

IMPORTANT!!!

This document contains an English language translation of the Bulgarian prospectus prepared in Bulgarian language, pursuant to and in compliance with the Bulgarian law (the "Prospectus"), which Bulgarian Prospectus was filed with the Bulgarian Financial Supervision Commission (FSC) and was approved by the FSC with resolution No . 1459-E/21.11.2017. This document is for information purposes only and should not be relied upon.

This is not an offering circular, information memorandum or any other form of offering document. MONBAT AD (the "Issuer") and Elana Trading Inc. (the "Investment Intermediary"), make no representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of this English translation, and neither the Issuer nor the Investment Intermediary accept any responsibility or liability whatsoever for any loss or damage however arising from any use of this translation or its contents or arising in connection with it.

This English translation of the Prospectus is not an official translation. This translation is for information purposes only and is not a substitute for the Prospectus. The only official version of the Prospectus is the Bulgarian version which has been approved by the competent body of the Issuer and prepared and published according to Bulgarian law and regulations. Any discrepancies or differences between the Prospectus and this translation are not binding and the Prospectus shall prevail.

The Prospectus can be found in printed form at the head offices of the Issuer and the Investment Intermediary, and in electronic form on the websites of the Issuer (www.monbat.com) and the Investment Intermediary (www.elana.net). The Prospectus should be read in its entirety. This English translation has not been filed or published according to Bulgarian law. Accordingly, any authorized recipient should refer only to the official Bulgarian version of the Prospectus before making an investment decision and seek appropriate professional advice before investing in any securities. This English translation does not contain or constitute, and should not be relied upon as, an offer or invitation to make an offer or to acquire any securities in any jurisdiction. By accessing this document you acknowledge, accept and agree to the foregoing. This translation is not for publication or any distribution, directly or indirectly, in whole or in part, in or into the United States, Canada, Australia or Japan. These materials are not an offer of securities for sale in the United States, Canada, Australia or Japan. Securities may not be offered or sold in the United States in absence of registration with the U.S. Securities and Exchange Commission or an exemption from registration under the U.S. Securities Act of 1933, as amended. MONBAT AD does not intend to register any part of the offering in the United States or to conduct a public offering of securities in the United States.

<Intentionally left blank>

SUMMARY

PART III FROM THE PROSPECTUS FOR AN INITIAL PUBLIC OFFERING OF UP TO 30 000 CONVERTIBLE BONDS

A.1	<p>THE SUMMARY SHALL BE PERCEIVED AS AN INTRODUCTION TO THE PROSPECTUS. THE SUMMARY CONTAINS ALL THE INFORMATION, NECESSARY FOR AN INVESTMENT DECISION, INCLUDING THE MAIN RISKS FOR THE COMPANY AND ITS ACTIVITY. ANY DECISION TO INVEST IN THE SECURITIES SHALL BE BASED ON EXAMINATION OF THE ENTIRE PROSPECTUS, INCLUDING THE REGISTRATION DOCUMENT, THE SECURITIES NOTE, AND THE SUMMARY. THE PROSPECTUS CONTAINS THE COMPLETE INFORMATION, WHICH, IN LINE WITH THE SPECIFIC CHARACTERISTICS OF THE COMPANY AND THE SECURITIES OFFERED, IS NECESSARY FOR ALL INVESTORS TO ARRIVE AT A PRECISE VALUATION OF THE ECONOMIC AND THE FINANCIAL STATE, THE ASSETS AND THE LIABILITIES, THE FINANCIAL RESULTS, THE DEVELOPMENT PROSPECTS OF THE COMPANY AND THE GUARANTORS, AS WELL AS WITH THE RIGHTS, CONNECTED TO THE SECURITIES.</p> <p>ANY INVESTMENT IN SECURITIES IS RELATED TO CERTAIN RISKS. THE MAIN RISKS, RELATED TO MONBAT AD AND ITS ACTIVITIES, ARE ENLISTED IN THE CURRENT SUMMARY, ITEM D “RISKS”.</p> <p>THE FINANCIAL SUPERVISION COMMISSION (FSC) HAS APPROVED THE BULGARIAN VERSION OF THE PROSPECTUS WITH ITS DECISION № 1459-E/21.11.2017, BUT IS NOT LIABLE FOR THE ACCURACY OF THE INFORMATION PRESENTED HEREIN.</p> <p>THE MEMBERS OF THE BOARD OF DIRECTORS OF MONBAT AD SHALL BE RESPONSIBLE FOR THE DAMAGES CAUSED BY FALSE, MISLEADING OR INCOMPLETE DATA IN THE SUMMARY. THE PERSON WHO PREPARED THE PROSPECTUS SHALL BE JOINTLY LIABLE FOR DAMAGES CAUSED BY FALSE, MISLEADING OR INCOMPLETE DATA IN THE SUMMARY. THE COMPILER OF THE ANNUAL FINANCIAL STATEMENTS OF MONBAT AD SHALL BEAR JOINT RESPONSIBILITY WITH THE PERSONS UNDER THE PRECEDING SENTENCE FOR DAMAGES CAUSED BY FALSE, MISLEADING OR INCOMPLETE DATA IN THE FINANCIAL STATEMENTS OF MONBAT JSC. THE REGISTERED AUDITOR SHALL BE HELD RESPONSIBLE FOR DAMAGES CAUSED BY THE AUDITED FINANCIAL STATEMENTS OF THE ISSUER.</p> <p>CIVIL RESPONSIBILITY IS HELD ONLY BY THE INDIVIDUALS, WHO PREPARED THE SUMMARY, INCLUDING ITS TRANSLATION, IN CASE IT IS MISLEADING, INACCURATE, INCONSISTENT WITH THE REMAINING PARTS OF THE PROSPECTUS OR, READ TOGETHER WITH THE OTHER PARTS DOES NOT PROVIDE KEY INFORMATION, WHICH TO AID INVESTORS WHILE DECIDING ON THE INVESTMENT IN SUCH SECURITIES.</p> <p>ANY CLAIMANT, THAT HAS PRESENTED A CLAIM TO THE CONTENT OF THE PROSPECTUS, MAY DECIDE, IN LINE WITH THE RELATIVE NATIONAL LEGISLATION, TO BEAR THE EXPENSES FOR THE TRANSLATION OF THE PROSPECTUS PRIOR TO THE START OF THE COURT PROCEEDINGS. THE INDIVIDUALS WHO HAVE PREPARED THE SUMMARY, INCLUDING ITS TRANSLATION, SHALL BEAR RESPONSIBILITY ONLY FOR DAMAGES CAUSED BY FALSE, MISLEADING OR INCONSISTENT WITH THE REMAINING PARTS OF THE PROSPECTUS.</p>
A.2	<p>THE ISSUER AND THE PERSONS RESPONSIBLE FOR PROSPECTUS PREPARATION, GRANT CONSENT FOR ITS USE IN THE ULTIMATE PLACEMENT OF THE SECURITIES, CONDUCTED BY FINANCIAL INTERMEDIARIES WITHIN THE OFFERING PERIOD (THE OFFERING). THE CONSENT WILL BE VALID FOR THE WHOLE PERIOD UP TO THE FINAL PLACEMENT, WHICH CAN BE CARRIED OUT BY THE ISSUER, INCLUDING THROUGH FINANCIAL INTERMEDIARIES, UP TO THE END OF PERIOD FOR SUBSCRIPTION FOR SECURITIES FROM THIS ISSUE. THE ISSUER HAS NOT ENGAGED A FINANCIAL INTERMEDIARY WITH A FIRM PLACEMENT OR UNDERWRITING COMMITMENT.</p> <p>INFORMATION WITH REGARD TO THE CONDITIONS AND THE PARAMETERS OF THE OFFER FROM EACH FINANCIAL INTERMEDIARY SHALL BE GIVEN IN THE MOMENT OF THE OFFER PRESENTATION FROM THE RESPECTIVE FINANCIAL INTERMEDIARY.</p>

DATE: NOVEMBER 06TH 2017

SECTION B – ISSUER AND ANY GUARANTOR	
B.1	<p>THE LEGAL AND COMMERCIAL NAME OF THE ISSUER.</p> <p>The name of the Company is MONBAT AD.</p>
B.2	<p>THE DOMICILE AND LEGAL FORM OF THE ISSUER, THE LEGISLATION UNDER WHICH THE ISSUER OPERATES AND ITS COUNTRY OF INCORPORATION.</p> <p>MONBAT AD was registered in the Bulgarian Commercial Register with Unified Identification Code: 111028849, with headquarters and management address: Sofia 1407, 32A Cherny Vrah blvd., floor 4. The Company’s name was changed on 16.02.1999 from AKUMIKAR to MONBAT. The Company is not limited by any term or termination condition.</p>
B.3	<p>A DESCRIPTION OF, AND KEY FACTORS RELATING TO, THE NATURE OF THE ISSUER’S CURRENT OPERATIONS AND ITS PRINCIPAL ACTIVITIES, STATING THE MAIN CATEGORIES OF PRODUCTS SOLD AND/OR SERVICES PERFORMED AND IDENTIFICATION OF THE PRINCIPAL MARKETS IN WHICH THE ISSUER COMPETES.</p> <p>According to Art.5 of the Articles of Association, the Company has the following scope of business: production, service and realization of accumulating batteries, engineering, and introduction activity; production and trading with equipment for the manufacture of batteries; external and domestic trade and making of commercial networks; special shops and offices; establishing, acquiring and selling companies, acquisition, management, evaluation and sale of shares in Bulgarian and foreign companies; evaluation and sale of patents; lease of licenses for using companies’ patents, in which MONBAT participate; financing companies in which MONBAT participate or exercise control over them.</p> <p>MONBAT AD is a leading manufacturer and distributor of lead-acid batteries used for transport, telecommunication and industrial applications. The company offers a wide range of starter, stationary and special batteries. The Group of MONBAT AD is a vertically integrated structure that has manufacturing and recycling capacities in Bulgaria, Romania and Serbia. This integration minimizes risk of negative changes in the commodity prices and allows higher operating profits compared to competitors in the industry.</p> <p>The Company sells its starter batteries mainly in the secondary market to companies in the business with replacement and spare parts in more than 60 countries worldwide through a wide distribution network. At the end of 2016 MONBAT AD completed the final stages of its program to expand production capacities, aiming to serve the needs of its customers in key developing markets.</p>
B.4A	<p>A DESCRIPTION OF THE MOST SIGNIFICANT RECENT TRENDS AFFECTING THE ISSUER AND THE INDUSTRIES IN WHICH IT OPERATES.</p> <p>The period 2017 - 2021 will entail a new stage and a new target market approach by the Company through a hybrid growth strategy (production and distribution), as well as the setup of conditions for specialization in three categories: products derived from the recycling activities of the company; adoption of new battery technologies and increase the number of product and technology solutions in the field of energy management.</p> <p>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.</p>
B.4B	<p>A DESCRIPTION OF ANY KNOWN TRENDS AFFECTING THE ISSUER AND THE INDUSTRIES IN WHICH IT OPERATES.</p> <p>There are no known to the Issuer trends, uncertainties, demands, commitments or events that will have a material effect on the Issuer's prospects and on its branch for the current financial year.</p>
B.5	<p>IF THE ISSUER IS PART OF A GROUP, A DESCRIPTION OF THE GROUP AND THE ISSUER’S POSITION WITHIN THE GROUP.</p> <p>Under s. 1, p. 7 of Ordinance no. 2 of 17.09.2003 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 "ECONOMIC GROUP" consists of the parent company and its subsidiaries.</p> <p>MONBAT AD is a part of the economic group of PRISTA OIL GROUP B.V., a holding company, registered in Amsterdam, Netherlands. As of the date of this Document, the parent company PRISTA OIL GROUP B.V. owns three subsidiaries and one of which is PRISTA OIL HOLDING EAD, Sofia. The latter has a controlling interest in MONBAT AD and 12 other subsidiaries. In turn MONBAT AD has own 13 subsidiaries.</p>

B.6	<p>IN SO FAR AS IS KNOWN TO THE ISSUER, THE NAME OF ANY PERSON WHO, DIRECTLY OR INDIRECTLY, HAS AN INTEREST IN THE ISSUER'S CAPITAL OR VOTING RIGHTS WHICH IS NOTIFIABLE UNDER THE ISSUER'S NATIONAL LAW, TOGETHER WITH THE AMOUNT OF EACH SUCH PERSON'S INTEREST. DIFFERENT VOTING RIGHTS IF ANY. PRESENCE OF CONTROL.</p> <p>At the date of this Document these persons are not the members of the BoD of the Issuer and own directly over 5% of its share capital:</p> <table border="1" data-bbox="183 398 1476 694"> <thead> <tr> <th>Name of the shareholder</th> <th>Number of shares</th> <th>Percentage of the share capital</th> </tr> </thead> <tbody> <tr> <td>PRISTA OIL HOLDING EAD, Sofia</td> <td>16,666,371</td> <td>42.73 %</td> </tr> <tr> <td>MONBAT TRADING Ltd., Sofia</td> <td>2,752,800</td> <td>7.06 %</td> </tr> <tr> <td>PRISTA HOLDCO COOPERATIEF U.A.</td> <td>8,103,758</td> <td>20.78 %</td> </tr> <tr> <td>UPF Doverie</td> <td>2,549,457</td> <td>6.54%</td> </tr> <tr> <td>MUPF Allianz</td> <td>2,029,556</td> <td>5.20%</td> </tr> </tbody> </table> <p>As of the date of the Registration Document, the person, who directly controls the Company within the meaning of § 1, item 14 of the Supplementary Provisions of the POSA is:</p> <ul style="list-style-type: none"> PRISTA OIL HOLDING EAD, UIC: 121516626, Address: 20 Zlaten Rog Str., Sofia that holds 42.73% of MONBAT AD shares. PRISTA OIL HOLDING EAD is related with MONBAT TRADING Ltd., UIC: 130137657, 9 Layosh Koshut Str., 1606 Sofia that holds 7.06% of MONBAT AD shares. <p>As of the date of the Registration Document, the persons, who indirectly control the Company within the meaning of § 1, item 14 of the Supplementary Provisions of the POSA are:</p> <ul style="list-style-type: none"> Atanas Stoilov Bobokov and Plamen Stoilov Bobokov together have indirect controlling interest in MONBAT AD through its indirect controlling shareholding in PRISTA OIL GROUP B.V., a holding company, incorporated in Amsterdam, Netherlands, which controls PRISTA OIL HOLDING EAD и MONBAT TRADING Ltd. 	Name of the shareholder	Number of shares	Percentage of the share 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	2,549,457	6.54%	MUPF Allianz	2,029,556	5.20%																																										
Name of the shareholder	Number of shares	Percentage of the share 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	2,549,457	6.54%																																																											
MUPF Allianz	2,029,556	5.20%																																																											
B.7	<p>SELECTED HISTORICAL KEY FINANCIAL INFORMATION REGARDING THE ISSUER.</p> <p>The presented selected financial data for the Company is based on the audited annual consolidated financial statements as of 31.12.2014, 31.12.2015 and to 31.12.2016 and unaudited consolidated interim financial statements as of 30.06.2016 and 30.06.2017. The financial reports are prepared under IFRS and are implemented as an integral part of this prospectus.</p> <p><i>Table 1. Consolidated financial information from the financial statements for the period 2014-30.06.2017</i></p> <table border="1" data-bbox="183 1310 1492 1657"> <thead> <tr> <th>Indicators (in BGN 000)</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>Jun-16</th> <th>Jun-17</th> </tr> </thead> <tbody> <tr> <td>Revenues</td> <td>228 993</td> <td>245 468</td> <td>266 167</td> <td>113 750</td> <td>152 116</td> </tr> <tr> <td>Financial Profit/Loss</td> <td>(2 505)</td> <td>(1 851)</td> <td>(3 112)</td> <td>(1 227)</td> <td>(1 416)</td> </tr> <tr> <td>Net operating profit/loss after taxes (NOPLAT)</td> <td>22 591</td> <td>20 885</td> <td>24 786</td> <td>11 977</td> <td>15 316</td> </tr> <tr> <td>NOPLAT per share</td> <td>0.58</td> <td>0.536</td> <td>0.636</td> <td>0.307</td> <td>0.393</td> </tr> <tr> <td>Assets</td> <td>268 506</td> <td>275 660</td> <td>336 520</td> <td>304 424</td> <td>343 925</td> </tr> <tr> <td>Equity</td> <td>174 169</td> <td>179 479</td> <td>192 604</td> <td>179 914</td> <td>196 668</td> </tr> <tr> <td>Share capital</td> <td>39 000</td> <td>38 989</td> <td>38 989</td> <td>38 989</td> <td>38 989</td> </tr> <tr> <td>Dividends</td> <td>5 850</td> <td>10 920</td> <td>11 032</td> <td>-</td> <td>-</td> </tr> <tr> <td>DPS (in BGN)</td> <td>0.15</td> <td>0.28</td> <td>0.28</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>Source: MONBAT AD</p>	Indicators (in BGN 000)	2014	2015	2016	Jun-16	Jun-17	Revenues	228 993	245 468	266 167	113 750	152 116	Financial Profit/Loss	(2 505)	(1 851)	(3 112)	(1 227)	(1 416)	Net operating profit/loss after taxes (NOPLAT)	22 591	20 885	24 786	11 977	15 316	NOPLAT per share	0.58	0.536	0.636	0.307	0.393	Assets	268 506	275 660	336 520	304 424	343 925	Equity	174 169	179 479	192 604	179 914	196 668	Share capital	39 000	38 989	38 989	38 989	38 989	Dividends	5 850	10 920	11 032	-	-	DPS (in BGN)	0.15	0.28	0.28	-	-
Indicators (in BGN 000)	2014	2015	2016	Jun-16	Jun-17																																																								
Revenues	228 993	245 468	266 167	113 750	152 116																																																								
Financial Profit/Loss	(2 505)	(1 851)	(3 112)	(1 227)	(1 416)																																																								
Net operating profit/loss after taxes (NOPLAT)	22 591	20 885	24 786	11 977	15 316																																																								
NOPLAT per share	0.58	0.536	0.636	0.307	0.393																																																								
Assets	268 506	275 660	336 520	304 424	343 925																																																								
Equity	174 169	179 479	192 604	179 914	196 668																																																								
Share capital	39 000	38 989	38 989	38 989	38 989																																																								
Dividends	5 850	10 920	11 032	-	-																																																								
DPS (in BGN)	0.15	0.28	0.28	-	-																																																								
B.8	NOT APPLICABLE																																																												
B.9	NOT APPLICABLE																																																												
B.10	<p>A DESCRIPTION OF THE NATURE OF ANY QUALIFICATIONS IN THE AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION.</p> <p>For the period covered by the historical financial information, there are two qualified opinions expressed on the audited consolidated financial statements of MONBAT AD as at December 31, 2014 and December 31, 2016.</p>																																																												

	<p>According to Independent Auditor`s Report on the audit of the consolidated financial statements of MONBAT AD as of 31/12/2014, the auditor expressed qualified opinion: „<i>In our opinion, except for the possible effects of the matter, described in paragraph 6, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2014, and its financial performance and its cash flow for the year then ended, in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union (“EU”). Basis for qualified opinion: „As described in Note 8 to the consolidated financial statements, the property, plant and equipment includes assets with carrying amount of BGN 13,948 thousand, owned by Monbat DOO, Serbia an entity, which is not operating in 2014 and is consolidated within the Group. Management of the Group has assessed recoverable amount of these assets on the basis of expected sale proceeds less cost to sell. Owing to the market specifics and lack of active market with similar assets the determination of the recoverable amount of these assets is highly uncertain. As a result, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the above described property, plant and equipment, owned by Monbat DOO, Serbia, as of December 31, 2014. Consequently, we were unable to determinate whether any adjustments to this amount were necessary”.</i></p> <p>According to Independent Auditor`s Report on the audit of the consolidated financial statements of MONBAT AD as of 31/12/2016, the auditor expressed qualified opinion: „<i>We have audited the accompanying consolidated financial statements of MONBAT (the Parent-company”) and its subsidiaries (together “the Group”), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated income statement, the consolidated statements of comprehensive income, the consolidated statement of changes in equity and the consolidated statements of cash-flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. In our opinion, except for the possible effects of the matter, described in Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2016, and its financial performance and its cash flow for the year then ended, in accordance with International Financial Reporting Standards (“IFRS”), as adopted by the European Union (“EU”). Basis for qualified opinion: As disclosed in note 3.25.1 to the accompanying consolidated financial statements, as at December 31, 2016 the Group has performed test for impairment regarding property, plant and equipment and intangible assets owned by a subsidiary Octa Light Bulgaria AD with carrying amount of BGN 11,869 thousand and 980 thousand, respectively, as well as related loans and receivables with carrying amount of BGN 2,155 thousand. The test for impairment is based on discounted cash-flow model based on expected proceeds from current and future projects of the subsidiary in subsequent reporting periods. We have not received sufficient and appropriate audit evidence related to the determination of the projected cash-flows. In addition, due to the competitive market and actual results of the subsidiary for 2015 and 2016, there is significant uncertainty related to the expected proceeds from future projects. We were unable to satisfy ourselves, through other audit procedure, as to recoverability of these assets as at December 31, 2016. As a result, we were unable to determine whether any adjustments might have been found necessary on the property, plant and equipment, intangible assets and loans and receivables as at December 31, 2016 and the possible effect on the consolidated statements of comprehensive income for the year ended December 31, 2016”.</i></p>
B.11	<p>SUFFICIENT WORKING CAPITAL.</p> <p>Combined with the long-term assets, the working capital is considered part of the operating capital and is calculated as the short-term assets are decreased with the short-term liabilities. The management of the Company believes that it had and continues to have sufficient working capital for the needs of the business during the examined historical period and up to the date of this Document.</p>
B.12	<p>A STATEMENT THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE PROSPECTS OF THE ISSUER</p> <p>No material adverse change in the financial or trading position of the Issuer has been evident after the end of the last published audited financial information for 2016, the date of the last published consolidated interim report for the first half of 2017 and until the date of this Document.</p>
B.13	<p>A DESCRIPTION OF ANY RECENT EVENTS PARTICULAR TO THE ISSUER WHICH ARE TO A MATERIAL EXTENT RELEVANT TO THE EVALUATION OF THE ISSUER’S SOLVENCY.</p> <p>At the ordinary session of the General Meeting of the Shareholders (GM) of MONBAT AD, held on 26.06.2017 was approved an amendment to the Company’s Articles of Association. According to the same resolution of GM, the Board of Directors may pass resolutions for issuance of bonds - common or convertible in BGN, EUR or any other currency, at an aggregate amount of up to BGN 60,000,000. The purpose of such bond issue under the present Art. 19, para.3 of the Articles of Association may be only for: financing the acquisition of quotas and/or shares and/or going concerns of companies with scope of business same or related as the scope of business of the Company. This Prospectus for Public Offering of convertible bonds is based on the mandate of the Board of Directors of MONBAT AD through the ordinary session of the GM.</p>

B.14	<p>THE DEPENDENCY OF THE ISSUER UPON OTHER ENTITIES WITHIN THE GROUP</p> <p>The Company's business is related to activities of its subsidiaries. This means that the financial results of the Issuer are directly correlated to the financial results and the strategic development of subsidiaries within the economic group of the Issuer.</p>
B.17	<p>CREDIT RATINGS ASSIGNED TO AN ISSUER OR ITS DEBT SECURITIES</p> <p>The issuer has no credit rating. No credit rating has been assigned to the bonds to be issued.</p>
<p>SECTION C – SECURITIES</p>	
C.1	<p>A DESCRIPTION OF THE TYPE AND THE CLASS OF THE SECURITIES BEING OFFERED AND/OR ADMITTED TO TRADING, INCLUDING ANY SECURITY IDENTIFICATION NUMBER.</p> <p>The bond issue amounts to up to EUR 30 000 000 (thirty million) distributed in up to 30 000 (thirty thousand) ordinary, interest-bearing, convertible, dematerialized, freely transferable, unsecured bonds registered with the Central Depository, with a nominal value per bond of EUR 1 000. The bond is a security conferring to the owner the right to receive, within a specified period of time, the nominal value of the bond and an interest. The bond is a financial instrument, a debt security which embodies transferable claims against the issuer for income determined or determinable in advance. The bonds are traded on a regulated market in financial instruments.</p> <p>The bonds from this issue are:</p> <ul style="list-style-type: none"> • of the same class, i.e. they entitle bondholders to equal rights. • convertible. Convertible bonds are a type of preferred bonds. They embody the privilege of the holder to request for the bonds to be converted in shares upon specified conditions. Subscribers of bonds from this issue acquire the right, to convert them, at their discretion, in ordinary shares of MONBAT at the conversion ratio as of the moment of conversion or to receive principal payment (the nominal value of the bonds they own) at the maturity dates of the bond loan. • dematerialized, i.e. they are registered with the Central Depository in accordance with its rules and procedures. A written non-transferable document – a certificate for owned financial instruments - may be issued by the Central Depository, in accordance with its rules and procedures, to evidence the ownership on the bonds. • interest-bearing, i.e. the bonds shall bear income in the form of simple interest, accumulated on the outstanding nominal value of each bond. • Freely transferable, i.e. without their transfer being conditioned by any restrictions or other terms. The transfer of bonds shall take effect as from the registration thereof with the Central Depository. Investors may freely trade the bonds from this issue on the BSE regulated market after the issue has been approved and registered in the register of the FSC and after the issue has been admitted to trading on the BSE. • unsecured, i.e. the claims of bondholders are not guaranteed by any collateral. • with a call option at the initiative of the Issuer. The bonds are issued with an early repayment option at the initiative of the Issuer for the total of the outstanding principal as of a specified date prior to the maturity. The decision for an early repayment shall be adopted by the Board of Directors of MONBAT AD. <p>By the date of this Prospectus the future bond issue has no ISIN code. An ISIN code shall be allocated after the completion of the public offering and the registration of the bond issue with the Central Depository.</p>
C.2	<p>CURRENCY OF THE SECURITIES ISSUE.</p> <p>The currency of the securities offered is EUR.</p>
C.3	<p>THE NUMBER OF SHARES ISSUED AND FULLY PAID AND ISSUED BUT NOT FULLY PAID. THE PAR VALUE PER SHARE.</p> <p>As of the date of this document, the registered share 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 per share and are fully paid.</p> <p>MONBAT AD has not issued shares that are not part of the share capital.</p>
C.4	<p>A DESCRIPTION OF THE RIGHTS ATTACHED TO THE SECURITIES.</p> <p>The bonds entitle their holders to the following rights:</p> <ul style="list-style-type: none"> • Individual tangible rights of bondholders: • Right to receive payment of principal which represents the nominal value of the owned bonds; • Rights to receive interest;

- Pre-emptive rights in the event of winding up;
- Right of redemption of bonds at issue value. Pursuant to art. 100a, par. 2 of POSA if the bonds have not been admitted to trading on a regulated market within 6 months after the date of the issue, the Issuer shall be obliged, at a request by a bondholder, to repurchase the bonds at their issue price within 7 days of receiving such request.
- Right to convert the bonds in ordinary shares of MONBAT AD.
- **Individual intangible rights of bondholders:**
- Right to participate and to vote in the General Meeting of Bondholders of this issue; each bond shall entitle the holder to one vote in the general meeting;
- Right to request the issuing of an enforcement order pursuant to art. 417, item 9 of the Code of Civil Procedure.
- **Collective rights:** Pursuant to art. 209, para. 1 of CA the bondholders of this issue form a separate group for protection of their rights before the Issuer. The group of bondholders of this issue form a separate general meeting. In its relations with the Issuer, the group of the bondholders is represented by a representative. The bondholders of this issue have the following collective rights:
- The right to participate in an advisory capacity at discussions concerning amendments to the Company's scope of business, the corporate structure, or the reorganization of the Issuer;
- The right to participate in the General Meeting of Shareholders in an advisory capacity when questions are considered that affect the discharging of obligations arising from the bond loan;
- A casting vote in adopting decision on a new preferred bond issue;
- The General Meeting of Bondholders may take position on any proposal by the Issuer to amend the bond loan agreement by accepting or rejecting the proposal;
- Given the contractual nature of the relations between the Issuer and the bondholders any amendment to the terms of the bond issue is subject to the consent of both parties;
- Any decision to amend the terms and parameters of the bond issue may be carried out pursuant to the approval process of the initial bond issuance.

The rights arising from the bonds are not restricted by any rights arising from other class of securities issued by MONBAT AD.

If the Issuer is in breach of any of its obligations under the bond issue, the bondholders shall:

- In the event of default on payments, bring an action against the Issuer;
- Bring an insolvency claim against the Issuer.

Rights attached to the underlying asset – future ordinary share issue

If, at the respective conversion dates, bondholders decide to exercise their right to convert (exchange) bonds for shares, then they will cease to be creditors of the Issuer and will become shareholders with membership rights in the Company. Each share that has been acquired as a result of the conversion, shall entitle the holder to two main groups of rights – tangible and intangible rights:

- The tangible rights include the right to dividend and to a liquidation quota;
- The intangible rights of shareholders may be divided into three groups: managerial, controlling and protection rights;
 - The managerial rights of shareholders include the right of the shareholder to vote, the right to manage and to elect and to be elected in the management bodies of the Issuer;
 - The controlling rights of shareholders include the right to information (art. 224 of the Commercial Act).
- The protection rights of shareholders include: the right to appeal against the decisions of the bodies of the Issuer; the right to request the appointment of registered auditors if the general meeting has not appointed such; the rights of minority shareholders (holding together or separately at least 5 percent of the capital of the Company).

Each share entitles the holder to additional rights arising from the basic rights and directly or indirectly related to them:

- **Individual tangible rights of shareholders:**
 - Right to a dividend;
 - Right to a liquidation quota;

	<ul style="list-style-type: none"> • Individual intangible rights of shareholders <ul style="list-style-type: none"> ○ Managerial rights <ul style="list-style-type: none"> ▪ Right to vote; ▪ The right of shareholders to participate in the management of the Company, including the right to elect and to be elected in the management body of the Company; ○ Controlling Rights <ul style="list-style-type: none"> ▪ The controlling rights of shareholders include the right of information; ○ Protection rights <ul style="list-style-type: none"> ▪ The right to appeal against the decisions of the Company's bodies; ▪ The right to request the court to appoint registered auditors if the general meeting has not appointed such – art. 249 of CA; ▪ The rights of minority shareholders (holding together or separately at least 5 percent of the capital of the Company); ○ Additional rights of shareholders <ul style="list-style-type: none"> ▪ The right to subscribe for new shares, upon increase of the capital of the Company, in proportion to the shares owned prior to the increase; ▪ Pre-emptive right to acquire securities which entitle the holder to acquire shares of the same class as the bonds from this issue by converting them in shares or by exercising the rights on the bonds. 																		
C.5	<p>A DESCRIPTION OF ANY RESTRICTIONS ON THE FREE TRANSFERABILITY OF THE SECURITIES.</p> <p>According to the decision of the Board of Directors of MONBAT AD, all convertible bonds to be issued shall be freely transferable at the discretion of the bondholders. According to Ordinance No 38 from 25.07.2007 of the FSC about the requirements to the activities of the investment intermediaries, the latter cannot execute transactions with financial instruments if the latter have been blocked in a depository institution, and if there is a pledge or a garnishment on them.</p> <p>The free transfer of the bonds to be issued can be limited if the issue does not comply with the requirements provisioned in Art. 4, para.1 and 3 from Part III Listing Rules of the BSE Rules and Regulation.</p>																		
C.6	<p>APPLICATION FOR ADMISSION TO TRADING ON A REGULATED MARKET.</p> <p>Upon a successful offering, immediately upon the announcement of the bond loan in the Commercial Register, the Issuer shall submit for Bond issue registration with the Central Depository and with the Financial Supervision Commission, then the Issuer will submit with the Bulgarian Stock Exchange for admission for trading of the new convertible bonds. The first trading day shall be determined by the Board of Directors of BSE, following the registration of the new issue.</p>																		
C.7	<p>A DESCRIPTION OF DIVIDEND POLICY</p> <p>The BoD of the Company has adopted a 5-year dividend policy in 2012. According to this policy, the BoD will offer to the General Meeting of Shareholders to distribute as a dividends up to 50% of the net profit of MONBAT AD depending on consolidated net financial result of the Group of MONBAT for the respective period.</p> <p>After the expiration of dividend policy period, no specific decision was taken on a new one.</p> <p style="text-align: center;"><i>Table 2: Voted dividends of MONBAT AD for 2014, 2015 and 2016.</i></p> <table border="1" data-bbox="188 1608 1497 1713"> <thead> <tr> <th>Indicators (consolidated)</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>30.6.2016</th> <th>30.6.2017</th> </tr> </thead> <tbody> <tr> <td>Dividend approved by the General Assembly</td> <td>5 850</td> <td>10 920</td> <td>11 032</td> <td>-</td> <td>-</td> </tr> <tr> <td>Dividend per share (BGN)</td> <td>0.15</td> <td>0.28</td> <td>0.28</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>Source: MONBAT AD</p>	Indicators (consolidated)	2014	2015	2016	30.6.2016	30.6.2017	Dividend approved by the General Assembly	5 850	10 920	11 032	-	-	Dividend per share (BGN)	0.15	0.28	0.28	-	-
Indicators (consolidated)	2014	2015	2016	30.6.2016	30.6.2017														
Dividend approved by the General Assembly	5 850	10 920	11 032	-	-														
Dividend per share (BGN)	0.15	0.28	0.28	-	-														
C.8	<p>LEVEL OF SUBORDINATION OF THE OFFERED SECURITIES</p> <p>The Bonds from this issue constitute (according to the terms of the bond loan described below) unsecured obligations of the Company. The obligation of MONBAT AD to pay the bonds shall at all times rank pari passu with any existing unsecured obligations of the Company at the time of conclusion of the bond loan.</p>																		

C.9	<p>A DESCRIPTION OF INTEREST RATE, MATURITY AND OTHER DEBT OBLIGATIONS</p> <p>The bonds have a floating nominal interest rate of the 6-month EURIBOR + 300 bps (3%) on an annual basis. Pursuant to the terms of the issue the nominal interest rates may not be lower than 3% in the event that the 6-month EURIBOR is negative during the life of the bond. Interest payments on all bonds will be made every 6 (six) months after the issue date of the bonds, on the last day of each 6-month period. Where the interest payment date falls on a non-working day, the payment will be made on the first subsequent working day. The amount owed is rounded to the second digit after the decimal point</p> <p>For each separate 6-month period, the interest (coupon) payments are calculated on the nominal value of each bond on the basis of the simple interest rate based on the day-count convention „actual/actual”. For the purposes of the calculation and given the current negative value of the 6-month EURIBOR, an interest rate of 3% on annual basis has been determined. The coupon income for each separate 6-month period is based on the simple interest formula as follows:</p> <p>$CI = (M * Cr * D) / \text{number of the days in the year}$</p> <p>Where: CI – the amount of 6-month coupon interest yield for one bond; M – nominal value of one bond; Cr – annual coupon interest rate. For this Issue is equal to 3.00%, as of the date of the Prospectus, the 6-month EURIBOR is negative; D – number of days between two coupon interest payments, based on the day-count convention “actual/actual”.</p> <p>Holding period return yield is the realized capitalized return for the holding period at a certain price of acquisition of the bond. The holding period yield is the discount rate which equals the present value of future cash flows with the price of the bond, where the price of the bond is the discounted selling price for the holding period rather than the nominal value of the bond with the coupon payments depending on the holding period. If the sell price is higher than the initial purchase price, the yield will be higher than yield to maturity, and vice versa.</p> <p>Bondholders of this issue shall have a conversion option they may exercise at the following dates coinciding with the respective interest payment dates:</p> <ul style="list-style-type: none"> • on the 48th month for 100% of the outstanding nominal value of the bonds; • on the 66th month for 80% of the outstanding nominal value of the bonds; • on the 78th month for 50% of the outstanding nominal value of the bonds. <p>The total amount of the bonds submitted for conversion may not be less than 10% of the outstanding nominal value of the bonds, if the latter is less than EUR 20 million. If the outstanding nominal value of the bonds is above EUR 20 million, the minimum amount for conversion shall be 5% of the outstanding nominal value. These minimum amounts apply to all conversion dates.</p> <p>The maturity of the bonds is 7 years (84 months) from the date of the issuing of the bond loan and interest payment will be due at the end of each 6-month period as of the date the loan is concluded. There will be a total of 14 (fourteen) interest payments (two payments per year until maturity). The last interest payment coincides with the maturity date of the issue. No partial interest payments are admissible</p> <p>The principal will be paid in three installments amounting to 20%, 30% and 50% of the nominal value at the end of the 5th, the 6th, and the 7th year of the life of the bond, respectively. In the event of conversion the principal payments will be made on the basis of the outstanding nominal value of the issue at the date of the respective payment. In this event the last installment at the end of the 7th year will be pay the whole outstanding nominal value of the bonds (if any).</p> <p>Representation of bondholders</p> <p>Within a month after the latest date for subscription of the bonds, the BoD of MONBAT AD will submit an announcement to be published in the Commercial register specifying the amount of the loan; the date from which the term to maturity starts; the maturity dates for interest and principal payments; the institution to serve the payments of the loan; the place, the date and the hour, and the agenda of the first general meeting of the bondholders. The first general meeting of the bondholders shall be held within 30 day as from the date of the publication of the announcement. (A) representative (s) of the bondholders of this issue will be elected at the first meeting.</p>
C.10	<p>HOW THE VALUE OF CONVERTIBLE BONDS IS AFFECTED BY THE VALUE OF THE UNDERLYING INSTRUMENT (COMMON SHARES), ESPECIALLY UNDER THE CIRCUMSTANCES WHEN THE RISKS ARE MOST EVIDENT</p> <p>Convertible bonds are a derivative instrument as they can be converted into ordinary shares (the underlying instrument)</p> <p>Nevertheless, all interest payments depend only the change in the value of the 6-month EURIBOR and accordingly are not dependent on the value of the underlying instrument. Whatever the change in value of the underlying instrument, it will have no effect on the absolute amount of the interest payments.</p>

C.11	<p>AN INDICATION AS TO WHETHER THE SECURITIES OFFERED ARE OR WILL BE THE OBJECT OF AN APPLICATION FOR ADMISSION TO TRADING, WITH A VIEW TO THEIR DISTRIBUTION IN A REGULATED MARKET OR OTHER EQUIVALENT MARKETS WITH INDICATION OF THE MARKETS IN QUESTION.</p> <p>The Issuer will take the necessary actions to have the convertible bond issue registered for trading at the regulated market organized by BSE after the end of the public offering.</p>
<p>SECTION D – RISKS</p>	
D.1,	<p>KEY INFORMATION ON THE KEY RISKS THAT ARE SPECIFIC TO THE ISSUER OR ITS INDUSTRY</p>
D.2	<p>GENERAL RISKS arise from changes in the overall economic environment and, in particular, fluctuations in the financial markets. Systematic risks cannot be diversified since all businesses in the country are exposed to them.</p> <p>GENERAL MACROECONOMIC RISK: According to National Statistics Institute, in August 2017, the total business climate indicator increased by 0.5 percentage points compared to the previous month as a result of the improved business climate in retail trade and service sector.</p> <p>POLITICAL RISK arises from political process in the country – risk of political destabilization, sudden shift in policy, in legislature and economic policy. The political risk has a linear correlation with the likelihood of an unfavorable shift in the government long-term policies; this can negatively affect the business climate, respectively.</p> <p>CREDIT RISK: Credit risk of the country is connected to the state's ability to repay its obligations regularly. Specialized credit rating agencies assign and measure this risk.</p> <p>CURRENCY RISK: The essence of this risk lies in the possibility of a sharp depreciation of the local currency, and thus revenue for operators in the country to be affected by changes in the exchange rate of the BGN against other currencies.</p> <p>INTEREST RATE RISK is related to rising interest rates, and interest expense, respectively, which is immediately reflected in the profits of economic entities.</p> <p>RISK OF INFLATION: This is the risk of the overall increase in price level.</p> <p>RISK OF UNFAVORABLE CHANGES IN TAX AND OTHER LAWS: Taxes paid by Bulgarian companies include withholding taxes, local taxes, corporate profit tax, value added tax, excise, duties, import and export duties and property taxes. The taxation system in Bulgaria is still developing as a result of which inconsistency may occur as a result of enforcement at both state and local level.</p> <p>RISK OF FORCE MAJEURE: Force majeure events such as natural disasters, sabotage, the outbreak of war, acts of terrorism, and others can lead to unpredictable changes in investors' attitude and interest in the market for any bonds, and in particular the bonds of MONBAT AD. Some force majeure are not subject to insurance.</p> <p>NON-SYSTEMATIC RISKS are associated with general investment risks specific to the Company and the industry. Nonsystematic risks can be divided into two types: sector risk, uncertainty concerning the development of the industry as a whole and Company risk, arising from the specifics of the particular company.</p> <p>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 for military application and locomotive batteries. The main raw materials in the Company's production process are lead and lead alloys, polypropylene, polyethylene separator and sulfuric acid.</p> <p>DEPENDENCE ON DISTRIBUTORS, SUPPLIERS AND CUSTOMERS: There is no substantial customer dependence of MONBAT AD due to the fact that the Company sells its products via a wide distribution network in the country and abroad. Export sales with deferred payments are insured by the Bulgarian Export Insurance Agency (BAEZ) thus the risk of non-payment on the part of the customers is completely eliminated.</p> <p>DEPENDENCE ON THE KEY PERSONNEL: The professional activities and efforts, qualification, motivation and reputation of the members of the corporate board and senior officials of MONBAT AD and the companies within the economic group are essential for achieving the strategic and investment objectives of the Company.</p> <p>RISK OF CHANGE IN THE DEMAND AND INTRODUCTION OF NEW TECHNOLOGIES: This risk is related to demographic, economic and technological changes and is determined by the fact that the demand for the company's products might change over time and as a result of the introduction of new products.</p> <p>LIQUIDITY RISK: Liquidity risk consists of the likelihood that MONBAT AD is not able to repay its current obligations.</p> <p>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.</p>

	<p>RISKS RELATED TO STRATEGY SELECTION BY THE MANAGEMENT: Future profits and value of MONBAT AD and the companies in its economic group largely depend on the strategy chosen both by the Issuer’s management team as well as management teams of its subsidiaries.</p> <p>RISK OF SALE OR CLOSING OF SUBSIDIARIES: The structure of the Issuer includes five major groups of companies by economic activity. The Group’s structure allows selling or dissolution of each of the subsidiaries.</p> <p>RISKS, RELATED TO THE ACTIVITIES OF MONBAT AD SUBSIDIARIES: Due to the specific characteristics and scope of activity of the companies in the Group of MONBAT AD (with the exception of the commercial subsidiaries - MONBAT OOD, Romania, Yu Monbat, Serbia and Energy Batteries Limited, Nigeria) and in view of the fact that the activities of the companies in the Group are closely related to the activities of MONBAT AD, the above stated non-systematic risks for the activities of the Issuer are also relevant to the activities of the companies in the Group of MONBAT AD.</p> <p>CREDIT RISK: This is the potential inability of a company to meet its credit obligations on time.</p> <p>INTEREST RATE RISK: Interest rate risk refers to the potential adverse impact of changes in market interest rates on the profits of MONBAT AD. In the event of a possible increase of the interest rates on the borrowed funds, a reduction in the level of realized net result would be expected.</p>
D.3	<p>KEY INFORMATION ON THE KEY RISKS THAT ARE SPECIFIC TO THE SECURITIES</p> <p>Potential investors in corporate bonds must be well aware of the risks, associated with investment in securities, and consider each investment according to their own risk appetite, investment horizons, financial limits and investment goals they seek.</p> <p>CREDIT RISK: The credit risk on bonds is a risk that any coupon or principal payment on the bond issue not being paid on time or in full by the issuer.</p> <p>CURRENCY RISK: The currency risk is related to possibility the revenues and expenses of the companies in the country to be affected by changes in the currency exchange rate.</p> <p>INFLATION RISK: Fixed-rate bonds are exposed to a reduction in real returns while inflation rises. Inflation reduces the bondholders` purchasing power of the coupon and principal payments received.</p> <p>INTEREST RATE RISK: Interest rate risk related with the possibility of changes in interest rates in the country, which would directly affect the supply and demand of fixed rate corporate bonds due to the inverse relationship between prices and bond yields.</p> <p>LIQUIDITY RISK: Liquidity risk arises from the lack of market demand for the Company's bonds.</p> <p>RISK OF CHANGES IN THE TERMS AND CONDITIONS OF THE BOND ISSUE: Various fundamentals can cause a change in the terms and parameters of the Issue at any time in its life. This should be done by the initiative of the bondholders or the Issuer, but only under the conditions set out in the law and this Prospectus.</p> <p>REINVESTMENT RISK: The effective return for a given period when investing in a bond issue depends on the purchase price, selling price and the return from the reinvested coupon payments.</p> <p>DILUTION RISK: The Articles of Association of the Company does not stipulate any restrictions on the maximum size of any future issuances. In the case of future capital increase, if an investor does not exercise his/her pre-emptive rights to acquire new convertible bonds proportionally to his/her stake, that stake may be decreased.</p> <p>PREPAYMENT RISK: This risk is associated with the possibility of this bond issue to be prepaid by the Issuer prior to the maturity date. For the bondholders of this issue there is a risk of prepayment because, under the terms of the bond, the Issuer has a call option at the 5th year of the life of the bond.</p> <p>RISK OF CHANGE IN THE ISSUER`S SHAREHOLDING STRUCTURE: There is a risk that, as a result of bond conversion, one person (or several affiliates) acquires control interest in the Issuer share capital.</p> <p>RISKS, RELATED TO BULGARIAN CAPITAL MARKET: There is a difference in Bulgarian capital market regulation and supervision as well as in the investors, brokers and other market participants` activities compared to US and other regulated markets.</p>
SECTION E – OFFER	
E.1	<p>THE TOTAL NET PROCEEDS AND AN ESTIMATE OF THE TOTAL EXPENSES OF THE ISSUE/OFFER, INCLUDING ESTIMATED EXPENSES CHARGED TO THE INVESTOR BY THE ISSUER OR THE OFFEROR</p> <p>An estimation of MONBAT AD minimum and maximum expenses, related to this convertible bonds issue is shown on the following table.</p>

Table 3: Expenses of the Issuer related to the public offering

Type of expense (approximate)	Minimum amount of Bond issue	Maximum amount of Bond issue
Central Depository fees	7 156	7 156
Fee for prospectus approval from FSC	5 000	5 000
Annual FSC fee	450	450
Listing on BSE	600	600
Annual fee for BSE listing	1 200	1 200
Investment intermediary fee*	20 000	20 000
Total expenses, BGN	38 806	38 806
Total expenses per one bond, BGN	2.59	1.29
Total expenses, EUR	19 841	19 841
Total expenses per one bond, EUR	1.32	0.66

The expected estimated costs with a minimum and maximum size of the bond issue are almost the same, namely BGN 34,406 for minimum and BGN 35,006 for a maximum size.

If the issue is subscribed to the minimum size, the expected total net proceedings are in the amount of BGN 29, 303,044. In case the issue is subscribed to the maximum size, the expected total net proceedings are in the amount of BGN 58,639,894 (the total issue proceedings minus the costs paid by the Issuer for the offering).

E.2A	<p>REASONS FOR THE OFFER, USE OF PROCEEDS, ESTIMATED NET AMOUNT OF THE PROCEEDS.</p> <p>According to art. 19 (1) of the Article of Association of the Issuer: "...the Board of Directors may pass a resolution for issuance of bonds – ordinary and convertible in Bulgarian lev, Euro or any other currency at an aggregate amount of up to BGN 60 000 000, in case a detailed plan for the redemption of the principle and the interest under the loan is accepted."</p> <p>According to art.19 (3) of the Articles of Association of the Issuer: "The purpose of the bond issue under the present article of the Article of Association may be only for: acquisition of non-current financial assets related to the core business of MONBAT AD representing shares in companies with the same or similar activity."</p> <p>Accordingly, the purpose of the current bond issue is to finance:</p> <ol style="list-style-type: none"> 1. The acquisition of control over a lead-acid batteries scrap recycling factory in Italy – Piombifera Italiana thus providing the synergetic growth of the Group's margins. Piombifera Italiana is one of the three largest recycling companies in Italy. Its recycling facility is situated in a lead-acid-batteries-scrap rich region which provides for a strong market position. The company is licensed to process a significant volume of scrap batteries and it is part of the international association of recycling companies – COBAT. COBAT's membership allows the company to a sufficient annual scrap batteries allowance. This acquisition will benefit to a large extend MONBAT Group's recycling operations in Bulgaria, Romania and Serbia. 2. The acquisition of control (pending on positive due diligence outcome) in L'Accumulateur Tunisien Assad" (ASSAD). ASSAD is a vertically integrated group producing lead-acid batteries operating in North Africa with high profitability margins. The company's 2017 financial results forecasts are as follows: EUR 7.4m in EBITDA, EUR 39.8m in revenues and 19% EBITDA margin. ASSAD's production facilities are located in Tunisia and Algeria with 1.5 million batteries per annum capacity. The company has a major market share with its own brand on the Tunisian market – 41% and a considerable potential in penetrating the markets in Algeria and Libya with 12 commercial affiliates in the region. 3. The acquisition of a company with the purpose of a focused product diversification and production of Li-Ion batteries. This will be executed via control over GAIA Akkumulatorenwerke (GAIA) and EAS Germany (EAS) entities. GAIA was established in 1996 and is one of the leading German companies in Li-Ion technologies. EAS was established in 2011 as a joint venture between GAIA and Enersys/Hawker GmbH. The company is specialized in cell production and the development of high quality technologies; heavy-duty, high power cylindrical cells for hybrid electric trains as well as heavy and defense industries applications.
E.2B	<p>REASONS FOR THE OFFER AND USE OF PROCEEDS WHEN DIFFERENT FROM MAKING PROFIT AND/OR HEDGING CERTAIN RISKS.</p> <p>The proceeds from the bond offering are not entailed to provide for any profit and/or hedge certain risks. The proceedings will be used to finance the investment projects related to the Issuer's activity, according to the reasons for the Offer, described in this Prospectus.</p>

E.3

A DESCRIPTION OF THE TERMS AND CONDITIONS OF THE OFFER.

In this offering, one right shall be issued for each existing share of MONBAT AD. The shareholders and persons, who have acquired rights, may subscribe for 1 (one) convertible bond in exchange for 1 300 rights at an issue price of EUR 1 000. The total number of rights to be issued is 39 000 000.

Any holder of rights may subscribe a minimum of one bond and a maximum number of bonds equal to number of the owned rights divided by 1 300.

Only whole numbers of bonds can be subscribed in the present offering. If the number of the subscription rights owned is not a multiple of 1 300, the number of bonds the holder of rights is allowed to subscribe for is rounded down to the nearest whole number.

Persons wishing to subscribe for bonds, but who are not shareholders of the Company, should first acquire rights

The existing shareholders will acquire the rights for free pursuant to the procedure described above. All other investors may buy rights by a transaction on the BSE Main Market, Subscription Rights Segment within the period for transfer of rights or at the open-bidding auction for the rights not exercised.

If the shareholders wish to subscribe additional number of bonds they may buy rights by a transaction on the BSE Main Market, Subscription Rights Segment within the period for transfer of rights or at the open-bidding auction for the rights not exercised, after the expiration of the latest day for transfer of rights.

In the event that holders of rights do not want to subscribe for bonds in exchange for the total or a part of their rights, they may offer the rights not exercised for sale pursuant to the rules described in Section 5.1.3. („The time period, including any possible amendments, during which the offer will be open and description of the application process“) hereof.

The pre-emptive rights to subscribe for bonds belong to persons with shares in MONBAT AD which have been acquired not later than 7 days after the date of publication of the announcement under art. 92a of POSA. On the next working day the Central Depository shall open rights accounts of the shareholders of MONBAT AD; shareholders may acquire new bonds in proportion to their share in the capital prior to the offering.

After the Prospectus for public offering of convertible bonds has been approved by the FSC, the Board of Directors of MONBAT AD will publish a public offering announcement specifying the earliest and latest date for the transfer of rights and for the subscription for bonds, the registration number and the date of the approval granted by the FSC, the place, time and manner of inspection of the Prospectus, and any other details as required by Ordinance no. 2. In accordance with art. 92a, para. 2 of POSA, MONBAT AD will publish the announcement on the internet site of the Bulletin of Investor BG and X3 News, as well as on the websites of MONBAT AD and ELANA Trading AD at least 7 days prior to the first day of the subscription or the sale.

The first date for transfer of rights and for subscription for bonds through the investment intermediary is the first working day following the expiration of 7 calendar days from the publication of the public offering announcement pursuant to the procedure described above.

In accordance with art. 112b, para. 4 of POSA the latest date for transfer of rights is the first working day following the expiration of 14 days from the first date for transfer of rights. In accordance with the Rules of BSE Sofia AD the latest date for transactions in subscription rights on the stock exchange shall be 2 days prior to the latest day for transfer of rights.

On the fifth working day after the latest date for transfer of rights, the Issuer, acting through the authorized investment intermediary Elana Trading, shall offer the rights not exercised for sale at an open-bidding auction on the regulated market.

The first date to subscribe for bonds shall be the same as the earliest date for transfer of rights - the first working day after the expiration of 7 calendar days from the first date of the public offering

Shareholders wishing to exercise their rights may submit an application for subscription for bonds until the latest date for transfer of rights.

Shareholders not wishing to subscribe for bonds may sell the rights they own until the latest date for transfer of rights.

The rights are traded on the BSE Main Market, Subscription Rights Segment. Shareholders may transfer their rights by placing a sale order to the investment intermediary on whose account the rights have been registered with the Central Depository.

Any person holding rights, acquired within the period for transfer of rights, may exercise them by placing an application for subscription for bonds until the latest date for transfer of rights.

Any person holding rights, acquired during the open-bidding auction, may exercise them by placing an application for subscription for bonds until the latest date for subscription.

	<p>The latest date for subscription of bonds shall be 15 working days later after the latest date for transfer of rights. If the latest date for subscription falls on a non-working date, then the first subsequent working day will be deemed as the latest date for subscription of bonds.</p> <p>The holders of rights shall submit written applications (“Applications”) to the investment intermediaries – members of the Central Depository, which keep the respective client accounts for the rights owned by the applicants.</p> <p>The Issuer does not provide the opportunity to change the number of bonds offered. If the bonds subscribed are less than the offered ones (up to 30 000), but at least the minimum amount required by the company to determine the public offering successful is subscribed and paid in (not less than 15 000), the Issuer shall announce the bond issue successful.</p> <p>The issue price for the bonds subscribed shall be paid in to a special escrow account to be announced in the announcement for public offering under Art. 92a, para. 1 of POSA.</p> <p>The special escrow account should be credited with the payment for the bonds subscribed not later than the latest date of the subscription. The bank transfer order or the deposit slip shall contain the name (firm) of the subscriber, the Personal Identification Number/Unified Identification Code (for Bulgarian individuals/entities), and the number of the bonds subscribed.</p>
E.4	<p>A DESCRIPTION OF ANY INTEREST THAT IS MATERIAL TO THE ISSUE/OFFER INCLUDING CONFLICTING INTERESTS.</p> <p>As of the date of this Prospectus, the Issuer is not informed of existence of interest from physical or legal persons or of any interest, including conflict of interest that is material to the issue/ offering.</p>
E.5	<p>NAME OF THE PERSON OR ENTITY OFFERING TO SELL THE SECURITY. LOCK-UP AGREEMENTS: THE PARTIES INVOLVED; AND INDICATION OF THE PERIOD OF THE LOCK UP.</p> <p>The bond issue is being offered by MONBAD AD. The whole bond issue – 30 000 number of bonds, is being offered for subscription. No lock up agreements exist.</p>
E.6	<p>THE AMOUNT AND PERCENTAGE OF IMMEDIATE DILUTION RESULTING FROM THE OFFER</p> <p>Dilution of equity is the reduction of profit per ordinary share and its book value as a result of conversion of bonds and warrants into shares or the exercise of options issued as well as the issue of ordinary shares at a price lower than the book value per share.</p> <p>The terms of this corporate bond issue is very complex because there are multiple dates of possible conversion, a call option and three amortization payments of principal. In this regard, it is impossible to make a reasonable assumption about the number of bondholders, which would decide to convert at one of the dates and whether, after the first conversion date, the Issuer would not use his call option and prepay the bond issue. Accordingly, any assumption of a potential amount of newly issued shares at different conversion dates as well as a calculation of possible dilution, would be misleading.</p>
E.7	<p>ESTIMATED EXPENSES CHARGED TO THE INVESTOR BY THE ISSUER OR THE OFFEROR.</p> <p>The Issuer will not charge investors with any fees or commissions. Investors will be responsible for the following expenses related with the subscription of bonds from the current offering:</p> <ul style="list-style-type: none"> • any fees and commissions, charged by the Investment Intermediary, used to subscribe the bonds • any fees due to the Central Depository • any fees due to the BSE • any bank transfer fees and commissions
	<p>INFORMATION WITH REGARD TO THE PLACE, TIME AND MANNER TO WHICH ADDITIONAL INFORMATION MAY BE OBTAINED, INCLUDING ADDRESS, PHONE NUMBER, WORKING HOURS AND POINT OF CONTACT</p> <p>The following documents will be available for inspection as of the date of the publication of the prospectus within the working hours of the Company at 32A Cherny Vrah blvd., Sofia 1407, tel: 02 962 11 50, fax: 02 962 11 46 at the address at of investment intermediary Elana Trading at 5 Lachesis Stanchev str, Sophama Business Towers, Tower B, floor 12-13, tel. (02) 81 000 92; +359 (2) 81 000 00.</p> <ul style="list-style-type: none"> • The Articles of Association of the Company; • Financial reports ; • Prospectus for the initial public offering of corporate convertible bonds • Declarations under art. 81, para 5 of POSA by the BoD members, the compiler of reports and the auditor. <p>All declarations and documents referred to or incorporated in the Securities Note, will also be made available to investors. The prospectus has been presented to investor on the websites of the FSC and BSE Sofia.</p>

PREPARED THIS SUMMARY:

VIKTOR SPIRIEV
FINANCIAL DIRECTOR OF MONBAT AD

THE UNDERSIGNED INDIVIDUALS IN THEIR CAPACITY OF REPRESENTATIVES OF THE COMPANY AND THE INVESTMENT INTERMEDIARY, DECLARE THAT THE SUMMARY CORRESPONDS TO THE PROVISIONS OF THE LAW.

FOR MONBAT AD:

ATANAS BOBOKOV
CHAIRMAN AND CEO

PLAMEN BOBOKOV
MEMBER OF THE BOARD

STOYAN STALEV
MEMBER OF THE BOARD

PETAR BOZADZHIEV
MEMBER OF THE BOARD

FLORIAN HUTH
MEMBER OF THE BOARD

NIKOLAY TRENCHIEV
MEMBER OF THE BOARD

ALEXANDER CHAUSHEV
MEMBER OF THE BOARD

YORDAN KARABINOV
MEMBER OF THE BOARD

EVELINA SLAVCHEVA
MEMBER OF THE BOARD

FOR INVESTMENT INTERMEDIARY ELANA TRADING AD:

MOMCHIL TIKOV
MEMBER OF THE BOARD AND CEO

RADOSLAVA MASLARSKA
CHAIRWOMAN OF THE BOARD