



DOVERIE

UNITED HOLDING AD

Report on the activity of Doverie – United Holding AD

For the period ending 31 March 2020

(interim non-consolidated financial statement)

I. General information on the company

1. Registration and subject of activity

Doverie – United Holding AD (the company) is a public joint-stock company registered in the Sofia City Court under company file No 13056 as of 1996. The company is established in the same year.

The seat and registered address of Doverie – United Holding AD is 1756 Sofia, 5 Lachezar Stanchev Str., building ‘A’, floor 7, tel. (02) 98 456 10; 98 456 11; fax: +02 98 456 63. The company does not have opened and registered branches. The e-mail is, as follows: doverie@doverie.bg. The officially registered webpage is www.doverie.bg.

The subject of activity of Doverie – United Holding AD is the acquisition, management, evaluation and sale of shares and/or shareholdings in Bulgarian and foreign companies – legal entities, participation in any form in other local and/or foreign business companies and/or in their management; acquisition, management and sale of bonds; acquisition, evaluation and sale of patents, transfer of licenses for the use of patents of companies in which the holding company participates; performing any other commercial activity which is not prohibited by law.

2. Capital and share structure

As at 31 March 2020 the capital is distributed into 18,736,099 ordinary book-entry voting shares, each having a par value of BGN 1 (one). All shares of the company are traded on the Bulgarian Stock Exchange AD. Doverie – United Holding AD has one class of shares issued. Each share of the company entitles to one vote in the General Meeting of the Shareholders, right to a dividend and to a liquidation quota, which are pro-rata to the par value of the share. The entitlement to vote arises upon the full payment of the issued value and the registration of the company, respectively of the increase of the capital, in the commercial register of the court.

The management is not aware of the existence of restrictions of the transfer of the shares of the company, or restrictions concerning the holding thereof or a need of receipt of an approval from the company or another shareholder. The organizational documents of the company or individual agreements does not provide for possibilities between the companies and its management bodies and/or employees for the payment of an indemnification upon leaving or discharge without a legal ground or upon termination of the employment for reasons related to tender bidding.

As at 31 March 2020 the distribution of the Company’s share capital is as follows:

As at 31 March 2020 the distribution of the Company's share capital is as follows:

| Share capital | 31 March 2020 | 31 March 2019 | 31 December 2019 |
|--|----------------------|----------------------|-------------------------|
| | BGN '000 | BGN '000 | BGN '000 |
| (BGN'000) | 18,736 | 18,736 | 18,736 |
| Number of shares (par value 1.00 BGN) | 18,736,099 | 18,736,099 | 18,736,099 |
| Total number of registered shareholders | 146,914 | 147,203 | 146,952 |
| including legal entities | 52 | 53 | 48 |
| individuals | 146,862 | 147,150 | 146,904 |
| Number of shares owned by legal entities | 10,354,785 | 10,834,194 | 10,256,133 |
| <i>% shareholding of legal entities</i> | <i>55,27%</i> | <i>57,83%</i> | <i>54,74%</i> |
| Number of shares owned by individuals* | 8,381,314 | 7,901,905 | 8,479,966 |
| <i>% shareholding of individuals</i> | <i>44,73%</i> | <i>42,17%</i> | <i>45,26%</i> |

* The number of shares owned by individuals includes 240 unidentified shares from 1996, which the Central Depository AD manages on the issue account of Doverie – United Holding AD.

| Shareholders holding shares more than 5% | Number of shares | % of capital |
|---|-------------------------|---------------------|
| Sopharma AD | 4,679,790 | 24,98 |
| Telecomplex AD | 1,671,294 | 8,92 |

| Shares from – to | Number of shareholders | % of shareholders | all Number of shares | owned % of all shares |
|-------------------------|-------------------------------|--------------------------|-----------------------------|------------------------------|
| 1 - 100 | 144,926 | 98.6468 | 6,500,985 | 34.70 |
| 101 - 1000 | 1,796 | 1.2225 | 346,769 | 1.85 |
| 1001 - 10000 | 145 | 0.0987 | 498,946 | 2.66 |

| | | | | |
|-------------------|----------------|-----------------|-------------------|---------------|
| 10001 - 100000 | 33 | 0.0225 | 784,379 | 4.19 |
| 100001 - 500000 | 9 | 0.0061 | 1,810,210 | 9.66 |
| 500001 - 1000000 | 3 | 0.0020 | 2,444,026 | 13.04 |
| 1000001 - 5000000 | 2 | 0.0014 | 6,350,784 | 33.90 |
| Over 5000000 | 0 | 0.0000 | 0 | 0.00 |
| Total | 146,914 | 100.0000 | 18,736,099 | 100.00 |

3. Management bodies of the joint-stock company, management and representation

The company has two-tier management system.

Supervisory Board

Members of the Supervisory Board as at 31 December 2019. are:

Radosvet Krumov Radev – Chairperson of SB

Ivan Ognyanov Donev – member

Ventsislav Simeonov Stoev – member

Management Board

Members of the Management Board as at 31 March 2020 are:

Alexandar Georgiev Hristov – Executive Director

Anna Ivanova Pavlova – Chairperson of MB

Mina Nikolova-Angelova – member

The company is represented by Alexandar Georgiev Hristov.

The Audit Committee supports the work of the Board of Directors, it has the role of persons charged with governance who monitor and supervise the internal control system, risk management and financial reporting system of the company.

The Audit Committee has the following composition:

Ivan Dimov – Chairman (independent member)

Elena Golemanova – member (independent member)

Anna Pavlova – member

as at 31 March 2020 the list number of staff in the company is 34 (31 December 2019: 32).

II. The information referred to in Article 247 and Article 240b of the Commercial Act

1. Information referred to in Article 247 of the Commercial Act

Information about the conduction of the activity and the condition of the company and clarifications about the interim financial statement

Item III and item IV contain a description of the activity and condition of the Company and clarify the preliminary financial statement.

Total amount of the remunerations received over the period by the board members

The remunerations and the other short-term incomes of the Supervisory Board, the Management Board, the Executive Director and the Audit Committee are, as follows:

| | <i>31 March 2020</i> | <i>31 March 2019</i> | <i>31 December 2019</i> |
|--|----------------------|----------------------|-------------------------|
| | <i>BGN '000</i> | <i>BGN '000</i> | <i>BGN '000</i> |
| Executive Director | 11 | 11 | 42 |
| Remunerations of the Management Board | 14 | 14 | 54 |
| Remunerations of the Supervisory Board | 27 | 27 | 108 |
| Audit Committee | 6 | 4 | 21 |
| Total | 58 | 56 | 225 |

The members of the management and supervisory boards have not received in-kind remunerations.

Bonuses and bonus schemes

According to the Articles of Association, the Executive Director is entitled to receive a one-off remuneration (bonus) of up to 1 % of the company's net profit and to be empowered to define the circle of employees to whom a bonus amount of up to 2 % of the company's profit is to be distributed for each calendar year. When a part is required to be deferred for a period longer than 12 months, that portion is measured at its present value at the date of the financial statements and is referred to non-current liabilities in the statement of financial position, item 'liabilities to personnel'.

Shares and bonds of the company acquired, held and transferred by the members of the boards over the period

Data for the number of shares directly held by the members of the Supervisory Board and the Management Board:

- a. Radosvet Krumov Radev – does not hold
- b. Ivan Ognyanov Donev – does not hold
- c. Ventsislav Simeonov Stoev – 26,277 (no change)
- d. Alexandar Hristov – does not hold
- e. Anna Ivanova Pavlova – does not hold
- f. Mina Nikolova-Angelova – does not hold

The company does not have issued bonds

Rights of the members of the boards to acquire shares and bonds of the company

The company's articles of association do not provide for restrictions concerning the right of the members of the Board of Directors to acquire shares and bonds of the company.

Options over company's shares

As at the date of this report Doverie – United Holding AD does not have options granted to the members of the Supervisory Board and the Management Board with respect to its shares.

Information for the participation of the members of the Supervisory Board and of the Management Board in business companies as general partners, the holding of more than 25 per cent of the capital of another company, as well as their participation in the management of other companies or cooperatives as procurators, managers or board members

MEMBERS OF THE SUPERVISORY BOARD

RADOSVET KRUMOV RADEV – CHAIRPERSON OF THE SUPERVISORY BOARD

Education: Secondary – 29 Uniform Polytechnical High School in the city of Sofia – 1978;
higher – the Faculty of Law of the Sofia University ‘Kl. Ohridski’ – 1984

Relevant professional experience:

Sofia City Court – 1985 – 1986;

in the Bulgarian National Radio – from 1986 to August 1992;

in 1989 – the first private company ‘DARIK’;

in 1992 he established DARIK RADIO;

From 1990 he is a member of the Executive Bureau and Deputy-Chairperson of the Bulgarian Industrial Association;

From 2018 he is a Chairperson of the Bulgarian Industrial Association – Union of the Bulgarian Business;

Founder of Doverie – United Holding AD;

Business address:

Sofia 82 Knyaz Dondukov Blvd., Oborishte District, Sofia.

Radosvet Krumov Radev holds directly/indirectly a considerable share (more than 25 %) of the capital of the following companies:

- MOST FINANCE MANAGEMENT AD – holds indirectly more than 25 %;
- HR CAPITAL AD – holds directly more than 25 %;
- DARIK 90 SOFIA – holds indirectly more than 25 %;
- DARIK RADIO AD – holds directly more than 25 %;
- MEDIAMIX GROUP OOD – holds directly more than 25 %;
- TSITADELA EOOD – holds indirectly more than 25 %;
- DARIK AKADEMIYA EOOD – holds indirectly more than 25 %;
- DARIK IMOTI BULGARIA AD – holds indirectly more than 25 %;
- BULGARCONTROLA AD – holds indirectly more than 25 %;
- LGR CONSULT OOD – holds directly more than 25 %;
- DARIK HOLDING AD – holds directly more than 25 %;
- AQUAPONICS BULGARIA EOOD – holds indirectly more than 25 %;
- FACECOM OOD – holds indirectly more than 25 %;
- ADVERTISING AGENCY DARIK (RAD) EOOD – holds directly more than 25 %;
- ENGINEERING AND DEVELOPMENT COMPANY AD – town of Mezdra – holds indirectly more than 25 %;

Radosvet Krumov Radev participates in a management/supervisory body in the following companies:

- Chairperson of the Bulgarian Industrial Association – Union of the Bulgarian Business – Member of the Management Board and President;
- DOVERIE CAPITAL AD – Member of the Supervisory Board;
- DARIK RADIO AD - Chairperson of the Board of Directors and Executive Director;
- ALBENA AD – Member of the Board of Directors;
- DUNAV AD – Member of the Board of Directors;
- TSITADELA EOOD – Manager;
- DARIK AKADEMIYA EOOD – Manager;
- DARIK 90 SOFIA EOOD – Manager;
- DARIK HOLDING AD – Chairperson of the Board of Directors and Executive Director;
- HR CAPITAL AD – Member of the Board of Directors;
- PRIMORSKO CLUB EAD – Representative of the managing company ALBENA AD;
- TRAKIYA FOUNDATION Foundation – Member of the Management Board;
- ATANAS BUROV Foundation – Member of the Management Board;

- UNION OF BULGARIAN NATIONAL ELECTRONIC MEDIA Association – Chairperson and member of the Management Board;
- NATIONAL TOURISM BOARD Association – Member of the Management Board;
- BULGARIAN BUSINESS CLUB VAZRAZHDANE Association – Member of the Management Board;
- BULGARIAN COMMUNITY CENTRE UNION SVETA SOFIA Association – Member of the Management Board;

In the last five years Radosvet Krumov Radev has not been:

- a) sentenced for a fraud;
- b) related to bankruptcy, management by a trustee in bankruptcy or liquidation in his capacity of a founder, member of administrative, management and supervisory bodies or senior manager in other companies;
- c) officially publicly incriminated and has not been sanctioned by legal or regulatory authorities (including certain professional bodies);
- d) deprived by the court of the right to be a member of the administrative, management or supervisory bodies of a company-issuer or of the performance of jobs in the management or the performance of the activity of a company-issuer;
- e) subject to imposed coercive administrative measures or administrative penalties.

Family ties:

Radosvet Krumov Radev is not a spouse or direct or collateral relative of another member of the Management Board or Supervisory Board of Doverie – United Holding AD.

IVAN OGNYANOV DONEV – MEMBER OF THE SUPERVISORY BOARD

Education:

Bachelor's degree in ‘International Economic Relations’ – University of National and World Economy

Master's degree in ‘International Business’ – University of National and World Economy

Master's Degree in ‘Health Management’ – Medical University

Relevant professional experience:

Ivan Ognyanov Donev is an expert, and subsequently an investor relations director in Unipharm AD in the period 2008–2017.

Commands French, English, Russian and Spanish.

Business address:

Sofia Izgrev District, 5, Lachezar Stanchev Str., Building A, Floor 7.

Ivan Ognyanov Donev participates in a management/supervisory body in the following companies:

- DONEV INVESTMENTS HOLDING AD – Chairperson of the Board of Directors and Executive Director;
- SOFCONSULT GROUP AD – Member of the Board of Directors;
- DOVERIE – BRIKO AD – Member of the Supervisory Board;
- Victor Hugo Association - Member of the management body

In the last five years Ivan Ognyanov Donev has not been:

- a) sentenced for a fraud;
- b) related to bankruptcy, management by a trustee in bankruptcy or liquidation in his capacity of a founder, member of administrative, management and supervisory bodies or senior manager in other companies;
- c) officially publicly incriminated and has not been sanctioned by legal or regulatory authorities (including certain professional bodies);
- d) deprived by the court of the right to be a member of the administrative, management or supervisory bodies of a company-issuer or of the performance of jobs in the management or the performance of the activity of a company-issuer;
- e) subject to imposed coercive administrative measures or administrative penalties.

Family ties:

Ivan Ognyanov Donev is not a spouse or direct or collateral relative of another member of the Management Board or Supervisory Board of Doverie – United Holding AD.

VENTSISLAV SIMEONOV STOEV – MEMBER OF THE SUPERVISORY BOARD

Education: Secondary – 29 Uniform Polytechnical High School in the city of Sofia – 1978;
higher – the Faculty of Law of the Sofia University ‘Kl. Ohridski’ – 1984

Relevant professional experience:

From September 1987, Ventsislav Stoev is registered in the Sofia Bar Association as an attorney-at-law. Legal service in Paris, ‘Cremades & Associates’ Law Office, Paris. Member of the International Bar Association from 1992.

Business address:

Sofia, Izgrev District, 5, Lachezar Stanchev Str., Building A, Floor 7.

- **Ventsislav Simeonov Stoev participates in a management/supervisory body in the following companies:**
- - BIOFARM ENGINEERING AD – Member of the Supervisory Board;
- - DOVERIE – CAPITAL AD – Member of the Supervisory Board;
- - DOVERIE – BRIKO AD – Member of the Supervisory Board;
- - TELECOMPLECT AD – Member of the Supervisory Board;
- - EUROPEAN WINE ORDER OF KNIGHTHOOD – CONSULT – Member of the Management Board.
- - STOEV, BOTEV AND CO LAW COMPANY
- **Ventsislav Simeonov Stoev holds directly/indirectly a considerable share (more than 25 %) of the capital of the following companies:**
- - SREDETS AD – holds indirectly more than 25 %;
- - TELECOMPLECT AD – holds indirectly more than 25 %;
- - GREEN PROJECT INVESTMENTS OOD – holds directly more than 25 %;
- - TELECOMPLECT INVEST AD – holds directly more than 25 %;
- - ELECTRIC SOURCE INVESTMENTS EOOD – holds indirectly more than 25 %;
- - CAPITAL INVEST INTERNATINOAL EOOD – holds directly more than 25 %;
- - STOEV, BOTEV AND CO Law Company - holds directly more than 25 %;
- - TEXTA CORP LIMITED – holds directly more than 25 %;
- - TELSO AD – holds indirectly more than 25 %;
- - MINERALCOMMERCE AD – holds indirectly more than 25 %;
- - ASMP – MC SOFIA 2000 AD – holds indirectly more than 25 %;
- - CHEMIPLANT OOD – holds indirectly more than 25 %;
- - MC ZDRAVE OOD (in liquidation) – holds indirectly more than 25 %;
- - FARMAPLANT AD – holds indirectly more than 25 %;
- - PHYTOPLANT EOOD – holds indirectly more than 25 %;
- - MARS MV AD – holds indirectly more than 25 %;
- - SOFTPRINT GROUP AD – holds directly more than 25 %;

In the last five years Ventsislav Simeonov Stoev has not been:

- a) sentenced for a fraud;
- b) related to bankruptcy, management by a trustee in bankruptcy or liquidation in his capacity of a founder, member of administrative, management and supervisory bodies or senior manager in other companies;
- c) officially publicly incriminated and has not been sanctioned by legal or regulatory authorities (including certain professional bodies);
- d) deprived by the court of the right to be a member of the administrative, management or supervisory bodies of a company-issuer or of the performance of jobs in the management or the performance of the activity of a company-issuer;
- e) subject to imposed coercive administrative measures or administrative penalties.

Family ties:

Ventsislav Simeonov Stoev is not a spouse or direct or collateral relative of another member of the Management Board or Supervisory Board of Doverie – United Holding AD.

MEMBERS OF THE MANAGEMENT BOARD

ANNA IVANOVA PAVLOVA – CHAIRPERSON OF THE MANAGEMENT BOARD

Education: Graduated the University of National and World Economy, with major ‘Accounting and Control’. Specialized banking in the Bulgarian-French Centre Marcom.

Relevant professional experience:

From 1983 she worked consequently in Mineralbank AD, Crystalbank, Touriststportbank AD as an accountant, deputy-chief and chief accountant, and from May to March 1996 she was a director of the Bank Regulators Directorate in Commercial Bank Balkanbank AD. From January 1997 until presently she has been a chief accountant and head of the Financial Office of United Bulgarian Privatisation Fund Doverie AD, and presently Doverie United Holding AD. In 2000 she specialized international accounting standards in the Delaware University. In 2001, 2002 and 2014 she passed a training course in Ernst and Young and KPMG in international accounting standards.

Business address:

Sofia, Izgrev District, 5, Lachezar Stanchev Str., Building A, Floor 7.

Anna Ivanova Pavlova participates in a management/supervisory body in the following companies:

- - MEDICAL CENTRE DOVERIE AD – member of the Board of Directors, including presently;
- - HOMOGEN AD – executive director, incl. presently;
- - MARITSATEX AD – member of the Board of Directors, including presently;
- - BONA – 96 OOD – manager, including presently;

Anna Ivanova Pavlova holds directly/indirectly a considerable share (more than 25 %) of the capital of the following companies:

- - BONA – 96 OOD – holds directly more than 25 %;

In the last five years Anna Ivanova Pavlova has not been:

a) sentenced for a fraud;

b) related to bankruptcy, management by a trustee in bankruptcy or liquidation in her capacity of a founder, member of administrative, management and supervisory bodies or senior manager in other companies;

c) officially publicly incriminated and has not been sanctioned by legal or regulatory authorities (including certain professional bodies);

d) deprived by the court of the right to be a member of the administrative, management or supervisory bodies of a company-issuer or of the performance of jobs in the management or the performance of the activity of a company-issuer;

e) subject to imposed coercive administrative measures or administrative penalties.

Family ties:

Anna Ivanova Pavlova is not a spouse or direct or collateral relative of another member of the Management Board or Supervisory Board of Doverie – United Holding AD.

ALEXANDAR GEORGIEV HRISTOV – EXECUTIVE DIRECTOR

Education:

Education: Higher legal education, Master's Degree – major 'Law' – Sofia University 'St. Kliment Ohridski', city of Sofia

Relevant professional experience:

Graduated Sofia University 'St. Kliment Ohridski', Master's degree in major 'Law'. After completing higher education, he worked for two years as an attorney-at-law. From 2007 he worked as a 'legal advisor' in Doverie – United Holding AD, and from 2010 to 26 May 2017 he held the position of a "chief legal advisor" in the same company. From 2010 till presently he has been a member of the board of directors Bilyana – Triko AD, and from the beginning of 2012 till presently he is also an executive director of the company. From July 2016 he is also a member of the board of directors and executive director of Hydroizomat AD. From January 2017 to 30 September 2019 he is also a manager of Hydroizomat – Engineering EOOD. He participated in the management also of many other companies, including Hebros – P AD – member of the board of directors, Doverie Energy AD – stricken-off – member of the board of directors and 'Dr Marin Marinov - independent medical and diagnostic laboratory - X-ray rooms' AD – struck off – member of the board of directors. He was a liquidator also of Reklama OOD and Rhyton 97 OOD, Pharmachim Holding AD. He has rich experience in the fields of law and corporate management obtained in the course of his work on the above positions.

Business address:

Sofia, Izgrev District, 5, Lachezar Stanchev Str., Building A, Floor 19.

Alexandar Georgiev Hristov participates in a management/supervisory body in the following companies:

- HYDROIZOMAT AD – Member of the Board of Directors and Executive Director;
- BILYANA – TRIKO AD – Member of the Board of Directors and Executive Director;
- DOVERIE INVEST EAD – Member of the Board of Directors and Executive Director;

In the last five years Alexandar Georgiev Hristov has not been:

- a) sentenced for a fraud;
- b) related to bankruptcy, management by a trustee in bankruptcy or liquidation in his capacity of a founder, member of administrative, management and supervisory bodies or senior manager in other companies;
- c) officially publicly incriminated and has not been sanctioned by legal or regulatory authorities (including certain professional bodies);
- d) deprived by the court of the right to be a member of the administrative, management or supervisory bodies of a company-issuer or of the performance of jobs in the management or the performance of the activity of a company-issuer;
- e) subject to imposed coercive administrative measures or administrative penalties.

Family ties:

Alexandar Georgiev Hristov is not a spouse or direct or collateral relative of another member of the Management Board or Supervisory Board of Doverie – United Holding AD.

MINA NIKOLOVA-ANGELOVA – MEMBER OF THE MANAGEMENT BOARD

Education: She graduated the University of National and World Economy, Sofia - Bachelor's degree in 'Accounting and Control', Master's degree in 'Marketing' with professional qualification as a Master of Economics, University of National and World Economy, Sofia.

Relevant professional experience:

ET Radulov – Stara Zagora 1 August 1998 – 1 April 2000 economic director.

Gotmar EOOD 1 April 2000 – 1 June 2006 economist, 01 June 2005 – 01 January 2007 – Head of the Economic Analyses and Forecasts Department, 01 January 2007 – 1 October 2014 Financial Director, 11 October 2014 – 15 July 2015 – Manager
Nova Trade EOOD – 11 October 2014-15 July 2015 – Manager

Nikolova Consulting EOOD – from 15 October 2015 till presently – Manager

Public and social engagements

Member of the Stara Zagora Rotary club

President of the National Volleyball League – Men at the Bulgarian Volleyball Federation

Hunting and Fishing Association Saedinenie – 1906 Association – Member of the Management Board

Business address:

Sofia 23 Sitnyakovo Blvd.

Mina Nikolova – Angelova participates in a management/supervisory body in the following companies:

- NIKOLOVA CONSULTING EOOD – Manager;
- Hunting and Fishing Association Saedinenie – 1906 Association – Member of the Management Board;
- Rotary Club Stara Zagora – Beroe – Member of the Management Board;
- LRD NASLUKA OOD – Manager;

Mina Nikolova – Angelova holds directly/indirectly a considerable share (more than 25 %) of the capital of the following companies:

- - NIKOLOVA CONSULTING EOOD – holds directly more than 25 %;
- - LRD NASLUKA OOD – holds directly more than 25 %;

In the last five years Mina Nikolova – Angelova has not been:

- a) sentenced for a fraud;
- b) related to bankruptcy, management by a trustee in bankruptcy or liquidation in her capacity of a founder, member of administrative, management and supervisory bodies or senior manager in other companies;
- c) officially publicly incriminated and has not been sanctioned by legal or regulatory authorities (including certain professional bodies);
- d) deprived by the court of the right to be a member of the administrative, management or supervisory bodies of a company-issuer or of the performance of jobs in the management or the performance of the activity of a company-issuer;
- e) subject to imposed coercive administrative measures or administrative penalties.

Family ties:

Mina Nikolova-Angelova is not a spouse or direct or collateral relative of another member of the Management Board or Supervisory Board of Doverie – United Holding AD.

Provisions concerning the appointment and release from office of the members of the management bodies of the company and concerning the making of amendments and supplementations to the articles of association

The resolutions for the election and release from office of members of the Supervisory Board are taken by open vote and a majority of the presented shares in the General Meeting of Shareholders.

The Supervisory Board elects and releases from office the members of the Management Board, determines their rights and obligations related to the management and representation of the company, controls their activity and determines their remuneration in accordance with the resolution of the General Meeting. The resolutions for amendments and supplementations to the articles of association are taken by open vote and a majority of 2/3 of the presented shares in the General Meeting. Any increase and decrease of the capital shall be effective from the registration of the resolutions in the commercial register

2. **Information under Article 240b of the Commercial Act with respect to the obligation of the members of the boards to notify in writing the board of directors, respectively, the management board, when they or persons related to them enter into contracts with the**

company that go beyond its usual activity and considerably depart from the market conditions

As at 31 March 2020 there are no concluded contracts that go beyond the activity of the company or considerably depart from the market conditions.

III. Review of the company's activity

The main spheres of activity of Doverie – United Holding AD are, as follows:

- acquisition and sale of shareholdings in other companies;
- management of companies, over which the company exerts control;
- establishment of new companies;
- financing of the activity of the holding group companies.

Acquisition and sale of shareholdings in other companies;

On 3 February 2020 1700 shares of the capital of Industrial Holding Doverie AD were directly acquired for BGN 25 thousand.

Reclassification

In 2018, the management has judged that Maritsatex AD does not generate current cash inflows and is the owner of regulated land and buildings, the sale of which is the sole source of repayment of the loans granted. Therefore, the credit exposure amounting to BGN 3,116 thousand has been accepted to be treated as part of the investment and is subject to an impairment test under IAS 36. As of 31 December 2019, BGN 141 thousand are additionally reclassified to the investment. As of 31 March 2020, BGN 9 thousand are additionally reclassified.

Management of companies, over which Doverie – United Holding AD exerts control

Doverie – United Holding AD bets on the management of the subsidiary structures. The activities in this respect are expressed in rendering assistance and competent expert help in their business planning, financial and technological support, installation, repair and putting into operation of equipment and facilities, activities intended to decrease the production costs, development and production of new products, improvement of the existing products, quality enhancement, marketing and sales, organizational behaviour, human resources, public relations.

Financing of the activity of the companies, in which Doverie – United Holding AD exerts control

Doverie – United Holding AD finances the companies, in which it has long-term interest by increasing their capitals and by providing investment and working loans.

As at 31 March 2020 investments *in subsidiaries* are presented in the statement of financial position at cost price less any impairment.

Structure of the investment portfolio

| Company | Controlled by: | Number of shares/units | % participation |
|--|--|------------------------|-----------------|
| United Health Insurance Fund Doverie AD | | | 98,15% |
| | DUH AD | 58,887 | 98,15% |
| Occupational Health Doverie EOOD | DUH AD | 500 | 100.00% |
| Health Fund Zdrave EAD in liquidation | DUH AD | 260,000 | 100.00% |
| Insurance Company Medico 21 AD | DUH AD | 43,792 | 95,20% |
| Industrial Holding – Doverie AD | | | 100% |
| | DUH AD | 1,366,411 | 78,68% |
| | United Health Insurance Fund Doverie AD | 150,000 | 8,64% |
| | Insurance Company Medico 21 AD | 150,000 | 8,64% |
| | Homogen AD | 70,199 | 4,04% |
| Doverie – Capital AD | | | 100,00% |
| | DUH AD | 6,170 | 77,12% |
| | IHD AD | 1,830 | 22,88% |
| Doverie – Briko AD | | | 71,93% |
| | Doverie – Capital AD | 11,868 | 71.93% |
| Multiprofile Hospital for Active Treatment Doverie AD | | | 100% |
| | DUH AD | 112,805 | 7.45% |
| | IHD AD | 1,400,699 | 92,55% |
| MC Doverie AD | | | 100% |
| | DUH AD | 419,000 | 99,76% |
| | IHD AD | 1,000 | 0,24 |
| Maritsatex AD | | | 54,36% |
| Public | IHD AD | 254,884 | 54,36% |

| <u>Stock exchange code 4MJ</u> | | | |
|---------------------------------------|--------------------|-----------|----------------|
| Vratitsa AD in insolvency | | | 69.60% |
| Public | IHD AD | 262,121 | 69.60% |
| | | | |
| Bilyana Triko AD | Doverie Capital AD | 2,833,809 | 98,88% |
| | | | |
| Bulgarian wine OOD | | | 100% |
| | IHD AD | 91,038 | 96,16% |
| | DUH AD | 3,639 | 3,84% |
| | | | |
| Dunav AD | | | 81.82% |
| | Doverie Capital AD | 81,733 | 81,82% |
| | | | |
| Hydroizomat AD | | | 93,34% |
| | IHD AD | 2,789,536 | 93,31% |
| | Homogen AD | 820 | 0,03% |
| | | | |
| Novoselska Gamza AD | | | 85,72% |
| | Doverie Capital AD | 3,131,562 | 75,64% |
| | Hydroizomat AD | 417,296 | 10,08% |
| | | | |
| Homogen AD | | | 100.00% |
| | DUH AD | 43,040 | 89.67% |
| | IHD AD | 4,960 | 10.33% |
| | | | |
| Doverie Care EAD | DUH AD | 5,000 | 100.00% |
| | | | |
| Doverie Invest EAD | DUH AD | 5,000,000 | 100,00% |
| | | | |
| Moldindconbank S.A. | Doverie Invest EAD | 3,856,722 | 77,63% |

IV. Information under Article 39 of the Accounting Act

1. Overview of the results from the company's activity and the main risks faced by it (Article 39, Subparagraph 1 of the Accounting Act)

Systematized financial information for Doverie – United Holding AD

| <i>Indicator</i> | <i>Q_1 2020</i> | <i>2019</i> | <i>2018</i> |
|--------------------------------------|-----------------|-------------|-------------|
| Incomes from main activity (BGN'000) | 80 | 3,859 | 1,046 |

| | | | |
|--|--------|--------|---------|
| Profit / loss before tax (BGN'000) | (977) | 1,652 | (1,760) |
| Net profit from the activity (BGN'000) | (981) | 1,500 | (1,892) |
| Amount of the assets (thousand BGN) | 66,478 | 67,138 | 63,500 |
| Net assets (thousand BGN) | 33,230 | 34,211 | 32,710 |
| Number of shares (BGN'000) | 18,736 | 18,736 | 18,736 |
| Current assets (BGN'000) | 4,608 | 5,275 | 5,579 |
| Current liabilities (BGN'000) | 10,984 | 10,864 | 394 |

Main risks involved in the Company's business and the environment it operates in

The company is exposed to operating risk, which is inherent in its investment and business activities;

A considerable part of the Company's investment activity is dependent on the regulatory authorities' approval;

Potential risk could arise for the company from a change in the tax legislation and in case of different treatment of the tax legal provisions applicable to the Company.

2. Analysis of financial and non-financial indicators for the result from the activity (Article 39, Subparagraph 2 of the Accounting Act), as well as a description of the condition of the company and clarification of the interim financial statement (Article 247, Paragraph 1 of the Commercial Act)

Analysis of the statement of profit and loss and other comprehensive income

| | 31 March 2020 | 31 March 2019 | change | |
|--|----------------------|----------------------|---------------|----------|
| | BGN '000 | BGN '000 | % | |
| Revenue | 80 | 78 | 2 | 2.5 |
| Other operating revenue/ (loss) | (264) | 4 | (268) | 101.5152 |
| Hired services | (224) | (59) | (165) | 73.66071 |
| Employee expenses | (341) | (321) | (20) | 5.865103 |
| Depreciation | (60) | (65) | 5 | (8.3333) |
| Other operating expenses | (51) | (114) | 63 | (123.53) |
| Accrued/(recovered) impairment of commercial receivables and loans | 44 | 18 | 26 | 59.09091 |
| Financial expenses | (161) | (187) | 26 | (16.149) |

| | | | | |
|---------------------------------|----------------------|-----------------|--------------|----------------|
| Profit / loss before tax | (977) | (646) | (331) | 33.8792 |
| Profit taxes | (4) | (114) | 110 | (2750) |
| Profit/loss | (981) | (760) | (221) | 22.528 |
| Net earnings per share | (0.052359095) | (0.0406) | | |

Considering the specificity of the activity of the holding company, the impact of the change in the prices on the amount of the revenues from the activity may only be considered upon determination of the price of the loan funds granted by the Holding and the fees for consultancy and other services. The interest rates under the loans of the subsidiaries are conformed with the market interest rates as at the moment of granting thereof. The fees for the services provided by Doverie – United Holding AD depend on the nature and terms of the assistance rendered, as well as the remuneration for similar services in the consultancy business. There are no other factors, including unusual or infrequent events or new developments that affect materially the revenues from the activity of the Holding.

As long as Doverie – United Holding AD does not have production activity and the share of the tangible assets of the company in the total volume of its assets is insignificant, the inflation does not have any significant impact on the revenues and costs of the Holding. The impact of the changes in the foreign exchange rates on the non-consolidated revenues of the Holding is also insignificant.

The activity of Doverie – United Holding AD is subject to the effective governmental, economic, tax, monetary and political factors, which have an impact on all business subjects in the country. Being a public company, the Holding performs its activity in accordance with the Public Offering of Securities Act and all regulations related to the implementation thereof.

| | <i>31 March 2020</i> | <i>31 March 2019</i> | <i>31 December 2019</i> |
|--|----------------------|----------------------|-------------------------|
| | <i>BGN '000</i> | <i>BGN '000</i> | <i>BGN '000</i> |
| Income from sale of services | 21 | 23 | 92 |
| Income from interest and fees on provided loans | 59 | 55 | 185 |
| Dividends received | | | 3,578 |
| Revenue from transactions with financial instruments | | | 4 |
| Total | 80 | 78 | 3,859 |

Interest and fees revenues are from long-term and short-term loans granted to companies from Doverie – United Holding Group, as well as commercial loans granted to third parties. The conditions of the granted new loans are presented in Notes No 14 and 21 in the preliminary non-consolidated financial statement ending 31 March 2020.

Dividend income is from the following companies:

| | <i>31 March 2020</i> | <i>31 March 2019</i> | <i>31 December 2019</i> |
|---|----------------------|----------------------|-------------------------|
| | <i>BGN ‘000</i> | <i>BGN ‘000</i> | <i>BGN ‘000</i> |
| United Health Insurance Fund Doverie AD | | | 491 |
| Doverie Capital AD | | | 3,085 |
| Sopharma Trading AD | | | 2 |
| | <u> -- </u> | <u> - </u> | <u> 3,578 </u> |

For the period, events of a nature that is unusual for the company, which have material impact on its activity and the revenues made by it and costs incurred, and which are reflected in this financial result, are not conducted.

Analysis of the statement of financial position

| | 31 March 2020 | 31 December 2019 | change | |
|---|--------------------------|-----------------------------|-----------------|-----------------------|
| | BGN ‘000 | BGN ‘000 | | % |
| ASSETS | | | | |
| Non-current assets | | | | |
| Investments in subsidiaries, associates & other companies | 57,488 | 57,454 | 34 | 0.059143 |
| Assets with right of use | 1,999 | 2,002 | (3) | (0.1501) |
| Financial assets at fair value through profit or loss | 75 | 88 | (13) | (17.333) |
| Property, plant and equipment | 156 | 161 | (5) | (3.2051) |
| Goodwill | 1,153 | 1,153 | 0 | 0 |
| Investment properties | 243 | 243 | 0 | 0 |
| Intangible assets | 48 | 50 | (2) | (4.1667) |
| Deferred tax assets | 708 | 712 | (4) | (0.565) |
| | <u>61,870</u> | <u>61,863</u> | <u>7</u> | <u>0.01131</u> |

Current assets

| | | | | |
|---|---------------|---------------|--------------|----------------|
| Related parties receivables | 4,395 | 4,409 | (14) | (0.3185) |
| Trade and other receivables | 86 | 693 | (607) | (705.81) |
| Financial assets at fair value through profit or loss | 16 | 23 | (7) | (43.75) |
| Cash and cash equivalents | 111 | 150 | (39) | (35.135) |
| | 4,608 | 5,275 | (667) | (14.47) |
| Total assets | 66,478 | 67,138 | (660) | (0.993) |

| | 31 March 2020 BGN '000 | 31 December 2019 BGN '000 | | |
|--------------------------------------|---------------------------------------|--|--------------|----------------|
| CAPITAL AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 18,736 | 18,736 | 0 | 0 |
| Reserves | 13,975 | 13,975 | 0 | 0 |
| Accumulated profit/(loss) | 519 | 1,500 | (981) | (189.02) |
| | 33,230 | 34,211 | (981) | (2.952) |
| Non-current liabilities | | | | |
| Bond loans | | | | |
| Liabilities to related entities | 20,360 | 20,152 | | |
| | | | 208 | 1.021611 |
| Other non-current liabilities | 1,890 | 1,897 | (7) | (0.3704) |
| Provisions | 14 | 14 | 0 | 0 |
| | 22,264 | 22,063 | 201 | 0.9028 |
| Current liabilities | | | | |
| Liabilities to related entities | 3,868 | | | |
| | | 3,780 | 88 | 2.275078 |
| Commercial obligations | 7,116 | 7,084 | 32 | 0.449691 |
| | 10,984 | 10,864 | 120 | 1.0925 |
| Total liabilities | 33,248 | 32,927 | 321 | 0.96547 |
| Total capital and liabilities | 66,478 | 67,138 | (660) | (0.993) |

Investment in subsidiaries

| <i>Subsidiary</i> | <i>31 March 2020</i> | | <i>31 March 2019</i> | | <i>31 December 2019</i> | |
|--|----------------------|------------------------|----------------------|------------------------|-------------------------|------------------------|
| | <i>BGN '000</i> | <i>% participation</i> | <i>BGN '000</i> | <i>% participation</i> | <i>BGN '000</i> | <i>% participation</i> |
| Doverie Capital AD, Sofia | 13,404 | 100.00% | 13,404 | 100.00% | 13,404 | 77.13% |
| Industrial Holding Doverie AD, Sofia | 15,586 | 78,68% | 15,540 | 78,50% | 15,561 | 78,58% |
| United Health Insurance Fund Doverie AD, Sofia | 4,729 | 98,15% | 4,729 | 98,15% | 4,729 | 98,15% |
| Homogen AD, Sofia | 396 | 89.67% | 396 | 89.67% | 396 | 89.67% |
| Occupational Health Doverie EOOD, Sofia | 10 | 95.00% | 5 | 95.00% | 10 | 100.00% |
| Medical Center Doverie AD, Sofia | 428 | 99,76% | 190 | 99,76% | 428 | 99,76% |
| Multiprofile Hospital for active treatment Doverie AD, Sofia | 954 | 7,45% | 621 | 7,45% | 954 | 7,45% |
| Insurance Company Medico 21 AD, Sofia | 4,823 | 95.20% | 4,823 | 95.20% | 4,823 | 95.20% |
| Bulgarian wine OOD | 182 | 3,84% | 182 | 3,84% | 182 | 3,84% |

| | | | | | | |
|--------------------------------------|---------------|---------|---------------|---------|---------------|---------|
| Health Fund Zdrave EAD | - | 100,00% | - | 100,00% | - | 100,00% |
| Maritsatex AD | 3,266 | - | 3,116 | - | 3,257 | - |
| Doverie Care EAD (Veko EOD) | 8,070 | 100,00% | 8,070 | 100,00% | 8,070 | 100,00% |
| Doverie Invest EAD | 5,000 | 100,00% | 5,000 | 100,00% | 5,000 | 100,00% |
| | <hr/> | | <hr/> | | <hr/> | |
| | 56,848 | | 56,076 | | 56,814 | |
| | <hr/> | | <hr/> | | <hr/> | |

| <i>Associated company</i> | <i>31 March 2020</i> | | <i>31 March 2019</i> | | <i>31 December 2019</i> | |
|---|----------------------|------------------------|----------------------|------------------------|-------------------------|------------------------|
| | <i>BGN '000</i> | <i>% participation</i> | <i>BGN '000</i> | <i>% participation</i> | <i>BGN '000</i> | <i>% participation</i> |
| DKC- Mediko AD | 632 | 27,49% | 632 | 27,49% | 632 | 27,49% |
| Independent Medial laboratory Medilab OOD | 8 | 16,00% | 8 | 16,00% | 8 | 16,00% |
| | <hr/> | | <hr/> | | <hr/> | |
| | 640 | | 640 | | 640 | |
| | <hr/> | | <hr/> | | <hr/> | |

Investment properties

| | <i>31 March 20 20</i> | <i>31 March 2 019</i> | <i>31 Decemb er 2019</i> |
|---|---------------------------|---------------------------|------------------------------|
| | <i>BGN '000</i> | <i>BGN '000</i> | <i>BGN '000</i> |
| Balance as at 1 January | <hr/> | <hr/> | <hr/> |
| | 243 | 243 | 243 |
| Balance at the end of the period | <hr/> | <hr/> | <hr/> |
| | 243 | 243 | 243 |
| | <hr/> | <hr/> | <hr/> |

- 1-room suite in residential building, Plovdiv — BGN 71 thousand and BGN 70 thousand, shops Plovdiv — BGN 61 thousand and BGN 41 thousand.

A valuation is made by licensed valuer Balance Engineering OOD, according to the Holding's policy. As at 31 March 2020, the valuation is without changes.

Amount of the received loans and deposits as at the end of the period under review and information for their maturity date

- Liability on loans from Sopharma AD under the following conditions:

| | |
|--|------------------------|
| <i>Agreed amount of loan:</i> | 17,537 BGN equivalence |
| Interest rate: | 3.5 % |
| Maturity: | 31/12/2021 |
| Credit currency | EUR |
| Purpose of the loan: | for working capital |
| Liability at 31 March 2020, including: | BGN 7,158 thousand |
| Principal | BGN 7,076 thousand |
| Interest – current portion | BGN 82 thousand |

- Liability on granted long-term deposit from Doverie Capital AD

| | |
|--|---------------------------|
| <i>Agreed deposit amount:</i> | BGN 5,984 thousand |
| Interest rate: | 0.6 % |
| Maturity: | 01/12/2022 |
| Credit currency | BGN |
| Liability as at 31 March 2020, including: | BGN 1,752 thousand |
| Principal | BGN 1,750 thousand |
| Interest – current portion | BGN 2 thousand |

| | |
|---|---------------------------|
| <i>Agreed deposit amount:</i> | BGN 4,000 thousand |
| Interest rate: | 0.6 % |
| Maturity: | 12/06/2022 |
| Credit currency | BGN |
| Liability at 31 March 2020, including: | BGN 4,030 thousand |
| Principal | BGN 4,024 thousand |
| Interest – current portion | BGN 6 thousand |

| | |
|---|---------------------------|
| <i>Agreed deposit amount:</i> | BGN 1,800 thousand |
| Interest rate: | 0.6 % |
| Maturity: | 15/02/2022 |
| Credit currency | BGN |
| Liability at 31 March 2020, including: | BGN 1,803 thousand |
| Principal | BGN 1,800 thousand |
| Interest – current portion | BGN 3 thousand |

➤ Liability on granted long-term deposit from Industrial Holding Doverie AD

| | |
|---|---------------------------|
| Agreed deposit amount: | BGN 3,912 thousand |
| Interest rate: | 0.6 % |
| Maturity: | 09/05/2021 |
| Credit currency | BGN |
| Liability at 31 March 2020, including: | BGN 3,696 thousand |
| Principal | BGN 3,690 thousand |
| Interest – current portion | BGN 6 thousand |

➤ Obligation under loans from Telso AD under the following conditions:

| | |
|---|---------------------------|
| Agreed amount of loan: | 2,020 BGN equivalence |
| Interest rate: | 3% |
| Maturity: | 18/12/2021 |
| Credit currency | BGN |
| Purpose of the loan: | for working capital |
| Liability at 31 March 2020, including: | BGN 2,037 thousand |
| Principal | BGN 2,020 thousand |
| Interest – current portion | BGN 17 thousand |

➤ Liability on granted loan from Telecomplex AD

| | |
|---|--------------------|
| Agreed deposit amount: | BGN 6,337 thousand |
| Interest rate: | 3% |
| Maturity: | 04/04/2021 |
| Credit currency | BGN |
| Liability as at 31 March 2020, including: | BGN 6,487 thousand |
| Principal | BGN 6,337 thousand |
| Interest – current portion | BGN 150 thousand |

➤ Liabilities under loans granted by Kaliman RT AD

| | |
|---|------------------|
| Agreed deposit amount: | BGN 200 thousand |
| Interest rate: | 3% |
| Maturity: | 26 November 2020 |
| Credit currency | BGN |
| Liability as at 31 March 2020, including: | BGN 202 thousand |
| Principal | BGN 200 thousand |
| Interest – current portion | BGN 2 thousand; |

Amount of the loans granted to related parties as at the end of the period under review and information for their maturity date

| Company | Agreed amount of loan BGN'000 | Repayment deadline | Interest % | Total loan receivables BGN'000 | including principal BGN'000 | Interest BGN'000 |
|-----------------------------------|----------------------------------|--------------------|------------|-----------------------------------|--------------------------------|---------------------|
| Bulgarian wine OOD | 332 | 01/01/2021 | 5.50% | 374 | 256 | 118 |
| Bulgarian wine OOD | 150 | 01/01/2021 | 5.50% | 104 | 63 | 41 |
| Bulgarian wine OOD | 216 | 01/01/2021 | 5.50% | 231 | 175 | 56 |
| Bulgarian wine OOD | 70 | 01/01/2021 | 5.50% | 77 | 57 | 20 |
| Insurance Company Medico 21 AD | 84 | 01/01/2021 | 5.50% | 84 | 84 | |
| Doverie Care EAD | 908 | 01/01/2021 | 5.50% | 961 | 908 | 53 |
| Doverie Care EAD | 665 | 01/01/2021 | 5.50% | 680 | 625 | 55 |
| Novoselska Gamza AD | 250 | 31/12/2021 | 5.50% | 54 | 53 | 1 |
| Novoselska Gamza AD | 20 | 24/03/2019 | 5.50% | 20 | 20 | |
| Doverie Invest EAD | 1718 | 18/12/2020 | 5.50% | 1726 | 1718 | 8 |
| | | | | 4311 | 3959 | 352 |

In the reporting period transactions are entered into in the usual course of business and they are performed on an arm's length basis.

Transactions with related entities

| | <i>31 March 2020</i> <i>BGN '000</i> | <i>31 March 2019</i> <i>BGN '000</i> | <i>31 December 2019</i> <i>BGN '000</i> |
|----------------|---|---|--|
| Loans provided | - | (2) | (2,265) |

| | | | |
|---|-------|-------|----------|
| Repaid loans | 352 | 518 | 1,937 |
| Income from interest and fees on provided loans | 59 | 55 | 153 |
| Dividends received | - | - | 3,578 |
| Revenue from leases | | - | |
| Paid rents | (7) | (6) | (30) |
| Revenue from services | 21 | 23 | 87 |
| Received loans | 200 | 1,800 | 14,739 |
| Paid loans | - | - | (11,833) |
| Accrued costs for interest on received loans | (161) | (187) | (423) |
| Received services, including: | | | (10) |
| - additional voluntary health insurance | (2) | (2) | (10) |

Information for pending court, administrative or arbitration proceedings

Doverie – United Holding AD does not have pending court, administrative or arbitration proceedings concerning obligations or receivables in the amount of at least 10 % of its own capital.

3. Important events that occurred after the date, as at which the interim financial statement is drawn up (Article 39, Subparagraph 3 of the Accounting Act)

No events occurred after the date of the interim unconsolidated financial statement until 13 April 2020, which would require additional disclosure in addition to what has been disclosed in the financial statement.

4. Probable future development (Article 39, Subparagraph 4 of the Accounting Act/ and planned economic policy in the next year /Article 247, Paragraph 3 of the Commercial Act)

The company published a forecast in the annual consolidated report on the activity as at 31 December 2019.

5. Research and development activity (Article 39, Subparagraph 5 of the Accounting Act)

Doverie – United Holding AD does not perform a research and development activity.

6. Information for the acquisition of own shares required under Article 187e of the Commercial Act (Article 39, Subparagraph 6 of the Accounting Act)

Doverie – United Holding AD does not have redeemed own shares.

In the current period own shares have not been acquired and sold.

7. Presence of branches of the enterprise (Article 39, Subparagraph 7 of the Accounting Act)

Doverie – United Holding AD does not have registered branches.

8. *Financial instruments used (Article 39, Subparagraph 8 of the Accounting Act)*

Business sectors

Being a holding company, Doverie – United Holding AD (the Holding) does not have considerable revenues from own activity but relies on the distribution of the revenues of its subsidiaries. Any decrease in the revenues of the main subsidiaries of the Holding for one reason or another will bring about a decrease of the revenues, and hence – of the available cash-flow of the Holding too. Hence, it should be borne in mind that the risks having an impact on the activity of the Holding's subsidiaries have - although indirect - influence also on the revenues and financial result of Doverie – United Holding AD.

Financial Risk

In the course of its usual business, the company is exposed to various financial risks, the most important of which are: market risk (which includes a currency risk, risk of a change in the fair value and a price risk), credit risk, liquidity risk and risk of interest-bound cash-flows. Overall risk management focuses on the difficulties in forecasting financial markets and minimizing potential negative effects that may affect the financial performance and the company's performance. Financial risks are currently identified, measured and monitored through various control mechanisms introduced to determine adequate prices for the company's services and borrowed capital and to adequately assess the market circumstances of its investments and the forms of maintenance of the free liquid assets, without allowing undue concentration of a risk.

Risk management in the company is routinely carried out by the holding's management, according to the policy defined by the Management Board. The Management Board has adopted the basic principles of general financial risk management and management of specific risks, such as currency, price, interest, credit and liquidity, and the risk of using non-derivative instruments.

Market risk

a. Currency risk

The Company is not exposed to significant currency risk because all its operations and transactions are denominated in Bulgarian leva and/or Euro as long as the latter's exchange rate is fixed to BGN by law.

b. Price risk

The Company is not exposed to price risk due to negative changes in the prices of the services subject to its operations because under the contractual relations with clients they are subject to periodic analysis and discussion for revision and updating to market changes and because they are specific and for a specific circle, predominantly related parties, where there are established procedures for periodic updating to market changes.

The Company is exposed to price risk in respect of the shares held by it classified as available-for-sale.

Credit risk

The main financial assets of the company are cash in hand and in bank accounts, commercial and other short-term receivables, lease receivables and credit receivables.

Credit risk is mainly the risk that the subsidiaries will not be able to pay fully and within the usual time limits the amounts they owe for trade, lease and credit receivables. The established policy and the procedures adopted by the Management Board 'Key principles for credit policy' in the economic group Doverie – United Holding AD and procedures for assessing the creditworthiness, authorization, utilisation, guaranteeing and payment of the liabilities by the subsidiaries is followed. Daily reviews are performed of the open positions by company and individual amounts to them, as well as proceeds received, then reconciliation and analyses are made. Receivables are secured by special pledges of assets, as well as promissory notes covering 120 % of the principal. An overview of the amount of collaterals and their compliance with company receivables and the availability of insurance coverage in favour of the holding is currently being made.

The company does not have considerable concentration of credit risk. Cash, including payment transactions, is limited to reputable banks and banks with good liquidity.

Liquidity risk

The liquidity risk is expressed in the negative situation where the company will not be able to meet unconditionally all its liabilities according to their maturity. It maintains a conservative liquidity management policy, which constantly maintains an optimal liquidity reserve, a good ability to finance its business, including by providing and maintaining adequate credit facilities and facilities, constantly monitoring the actual and projected cash flows under periods ahead and maintaining a balance between the maturity of assets and liabilities of the company. The Company maintains cash necessary for current payments within the forthcoming month. One of the main sources of funding are bank and commercial loans, bond issues and shares.

Risk of interest-bearing cash flows

The Company has a significant portion of interest-bearing assets representing loans granted under Article 280 of the Commerce Act to subsidiaries. They are typically at fixed interest rates. According to the credit policy adopted by the Management Board of the company, a clause is included at the conclusion of the credit agreements, according to which the lender reserves the right to change the amount of the interest and commissions at any time if the prevailing market conditions impose this. In this respect, interest rates on loans provided by banks with similar parameters are reviewed, requiring official information from at least three first-class banks. If necessary, the Management Board of the Company decides on the change of the applied interest rates on the loans it provides. Therefore, revenue and operating cash flows are largely independent of changes in market interest rates.

In the meantime, the company is not exposed either to interest risk with respect to its long-term and short-term obligations because they are usually commercial with a fixed interest rate, and the long-term financing is in the form of bond loans at a fixed interest rate, for the entire loan period, lower than the applicable ones and not subject to periodical update in line with the changes occurring on the financial markets.

Capital risk management

By the equity management, the company aims to create and maintain opportunities to continue to operate as a going concern and to ensure the appropriate return on shareholders' investments, economic benefits to the other stakeholders and participants in its business, and to maintain an optimal capital structure, to reduce the cost of capital.

The company monitors on a current basis the security and structure of the capital on the basis of the indebtedness ratio, and namely the net debt capital to the total amount of the capital.

V. Information under Note 10 to Article 32, Paragraph 1, Subparagraph 2 of Ordinance 2 to the Public Offering of Securities Act

- 1. The information given in terms of value and quantity about the main categories of goods, products and/or provided services, with an indication of their share in the revenues from sales in general and the changes that occurred in the accounting financial period***

The information is disclosed in section IV, item 1.

- 2. Information about the revenues distributed under the individual categories of activities, domestic and foreign markets, as well as information for the sources of supply with materials required for the production of goods or the provision of services with reflection of the extent of dependence with respect to each individual seller or buyer/user, as in case that the relative share of any of them exceeds 10 per cent of the costs or revenues from sales, information is presented for every person separately, for such person's share in the sales or purchases and such person's relations to the issuer***

Information about the incomes distributed under the separate categories is specified in section IV item 2 hereof.

The company does not have incomes made on foreign markets.

For the current period there is no client whose relative share is 10 per cent of the sales revenues.

The company is not dependent with respect to specific clients and suppliers, the business processes are not related to expending of materials and raw materials.

3. Information for concluded significant transactions.

The company has accepted that significant transactions are transactions that result or may be reasonably expected to result in a change of 3 % or more of the financial result before tax and/or in the assets and liabilities. In the reporting quarter there are no transactions exceeding these thresholds.

4. Information about the transactions entered into by and between the issuer and related parties, over the reporting period, proposals for the conclusion of such transactions, as well as transactions that are beyond its usual activity or considerably depart from the market conditions, to which the issuer or its subsidiary is a party, with an indication of the value of the transactions, the nature of the relationship and any information required to assess the impact on the issuer's financial condition.

Information about the transactions entered into by and between Doverie – United Holding AD and related parties in the reporting period is specified in Note 32 to the interim financial statement ‘Transactions with related parties’.

In the reporting period transactions are entered into in the usual course of business and they are performed on an arm's length basis.

5. Information for events and indicators of a nature that is unusual for the issuer, which have material impact on its activity, and the revenues made and costs incurred by it; assessment of the impact thereof on the results in the current period

For the period, events of a nature that is unusual for the company, which have material impact on its activity and the revenues made by it and costs incurred, and which are reflected in the financial result, are not conducted.

6. Information for off-balance transactions - nature and business objective, indication of the financial impact of the transactions on the activity if the risk and benefits from these transactions are significant for the issuer and if the disclosure of this information is significant for the assessment of the financial condition of the issuer.

The conditional engagement assumed and granted by the company are kept by the company off-balance.

As at 31 March 2020 the conditional engagements assumed and granted by the company are indicated in the interim financial statement in Note 31 ‘Conditional obligations and engagements’.

7. Information for shareholdings of the issuer, for its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estates), as well as the investments in stocks outside its group of enterprises within the meaning of the Accounting Act and the sources/manners of financing.

The information for shareholdings and main investments in the country and abroad of Doverie – United Holding AD is indicated in section III. Review of the company's activity also in the notes to the interim

financial statement No 11 Investments in subsidiaries, No 13 Financial assets at fair value in the profits or losses.

Information about investments in intangible assets and real estates is indicated in the notes to the interim financial statement No 16 Property, plant and equipment, No 19 Intangible assets and No 18 Investment properties.

8. *Information about the loan contracts entered into by the issuer, by its subsidiary or parent-company, in their capacity of borrowers, with an indication of the conditions under them, including of the final deadlines for payment, as well as information for submitted guarantees and assumption of obligations.*

Information for the loan contracts entered into by Doverie – United Holding AD in its capacity of a borrower is set out in Section IV. Information under Article 39 of the Accounting Act, item 2 to the present report.

9. *Information about the loan contracts entered into by the issuer, by its subsidiary or parent-company, in their capacity of lenders, including provision of any type of guarantees, including to related parties, with an indication of the specific conditions under them, including of the final deadlines for payment, and the objective they were granted for.*

Information for the loan contracts entered into by Doverie – United Holding AD in its capacity of a lender is set out in Section IV. Information under Article 39 of the Accounting Act, item 2 to the present report.

Information for the loan contracts entered into by subsidiaries of Doverie – United Holding AD in their capacity of lenders:

Credits granted by Industrial Holding Doverie AD as at 31 March 2020

| Company | Agreed amount of loan BGN'000 | Repayment deadline | Interest % | Total loan receivables BGN'000 | including principal BGN'000 | Interest BGN'000 |
|--------------------|----------------------------------|--------------------|------------|-----------------------------------|--------------------------------|---------------------|
| Bulgarian wine OOD | 159 | 31.12.2020 | 5.50% | 170 | 159 | 11 |
| Bulgarian wine OOD | 150 | 31.12.2020 | 5.50% | 223 | 145 | 78 |
| Darik HOLDING AD | 1000 | 19.10.2020 | 5.00% | 1,004 | 1,000 | 4 |
| | | | | 1,397 | 1,304 | 93 |

Credits and deposits granted by Doverie Capital AD as at 31 March 2020

1. Under **credits** granted by Doverie-Capital AD.

| Company | Purpose of granted loan | Contractual amount of the loan BGN'000 | Final deadline for repayment | Interest % | Total loan receivables as at 31 March 2020 BGN'000 | including: Principal BGN'000 | Interests BGN'000 |
|--------------------|-------------------------|---|------------------------------|------------|---|---------------------------------|----------------------|
| Dunav AD | Working capital | 1,658 | 31.12.2020 | 5,5% | 1,681 | 1,658 | 23 |
| Dunav AD | Working capital | 337 | 31.12.2020 | 5,5% | 342 | 337 | 5 |
| Dunav AD | Working capital | 50 | 31.12.2020 | 5,5% | 51 | 50 | 1 |
| Dunav AD | Working capital | 75 | 31.12.2020 | 5,5% | 76 | 75 | 1 |
| Doverie-Invest EAD | Long-term credit | 2,300 | 29.05.2025 | 5,5% | 2,406 | 2,300 | 106 |
| Doverie-Invest EAD | Long-term credit | 11,350 | 31.12.2025 | 5,5% | 12,018 | 11,350 | 668 |
| | | | | | 16,574 | 15,770 | 804 |

**At 31 March 2020 interests, amounting to BGN 436 thousand due from Dunav are impaired.

2. Under **credits** granted by Dunav AD to third parties

| Company | Purpose of granted loan | Contractual amount of the loan BGN'000 | Final deadline for repayment | Interest % | Total loan receivables as at 31 March 2020 BGN'000 | including: Principal BGN'000 | Interests BGN'000 |
|-----------------|-------------------------|---|------------------------------|------------|---|---------------------------------|----------------------|
| Stroy – An EOOD | Working capital | 20 | 23.11.2023 | 5,0 % | 9 | 9 | - |
| | | | | | 9 | 9 | - |

3. Under **credits** granted by Bilyana Triko AD to third parties

| Company | Purpose of granted loan | Contractual amount of the loan BGN'000 | Final deadline for repayment | Interest % | Total loan receivables as at 31 March 2020 BGN'000 | including: Principal BGN'000 | Interests BGN'000 |
|------------------|-------------------------|---|------------------------------|------------|---|---------------------------------|----------------------|
| ET Paskal Moskov | Working capital | 450 | 05.07.2020 | 6,0 % | 455 | 450 | 5 |
| | | | | | 455 | 450 | 5 |

Credits granted by Moldindconbank S.A. as at 31 March 2020

The credits granted in accordance with the licensed banking activity are BGN 731,678 thousand.

10. Information for the use of the funds from a new emission of securities made in the reporting period.

In the account period no new emission of securities has been made.

11. Analysis of the ratio between the achieved financial results reflected in the financial statement for the financial year, and the earlier published estimates for these results.

The estimate is made on an annual consolidated basis and a comparison will be made on this basis to the reported results in the next annual consolidated report on the activity.

12. Analysis and evaluation of the policy concerning the management of the financial resources with an indication of the capacities for servicing of the obligations, the possible threats and measures that the issuer has taken or is to take in view of the elimination thereof.

The company management controls on an on-going basis the collection of the receivables and ensures regular servicing of its obligations. The financial risk management is disclosed in detail in Note 33 'Financial risk management' to the interim financial statement of the Company.

13. Evaluation of the possibilities to implement the investment inventions with an indication of the amount of the available funds and reflection of the possible changes in the structure of financing of this activity.

Being a holding company, Doverie – United Holding AD does not perform an individual investment programme but actively participates in the development, financial securing and performance of the approved investment projects of its subsidiaries. The investment programme for 2020 is implemented by the separate companies with financing ensured by bank loans, credits from the parent company and own working capital.

14. Information for changes that may have occurred in the reporting period in the main management principles of the issuer and of its group of enterprises within the meaning of the Accounting Act.

In the reporting period there are no changes in the main management principles.

15. Information for the main characteristics of the internal control system and risk management system applied by the issuer in the process of preparation of the financial reports.

The information is dealt with in item 3 of a Corporate Management Declaration in accordance with Article 100n, Paragraph 8 of the Public Offering of Securities Act, which will be a separate report as at 31 December 2019.

16. Information for the changes in the management and supervisory bodies over the reporting financial period.

In the reporting period changes have not been made in the management and supervisory bodies of the company.

17. Information for the amount of the remunerations, prizes and/or benefits of each of the members of the management and supervisory bodies for the reporting financial period paid by the issuer and its subsidiaries, regardless of whether they were included in the issuer's costs or ensue from the profit distribution, including:

a) amount of the remunerations accrued and paid by the Company to the members of the Management Board and the Supervisory Board

| | Gross remuneration | Profit distribution | Total |
|----------------------------|--------------------|---------------------|-------|
| Radosvet Krumov Radev | 9,000 | | 9,000 |
| Ivan Ognyanov Donev | 9,000 | | 9,000 |
| Ventsislav Simeonov Stoev | 9,000 | | 9,000 |
| Alexandar Georgiev Hristov | 4,500 | | 4,500 |
| Anna Ivanova Pavlova | 4,500 | | 4,500 |
| Mina Nikolova-Angelova | 4,500 | | 4,500 |

b) conditional or deferred remunerations arisen in the year, even if the remunerations is owed as at a later moment

None

c) amount owed by the issuer or its subsidiaries for payment of pensions, retirement indemnifications or other similar indemnifications.

None

• amount of the remunerations accrued and paid by the Company to the members of the Audit Committee

| | Gross remuneration | Profit distribution | Total |
|----------------------------|--------------------|---------------------|-------|
| Anna Ivanova Pavlova | 2,100 | | 2,100 |
| Ivan Pantaleev Dimov | 2,100 | | 2,100 |
| Elena Stefanova Golemanova | 2,100 | | 2,100 |

18. Information for issuer's shares held by members of the management and supervisory bodies, procurators and the supreme management staff, including the shares held by each of them individually and as a percentage of the shares of each class, as well as options granted to them by the issuer with respect to its securities - type and amount of the securities, in respect of which the options are established, price for the exercising of the options, purchase price, if any, and term of the options.

Submitted in Section II. Information referred to in Article 247 and Article 240b of the Commercial Act, item 1

19. Information for the arrangements known to the company (including after the end of the final period) which may in a future period result in changes in the relative share of stocks or bonds held by present shareholders or bondholders.

There are no such arrangements

20. Information for pending court, administrative or arbitration proceedings concerning obligations or receivables of the issuer amounting to at least 10 per cent of its equity; if the total value of the issuer's obligations or receivables under all initiated proceedings exceeds 10 per cent of its own equity, information must be submitted for each proceeding separately.

Doverie – United Holding AD does not have pending court, administrative or arbitration proceedings concerning obligations or receivables in the amount of at least 10 % of its own capital.

21. Data for the director for relations to the investor, including telephone and correspondence address.

Investor relations director

From the arising of the legislative requirement, the job position ‘investor relations director’ is performed by Nikolina Velichkova Popova, with correspondence address at: 5 Lachezar Stanchev str., building ‘A’, floor 7, 1756 Sofia, tel.+02/9845629(11), e - mail: nina@doverie.bg.

VI. Approval of the interim non-consolidated financial statement and the interim non-consolidated report on the activity

The annual non-consolidated financial statement and report on the activity are approved on 13 April 2020 by:

Anna Pavlova

Alexandar Hristov

Chairman of the Management Board and

Executive Director

Chief Accountant

Mina Nikolova-Angelova

Member of the Management Board