

REPORT

ON THE ACTIVITY OF THE INVESTOR RELATIONS DIRECTOR OF KORADO-BULGARIA AD – Strazhitsa for 2017

The present Report is prepared by Snezhana Baycheva – Investor Relations Director of Korado-Bulgaria AD (referred to hereinafter as the “**Company**”) in accordance with the requirements of the Law on Public Offering of Securities (“**LPOS**”). It will be presented as follows:

- by way of information of the members of the Management Board and the Supervisory Board of the Company (the “**MB**” and the “**SB**”); and
- by way of approval of the Regular Annual General Meeting of the Shareholders of the Company, scheduled for 23 May 2018,

as follows:

1. Legal Grounding

In performance of Art. 116r, Par. 4 of the LPOS, I do hereby present a report for my activity as the Investor Relations Director of the Company for the period 1 January 2017 – 31 December 2017 (referred to hereinafter as the “**Reported Period**”).

2. Status and Liability of the Investors Director

In my capacity as the Investor Relations Director of the Company my duties and liability by law and in accordance with the Articles of Association of the Company are contained within the following:

- cooperation upon the exercise of effective communication between the MB and the SB of the Company and the current shareholders and potential investors of the Company;
- submission within the term stipulated by law of the materials with regard to the convocation of a General Meeting (referred to hereinafter as the “**GM**”)– to any of the shareholders who have requested to get acknowledged with them;
- keeping and up-dating a register of the held meetings of the MB and SB in a manner, as required by law;
- attendance and record keeping of due documentation of the meetings of the MB and the SB;
- submission in a due course of all the necessary reports and notifications of the Company to the Financial Supervision Commission (the FSC), Bulgarian Stock Exchange – Sofia AD (BSE), and the Central Depository AD (CD); and
- record keeping of the described above documentation and keeping of a register of the enrolled requests on disclosure of information about the Company, the cases of such disclosure or denials to disclose such information as well as of the reasons thereto.

3. Purposes of the Activity of the Investor Relations Director

The conduct of my activity as the Investor Relations Director of the Company targets the realization, to the maximum possible extent, of the following objectives:

- (i). coordination of the effective cooperation and the mutual awareness between the Bodies of Management and Supervision of the Company and its current shareholders and potential investors;
- (ii). duly and comprehensive disclosure of interior information to the institutions, the Bulgarian Stock Exchange, the Central Depository and the general public whereas this is mandatory;
- (iii). duly and comprehensive disclosure of regulated information before the official and thereof respectively entitled authorities and before the general public – by its announcement on the Internet site of the Company (<https://www.korado.bg/druzhestvo-korado/for-investors.html>) and by the electronic platform www.x3news.com;
- (iv). equal treatment of the shareholders and defence of their rights and interests; and

- (v). maintenance of up-to-date data and documents for the operations and resolutions of the Bodies of the Company, amongst which, but not only: Minutes of sessions of the MB and the SB, Minutes of held General Meetings of the Shareholders, financial statements, registration documents, management reports.

4. Activity within the Reported Period

Save for the operations conducted on a daily basis, the other particular operations conducted by me within the Reported Period in my capacity as the Investor Relations Director of the Company are as follows:

4.1. *Announcement of Interior Information and of Other Information about the Company under the Law on Implementation of Measures Against Market Abuse of Financial Instruments and Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC:*

On 23 January 2017 was announced information on receiving by the Company of a notification under Art. 145, Par. 1 of the LPOS, dated 20 January 2017, by the shareholder Korado, a.s., Czech Republic, according to which after a deal closed on 17 January 2017 the shareholder was holding 7,427,409 shares, representing circa 84.60% of the registered capital of the Company.

4.2. *Announcement of Financial Statements and of Reports on the Activity of the Company*

On 30 January 2017, 27 April 2017, 28 July 2017, 30 October 2017 and 6 November 2017 were made announcements of the Interim Financial Statements of the Company for the respective past quarterly periods.

On 30 March 2017 were announced the Annual Financial Statements of the Company as of 31 December 2016.

4.3. *Activity Related to Held General Meetings of the Shareholders of the Company*

On 30 March 2017 to the FSC were presented, and to the shareholders – made available, the invitation for convocation of the Regular Annual GM scheduled for 23 May 2017, together with the materials appended to it. On 12 April 2017 was made a follow-up announcement of the publications of the invitation into the Official Journal and a central daily newspaper.

On 23 May 2017 were announced the Minutes from the Regular Annual GM held on 23 May 2017, together with the list of the votes, cast via attorneys-in-fact.

On 26 June 2017 to the FSC were presented and to the shareholders – made available, the invitation for convocation of an extraordinary GM, scheduled for 9 August 2017, together with the materials appended to it. On 6 July 2017 was made a follow-up announcement of the publications of the invitation into the Official Journal and a central daily newspaper.

On 9 August 2017 were announced the Minutes from the extraordinary GM, held on 9 August 2017, together with the list of the votes, cast via attorneys-in-fact and new Articles of Association of the Company.

4.4. *Activity Related to Held Sessions of the MB and the SB of the Company*

Within the Reported Period were held 6 regular and extraordinary sessions of the MB and were taken 2 *in-absentio* resolutions. The Minutes of the sessions are prepared and signed in accordance with the requirements of Art. 239 of the LC. The Minutes and the appendices to them are kept in the Company, as upon request, they could be presented to authorised persons.

Within the Reported Period were held 5 regular sessions of the SB and were taken 3 *in-absentio* resolutions. The Minutes of them are prepared and signed in accordance the requirements of Art. 239 of the LC. The Minutes and the appendices to them are kept in the Company.

4.5. *Activity Related to the Distribution of Dividend*

On 1 June 2017 were notified the respective authorities and was announced information on the taking of a resolution by the GM of the Company for the distribution of dividend, together with the conditions and procedure for its payment.

4.6. *Announcement of other (non-regulated) information*

On 31 January 2017 was announced information related to the financial results achieved by the Company in the year 2016, more specifically information related to the growth of the profit of the Company before tax (51%) and of the revenue of the Company (18,6%).

On 27 April 2017 was announced information on the results of the Company for the first quarter of the year 2017, which accounted for growth in the sales of the Company of 73%.

On 23 May 2017 was announced information on the commencement of a premium distribution of shares.

On 7 August 2017 was announced information on the reaching of a market price of BGN 9 per one share of the Company.

On 11 October 2017 was announced information on the appointment of Elana Trading AD as a market-maker of the Company.

On 30 October 2017 was announced information on a growth of 43% of the profit of the Company for the first 3 quarters of the year 2017.

On 15 November 2017 and 17 November 2017 was announced information the relocation of the issue of shares of the Company from the Standard Segment to the Premium Segment of the Main Market BSE of BSE. By such relocation was confirmed the adherence of the shares issued by the Company to the most stringent requirements regarding corporate governance and maintenance of level of liquidity.

On 17 November 2017 was announced information on the compliance by the Company with the requirements for the assignment of LEI code.

5. **Effective Communication with the Investment Community**

In the year 2017 the usual interest in the activities of the Company was expressed by investors and the media. Meetings were held with investors, where, along with the financial results of the Company, was discussed also the information disclosed to the regulatory bodies, the financial market and the general public.

A number of inquiries were received during the year – both by shareholders and by potential investors – most often with relation to the published financial statements and the expected future developments. All persons who requested information about the Company received detailed and timely additional clarifications, in strict compliance with the legal requirements concerning the disclosure of information on publicly-traded companies.

6. **General Conclusions**

In compliance with the requirements of the LPOS, the Articles of Association of the Company and the undertaken particular measures on the enhancement of the work and improvement of the communication with the shareholders and the potential investors, in my capacity of an Investor Relations Director, I would hereby state the following with regard to the Reported Period:

- **The disclosed inside information about the Company has always been full and accurate, presented to the investors in an accessible manner.**
- **The disclosed regulated information regarding the Company has always been in accordance with the requirements of law on its substance and form.**
- **In the Company, there are practically established processes of the organisation of disclosure of information to the general public.**
- **No delays of the disclosure of regulated information towards the competent authorities and the general public have been allowed.**
- **The established procedural rules and the legal requirements for keeping record of the General Meeting of the Shareholders of the Company, of the sessions of the MB and of the SB, have been adhered to.**

7. **Outlook for 2018**

As in the past year 2017, in 2018 the activities of the Investor Relations Director of the Company will similarly be focused on strict adherence to the legal requirements and on the further development and enhancement of excellent relations with the shareholders of the Company, the investment community and the general public, in line with the best international practices in the field of investor relations.



Snezhana Baycheva
Investor Relations Director of Korado-Bulgaria AD