

NEWS RELEASE

Eurohold Completes Transformational Acquisition of CEZ Group's Business in Bulgaria

Emerging into a leading financial and utilities holding in Central and Eastern Europe serving over 7m customers across 11 countries

Sofia, 27 July 2021 - Eurohold Bulgaria AD, the largest Bulgarian public holding and a leading independent financial and insurance group in Southeastern Europe, has officially completed the acquisition of seven subsidiaries of Czech energy group CEZ in Bulgaria for EUR 335 million.

As a result of the transaction, **Eurohold**, through its wholly owned subsidiary Eastern European Electric company (EEEC), has acquired a 67% interest in CEZ Distribution Bulgaria - the largest distributor of electricity in Bulgaria (with 40% market share) and CEZ Electro Bulgaria – the largest power supplier in Bulgaria, in addition to 100% of the capital of CEZ Trade Bulgaria – the largest electricity trader in Bulgaria. Other assets acquired included IT services company CEZ ICT Bulgaria, solar park Free Energy Project Oreshetz, biomass-fired power plant Bara Group, and CEZ Bulgaria, the coordinator of CEZ Group's units in Bulgaria.

Upon acquisition and integration of CEZ Group's assets, **Eurohold** will more than double the number of customers it serves to over 7 million, and employ more than 6,000 people in 11 countries in Central, East and Southeast Europe (CESEE) and the former Soviet Union (FSU). The total assets and revenue of the combined company are expected to exceed EUR 1.5 billion, while its EBITDA is forecast to reach around EUR 120 million per annum. According to the development strategy, **Eurohold** expects to generate revenue and EBITDA of almost EUR 2 billion and EUR 200 million per annum by 2025, respectively.

“This acquisition of CEZ Group's subsidiaries is a milestone in the development of not only our company, but the Bulgarian economy as well. It has ensured an inflow of over EUR 500 million in the Bulgarian economy if we estimate the total value of the deal, including the price of the transaction, the forthcoming mandatory tender offer to the minority shareholders in two of the acquired companies and the investment program of CEZ in Bulgaria. Additionally, the acquisition will provide our clients and investors greater stability and predictability in every aspect and will generate potential synergies and favorable opportunities. Following the successful integration of CEZ Group's subsidiaries, Eurohold will aim to support the current and future investment program of CEZ in Bulgaria focusing on customer service, network upgrade and maintenance, innovations, technologies and digitalization, as well as renewable energy and energy efficiency.. We are grateful to CEZ Group's management team for their professionalism and cooperation and would like to express our gratitude to all our partners that were part of the deal - banks, financial advisors, attorneys, employees and to the whole team of over 100 people engaged in this large transaction. Eurohold will focus its future

*development in two main sectors - insurance and energy. We have already developed a leading insurance group, operating across the CEE, SEE and FSU markets. Our long-term goal is to develop Eastern European Electric Company into one of the largest utility services providers in the CESEE region”, commented **Assen Christov, Chairman of the Supervisory Board of Eurohold Bulgaria.***

Eurohold will retain most of the existing CEZ Bulgaria’s management team in order to secure the expertise and experience that has been gained through the years, while at the same time inviting new members to join the board, each of which with over 25 years of experience in the sector at leading positions in energy companies operating across Eastern Europe.

Eurohold, led by its M&A and investment banking arm **Euro-Finance AD**, financed the acquisition of CEZ Group’s subsidiaries in Bulgaria through a combination of equity raised via a capital increase and a public offering of new shares on the Bulgarian Stock Exchange (BSE) as well as a comprehensive financing package including a strategic structured investment by Metric Capital Partners, where J.P. Morgan AG acted as Exclusive Financial Adviser and Sole Placement Agent and a senior syndicated facility subscribed by commercial and multilateral development banks. J.P. Morgan AG acted as a Sole Structuring Bank, Bookrunner and Initial Mandated Lead Arranger on the syndicated loan facility, with Bank of China Luxembourg, Raiffeisen Bank International AG, RaiffeisenBank Bulgaria and Unicredit Bulbank - as Bookrunners and Mandated Lead Arrangers. The Black Sea Trade and Development Bank (BSTDB), DSK Bank, the European Bank for Reconstruction and Development (EBRD) and OTP Bank acted as Mandated Lead Arrangers and Eurobank Bulgaria, International Investment Bank and United Bulgarian Bank acted as Lead Arrangers.

Earlier this month, **Eurohold** raised over BGN 157 million (EUR 80.5 million) in own funds on the BSE via a new share issue which was supported by international and local investors, who subscribed and paid up for c. 63 million of new shares. After the capital increase, Starcom Holding AD, **Eurohold**’s majority shareholder, remained a controlling shareholder, holding more than 50% interest in the company. The capital increase was also supported by the International Bank for Economic Cooperation (IBEC). A leading US asset manager acquired a 9% stake in Eurohold and became the third largest shareholder in the company after Starcom and KJK, further strengthening Eurohold’s shareholder base and corporate governance practices.

The Bulgarian investment intermediary **Euro-Finance AD** was the Lead Manager of the public offering. Renaissance Capital acted as a Sole Financial Advisor and Public Offering Coordinator to Eurohold with respect to the offering.

Here are the other main consultants that participated in this transaction along with Euro-Finance, J.P. Morgan AG and Renaissance Capital:

- Morrison & Foerster, White & Case, Loyens & Loeff, De Brauw, STZ Law and Boyanov & Co - English, Dutch & Bulgarian Legal advisors and Legal Due Diligence Providers
- PWC - Financial and Tax Due Diligence Advisor
- PWC - Commercial Due Diligence Advisor
- NERA - Regulatory Due Diligence Advisor
- AFRY - Technical, Health, Environmental and Social Due Diligence Advisor
- Grant Thornton - Tax Structuring Advisor
- The Bank of New York Mellon - Agent
- The BNY Mellon Corporate Trustee Services - Security Agent
- DSK Bank - Bulgarian Security Agent

Eurohold Bulgaria AD

Eurohold Bulgaria is a leading independent business group in the CEE/SEE/FSU region, operating in the field of electricity distribution and supply, insurance, leasing, car sales, investment services and asset management. Eurohold is listed on the BSE and the WSE. Eurohold owns Euroins Insurance Group (EIG), one of the largest independent insurance groups in the CEE/SEE/FSU region, which operates in 11 countries and has subsidiaries in Bulgaria, Romania, the Republic of North Macedonia, Ukraine, Georgia, Russia and Belarus. EIG also operates in Greece and Poland, and has niche insurance operations in Spain and Italy. Currently the insurance group has more than 4 million clients and over 3,000 employees. Eurohold has recently acquired the subsidiaries of Czech energy group CEZ in Bulgaria through its fully-owned subholding Eastern European Electric Company, which now has more than 3,000 employees and provides services to nearly 3 million customers nationwide.

www.eurohold.bg www.eig.bg