer by the latter – type and amount of

the securities over which the options have been set up, price of exercising of the options, purchase price, if any, and term of the options

As of 31.12.2018 the shares of the capital of MONBAT AD hold by members of the Board of Directors are as follows:

- Atanas Stoilov Bobokov – Chairperson of the Board of Directors – 110 shares
- Alexandar Chaushev – Member of the Board of Directors - 8 630 shares

19. Information about the known to the company agreements (including also after the fiscal year closing) as a result of which changes may occur at a future time in the owned percent of shares or bonds by current shareholders and bondholder

The management of the company does not have information about known to the company agreements as a result of which changes may occur at a future time in the owned percentage of shares by current shareholders.

20. Information about pending legal, administrative or arbitration proceedings relating to issuer's liabilities or receivables at the amount of at least 10 percent of its equity; if the total amountof the issuer's liabilities or receivables under all initiated proceedings exceeds 10 per cent of its equity, information shall be submitted for each procedure separately

There is not any pending legal, administrative or arbitration proceedings relating to issuer's liabilities or receivables at the amount of at least 10 percent of its equity.

21. Data about the investor relations director

Daniela Ilcheva Peeva
tel. +359 2 9882413 ; e-mail investorrelations@monbat.com
1407 Sofia, 32 A Cherni vrah blvd., fl. 4

XII. CHANGES IN THE PRICE OF THE COMPANY'S SHARES FOR 2018



XIII. INFORMATION UNDER APPENDIX NO 11 OF ORDINANCE NO 2 OF FSC

1. Structure of the company's capital, including the securities that have not been admitted to trading on a regulated market in the Republic of Bulgaria or another Member State, with indication of the different classes of shares, the rights and liabilities attaching to any of the classes of shares and the portion of the total capital which each individual class constitutes

As of 31.12.2018 the capital of MONBAT AD amounts to BGN 39 000 000, divided into 39 000 000 ordinary, registered, dematerialized shares with nominal value of BGN 1.00 each of them. All shares of the company belong to one class and each share entitles to one vote at the general assembly of shareholders, the right to dividend and a liquidation quota, proportionate to the nominal value of the share. The whole issue of 39 000 000 shares, issued by the company was registered for trading on the on the Main Market, "Premium" equities segment on the BSE.

2. Limitations over the securities transfer, such as limitations for holding of securities or a requirement to obtain approval of the company or another shareholder

All shares of the company are freely transferable without restrictions or conditions, subject to the requirements of the current legislation in the Republic of Bulgaria. It is not necessary to obtain approval of the company or another shareholder for acquiring and holding shares of the capital of MONBAT AD.

3. Information on the direct and indirect holding of 5 or more percent of the voting rights in the company's general assembly, including data about the shareholders, the amount of their holding and the manner in which the shares are owned

As at 31.12.2018 the capital structure of MONBAT AD is the following:

Table № 21

Name of the shareholder	Number of shares	Percentage of the capital
PRISTA OIL HOLDING EAD, Sofia	16 666 371	42.73 %
MONBAT TRADING Ltd., Sofia	2 752 800	7.06 %
PRISTA HOLDCO COOPERATIEF U.A.	8 103 758	20.78 %
UPF Doverie	2 553 813	6.55 %
MUPF Allianz	2 029 556	5.20 %
Free float	6 893 702	17.68 %

4. Data about the shareholders with special control rights and description of these rights

MONBAT AD does not have any shareholders with special control rights.

5. The control system in exercising the voting right in cases when officials of the company are also its shareholders and when the control is not exercised directly by them

The company does not have a control system in exercising the voting right in cases when officials of the company are also its shareholders and when the control is not exercised directly by them. Any official who is a shareholder of the company exercise his/her right to vote at his/her own discretion.

6. Limitations over the voting rights, such as limitations over the voting rights of the shareholders with a given percent or number of votes, deadline for exercising the voting rights or systems whereby with the company's assistance, the financial rights attaching to the shares are separated from the holding of shares

There are no limitations over the voting rights of any shareholder of MONBAT AD. The right to vote at the general assembly of the shareholders of MONBAT AD shall be exercised, personally or by proxy, by persons that had acquired shared and had been filed with the book of shareholders latest 14 days prior to the date of the assembly. The proxy holder must dispose of an explicit, notary certified proxy in accordance with the requirements of LPOS.

7. Agreements among the shareholders, which are known to the company and which may result in limitations over the transfer of shares or the voting right

The Company is not aware of agreements among shareholders which may result in limitations over the transfer of shares or the voting right.

8. The provisions about the appointment and dismissal of the members of the company's management bodies and about introduction of amendments and supplements to the articles of association

Pursuant to the Articles of Association of MONBAT AD, the following persons are not eligible as members of the BD of the Company:

1. who have been members of managing or controlling body of a company or co-operation, terminated through insolvency, for the last two years preceding the date of the judgment for declaring insolvency, if there are creditors unpaid;

2. who, as at the moment of the election, are sentenced with an effective verdict for crimes against property, against economy or against financial, tax or social security system, committed in the Republic of Bulgaria or abroad, unless they are exculpated.

At least one third of the members of the BD must be independent persons.

The independent member of the BD may not be a person who:

1. is employee of the Company;
2. is shareholder, holding directly or through related persons at least 25% (twenty five per cent) of the votes in the GM or is a person related to the Company;
3. is in long-term business relationship with the Company;
4. is member of management or controlling body of a company under items 2 and 3 of this paragraph;
5. is a person related to another member of management or controlling body of the Company.

The members of the BD are elected for a term of up to five years. The members of the BD may be reelected without limitation and may be released from duty also prior to the expiry of the mandate, for which they are elected, pursuant to resolution of the GM.

Amends and supplements the Articles of Association could be adopted by the General Assembly of Shareholders.

9. The powers of the company's management bodies, including the right to take decisions for the issue and redemption of shares in the company

The members of the Board of directors are obligated:

1. to perform their duties with the proper care of good businessman in a way, for which they reasonably believe to be in the interest of all shareholders of the Company and using only information for which they reasonably believe to true and compete;
2. to be loyal to the Company through:

a) preferring the interest of the Company before their own interest;

b) avoiding direct or indirect conflicts between their interest and the interest of the Company and, in case such conflicts arise – timeously and completely to disclose them in writing before the Board of Directors and not to participate as well as influence the other members of the board when passing resolutions in such cases;

c) not disclosing non-public information for the Company including after terminating their membership in the BD until the relevant circumstances are announced by the Company publicly.

The Company may buy back its own shares without making a tender offer, through acquisition of not more than 3 per cent own voting shares, both pursuant to a resolution of the General Shareholders Meeting and pursuant to a resolution of the Board of Directors for a term not longer than eighteen months as from the date of the resolution of the relevant body of the Company. The buy-back of own shares pursuant to a resolution of the Board of Directors may be performed without special delegation of powers for that from the General Shareholders Meeting for each separate case, but entirely on the grounds of the powers vested in the Board of Directors by virtue of the present provision of the Articles of Association for a term of up to 2 (two) years after registration of these Articles of Association at the Commercial Register to the Registry Agency.

10. Significant contracts of MONBAT AD which give rise to action, have been amended or terminated due to change in the control of the company upon carrying out of obligatory tender offer and the consequences thereof, save for the cases when the disclosure of such information may cause serious damages to the company; the exception of the previous sentence shall not apply in the cases when the company must disclose information by virtue of the law

MONBAT AD has not signed contracts which give rise to action, have been amended or terminated, due to change in the control of the company upon carrying out of obligatory tender offer.

11. Agreements between the company and its management bodies or employees for payment of compensation upon leaving or dismissing without legal basis or upon termination of the employment relationship for reasons related to tender offering.

There are no agreements between MONBAT AD and the members of the Board of Directors and employees of the company for payment of compensation upon leaving or dismissal without legal basis or upon termination of the labor relations for reasons related to tender offering

XIV. OTHER INFORMATION AT THE COMPANY'S DISCRETION

The Company estimates that there is no other information that has not been publicly disclosed by the company and that would be important for the shareholders and investors in taking a well-grounded investment decision.

01.04.2019

.....

Atanas Bobokov – Executive member of the Board of Directors