

**INTERIM REPORT ON THE ACTIVITIES
OF MONBAT AD
AS AT 31.03.2020 PURSUANT TO ARTICLE 100O, PARAGRAPH 4, ITEM 2 OF LPOS**

**1. IMPORTANT DEVELOPMENTS FOR MONBAT AD THAT OCCURRED DURING THE PERIOD
(01.01.2020 - 31.03.2020)**

Table No 1

Date	Developments								
28-01-2020	MONBAT AD announced the following information: In December, 2019 the companies in the economic group of Monbat AD have generated consolidated net sales revenues from continuing operations in the amount of BGN 29 285 thousand which represents an increase of 35.30 % compared to the consolidated net sales revenues generated in December, 2018. The consolidated data for 2019 show that the companies in the economic group of Monbat AD have generated consolidated net sales revenues from continuing operations in the amount of BGN 339 843 thousand which represents an increase of 15.50 % compared to the consolidated net sales revenues from continuing operations for 2018. The generated net sales revenues from continuing operations for 2019 in the amount of BGN 339 843thousand are allocated as follows: <table border="1"> <tr> <td>Production</td><td>BGN 319 250 thousand</td></tr> <tr> <td>Products</td><td>BGN 1 622 thousand</td></tr> <tr> <td>Services</td><td>BGN 4 556 thousand</td></tr> <tr> <td>Others</td><td>BGN 14 405 thousand</td></tr> </table> The generated consolidated result from continuing operations (without the led lightning business segment) before taxes of the companies in the economic group of Monbat AD for December, 2019 is a loss of BGN 3 946 thousand, which represents an increase of 22.5 % compared to the prior period of 2018. The consolidated data for 2019 show that the companies in the economic group of Monbat AD have generated profit from continuing operations before taxes in the amount of BGN 11 809 thousand, which represents an increase of 1153.6 % compared to the generated consolidated profit from continuing operations before taxes for 2018. The consolidated data for 2019 show that the companies in the economic group of Monbat AD have generated profit from continuing and discontinued operations before taxes in the amount of BGN 14 023 thousand, which represents an increase of	Production	BGN 319 250 thousand	Products	BGN 1 622 thousand	Services	BGN 4 556 thousand	Others	BGN 14 405 thousand
Production	BGN 319 250 thousand								
Products	BGN 1 622 thousand								
Services	BGN 4 556 thousand								
Others	BGN 14 405 thousand								

1080.60 % compared to the generated consolidated profit before taxes for 2018.

The consolidated EBITDA of the Group from continuing operations for the month of December 2019 stands at BGN 1 794 thousand which represents an increase of 285.50 % to the comparative period of 2018.

The consolidated EBITDA from continuing operations (without the led lightning business segment) of the Group for 2019 stands at BGN 36 190 thousand which represents an increase of 60.3 % compared to 2018.

NOTE:

- 1) The profit from discontinued operations for 2019 includes the accounting effect of the deconsolidation of led lightning business segment.
- 2) The results for December 2019 include:
 - a. The accounting of depreciation expense on the fair value recognized with respect to the fixed assets acquired in the business combination of Piombifera Italiana to the amount of app. BGN 733 thousand
 - b. Interest expense with respect to the coupon payment on the bond obligation conducted on 20.01.2020 to the amount of app. 815 BGN thousand and additional interest expense related to the effective interest rate of the bonds issue (for more details refer to the Consolidated Financial Report of Monbat Group for 2018 note 23) to the amount of app. BGN 1 300 thousand.

30-01-2020

MONBAT AD announced the 2019 Q4 Individual financial report

25-02-2020

MONBAT AD announced the following information:

In January, 2020 the companies in the economic group of Monbat AD have generated consolidated net sales revenues in the amount of BGN 25 742 thousand which represents a decrease of 9.5 % compared to the consolidated net sales from continuing operations generated in January, 2019.

The generated net sales revenues from continuing operations for 2020 in the amount of BGN 25 742 thousand are allocated as follows:

Production	BGN 24 076 thousand
Products	BGN 263 thousand
Services	BGN 356 thousand
Others	BGN 1 047 thousand

The generated consolidated result before taxes of the companies in the economic group of Monbat AD for January, 2020 is a profit of BGN 959 thousand, which

	represents a decrease of 53.8 % compared to the prior period result from continuing operations. The consolidated EBITDA of the Group for the month of January 2020 stands at BGN 2 680 thousand which represents a decrease of 24.1 % to the comparative period of January 2019.								
02-03-2020	MONBAT AD announced the 2019 Q4 Consolidated financial report								
02-03-2020	MONBAT AD announced the 2019 Q4 Bond reports								
13-03-2020	MONBAT AD announced the following information: With the present we would like to inform all investors and stakeholders, that according the article 75, paragraph 1, p.2 of the Trading Rules, part IV of BSE AD and regarding the resolution of the Bulgarian Parliament from 13.03.2020 for State of Emergency and also to protect the interest of the investors of Monbat AD, both in shares and bonds, the Corporate Board of Monbat AD requested to BSE AD to stop immediately the trade of the issued by the company securities: Emission securities BSE Code 5MB and ISIN code BG1100075065 Emission securities BSE Code 5MB and ISIN code BG2100023170 until the end of the State of Emergency or by the explicitly request of the company. Please find enclosed the request to BSE AD								
26-03-2020	MONBAT AD announced the following information: In February, 2020 the companies in the economic group of Monbat AD have generated consolidated net sales revenues from continuing operations in the amount of BGN 23 882 thousand which represents a decrease of 15.8 % compared to the consolidated net sales revenues generated in February, 2019. The summarized data for the first two months of 2020 show that the companies in the economic group of Monbat AD have generated consolidated net sales revenues in the amount of BGN 49 624 000 which represents a decrease by 12.70 % compared to the consolidated net sales revenues for the same period of 2019. The generated net sales revenues from continuing operations for 2020 in the amount of BGN 49 624 thousand are allocated as follows: <table border="1"> <tr> <td>Production</td><td>BGN 47 189 thousand</td></tr> <tr> <td>Products</td><td>BGN 359 thousand</td></tr> <tr> <td>Services</td><td>BGN 621 thousand</td></tr> <tr> <td>Others</td><td>BGN 1 455 thousand</td></tr> </table>	Production	BGN 47 189 thousand	Products	BGN 359 thousand	Services	BGN 621 thousand	Others	BGN 1 455 thousand
Production	BGN 47 189 thousand								
Products	BGN 359 thousand								
Services	BGN 621 thousand								
Others	BGN 1 455 thousand								

The generated consolidated result from continuing operations (without the led lightning business segment) before taxes of the companies in the economic group of Monbat AD for February, 2020 is a profit of BGN 925 thousand, which represents a decrease of 54.6 % compared to the prior period of 2019.

The summarized data for the first two months of 2020 show that the companies in the economic group of Monbat AD have generated profit before taxes in the amount of BGN 1 884 000, which represents a decrease by 54.2 % compared to the generated consolidated profit before taxes for same period of 2019.

The consolidated EBITDA of the Group from continuing operations for the month of February 2020 stands at BGN 2 439 thousand which represents a decrease of 31.1 % to the comparative period of February 2019.

The summarized data for the first two months of 2020 show that the companies in the economic group of Monbat AD have reached EBITDA in the amount of BGN 5 119 000 which represents a decrease by 27.6 % compared to same period of 2019.

The consolidated EBITDA for the two months of 2020 is matching the Base Plan Target for 2020 showing a modest deviation of 1.2% (Base Plan EBITDA for the period ending February 2020 – BGN 5 181 000). The Base Plan consolidated EBITDA for 2020 is BGN 48 900 000 which represents and increases of 25.9% compared to the preliminary consolidated EBITDA numbers for 2019.

The lower results for the two months of 2020 in comparison to the same period of 2019 are due to lower demand in the European market which could partially be attributed to yearly cyclicity aspects and warmer weather. In 2019 the Group has diversified the geographical mix of the sales structure of starter lead acid batteries by focusing on markets in Africa and Middle East. Those markets are characterized by “high season” demand which starts in the second quarter of the year and therefore complements the decrease of the demand in the European market in the same period. The same sales strategy is valid for 2020.

27-03-2020

MONBAT AD announced the following information:

Monbat AD and its subsidiary company Start AD during the state of emergency because of COVID-19

Sofia, March 27th 2020 During the state of emergency, declared by the Republic of Bulgaria because of Covid-19 spread, Monbat Economic Group continues to operate in strict compliance with all hygiene and sanitary requirements needed for establishing safe and healthy working conditions for its employees. Corporate management is aware of the responsibility it holds towards its employees, partners, distributors and

customers, and to the whole community.

The production facilities in Montana and Dobrich continue to operate without disruption of the production cycle. All administrative, logistical and commercial functions are also being carried out. The employees of the administrative units are encouraged to work remotely from their homes, and for the workers in the facilities are provided additional personal and protective equipment and nutritional supplements for the strengthening of the immune system; the body temperature of each person is measured at the entrances of the enterprises.

The working schedule is rearranged in order to avoid the people crowding both in the administrative and sanitary facilities; all areas are being disinfected on a schedule at least three times per day. Access by outsiders is restricted and, if necessary, allowed after measuring body temperature, disinfection and distribution of personal protective equipment. Dispensers with hand sanitizers are also available in every room.

In these critical times, the company's management calls for unity, discipline and responsible behavior to adequately address the challenges that the business is facing in order to continue the operations of the Group's companies and to avoid risky situations for employees, partners and all stakeholders and their families.

"We are aware of the severity of the situation as well as of our responsibilities. In these circumstances, we understand how important it is that we do everything possible to support our employees, and thus the entire economic life in the regions, where we operate, taking into account all restrictions and recommendations imposed by the situation", commented Margarita Borisova, Director Human capital in Monbat Group.

30-03-2020

MONBAT AD announced the following information:

In relation with the instructions of the Financial Supervision Commission, published on 27.03.2020, we hereby announce that regarding the declared State of Emergency with a Decision of the National Assembly of the Republic of Bulgaria and the Law on Measures and Actions adopted during the State of Emergency, announced by a Decision of the National Assembly of March 13, 2020, promulgated in issue 28 of March 24, 2020 of the State Gazette, Monbat AD will publish the audited annual financial report as of 31.12.2019, not later than 30.04.2020.

The underlying reason for the delay is the introduced remote working mode and the constant exchange of e-correspondence between the financial department and the registered auditors regarding the clarification of individual items on the balance sheet of the Company, as well as additional information regarding the effects of COVID-19 on the company's activity.

The management board of the company makes every effort to draw up and present the audited annual financial report as of 31.12.2019 before 30.04.2019, for which all

stakeholders will be informed in due time.

2. IMPACT OF THE IMPORTANT DEVELOPMENTS FOR MONBAT AD THAT OCCURRED AS AT 31.03.2020 ON THE RESULTS IN THE FINANCIAL STATEMENTS

As at 31.03.2020 MONBAT AD reports individual net sales revenues in the amount of BGN 74 518 000 which represents an decrease by 21.34 % compared to the individual net sales revenues generated as of 31.03.2019 in the amount of BGN 94 736 000.

The individual profit before taxes generated by MONBAT AD as at 31.03.2020 is in the amount of BGN 3 974 000 compared to the individual profit before taxes as at 31.03.2019 in the amount of BGN 3 697 000. This represents an increase of the profit before taxes by 7.49 %.

The individual net profit of MONBAT AD as at 31.03.2020 is in the amount of BGN 3 512 000 and reports an increase by 5.50 % compared to the individual net profit of the company as at 31.03.2019 which is in the amount of BGN 3 329 000.

As at 31.03.2020 EBITDA (profit before interest + amortization, decreased with financial incomes and increased with financial expenses) of MONBAT AD on an individual basis is in the amount of BGN 5 815 000 compared to EBITDA reported as at 31.03.2019 on an individual basis in the amount of BGN 5 347 000. This represents an EBITDA increase by 8.75 %.

As at 31.03.2020 EBIT (profit before interest, decreased with financial incomes and increased with financial expenses) of MONBAT AD on an individual basis is in the amount of BGN 4 153 000 compared to EBIT on an individual basis in the amount of BGN 3 866 000 as at 31.03.2019. This represents an EBIT increase by 7.42 %.

FINANCIAL INDICATORS

Table No 2

LIQUIDITY RATIOS	31.3.2020	31.3.2019
Total liquidity ratio	1,40	1,58
Quick liquidity ratio	1,17	1,35
Absolute liquidity ratio	0,10	0,23
Immediate ratio	0,10	0,23

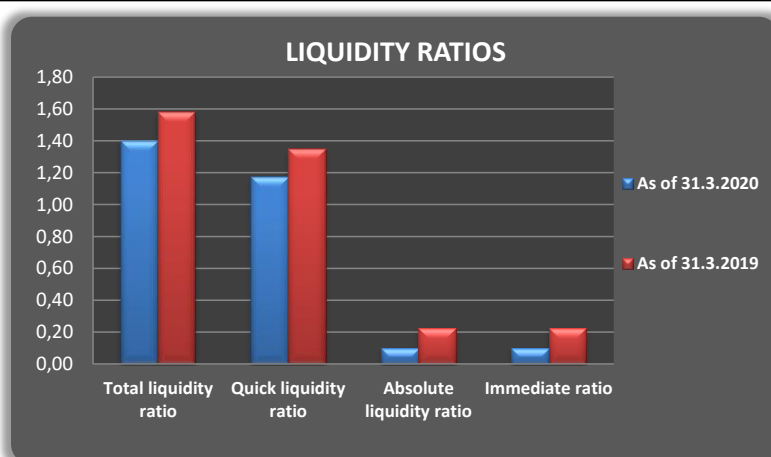


Table No 3

PROFITABILITY RATIOS	31.3.2020	31.3.2019
Profitability of capital	0,090	0,085
Return on equity(ROE)	0,021	0,020
Return assets (ROA)	0,0094	0,0093

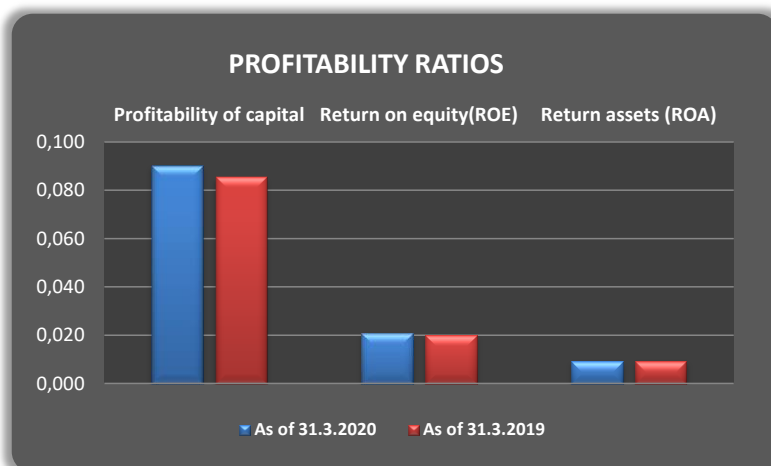


Table No 4

LEVERAGE RATIOS	31.3.2020	31.3.2019
Financial leverage Ratio	1,22	1,16
Debt/Assets	0,55	0,54
Equity to Debt Ratio	0,82	0,86

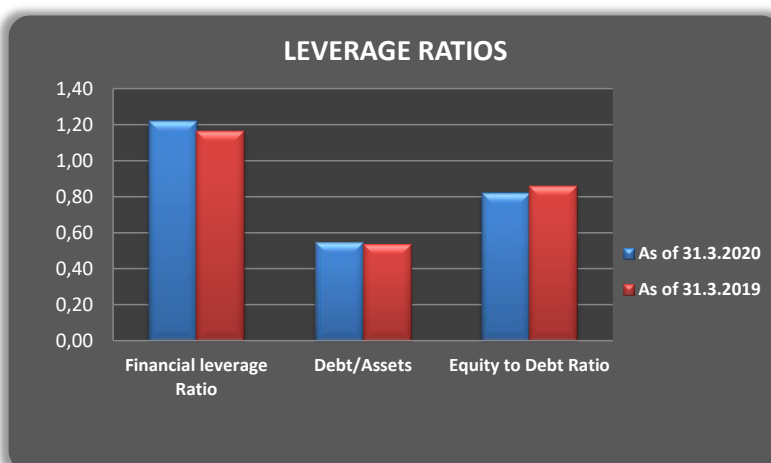
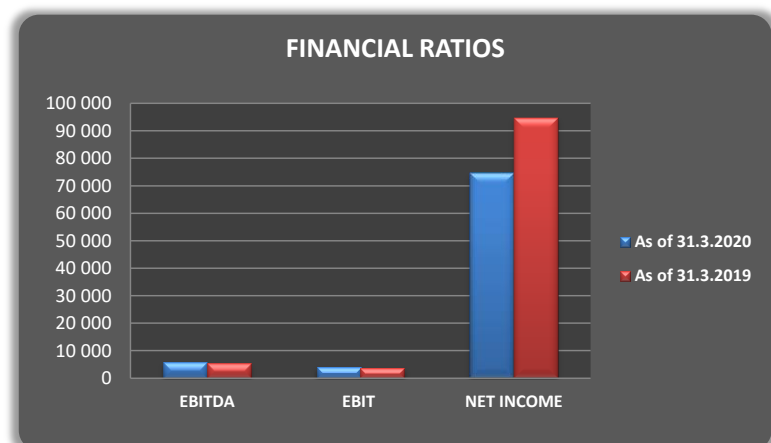


Table No 5

FINANCIAL RATIOS	31.3.2020	31.3.2019
EBITDA	5 815	5 347
EBIT	4 153	3 866
NET INCOME	74 518	94 736



3. DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES WHICH MONBAT AD WILL FACE DURING THE FOLLOWING FINANCIAL PERIOD

SYSTEMATIC RISKS

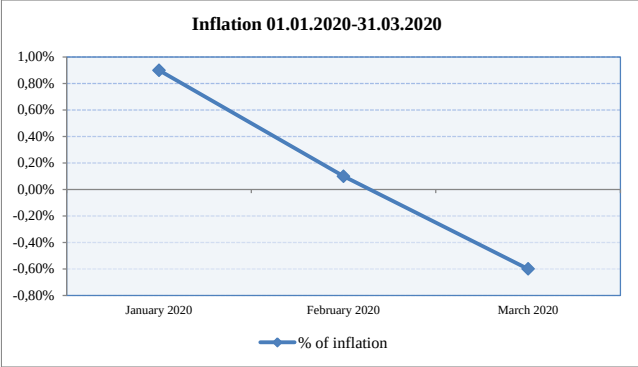
Systematic risks are related to the market and the macro-environment the Company operates in, and therefore could not be managed or controlled by the company management team. The following are examples of systematic risks: political risk, macroeconomic risk, inflation risk, currency risk, interest rate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

Table No. 6

Risk type	Description
POLITICAL RISK	Political risk is the probability of changing the government or a sharp change in the direction of its policy, the risk of occurrence of domestic political shocks and adverse changes to the European and/or national legislation, which results in a way that the environment for operation of the domestic business entities would suffer an adverse change and investors would accrue losses. International political risks for Bulgaria, on one hand, are related to the commitments undertaken for major structural reforms in the country, in its capacity as a full member of EU, improving social stability, limiting inefficiency costs, and on the other hand, major destabilization of the Middle East states, intensifying threats of terrorist attacks in Europe, waves of refugees and instability of key countries in direct proximity to Bulgaria. Bulgaria, as all other EU member states in this region, continues to be severely affected by the general European problems with the intensive wave of refugees coming in from the Middle East. Other factors also affecting this risk are possible legislative changes, in particular changes referring to the business and investment climate in the country.
OVERALL MACROECONOMIC RISK	According to data of the National Institute of Statistics, in March 2020 the overall business climate indicator has decreased by 3.7 points compared to February (Figure 1 of the annex) due to the deteriorating business climate in industry, retail and services. Business climate – total  Source: NIS The composite indicator 'business climate in industry' in March 2020 remains at approximately its level from the previous month. The survey registered a decrease in the production security with orders, which was accompanied by less favorable expectations for the activity of the enterprises over the next three months. The main factors hampering enterprises continue to be linked to the uncertain economic environment and labor shortages, with an increase in their negative impact in the last month. With regard to sales prices in the industry, the prevailing expectations of managers are that they will remain unchanged over the next three months. According to data of the National Institute of Statistics, in March 2020 the composite indicator 'business climate in construction' remains at its level since February. The expectations of construction contractors remain optimistic about both the business situation of enterprises over the next six months and their activity over the next three months. In terms of industry employees, forecasts are also in direction of increasing. The uncertain economic environment,

	labor shortages and competition in the industry remain to be the most serious obstacles to business development, with the survey taking into account the increasing negative impact of the first factor. In terms of selling prices in construction, managers expect to remain at their level for the next three months. According to data of the National Institute of Statistics, in March 2020 the composite indicator 'business climate in retail' increased by 2.6 points mainly due to the more optimistic expectations of retailers about the business situation of enterprises over the next six months. At the same time, their sales volume forecasts are improving over the next three months. The most serious problem hampering business is the continuing competition in the industry, followed by insufficient demand and an uncertain economic environment. Most retailers expect sales prices to remain unchanged over the next three months. According to data of the National Institute of Statistics, in March 2020 the composite indicator 'business climate in the services sector' has remained at approximately its level since February. Managers' estimates of current demand for services have been reserved and their expectations for the next three months have shifted to more moderate opinions. The main obstacles to business remain related to competition in the industry and the uncertain economic environment. In terms of sales prices, managers are projecting some increase, although the prevailing expectations are to maintain their level over the next three months. The economic assessment of the Governing Council of the European Central Bank as of 12 March 2020 reports that the real GDP growth in the euro area remained on a tight track - 0.1% in the fourth quarter of 2019, up from 0.3% in the previous quarter, the result of the continued weakening of the manufacturing sector and the slowdown in investment growth. Incoming economic data and surveillance information note low-level growth dynamics in the euro area that do not yet fully reflect changes related to coronavirus, which began spreading in continental Europe at the end of February, adversely affecting economic activity. In the aftermath of the shocks arising from the spread of the coronavirus, euro area growth is expected to regain its momentum in the medium term, supported by favorable financing conditions, the fiscal position of the euro area and the expected recovery in global activity. According to the macroeconomic forecast of ECB experts, real GDP is expected to grow annually by 0.8% in 2020, 1.3% in 2021 and 1.4% in 2022. Compared to the December macroeconomic forecast in 2019, real GDP growth prospects have been revised down by 0.3 percentage points for 2020 and 0.1 percentage points for 2021, mainly due to the outbreak of coronavirus infection, as the recent rapid spread of the virus in the euro area is only partially reflected. The risks to the euro area's growth prospects tend to be downgraded. With the spread of the coronavirus, a new and significant source of risk reduction is being added to the downside of the risks associated with geopolitical factors, increasing protectionism and vulnerability in emerging markets. The European Commission identifies the coronavirus pandemic as a major shock to the European and global economy. EU countries have already adopted or are in the process of adopting budgetary measures in the area of liquidity and policy in order to enhance the capacity of their health systems and to assist those citizens and sectors that are particularly affected. The Commission has adopted large-scale economic measures in response to the pandemic, made full use of the flexibility of EU fiscal rules, revised State aid rules and launched a Coronavirus Investment Initiative with a budget of EUR 37 billion to provide liquidity to small businesses and of the health sector. In addition, on 2 April the Commission proposed comprehensive measures to mobilize all resources in the EU budget to protect human life and livelihoods. The Commission has launched a new initiative called SURE, which contributes to job retention and support for families. It also proposed that all available Structural Funds be redirected to coronavirus action. Farmers and fishermen will also receive assistance as well as those most in need. An EU health solidarity initiative with a budget of € 3 billion will help meet the needs of EU countries' health systems.
INTEREST RISK	Interest risk is related to possible contingent negative changes in interest rate levels, implemented by the financial institutions of the Republic of Bulgaria.

	At its meeting on monetary policy on 12 March 2020, the Governing Council of the ECB, on the basis of an assessment of the prospects for the development of the euro area economy and inflation and taking into account the latest macroeconomic projections of the Eurosystem experts, decided to maintain the ECB's basic interest rates unchanged. They are projected to remain at current or lower levels until such time when the outlook for inflation is steadily approaching the forecast horizon to a level close to but below 2%, and this approximation is reflected in the underlying inflation dynamics. Base Interest Rate 0,50 0,40 0,30 0,20 0,10 0,00 January 2020 February 2020 March 2020 — Base Interest Rate 01.01.2020 - 31.03.2020 *Source: BNB
INFLATION RISK	Inflation risk is an overall increase in prices, where money is devaluated and there is a probability of households and companies to accrue losses. According to data of NIS, the consumer price index for January 2020 compared to December 2019 is 100.9%, i.e. the monthly inflation is 0.9%. The annual inflation in January 2020 compared to January 2019 is 4.2%. The average annual inflation for the period February 2019 - January 2020 compared to the period February 2018 - January 2019 is 3.2%. According to data of NIS, the harmonized consumer price index for January 2020 compared to December 2019 is 100.5%, i.e. monthly inflation is 0.5%. Annual inflation in January 2020 compared to January 2019 is 3.4%. The average annual inflation for the period February 2019 - January 2020 compared to the period February 2018 - January 2019 is 2.5%. The consumer price index for February 2020 compared to January 2020 is 100.1%, i.e. monthly inflation is 0.1%. The inflation since the beginning of the year (February 2020 compared to December 2019) is 1.0%, while the annual inflation for February 2020 compared to February 2019 is 3.7%. The average annual inflation for the period March 2019 - February 2020 compared to the period March 2018 - February 2019 is 3.2%. The harmonized index of consumer prices for February 2020 compared to January 2020 is 100.0%, i.e. monthly inflation is 0.0%. The inflation since the beginning of the year (February 2020 compared to December 2019) is 0.5%, while the annual inflation for February 2020 compared to February 2019 is 3.1%. The average annual inflation for the period March 2019 - February 2020 compared to the period March 2018 - February 2019 is 2.6%. The consumer price index for March 2020 compared to February 2020 is 99.4%, i.e. monthly inflation was negative 0.6%. The inflation since the beginning of the year (March 2020 compared to December 2019) is 0.4%, while the annual inflation for March 2020 compared to March 2019 is 3.0%. The average annual inflation for the period April 2019 - March 2020 compared to the period April 2018 - March 2019 is 3.2%. The harmonized index of consumer prices for March 2020 compared to February 2020 is 99.5%, i.e. monthly inflation is negative 0.5%. The inflation since the beginning of the year (March 2020 compared to December 2019) is 0.0%, while the annual inflation for March 2020 compared to March 2019 is 2.4%. The average annual inflation for the period April 2019 - March 2020 compared to the period April 2018 - March 2019 is 2.6% <i>Note: Due to the epidemiological situation in the country and the measures to limit the spread of coronavirus taken by the Government and Parliament, conducting statistical surveys of consumer prices providing information on the production of consumer price indices and inflation has been difficult.</i>

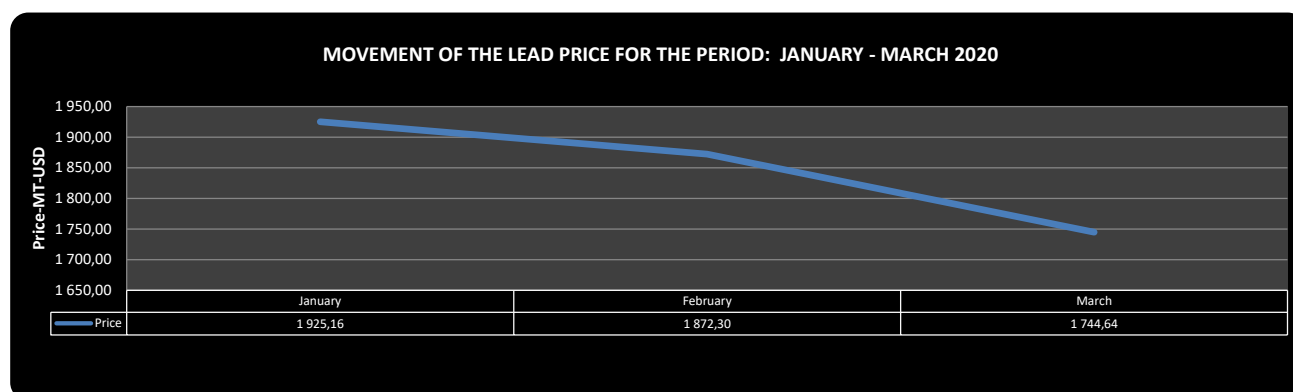
	<i>The National CPI, HICP and CCIM for March 2020 were produced in accordance with Eurostat Methodological Recommendations on HICP production in the context of the COVID-19 crisis, on the following principles:</i> • <i>fixed statistical weights used in the calculation of the indices;</i> • <i>production of all indices according to the ECOECOP classification (European classification of individual consumption by purpose);</i> • <i>minimizing the number of imputed prices and sub-indices where possible;</i> • <i>estimation of missing price observations by applying imputation methods.</i>  *Source: NIS
CURRENCY RISK	The currency risk exposure is the dependence on and the effects of the currency exchange rates changes. The systematic currency risk is the probability of possible change in the currency regime of the Country (Currency Board), which would result either in devaluation of the Bulgarian lev (BGN) or in appreciation of the BGN against foreign currencies. Currency risk will have impact on companies with market shares, which are completed in a currency other than BGN and EUR. Due to the laws in force in the country, the Bulgarian lev is fixed to the Euro at an exchange rate of EUR 1 = BGN 1.95583, and the Bulgarian National Bank has to maintain a level of Bulgarian leva in turnover equal to the currency reserves of the bank, the risk of devaluation of the BGN compared to the European currency is minimum, and for the most part consists in a possible elimination of the currency board in the country. At this stage, this appears to be very unlikely because the Currency Board is expected to be removed at the time of accepting the Euro as official legal tender in Bulgaria. Theoretically, the currency risk could be increased when Bulgaria joins the second phase of the European Exchange Rate Mechanism (ERM II). This is a regime in which the country has to maintain the currency exchange rate against the Euro within the limits of +/-15% from central parity. In practice, all countries which are currently in the mechanism (Denmark, Estonia, Cyprus, Lithuania, Latvia and Malta) have experienced fluctuations at a rate significantly lower than the eligible $\pm 15\%$. Bulgaria is expected to enter the ERM II exchange rate mechanism, known as the "Eurozone waiting room". At the same time, our country must cooperate closely with the unified banking supervision. In order to join ERM II, Bulgaria must fulfill all the criteria of the Maastricht Treaty, which set debt and deficit limits for each country in the EU. There is also a criteria related to inflation. The fixed exchange rate of BGN to EUR does not eliminate the risk for the Bulgarian currency of adverse changes in the exchange rate of EUR to the exchange rate of the other main currencies (the US dollar, the British pound, the Swiss franc) on the international financial markets, but at present the company does not consider such a risk as being significant as regards to its operations. The company could be affected by the currency risk depending on the type of transaction of financial proceeds and the type of currency of any contingent loans of the company. According to "External Debt Statistics: Guide for Compilers and Users", page 7, paragraph 2.3, Gross Foreign Debt at a given time represents the amount of the current and unconditional obligations, requiring payment(s) of the principal and/or interest by the debtor in a given time in the future, which are due by non-residents to residents in a certain economy. High gross

	foreign debt is a prerequisite for potential problems with repayment of the debts, especially in case when a significant degree of currency risk exists. According to BNB data of 28.04.2020, the gross external debt at the end of February 2020 is EUR 33 826.7 million (52% of GDP²), which is down with EUR 244.6 million (0.7%) compared to the end of 2019 (EUR 34 071.3 million, 56.2% of GDP). Debt decreased by EUR 191.5 million (0.6%) compared to February 2019 (EUR 34 018.1 million, 56.2% of GDP). Long-term liabilities at the end of February 2020 amounted to EUR 25 674.8 million (75.9% of gross debt, 39.5% of GDP), increasing by EUR 27.8 million (0.1%) compared to the end of 2019 (25 647 million. euro, 75.3% of debt, 42.3% of GDP). Long-term debt decreased by EUR 210.9 million (0.8%) compared to February 2019 (EUR 25 885.7 million, 42.7% of GDP). Short-term liabilities amounted to EUR 8151.8 million (24.1% of gross debt, 12.5% of GDP) and decreased by EUR 272.4 million (3.2%) compared to the end of 2019 (EUR 8424.3 million, 24.7% of debt, 13.9% of GDP). Short-term external debt increased by EUR 19.4 million (0.2%) compared to February 2019 (EUR 8132.4 million, 13.4% of GDP).
TAX RISK	Preservation of the current taxation regime is of defining importance for the financial result of the companies. There is no guarantee that the tax laws, which are of direct consequence for the operation of the company, would not be changed in a direction which would result in a significant overhead expenses and respectively would have an adverse effect on the profit of the company. The taxation system in Bulgaria is still undergoing the process of development and consequently the existence of contradictory tax practices is a possibility.

UNSYSTEMATIC RISKS

RISK OF PRICE CHANGES IN THE BASIC PRIME AND RAW MATERIALS

The principal activity of MONBAT AD is production and trading with accumulator and lead-acid batteries – starter batteries, stationary batteries for telecom application, semi-traction batteries, specialized batteries – army power range and locomotive batteries. Major prime and raw materials for the company's production process are lead and lead alloys, polypropylene, polyethylene separator and sulfuric acid.



As at 31.03.2020, lead takes approximately 70 % of the cost structure per unit.

**Average lead price for the period 01.01.2020 – 31.03.2020 is – 1 847.37 USD/MT

The risk of price change in the basic raw material – lead is being managed through construction of company's own recycling facilities and through an indexation of sales prices to end customers.

DEPENDENCE OF MONBAT AD ON DISTRIBUTORS, SUPPLIERS, CUSTOMERS

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

As a result of its marketing and distribution strategy, Monbat enjoys excellent market diversification, with sales in more than 75 countries in the 2020 Q1 and important markets for this period are France, Netherlands, Germany, Great Britain and Russia. With its well-developed distributor network Monbat accesses end customers in from all the major markets in the EU. Starter batteries ultimately are retailed through automotive retailers and repair shops. Stationary batteries are sold directly to telecom companies and other users.

Breakdown of the markets of MONBAT AD on an individual basis as at 31.03.2020 is shown in the table below.

Table No 7

	31.03.2020		31.03.2019	
Country	Export (EUR '000)	%	Export (EUR '000)	%
OTHER	6 224,75	20,83	7 182,40	19,98
FRANCE	3 087,28	10,33	4 708,15	13,10
NETHERLANDS	2 289,34	7,66	2 115,26	5,88
GERMANY	2 106,11	7,05	3 546,59	9,87
GREAT BRITAIN	1 891,94	6,33	2 519,37	7,01
RUSSIA	1 540,51	5,15	2 346,81	6,53
LEBANON	1 490,83	4,99	513,16	1,43
SAUDI ARABIA	1 481,28	4,96	1 210,57	3,37
SPAIN	1 163,46	3,89	1 578,12	4,39
ROMANIA	1 138,99	3,81	3 229,23	8,98
REPUBLIC OF SOUTH AFRICA	1 072,73	3,59	1 263,35	3,51
BELARUS	1 010,21	3,38	255,51	0,71
ALGERIA	998,21	3,34	354,34	0,99
ITALY	789,12	2,64	1 501,29	4,18
POLAND	763,41	2,55	1 070,27	2,98
GREECE	664,69	2,22	886,42	2,47
SERBIA	608,50	2,04	649,36	1,81
SLOVAKIA	540,62	1,81	243,65	0,68
TAIWAN	521,79	1,75	429,60	1,20
IRELAND	505,74	1,69	346,19	0,96
TOTAL	29 889,51	100,00	35 949,64	100,00

For the period 01.01.2020 – 31.03.2020 MONBAT AD has generated individual revenues from abroad totaling EUR 29 889 000 which represent 78.45 % of the total net sales revenues.

For the period 01.01.2020 – 31.03.2020 major market for MONBAT AD was France with EUR 3 087 000 sales revenues which represents 10.33 % of the total individual export of the company.

The generated individual sales revenues on the domestic market basis as of 31.03.2020 were in the amount of BGN 16 059 000 (EUR 8 211 000) and represent 21.55 % of the net sales revenues of the company.

**4. INFORMATION ABOUT THE CONCLUDED LARGE TRANSACTIONS WITH RELATED PARTIES
AS AT 31.03.2020**

All transactions with related parties have been announced in the interim individual financial statement of MONBAT as at 31.03.2020.

Date: 05.06.2020

For MONBAT AD:

Petar Hristov
/Procurator of MONBAT AD /