

Interim Report on the Activity of  
Bulgarian Stock Exchange Group  
For the First Quarter of Year **2021**



# 2021

## FIRST QUARTER REPORT

### BULGARIAN STOCK EXCHANGE GROUP

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2021

	31.03.2021 BGN'000	31.03.2020 BGN'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1 583	1 608
Intangible assets	4 827	4 932
Investments in joint ventures	50	31
Investments in associated companies	205	206
Financial assets, evaluated at fair value through other comprehensive income	2 184	2 207
Deferred tax assets	337	338
Long-term prepaid expenses	292	312
	<b>9 478</b>	<b>9 634</b>
<b>Current assets</b>		
Receivables from customers	390	650
Receivables from electricity contractors	7 242	611
Other receivables and prepaid expenses	20 282	5 224
Cash and cash equivalents	147 343	176 054
	<b>175 257</b>	<b>182 539</b>
<b>TOTAL ASSETS</b>	<b>184 735</b>	<b>192 173</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Capital relating to the owners of the parent company's own funds</b>		
Share capital	6 583	6 583
Buy-back of shares	(793)	(90)
Reserves	3 974	3 942
Retained earnings / (losses)	14 675	12 749
	<b>24 412</b>	<b>23 184</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term retirement benefit obligations	138	138
Deferred taxes liabilities	426	434
Leasing liabilities	140	119
Government funding	152	191
	<b>856</b>	<b>882</b>
<b>Current liabilities</b>		
Guarantee deposits received from electricity contractors	48 137	56 010
Payables to suppliers	1 017	716
Payables to electricity contractors	108 687	109 068
Payables to personnel and for social security	311	328
Tax payables	509	1 668
Government funding	151	151
Other liabilities	655	166
	<b>159 467</b>	<b>168 107</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>184 735</b>	<b>192 173</b>

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### BULGARIAN STOCK EXCHANGE GROUP

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the period ending 31 March 2021

	31.03.2021 BGN'000	31.03.2020 BGN'000
Revenue from contracts with clients	3 820	2 925
Other operating income	71	56
Materials and consumables	(8)	(16)
Hired services	(892)	(644)
Depreciation expenses	(167)	(149)
Personnel costs	(689)	(731)
Other operating expenditure	(7)	(31)
<b>Loss / Profit from operating activities</b>	<b>2 128</b>	<b>1 410</b>
Finance revenue	14	20
Finance cost	(1)	(2)
<b>Finance revenue / (cost), net</b>	<b>13</b>	<b>18</b>
Profit / Loss from joint ventures	19	17
Profit from acquisition of subsidiaries	(1)	-
<b>Net (loss) / profit for the year</b>	<b>2 159</b>	<b>1 445</b>
Expenses for/(Economy from) profit tax	(233)	(166)
<b>Net (loss) / profit for the year</b>	<b>1 926</b>	<b>1 279</b>
<b>Other comprehensive income during the year</b>		
<i>Components that will not be reclassified (recycled) to profit or loss</i>		
Revaluations of defined revenue retirement benefit plans	-	-
Net change in the fair value of equity investments, evaluated by fair value through other comprehensive income	-	-
Income tax related to the components of other comprehensive income that cannot be reclassified	-	-
	-	-
<b>Components that will be reclassified subsequently to profit or loss:</b>		
Net change in the fair value of debt securities evaluated by fair value through other comprehensive income	5	(41)
Income tax, related to other comprehensive income, that can be reclassified	-	4
	<b>5</b>	<b>(37)</b>
<b>Other comprehensive income during the period net of tax</b>	<b>5</b>	<b>(37)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1 931</b>	<b>1 242</b>
<b>Profit/Loss for the year, pertaining to:</b>		
Parent-company shareholders	<b>1 926</b>	<b>1 279</b>
<b>Total comprehensive income, pertaining to:</b>		
Parent-company shareholders	<b>1 931</b>	<b>1 242</b>
<b>Profit / Loss per share (BGN)</b>	<b>0,29</b>	<b>0,19</b>

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### BULGARIAN STOCK EXCHANGE GROUP CONSOLIDATED STATEMENT OF CASH FLOWS for the period ending 31 March 2021

	31.3.2021 BGN'000	31.3.2020 BGN'000
<b>Cash flows from operating activities</b>		
Receipts from customers	1 483	326 563
Receipts from purchase of electricity	687 658	322 809
Payments to suppliers	(1 410)	(996)
Payments by counterparties in transactions for the purchase and sale of electricity	(716 762)	(667 889)
Payments to personnel and for social security	(702)	(580)
Paid profit tax, net	-	-
Recovered / (paid) taxes (profit tax excluding), net	2 119	2 643
Amounts received/ (reimbursed) for the Security Fund of El. System", net	921	-
Other receipts /(payments), net	(3)	(5)
<b>Net cash flows from operating activities</b>	<b>(27 939)</b>	<b>(19 940)</b>
<b>Cash flow from investing activities</b>		
Purchases of machines and equipment	(20)	(96)
Purchases of intangible assets	(26)	(5)
Payments for acquisition of subsidiaries, net cash received	-	68 955
Receipts from sale/interest from investments in financial assets evaluated by amortised cost	-	-
Receipts from interest and dividends from investments in financial assets evaluated by fair value through other comprehensive income	42	42
<b>Net cash flows from investing activities</b>	<b>(4)</b>	<b>68 896</b>
Dividend payments	-	(1)
Lease payments	(1)	(1)
Funds received	-	(1)
Acquisition of treasury shares	(705)	-
Proceeds from short-term loans	(18)	-
<b>Net cash flows from / (used in) financial activities</b>	<b>(724)</b>	<b>(3)</b>
<b>Net increase in cash and cash equivalents</b>	<b>28 667</b>	<b>48 947</b>
<b>Cash and cash equivalents on January 1</b>	<b>176 054</b>	<b>40 421</b>
Cash and cash equivalents on 31 March	<b>147 387</b>	<b>89 395</b>
Impairment provisions for expected credit losses	(44)	(21)
<b>Cash and cash equivalents on 31 March, net</b>	<b>147 343</b>	<b>89 374</b>

\* Recalculated (Note №29)

\*\* Modified retrospective application of IFRS 16 (Note №2.5)

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### BULGARIAN STOCK EXCHANGE GROUP

#### STATEMENT OF CHANGES IN EQUITY

for the period ending 31 March 2021

	Pertaining to the parent-company shareholders						Total equity
	Share Capital	Buy-back of shares	Legal reserves	Other reserves	Reserve on financial assets, evaluated by fair value	Retained earnings and losses	
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Balance at 1 January 2020</b>	<b>6 583</b>	<b>-</b>	<b>658</b>	<b>2 695</b>	<b>460</b>	<b>8 788</b>	<b>19 164</b>
<b>Changes in equity in 2020</b>							
Profit distribution for:	-	-	-	202	-	(404)	(202)
* Dividends	-	-	-	-	-	(202)	(202)
* additional reserve	-	-	-	202	-	(202)	-
<b>Total comprehensive income for the year, incl.:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58</b>	<b>4 350</b>	<b>4 292</b>
* Net profit or loss for the year	-	-	-	-	-	2 769	2 769
* other comprehensive income components, net of tax	-	-	-	-	38	(8)	30
* transfer of revaluation reserve of financial assets to retained earnings	-	-	-	-	(15)	15	-
Buy-back of shares effect incl.:	-	(90)	-	-	-	-	(90)
* buy-back of own shares	-	(90)	-	-	-	-	(90)
<b>Balance at 31 December 2020</b>	<b>6 583</b>	<b>(90)</b>	<b>658</b>	<b>2 897</b>	<b>387</b>	<b>12 749</b>	<b>23 184</b>
<b>Changes in equity in 2021</b>							
Profit distribution for:	-	-	-	-	-	-	-
* Dividends	-	-	-	-	-	-	-
* additional reserve	-	-	-	-	-	-	-
<b>Effect of acquired activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>1 926</b>	<b>1 931</b>
* Net profit/loss for the year	-	-	-	-	-	1 926	1 926
* other comprehensive income components, net of tax	-	-	-	-	5	-	5
Buy-back of shares effect incl.:	-	-	(703)	-	-	-	-
* buy-back of own shares	-	-	(703)	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-
<b>Balance at 31 March 2021</b>	<b>6 583</b>	<b>(793)</b>	<b>658</b>	<b>2 897</b>	<b>392</b>	<b>14 675</b>	<b>24 412</b>



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### 1. Introduction

The Report has been prepared in accordance with Article 100o of the Law on public offering of securities, and provides information on the development of Bulgarian Stock Exchange Group (The Group), the shareholders' structure, the Exchange members, as well as financial information.

The Report presents the achievements of the Group during the first quarter of year 2021, taking into account the key performance indicators, duly accompanied by relevant analyses and conclusions. The major trends in the development of the capital market have been outlined, as well as the main risks and uncertainties the Group faces.





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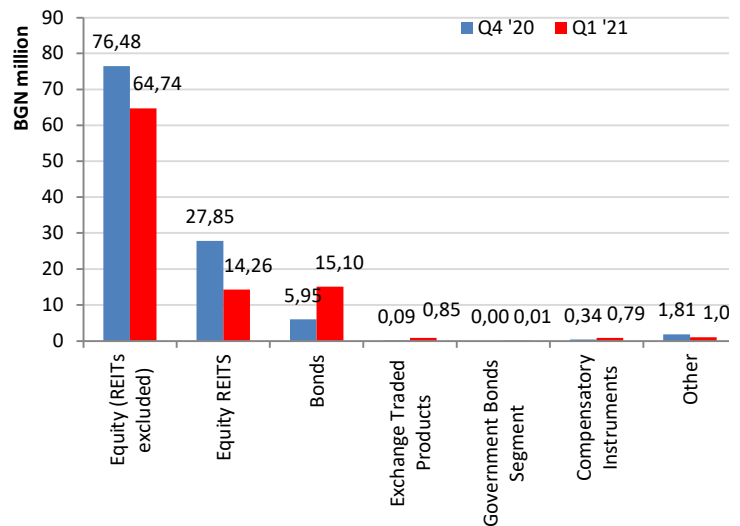
### 2. Bulgarian Stock Exchange Trading Data

#### 2.1. Turnover, number of trades

##### 2.1.1. Turnover

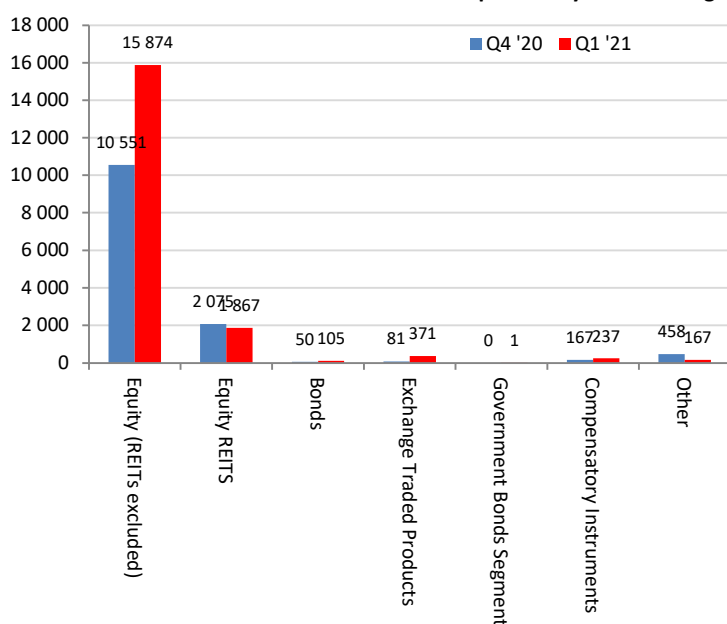
The turnover on the regulated market of financial instruments in the first quarter of 2021 was BGN 96 741 847. For comparison, in the fourth quarter of 2020 it was BGN 112 520 718, which is a decrease of 14%. As you can see in the chart, there is an increase in the turnover of exchange traded products by BGN 0,752 million, whose turnover is insignificant against the background of the turnover of the other groups of instruments, in government bonds by BGN 10,84 million, in compensatory instruments by BGN 0,453 million and in the Bonds Segment by BGN 9,15 million. The most significant was the decrease of BGN 13,59 million (-48.79%) in the turnover with shares of REITs, followed by the turnover with shares (excluding REITs), decreased by nearly BGN 11,74 million (-15,35%) and in which for the first time the realized turnover from the beam market is included. The lowest turnover was in February: BGN 27 million, and the highest - in January: BGN 38,7 million.

Chart 1: Q4 '20 and Q1 '21 turnover comparison by instrument group



##### 2.1.2. Number of trades

Chart 2: Q4 '20 and Q1 '21 number of trades comparison by instrument group



The number of transactions on the regulated market of financial instruments in the first quarter of 2021 reached 18 622. For comparison, in the previous quarter it was 13 382, which is an increase of 39%. This is mainly due to an increase in the number of transactions with Exchange traded products with 290 transactions or 358%, with bonds with 55 transactions or 110%, with Shares (excluding REITs) by 5 323 transactions or 50.45%, as well as with the Compensatory instruments with 70 transactions or 41.92%. A decrease was registered in the number of transactions with other types of financial instruments. The number of transactions was the highest in January: 7 797, and the lowest in February: 5 055 transactions. For the

first time, beam IPO rights transactions are included in this statistic.

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**Table 1. Trade structure by markets for the reported quarter (turnover BGN)**

	Market /segment	Turnover (BGN)
<b>1</b>	<b>Main market BSE</b>	<b>78 846 469</b>
a	Premium Equities Segment	5 764 811
b	Standard Equities Segment	47 781 865
c	Exchange Traded Products Segment	845 662
d	Special Purpose Vehicles Segment	8 553 876
e	Government Securities Segment	10 836
f	Compensatory Instruments Segment	793 503
g	Bonds Segment	15 095 917
<b>2</b>	<b>Beam Market</b>	<b>1 437 414</b>
a	beam IPO	1 000 000
b	beam Equities	437 414
<b>3</b>	<b>Alternative market BaSE</b>	<b>16 457 964</b>
a	Equities Segment, BaSE Market	10 751 138
b	REITs Segment, BaSE Market	5 706 826
	<b>Total</b>	<b>96 741 847</b>

**Table 2. Trade structure by markets for the reported quarter (number of trades)**

	Market /segment	Number of trades
<b>1</b>	<b>Main market BSE</b>	<b>17 062</b>
a	Premium Equities Segment	4 281
b	Standard Equities Segment	10 432
c	Exchange Traded Products Segment	371
d	Special Purpose Vehicles Segment	1 635
e	Government Securities Segment	1
f	Compensatory Instruments Segment	237
g	Bonds Segment	105
<b>2</b>	<b>Beam Market</b>	<b>653</b>
a	beam IPO	167
b	beam Equities	486
<b>3</b>	<b>Alternative market BaSE</b>	<b>907</b>
a	Equities Segment, BaSE Market	675
b	REITs Segment, BaSE Market	232
	<b>Total</b>	<b>18 622</b>

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**Table 3. Trade structure by markets for the reported quarter (number of lots)**

	Market /segment	Lots
<b>1</b>	<b>Main market BSE</b>	<b>20 332 426</b>
a	Premium Equities Segment	4 268 355
b	Standard Equities Segment	10 281 079
c	Exchange Traded Products Segment	557 755
d	Special Purpose Vehicles Segment	2 161 803
e	Government Securities Segment	10
f	Compensatory Instruments Segment	3 050 827
g	Bonds Segment	12 597
<b>2</b>	<b>Beam Market</b>	<b>1 286 690</b>
a	beam IPO	1 000 000
b	beam Equities	286 690
<b>3</b>	<b>Alternative market BaSE</b>	<b>7 339 942</b>
a	Equities Segment, BaSE Market	4 161 163
b	REITs Segment, BaSE Market	3 178 779
	<b>Total</b>	<b>28 959 058</b>

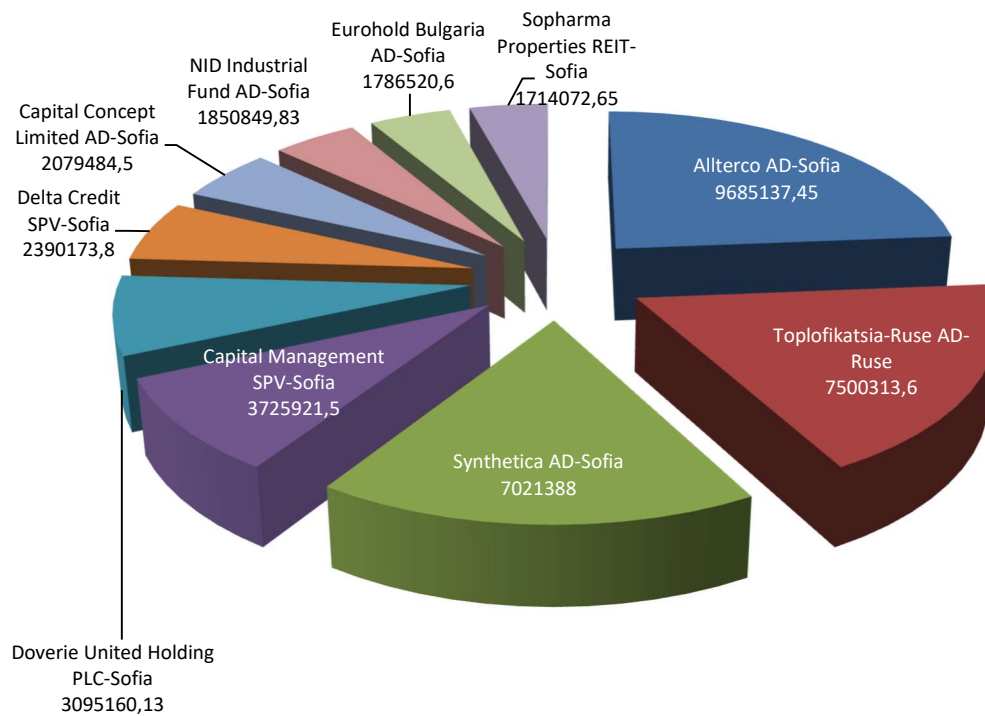
**Table 4. Trade by financial instruments groups (Regulated market)**

Market /segment	Q4 '20	Q1 '21	Change %	Value
<b>Turnover BGN</b>	<b>112 520 718</b>	<b>96 741 847</b>	<b>-14,02%</b>	<b>-15 778 872</b>
Equity (REITs excluded)	76 477 901	64 735 227	-15,35%	-11 742 674
Equity REITS	27 848 483	14 260 703	-48,79%	-13 587 781
Bonds	5 946 676	15 095 917	153,85%	9 149 241
Exchange Traded Products	93 599	845 662	803,49%	752 062
Government Bonds Segment	0	10 836	N/A	10 836
Compensatory Instruments	340 727	793 503	132,89%	452 776
Other	1 813 331	1 000 000	-44,85%	-813 331
<b>Lots traded</b>	<b>54 413 771</b>	<b>28 959 058</b>	<b>-46,78%</b>	<b>-25 454 713</b>
Equity (REITs excluded)	22 431 161	18 997 287	-15,31%	-3 433 874
Equity REITS	12 228 228	5 340 582	-56,33%	-6 887 646
Bonds	4 795	12 597	162,71%	7 802
Exchange Traded Products	212 523	557 755	162,44%	345 232
Government Bonds Segment	0	10	N/A	10
Compensatory Instruments	957 971	3 050 827	218,47%	2 092 856
Other	18 579 093	1 000 000	-94,62%	-17 579 093
<b>Number of trades</b>	<b>13 382</b>	<b>18 622</b>	<b>39,16%</b>	<b>5 240</b>
Equity (REITs excluded)	10 551	15 874	50,45%	5 323
Equity REITS	2 075	1 867	-10,02%	-208
Bonds	50	105	110,00%	55
Exchange Traded Products	81	371	358,02%	290
Government Bonds Segment	0	1	N/A	1
Compensatory Instruments	167	237	41,92%	70
Other	458	167	-63,54%	-291

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Chart 3: Ten companies with highest turnover in the reported period





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### 2.2. Branch Structure of Trading

In the first quarter, the Financial and insurance activities sector maintained its leading position in the turnover ranking by BGN 52,3 million (Q4'20: BGN 63,55 million). As can be seen from the following chart, the turnover of the sector exceeds the total of all other industries and forms 66,23% (Q4'20: 60.91%) of the total turnover for the quarter. This makes the turnover and capitalization of the Exchange particularly sensitive to shocks and bad news related to the banking and insurance sectors.

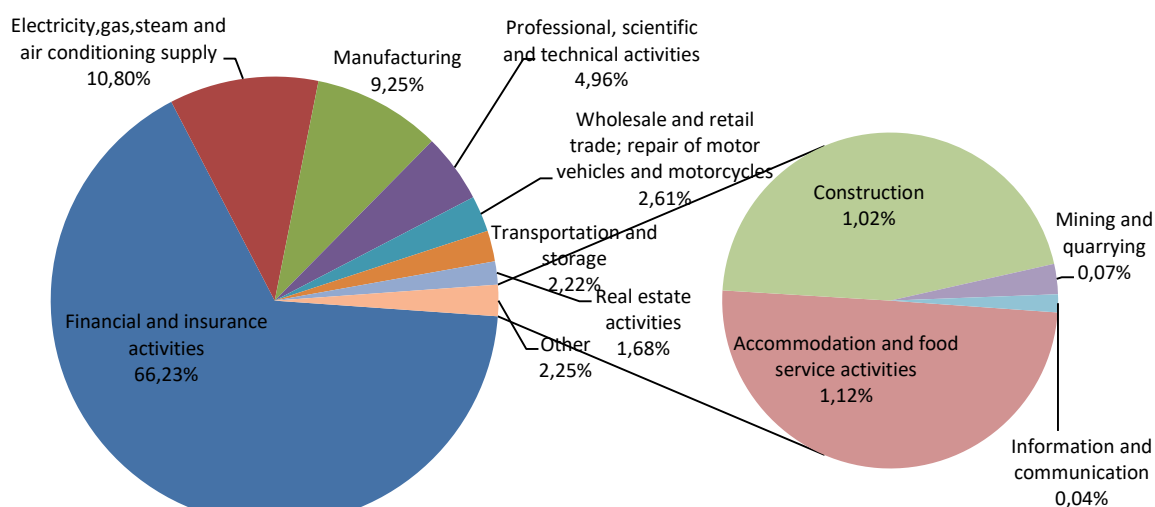
Sector "Production and distribution of electricity, gas, steam and air conditioning supply" is second in the ranking with a turnover of BGN 8,53 million (Q4'20: BGN 2,31 million) and 10.8% of total turnover.

In third place in the ranking is the sector "Manufacturing" with a turnover of BGN 7,3 million, and the sector "Professional, scientific and technical activities" remained in fourth place with a share of 4,96% of total turnover.

**Table 5. Structure of trade in the 10 leading branches in the reporting period**

Sector	Number of trades	Lots traded	Turnover BGN
Financial and insurance activities	10 412	16 283 987	52 318 726
Electricity, gas, steam and air conditioning supply	336	2 609 922	8 532 604
Manufacturing	3 188	1 783 912	7 305 622
Professional, scientific and technical activities	1 498	1 404 360	3 916 852
Wholesale and retail trade; repair of motor vehicles and motorcycles	1 079	865 518	2 063 302
Transportation and storage	301	148 667	1 752 545
Real estate activities	163	800 988	1 329 204
Accommodation and food service activities	431	223 474	885 799
Construction	243	200 938	808 881
Mining and quarrying	69	13 276	51 862
Information and communication	21	2 827	30 534

**Chart 4: Structure of trade by branches in the first quarter of 2021**





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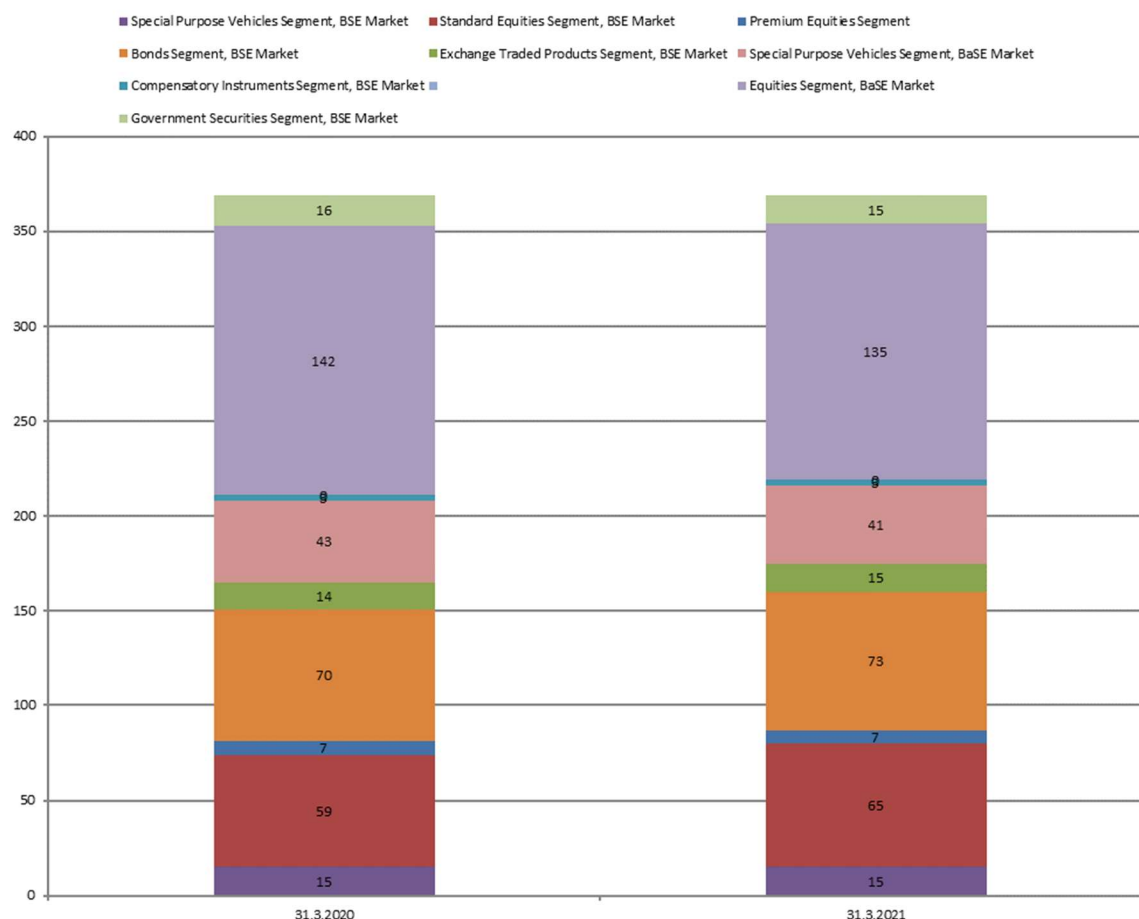
### 3. Issues of Financial Instruments Listed for Trading on Bulgarian Stock Exchange

As the following table shows, the number of issues of financial instruments admitted to trading on the markets, organised by Bulgarian stock exchange was 371 as at 31.12.2020 and increased to 370 by the end of the current quarter. The change is described in detail in par. 4 of this Report.

**Table 6: Registered issues by market segment – comparison**

Market segment	31.12.2020	31.03.2021	change
Premium Equities Segment, BSE Market	7	7	0
Standard Equities Segment, BSE Market	59	65	6
Exchange Traded Products Segment, BSE Market	14	15	1
Special Purpose Vehicles Segment, BSE Market	15	15	0
Government Securities Segment, BSE Market	16	15	-1
Compensatory Instruments Segment, BSE Market	3	3	0
Bonds Segment, BSE Market	70	73	3
Subscription Rights Segment, BSE Market	2	1	-1
Equities Segment, BaSE Market	142	135	-7
Special Purpose Vehicles Segment, BaSE Market	43	41	-2
<b>Total</b>	<b>371</b>	<b>370</b>	<b>-1</b>

**Chart 5: Registered issues by market segment in the end of the first quarter and comparison**



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### 4. New Issuers, Delisted Issues and Capital Increases

In the first quarter of 2021, the number of new issues of financial instruments admitted to trading was 8, and in the fourth quarter of 2020 it was also 8. The new issues are - one issue of shares of the Standard segment, two bond issues, two issues government securities and one issue of exchange traded products. For the first time, a primary public offering was made on the market for growth beam, and subsequently the issue of shares was registered for trading. The registration of six issues was terminated, of which - one issue of rights, two issues of government securities, one issue of BEAM shares and one issue of shares. For comparison, in the previous quarter the registration of 8 issues of financial instruments was terminated. In the reporting quarter one company increased its capital, and in the previous quarter - five.

**Table 7a. New Issues in the reported quarter:**

New issues by Segment	Market	Issues
Equity Segment Standard	BSE	1
Bonds Segment	BSE	2
Exchange Traded Products Segment	BSE	1
Government Bonds Segment	BSE	2
Beam IPO	BEAM	1
Equity Beam	BEAM	1
		<b>8</b>

**Table 7b. Delisted Issues in the reported quarter:**

Delisted Issues by Segment	Market	Issues
Subscription Rights Segment	BSE	1
Government Bonds Segment	BSE	2
Equity Beam	BEAM	1
Equity Segment	BSE	2
		<b>6</b>

**Table 7c. Capital increases/transformation in the reported quarter:**

Capital increases/ transformation	Market	Issues	Capital raised
Equity Segment Standard	BSE	1	1 165 000

### 5. Market Capitalisation

The market capitalization of the Bulgarian Stock Exchange AD reached BGN 28 674,198,905 at the end of the first quarter of 2021, which is an increase of 1.13% compared to the value of BGN 28,354,506,233 at the end of the fourth quarter of last year (see Table 8). The market capitalization of the Premium segment on the Main Market increased by 0.71%, and that of the Standard segment also increased by 13.09%. The capitalization of the REIT segment on the Main Market increased by 5.11%. The market capitalization of the two segments of the Alternative Market has changed in different directions. The shares segment decreased by 3.21%, while the REIT segment increased by 1.45% or by BGN 7.66 million in absolute terms. (Table 9).



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**Table 8: Market Capitalisation by instruments (comparison)**

Market/ Segment	Capitalisation		BGN	
	31.12.2020	31.3.2021	%	Absolute value
Equity (REITs excluded)	27 043 058 506	27 335 504 302	1,08%	292 445 796
REITs	1 311 447 727	1 359 149 065	3,64%	47 701 338
<b>Total capitalisation</b>	<b>28 354 506 233</b>	<b>28 694 653 367</b>	<b>1,20%</b>	<b>340 147 134</b>

**Table 9: Market Capitalisation by segments (comparison)**

Segment	Market	Capitalisation BGN		Change Q1 '21/Q4 '20	
		31.12.2020	31.3.2021	%	Absolute value
Equity Segment Premium	BSE	1 329 406 818	1 338 886 847	0,71%	9 480 028
Equity Segment Standard	BSE	6 671 968 123	7 545 051 172	13,09%	873 083 050
REITs Segment	BSE	783 336 673	823 375 764	5,11%	40 039 091
Equity Segment	BaSE	19 041 683 565	18 431 111 821	-3,21%	-610 571 745
REITs Segment	BaSE	528 111 054	535 773 301	1,45%	7 662 247
beam Equity	beam	0	20 454 463	0,00%	20 454 463
<b>Total capitalizations:</b>		<b>28 354 506 233</b>	<b>28 694 653 367</b>	<b>1,20%</b>	<b>340 147 134</b>

**Table 10. Market Capitalisation/ Gross Domestic Product (GDP)**

	31.12.2018	31.12.2019	31.3.2020	31.12.2020
Market Capitalisation (BGN million)	26 765,34	27904,54	26235,51	28354,51
GDP (BGN million)	109 743	119 772	118 669	118 605
Market Capitalisation / GDP	24,39%	23,30%	22,11%	23,91%

## 6. Bulgarian Stock Exchange Indices

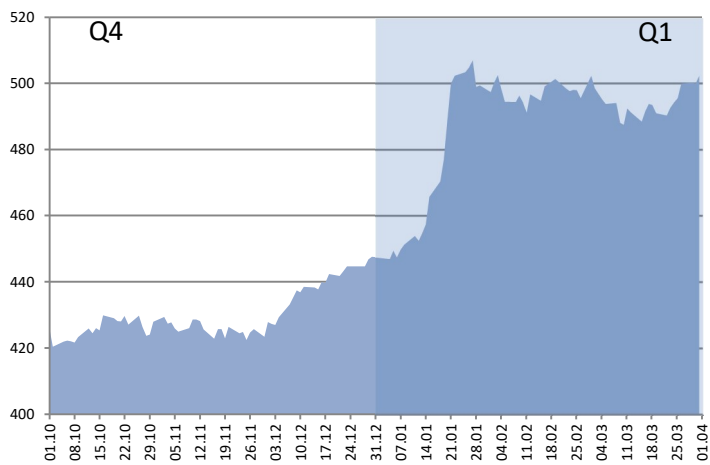
At the end of the first quarter there was an increase in the values of all indices on the BSE compared to the beginning of the period. At the beginning of January, the increase of the values of the indices started, which continued in February to reach maximum values at the end of the reporting period. The graphs below show that the movement in the values of the indices was similar, only the change in BGREIT has a different form, which is due to the type of companies that make up the index.

The largest percentage increase was 12,23% (54.75 points) in the value of SOFIX. BGTR30 increased by 7,89% (39.40 points) and the value of the BGTR40 index increased by 11,61 (11,77 points). At BGREIT the upward movement in January and February continued in March and there was an increase for the period by 7,07% (9,74 points).

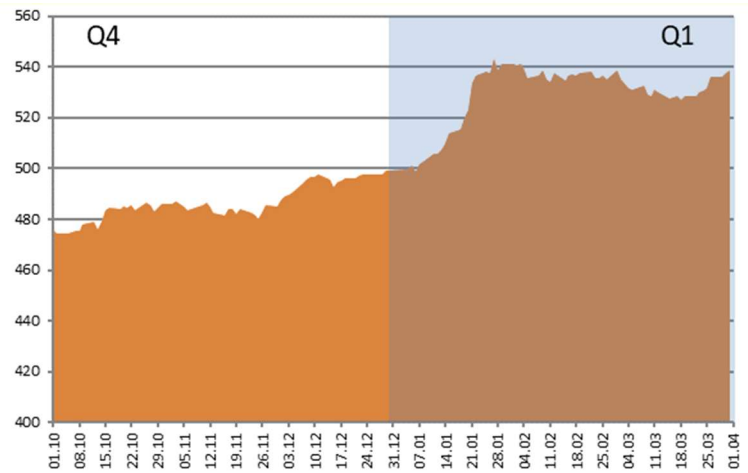
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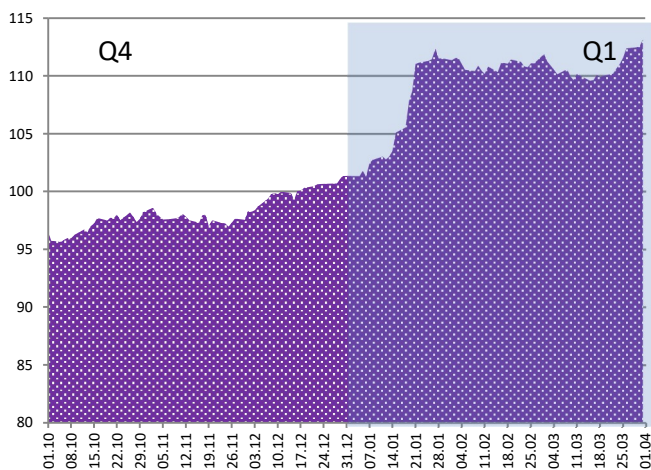
**SOFIX Q1 '21**



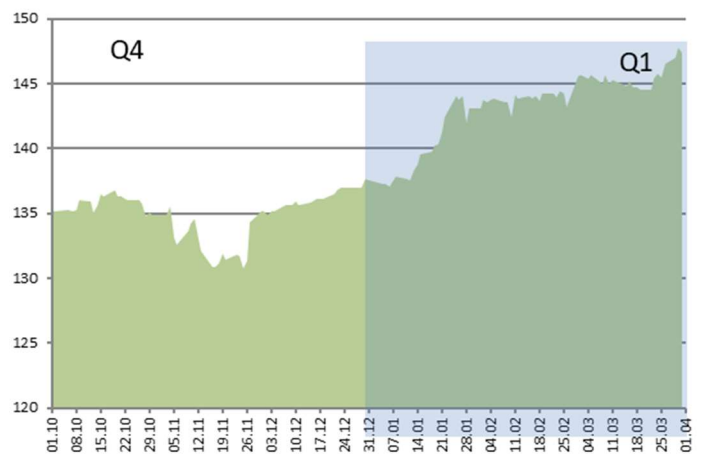
**BGTR30 Q1 '21**



**BGBX40 Q1 '21**



**BGREIT Q1 '21**



### 7. Privatisation through the Exchange

In the first quarter of 2021, no issue was registered on Privatisation Segment.



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### **8. Main activities and events during the first quarter of 2021:**

#### **8.1. BSE noted a successful year and honored those who contributed to the development of the capital market in Bulgaria**

At ceremony, which took place on January 20, 2021, for the jubilee 20th time in the history of the Stock Exchange, the following companies were awarded:

For an investment intermediary with the highest turnover on the BSE in 2020:

1st place: Elana Trading AD

2nd place: Euro - Finance AD

3rd place: ABV Investments EOOD

For the investment intermediary that concluded the most transactions on the BSE in 2020:

1st place: Karol AD

2nd place: Elana Trading AD

3rd place: BenchMark Finance AD

Karoll AD also received the award for investment intermediary with the greatest contribution to the development of the capital market in 2020. Telelink Business Services Group AD was awarded for the issuer with the greatest contribution to the development of the capital market last year. Ms. Marinela Petrova, Deputy Minister of Finance was awarded for the person with the greatest contribution to the development of the capital market in 2020. The award for the media with the greatest contribution to the promotion of the capital market in 2020 was presented to Bloomberg TV Bulgaria.

#### **8.2. The first IPO on the growth market for SME BEAM**

On January 21, 2021 took place the initial public offering of Biodit with spectacular success. More than 2.6 times the shares of the technology company were re-subscribed during the auction. This is the first IPO on the market for growth of small and medium-sized companies BEAM on the Bulgarian Stock Exchange. The BSE admitted to trading a temporary issue of shares issued by Biodit for the purpose of initial public offering of up to 1 million ordinary dematerialized shares. The nominal value of one share is BGN 1.00 /one/.

#### **8.3. Change of the stock exchange code of issue of shares with ISIN code BG1100016978, issued by the Bulgarian Stock Exchange AD**

In connection with the change of the stock exchange codes with intuitive ones, as of 25.01.2021 the stock exchange code of the issue of shares with ISIN code BG1100016978, issued by the Bulgarian Stock Exchange AD, has changed. The new exchange code of the issue is BSE. All other emission parameters remain unchanged.

#### **8.4. Bulgarian Stock Exchange changed the codes of the companies with new, intuitive and closer to their names**

The process of discussing the new stock exchange codes went through coordination with nearly 300 issuers on the BSE. Meanwhile, the Exchange, which is also a public company, changed its code to "BSE" on January 25, 2021. Given the need for exchange members, news agencies and other users of information services to



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adapt their systems, the change in the codes of issuers of shares and financial instruments admitted to trading on the Segment for Exchange Traded Products became effective on February 15, 2021.

### **8.5. The National Mutual Fund Expat Gold started trading in units of the Bulgarian Stock Exchange**

Trading in units of the National Mutual Fund Expat Gold began on February 2, 2021 on the Bulgarian Stock Exchange. The fund was established by the management company Expat Asset Management EAD and passively monitors the price of gold, striving to replicate as closely as possible the movement of the LME PM Price Reference Gold index, calculated and published by the London Metal Exchange. It is suitable for investors who are looking for easy access to financial instruments following the movement of the price of the precious metal, to diversify or hedge their investment portfolio. The stock exchange code of Expat Gold is GLDX. The fund is traded in the Exchange traded products segment on the BSE Main Market BSE. The nominal value of one unit of the fund is 1 / one / euro. Type of shares: dematerialized, registered, freely transferable. The market-maker of the issue is the investment intermediary BenchMark Finance AD. The maximum percentage deviation between the "buy" and "sell" quotes (spread) is 5%. The minimum value of the quotation in monetary terms at the time of its introduction is the euro equivalent of BGN 2,500.

### **8.6. Changes in the Rules of Procedure of the Bulgarian Stock Exchange AD**

In connection with changes in the legislation, as of February 16, 2021, the amended Rules of Procedure of the Bulgarian Stock Exchange AD are in force. The amendments to the regulations were approved by Decision № 61 - FB of 28.01.2021 of the Financial Supervision Commission. The Rules of BSE AD (in force since 16.02.2021) can be found on the website of the Exchange at the following address: <https://www.bse-sofia.bg/en/rules#>

### **8.7. Change of the stock exchange code of issue of shares with ISIN code BG1100025052, issued by Advance Terrafund REIT**

In connection with the need to confirm the process of changing the stock exchange codes with intuitive ones, the stock exchange code of the issue of shares with ISIN code BG1100025052, issued by Advance Terrafund REIT-Sofia, was changed as of 08.02.2021. is ATER. All other emission parameters remain unchanged.

### **8.8. Debt financing was the topic of the second strategic meeting of startups and SMEs from the beamUp lab program**

Debt financing opportunities were the main focus of the second strategic meeting of the beamUp lab program, which took place on February 11, 2021 online. The leading organization of the meeting was the Bulgarian Development Bank (BDB). Top managers from the Jobs Microfinance Institution and the Capital Investment Fund of BDB, as well as from the European Bank for Reconstruction and Development presented the nature, benefits and types of financing they provide for startups and SMEs. Other highlights of the meeting were the shared experience in raising capital from a start-up company in the person of Trastena, effective models and successful practices in the field of microfinance - presented by Jobs and mezzanine investing as a hybrid form between capital and debt financing - illustrated by the first and the only such fund in our country - Silverline Partners.

The last session took place with the greatest interest, in which the companies Baldaran Spring, Bulpros Consulting, Convinience (with the brand Ebag.bg), Nasekomo, Orenda Group (with the brand Wooden Spoon) and Tiger Technology made their special presentation or the so-called investor pitch to investors, as I received feedback and recommendations from them in the person of one of the fund managers of the Fund - Vitosha Venture Partners, the Capital Investment Fund and Silverline Partners. The moderator of the meeting was Ilina Biserova - a top business journalist on the Bulgarian air. She is the host of the economic program "Business.BG" on BNT.

The forum is attended by representatives of the 20 companies selected for the beamUp lab program, its partners and consultants.

#### **8.9. Biodit debuted on the BEAM market on the Bulgarian Stock Exchange**

On March 4, 2021, after a successful initial public offering (IPO), in which it raised BGN 1 million, Biodit debuted on the BEAM market on the Bulgarian Stock Exchange. The amount of the capital of Biodit is BGN 13,820,583, distributed in the respective number of shares, each with a nominal value of BGN 1 / one /. Biodit's shares are traded on the BEAM market on the BSE under the stock exchange code BDT. The raised capital will be used by the technology company for sales and marketing activities in order to enter the market in our country. At the moment, the company has four product lines with different biometric solutions. In the longer term, Biodit plans to enter other European markets.

#### **8.10. Bulgarian Stock Exchange and its subsidiary Bulgarian Independent Energy Exchange signed an agreement with the Bulgarian Telegraph Agency for greater economic awareness of young people in our country**

On March 24, 2021, the Bulgarian Stock Exchange and its subsidiary Bulgarian Independent Energy Exchange signed an agreement with the Bulgarian Telegraph Agency for greater economic awareness of young people in our country. This is part of the global initiative to increase the financial and investment literacy of young people Global Money Week. Within the framework of the agreements, BSE and IBEX undertake to provide BTA with analyzes of what happened on the stock exchanges every month. Text materials will be accompanied by visual information. The contract is for one year with an option for its automatic extension. BTA will disseminate the package of information, citing BSE and IBEX as sources. The first analyzes will be published in early April 2021.

#### **8.11. Official start of the first and only of its kind in Bulgaria think tank for sustainable finance and energy - Green Finance & Energy Center.**

On March 31, 2021, the first and only think tank of its kind in Bulgaria for sustainable finance and energy - Green Finance & Energy Center - was officially launched. The Green Center was established on the initiative of the Bulgarian Stock Exchange (BSE) and the Bulgarian Independent Energy Exchange (IBEX) and is implemented in partnership with the Ministry of Finance, the Ministry of Energy, the Financial Supervision Commission and the Fund. It is attended by nearly 30 of the most authoritative individuals in the country and representatives of stakeholders on the topics: business, government institutions, NGOs and industry organizations, academia, and consultants. The BSE and the IBEX, together with all stakeholders, will lead the debate, outline trends and policies in economic and social life on the topics of sustainable finance and energy. The initiative will mobilize the entire expert potential of our country, building on the best



experience of Europe and the world. Although 83.9% of companies assess the level of their policies above average, over 41% of them lack information and 37.5% of companies report as an important problem the lack of codes and methodological documents with a practical focus. This became clear from the study of the environment from the aspects of ecology, social responsibility and good corporate governance (the so-called ESG practices - Ecology, Social, Governance) - made by VUZF Lab on behalf of BSE among 56 companies from 7 economic sectors. The study was presented by Prof. Virginia Zhelyazkova - Vice-Rector for Academic Affairs and Quality at the Higher School of Insurance and Finance. Manyu Moravenov and Konstantin Konstantinov, executive directors of BSE and IBEX, presented the mission, goals and the first initiatives that the Green Center will take. These include raising awareness among businesses, upgrading the code of good corporate governance with aspects of environmental development and social responsibility, creating a stock exchange Green Index to encourage companies to implement ESG practices, as well as to distinguish those who do so the best way. Special guests of the event were Marinela Petrova - Deputy Minister of Finance, Zhecho Stankov - Deputy Minister of Energy, Maria Filipova - Deputy Chairman of the Financial Supervision Commission, Head of the Investment Supervision Department and Alexander Georgiev - Executive Director of Fund of funds. The views of Europe and the world on sustainable finance and energy were provided by Eva Maidel, Member of the European Parliament, and Anthony Miller, Chief Coordinator of the United Nations Sustainable Exchange Initiative. The participants gave a symbolic start to the activities of the Green Center by digitally signing the Charter for Sustainable Economic Development of Bulgaria.

### **Amendments to the Power Exchange Operational Rules**

Rules for amendment and supplement of the Power Exchange Operational Rules (PEOR) were promulgated in State Gazette 4/15.01.2021. The amendments adopted by the Energy and Water Regulatory Commission concern the following:

The current wording of art. 166 becomes par. 1;

A new par. 2 is added to art. 166 pursuant to which the Operator may temporarily suspend the operation of BC ETS concerning any of the trading screens part of Bilateral contracts market segment in the event of there being no liquidity or for another reason. Pursuant to the new provision suspension of the operation of the respective screen on BC ETS may be initiated by the operator following a decision of the Customer Advisory Board to IBEX EAD. The operator shall have to notify all trading participants and to publish a notice on its website regarding the suspension of the operation of the respective screen of BC ETS providing the grounds for the suspension and indicating its start and end date. The operation of the respective screen of BC ETS shall be restored on the first working day after expiry of the period of the suspension.

In accordance with the Final provision of the Rules for amendment and supplement of PEOR, the amendments hereabove are effective as of 15.01.2021.

### **More than 5 times higher volume traded on DAM since its launch five years ago**

BEX has celebrated the anniversary at an online ceremony and honoured trading participants that have contributed to the development of this segment

Independent Bulgarian Energy Exchange (IBEX) has reported more than 5 times higher volume traded on the Day-ahead market compared to when it was launched in January 2016. The power exchange celebrated



the 5th anniversary of the launch of the Day-ahead market at an online ceremony attended by Mr. Zhecho Stankov- deputy Minister of Energy and Mr. Plamen Mladenovski, head of Electricity generation and heat supply directorate at EWRC. Mr. Yulian Popov, Advisory council at the European Climate Foundation, presented his vision and the trends in the development of the energy sector in Europe.

At the event IBEX honoured trading participants that have contributed to the development of this market in four categories: Generator- Kozloduy NPP, Trader- Energo-pro Energy Services, Consumer: Stomana Industry and Innovation- AES Geo Energy.

‘The good results come as a result of the efforts of all trading participants and institutions involved in the liberalization process and coupling of the electricity markets in the European Union. The market coupling with Greece and Romania with planned go-live in April and August respectively is of strategic importance for us. We work on their successful implementation together with ESO.’ Mr. Konstantnin Konstantinov, CEO of IBEX said.

The huge importance of the Day-ahead market segment is evidenced by the sharp increase in the share of traded volumes on this market segment in relation to the total consumption in Bulgaria. For the past five years the number of registered participants on the Day-ahead market has increased from 17 to 80. The price levels reached on the segment are comparable to those in the region and provide the most representative information about the state of our electricity market. The Day-ahead market has established itself as the most preferred segment by trading participants and sets a record traded volume almost every month.

#### **An updated roadmap has been approved in consideration of the go-live of the Interim Coupling Project (ICP) in May**

The Day-ahead market coupling between Bulgaria and Romania has reported strategic progress. The updated project roadmap has been approved in accordance with the Go-live period of the Interim Coupling Project (ICP) in May which aims at connecting the borders of the 4MMC market coupling (the Czech Republic, Hungary, Romania and Slovakia) with the Multiregional Coupling (MRC).

The implementation of the Interim Coupling is a prerequisite for implementation of the market coupling between Bulgaria and Romania which is expected to go live around mid-August. Trading participants will be additionally notified of the next steps and upcoming tests.

The activities of the Day-ahead market coupling project between Bulgaria and Romania on which IBEX works jointly with the Electricity System Operator (ESO) and its Romanian partners OPCOM and Transelectrica are performed as planned.

The effects for the electricity market in our country as a result of the market coupling with Romania are: firstly- increased competition considering the access of trading participants to a large number of orders; secondly- a material decrease in market concentration. The main supplier for the Day-ahead market in Bulgaria are the generators of BEH group. The market coupling will enable sellers from all over Europe to automatically turn into suppliers of power in our country.

The free capacities for trading on the Bulgarian-Romanian border once the market coupling is launched are expected to be around 700-800 MW for every hour.



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### 8.12. Trade in the Parent Company's Own Shares

Trading in treasury shares of the Bulgarian Stock Exchange AD (BSE stock exchange code) was more active than in the previous fourth quarter. The average price during the quarter was BGN 4,882 per share. The price at the end of the quarter decreased compared to the one at the beginning by BGN 0,92 per share or 20.09% (from BGN 4,58 per share closing price on December 30 to BGN 5,50 per share closing price on December 31). March). The minimum price for the period was BGN 4,50 per share and the maximum BGN 5,50 per share. A total of 186 801 lots were transferred in 302 transactions, the turnover was BGN 907 144, which compared to the transferred in the fourth quarter 82 024 lots in 114 transactions and a turnover of BGN 386 142 represents an increase in the transferred volume by 129%, turnover growth by 135% and an increase in the number of transactions of 165%. Trading took place in 44 of the 62 sessions for the period.

**Chart 6a: Volume and price of Bulgarian Stock Exchange own shares in the reported period and comparison**

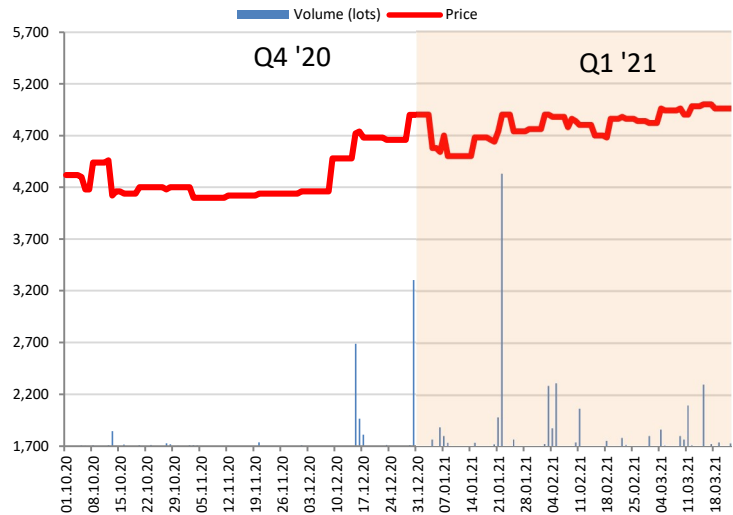


Table 6a shows a comparison with the indicators for the previous fourth quarter of 2020. When comparing the two quarters, there is an increase in the indicator's turnover and number of transactions in January compared to the corresponding month of the previous quarter.

Table 6b shows a comparison of traded volumes and price movements for the period. The movement here is mixed, noting that in January the turnover increased, and in February, decreased by 40% compared to January, while the number of transactions is high in January and March, and lower in February.

**Chart 6b Volume and price of BSE - Sofia own shares in the reported quarter (trade by trade)**

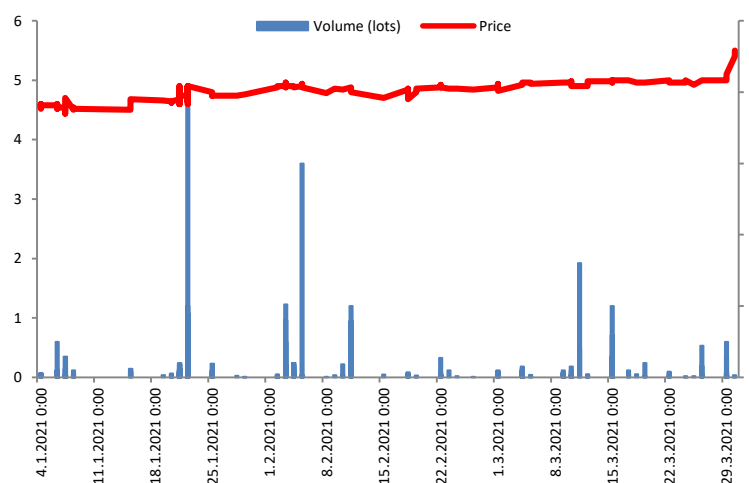




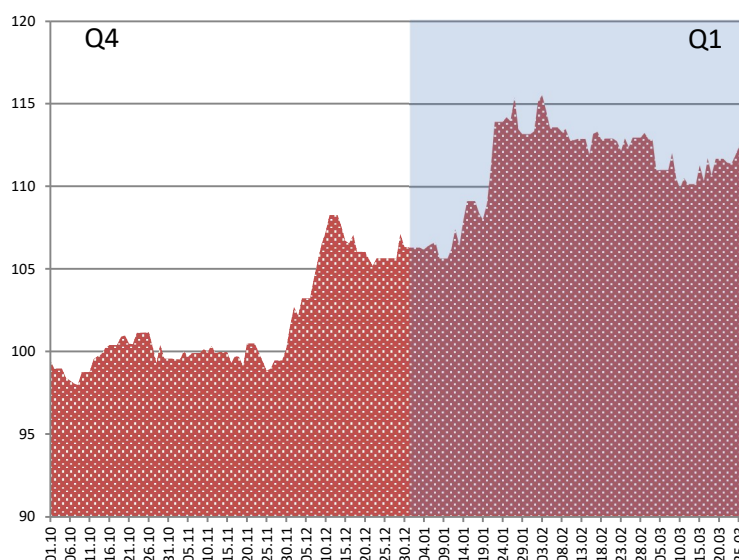
Table 11a: Volume, turnover and number of trades in “Bulgarian Stock Exchange” shares: comparison

Month	Lots Traded	Change % compared to respective Q4 '20 month	Turnover (BGN)	Change % compared to respective Q4 '20 month	Number of trades	Change % compared to respective Q4 '20 month
Oct '20	5 879		24 570		34	
Nov '20	1 325		5 603		9	
Dec '20	74 820		355 969		71	
Jan '21	86 856	1377,39%	415 826	1592,42%	150	341,18%
Feb '21	50 517	3712,60%	246 078	4291,90%	53	488,89%
Mar '21	49 428	-33,94%	245 240	-31,11%	99	39,44%

Table 11b: Volume, turnover and number of trades in “Bulgarian Stock Exchange” shares: comparison

Month	Lots Traded	change % month on month	Turnover (BGN)	change % month on month	Number of trades	change % month on month
Oct '20	5 879		24 570		34	
Nov '20	1 325	-77,46%	5 603	-77,20%	9	-73,53%
Dec '20	74 820	5546,79%	355 969	6253,19%	71	688,89%
Jan '21	86 856	16,09%	415 826	16,82%	150	111,27%
Feb '21	50 517	-41,84%	246 078	-40,82%	53	-64,67%
Mar '21	49 428	-2,16%	245 240	-0,34%	99	86,79%

### 8.13. Index CGIX



The value of the CGIX index increased from 106,32 to 113,34 points in the quarter, which is an increase of 7,02 points or 6.6%. As can be seen from the chart, the quarter was characterized by growth at the end of January, which continued with slight fluctuations in February and March. The lowest value of CGIX in the quarter was on January 8 and was 105,67 points, and the highest was on February 3 and reached 115,55 points.

### 8.14. Corporate Governance

With regard to the statutory obligations of BSE as a public company, in the first quarter of 2021 the Exchange disclosed to the public and forwarded to the Financial Supervision Commission the following information:

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- 05.01.2021 – Update of the information about the Investor Relations Director
- 21.01.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 25.01.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 26.01.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 29.01.2021 - Quarterly financial report for Q4 of 2020
- 29.01.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 03.02.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 04.02.2021 r. - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 05.02.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 08.02.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 11.02.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 12.02.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 26.02.2021 - Consolidated quarterly financial report for Q4 of 2020
- 12.03.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 16.03.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 19.03.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 22.03.2021 r. - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 23.03.2021 - Inside information under art. 17, para 1, in relation with art. 7 of the Regulation (EU) No 596/2014
- 29.03.2021 – Annual financial statement for 2020.

The quarterly reports and news are being simultaneously published in the Bulgarian and the English languages.

### **8.15. Main characteristics of the activities of the subsidiary Independent Bulgarian Energy Exchange**

In the first quarter of 2021, the Bulgarian Independent Energy Exchange EAD (BNEB EAD) focused its efforts on the implementation of market integration projects on the Bulgarian-Romanian (BG-RO MC Project) and Bulgarian-Greek (BG-GR MC Project), which are a priority not only for the market operator, but also for the EC and SDAC (Single Day Ahead Coupling project), and hence for the entire electricity market in our country and the internal electricity market throughout the European Union.

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All preparatory activities under the BG-RO project have already been successfully completed, and at the end of the quarter the planning and preparation of the final tests of the unification, which are planned to take place in September, started. Work on the project is expected to be completed in September 2021 after the successful completion of the so-called Interim Project<sup>1</sup> (ICP), which is planned for June 10, 2021. The start of the market merger is expected in early October 2021 at the latest, after the completion of the test work in SDAC and the determination of SDAC-approved OPSCOM ( Operation Steering Committee) date for starting real work.

The test phase of the BG-GR project has already been completed, so the main efforts are focused on the smooth start of the actual work on 11.05.2021. In this regard, IBEX EAD held on 15.04.2021 a working meeting with all registered in this market. segment of trade participants, which was also attended by representatives of the Ministry of Finance, the Ministry of Energy and the Commission for Energy and Water Regulation.

In addition to the work on the projects for unification of the market segment "Day Forward", IBEX EAD continued to successfully implement its main objectives related to the integration processes of the Bulgarian electricity market with the Community market of the segment "Within the day" and with those in the Western Balkans region.

Preparations for the project for joining the Bulgarian market area in the segment "Within the day" to XBID<sup>2</sup> by joining LIP 14<sup>3</sup> through the Bulgarian-Greek border continued successfully in the first quarter of 2021, as the real start of the so-called third wave accession is expected in September 2021. Due to technical difficulties on the part of Greece, however, the market integration of the segment "Within the day" on the Bulgarian-Greek border is scheduled to start in February 2022. Through the successful completion of this project, the Bulgarian side will fulfill its obligations related to the expansion of the single unification of markets "Within the day" (SIDC<sup>4</sup>) at all its EU borders.

In addition to the integration projects with the markets of the EU countries, IBEX EAD makes efforts and actively participates in the work of the Energy Community (Energy Community) and continues the work on the pilot project for market integration of Segments Ahead with Northern Macedonia. Numerous activities have already been carried out under the project, related to the development of basic agreements between the parties, a roadmap, as well as the transfer of technical knowledge and know-how by IBEX EAD. In the fourth quarter of 2020, the activities for the establishment of the various working groups on the project were successfully completed, in which the North Macedonian market operator MEMO (Macedonian Electricity Market Operator) as NEMO<sup>5</sup> (Nominated Electricity Market Operator) also has a country and representatives. On 22.04.2021 the procedure for selection of a supplier of trading platforms for MEMO

<sup>1</sup> Interim Project – project to merge the 4MMS regional merger with NTC-based SDAC rather than the final EU Target model (Flow based coupling), which is why it is called Interim, ie. temporary. The main result of the implementation of this project from our point of view is the alignment of the GCT of the Romanian market area with those of the SDAC, i.e. 12:00 CET.

<sup>2</sup> IBWT is a market integration project in all Day ahead markets with a common border with Italy, as well as those bordering market areas adjacent to the Italian one. This is a project that supports the expansion of the MRC initiative, making possible the coordinated implementation of market integration projects based on the experience already gained - market associations of Italy with France, Slovenia, Austria, as well as Slovenia with Croatia.

<sup>3</sup> LIP 14 –Local Implementation Project to the so-called third and final wave of joining XBID, which covers the borders BG-GR, GR-IT, IT-SI, IT-A and IT-FR

<sup>4</sup> SIDC - market integration of segments Within the day of the EU countries, according to CACM and the European Target Division for Market Integration

<sup>5</sup> NEMO - a necessary role of the Exchange operator in the integration of markets according to CACM.



was published, which will give additional impetus to the activities under this pilot project. This allowed the start of real work on the project, and its final implementation is planned for the first quarter of 2022.

In addition to the projects directly related to the implementation of the European target model for short-term electricity markets with physical supply, IBEX EAD actively participates in the fourth quarter of 2020 in 4 projects under the HORIZON 2020 program (H2020), which have a scientific and demonstration purpose and contribute to market integration and in particular the integration of RES producers on a market basis, through new technical and technological solutions. These are the projects:

- a. FLEXITRANSTORE - an integrated platform for increased flexibility in intelligent data transmission networks with subjects for storage and high penetration of RES;
- b. INTERRFACE - creation of an integrated platform for providing innovative network services and improving the efficiency of electricity systems;
- c. TRINITY (TRansmission system enhancement of regioNal borders by means of IntelligenT market technology);
- d. FARCROSS (FACilitating Regional CROSS-border Electricity Transmission through Innovation).

Last but not least is the progress made by the company in the direction of automation and digitalization of trading in short-term market segments with physical delivery, through a project to provide technical connectivity through an application programming interface (API) to participants in the exchange. market. This allowed connecting existing ones

#### **8.16. Main characteristics of the activities of the subsidiary Financial Markets Services**

In the first quarter of 2021, the company continues to carry out its business activities without encountering difficulties to ensure the supply of assets (services, equipment, etc.) and to make sales to its customers. During the period a new home page of the extri.bg platform was launched. In connection with the reorganization of the company in order to increase the efficiency of the companies of the BSE group, three of the employees of Service Financial Markets EOOD were transferred to BD Consulting OOD, a subsidiary of the BSE, which as of 01.02.2021 takes over the accounting and bookkeeping servicing the companies in the group, including Service Financial Markets EOOD.

### **9. Information Technologies**

In the first quarter, at the end of March 2021, the development was completed and the official website of the Green Finance and Energy Center - think tank for sustainable finance and energy - [www.gfecentre.org](http://www.gfecentre.org) was launched.

Disk array OS, firewall and IPS were replaced to the latest recommended version.

Support equipment of Internet providers was replaced and the speed of Internet connectivity was increased.

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### 10. International Activities

- In January, representatives of the BSE participated in the first working meeting of an initiative under the auspices of the Polish Stock Exchange, which aims to create a common online portal with information on capital markets in Central and Southeastern Europe, thus helping to promote the whole region to potential foreign investors, as well as to expand opportunities for regional cooperation between markets. The meeting was attended by representatives of 9 stock exchanges, and the legal form of the partnership between the participants is to be specified, as well as the scope of the data, subject to publication on the website, and the way for their updating.
- During this period, BSE continued its cooperation with market operators from Southeast Europe - Macedonian Stock Exchange AD, Skopje and Zagreb Stock Exchange AD, within the joint initiative SEE Link. Within this partnership, representatives of the BSE participated in the regular meetings of the supervisory body of the initiative. In these meetings, various ideas were formulated related to the promotion of mutual knowledge between the markets of the region and their members and participants. In this sense, the meeting held in March adopted the idea of organizing regular informational forums aimed at mutual information among market members and market participants in the region.

The work within this partnership and the Listed SMEs Research Coverage Program continues, and in January a market research for another Bulgarian issuer was published and disseminated within this program.

- In February 2021, the Bulgarian Stock Exchange concluded an agreement and will partner with Panthera Solutions in our country. The consulting company is a European leader in the field of specialized financial and investment training. As a result of the agreements between the two companies, Bulgarian experts who would like to improve their skills to the highest standards in the industry will have access to 16 training courses during the year in 4 main areas - human and artificial intelligence, applied ethics and sustainability. The partnership with Panthera Solutions is part of the overall policy of the BSE to increase the financial and investment culture in our country.
- The Bulgarian Stock Exchange participated in a global initiative to support women's leadership. In expression of their sympathy for the cause, representatives of women on the BSE, who are 60% of the middle and senior management of the institution, gave a solemn start to the session on March 8, 2021. The initiative is held for the seventh time and this year covers over 90 exchanges in the whole world. Its current edition is entitled "Women at the Head: Achieving an Equal Future in a World Covered by Covid-19".

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### 11. Principal Risks and Uncertainties Facing Bulgarian Stock Exchange Group

#### 11.1. Principal Risks and Uncertainties Facing Bulgarian Stock Exchange

As a licensed market operator, the Bulgarian Stock Exchange organizes the activity and operations on the regulated market in accordance with the requirements of the law and its implementing acts. The organization and management of the BSE are carried out on the basis of rules of procedure, which are adopted by the Board of Directors of the Exchange and approved by the Financial Supervision Commission. The Rules of Procedure of the Bulgarian Stock Exchange regulate all aspects of the activity of the parent company, incl. and:

1. the identification of the possible threats and risks, which could cause potential losses and interruption of the trading processes, provided, carried out and maintained by the Exchange;
2. the means for control and management of the identified threats and risks;
3. the distribution of the responsibilities between the employees of the Exchange in connection with the Risk Management.

The main types of risks related to the activity of the parent company and the policy for their management are regulated in Part VI - Risk Management Rules of the Rules of Procedure of the Bulgarian Stock Exchange.

The risk management policy is applied in an integrated manner and in accordance with all other policies and principles regulated in the internal acts of the Bulgarian Stock Exchange. The rules for risk management of the Exchange document the measures and procedures for establishing, managing and assessing the risks related to the activity of the Exchange under Art. 168, para. 1, item 3 of the Markets in Financial Instruments Act.

The risk management rules of the Bulgarian Stock Exchange define the following types of risks related to the activities, procedures and systems of the company:

1. Internal - related to the organization of work of the Exchange, representing:
  - a) Risks related to the processes;
    - risks related to the performance of the main functions of the Exchange
    - risks associated with the services offered, and
    - project risks
  - b) Risks associated with the systems;
    - complete or partial inaccuracy and omission in the completeness of the data;
    - subsequent manifestation of the problems with the reliability and completeness of the data;
    - lack of precision in processing methods
    - software product errors;
    - imperfection of the used technologies;
    - collapse of the system of the regulated market, information and communication systems.
  - c) Risks related to staff;
    - leaving key employees;
    - unscrupulous behavior on the part of the employees of the Exchange;
    - insufficient qualification and lack of training of the persons working under a contract for the Exchange;
    - unfavorable changes in the labor legislation;
    - unsecured safety of the working environment;

- insufficient or inadequate motivation of employees;
- frequent change of employees, leading to inability to adequately perform the functions.
- 2. External - related to macroeconomic, political and other factors that have and / or may affect the activities of the Exchange, for example:
  - Adverse changes in the regulations;
  - Risks related to the transfer of important activities to a third party - contractor;
  - Political changes;
  - Changes in the tax regulation;
  - Risks of physical interference.
- 3. Other risks related to the activity of BSE AD - other risks related to the offered services, not identified in the risk management rules of BSE AD
  - Market risk
  - Price risk
  - Currency risk
  - Interest rate risk
  - Liquidity risk
- 4. General (systematic) risks - General risks arise from possible changes in the overall economic system and in particular, changes in the conditions of the financial markets. They cannot be diversified, as all economic entities in the country are exposed to them.
  - Credit risk
  - Economic growth and external indebtedness
  - Inflation risk
  - Unemployment
  - Currency risk and currency board
  - Interest rate risk
  - Taxation
  - Other systemic risks

A detailed description of the risks, characteristic for the activity of BSE-Sofia, is presented in item 4 "Risk factors" of the registration document (pp. 12 - 24), representing part I of the prospectus approved by the Financial Supervision Commission with decision № 816 - PD / 15.12.2010 for admission of the shares of BSE to trading on a regulated market. The prospectus can be found on the website of the Bulgarian Stock Exchange in the section Investor Relations - Shareholders' Rights.

#### **11.2. Main risks related to the activity of the subsidiary Service Financial Markets EOOD**

The main risks related to the activity of the subsidiary Service Financial Markets EOOD are:

- risks related to the resource (technological and expert) security of the company in connection with its main subject of activity for providing information services;
- market risks related to the state and development of competition in the sector;
- external risks - related on the one hand to changes in the regulatory framework governing the obligation and methods of disclosure of regulated information by public companies and other issuers of securities, and on the other hand to the general state of corporate governance in Bulgaria.

### 11.3. Principal Risks and Uncertainties Facing Independent Bulgarian Energy Exchange

In its role of a licensed market operator on the electricity market for the market area of the Republic of Bulgaria, the Bulgarian Independent Energy Exchange EAD (IBEX) organizes its activities, managing its inherent risks, which are divided into:

- Internal - those related to the technical administration of the market segments related to the staff and the organization of work, given the continuous cycle of the short-term market segments Day ahead market (DAM) and Intraday Market (IDM) ), as well as those related to the financial condition of the company, given its monopoly position and the related possibility to regulate the tariff structure by the Energy and Water Regulatory Commission.
- External - those related to adverse macroeconomic changes, adverse changes in applicable legislation, as well as risks of transfer of activities inherent to the market operator at the moment, which would affect the general conditions of the electricity market (introduction of a clearing house as a country). on electricity transactions, both in the long-term (CMBC) and short-term markets (DAM and IDM));

The long-term risk management strategy is focused on realizing the following opportunities:

- Opportunity for general risk guarantee (collateral) of all market segments operated by the IBEX, which will significantly contribute to easing the conditions of participation;
- Opportunity to develop own platforms for operating market segments, which will reduce dependence on service providers;
- Opportunity for market integration of at least two borders, which will reduce the market concentration of supply, while preventing the potential negative effects of the termination of the commitments of Bulgarian Energy Holding EAD in case AT.39767.

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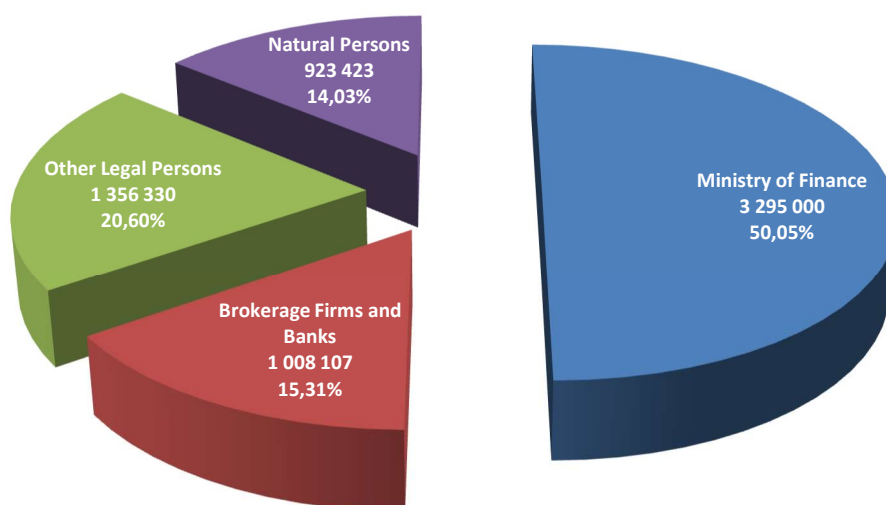
### 12. Shareholder Structure of Bulgarian Stock Exchange

According to an enquiry made, the composition of the shareholders of the Exchange as at 31 March 2021 may be divided into four main groups of stakeholders:

**Table 12. Shareholder Structure of Bulgarian Stock Exchange as at 31.03.2021**

Shareholder Group	Number of shares	%
Ministry of Finance	3 295 000	50,05%
Brokerage Firms and Banks	1 008 107	15,31%
Other Legal Persons	1 356 330	20,60%
Natural Persons	923 423	14,03%
<b>Total</b>	<b>6 582 860</b>	
Of which foreign shareholders	210 250	3,19%

**Chart 7: Bulgarian Stock Exchange Shareholder Structure as at 31.03.2021**





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### 13. Members of Bulgarian Stock Exchange

In the first quarter of 2021, the membership of one investment intermediary was terminated. Thus, the number of members of the Exchange changed from 46 to 45 (see Table 13).

**Table 13. Members of Bulgarian Stock Exchange as at 31.03.2021**

WOOD & Company Financial Services, a.s.	Inv. Intermediary "Sofia International Securities" AD
Inv. Intermediary "ABV Investments" EOOD	Inv. Intermediary "IP Favorit" AD
Inv. Intermediary "Aval IN" AD	Inv. Intermediary "Focal Point Investments" AD
Inv. Intermediary "AVS Finans" AD	Inv. Intermediary "Up Trend" OOD
Inv. Intermediary "Adamant Capital Partners" AD	Inv. Intermediary "UG Market" AD
Inv. Intermediary "Balkan Advisory Company IP" EAD	CB "Allianz Bank Bulgaria" AD
Inv. Intermediary "BenchMark Finance" AD	CB "DSK Bank" AD
Inv. Intermediary "Bulbrokers" EAD	CB "Bulgarian American Credit Bank" AD
Inv. Intermediary "Varchev Finance" EOOD	CB "Bulgarian Development Bank" AD
Inv. Intermediary "De Novo" EAD	CB "Investbank" AD
Inv. Intermediary "DV Invest" EAD	CB "International Asset Bank" AD
Inv. Intermediary "Dilingova Finansova Kompania" AD	CB "United Bulgarian Bank" AD
Inv. Intermediary "Euro - Finance" AD	CB "Municipal Bank" AD
Inv. Intermediary "Elana Trading" AD	CB "First Investment Bank" AD
Inv. Intermediary "Zagora Finacorp" AD	CB "Raiffeisenbank Bulgaria" EAD
Inv. Intermediary "Intercapital Markets" AD	CB "Texim Bank" AD
Inv. Intermediary "Capman" AD	CB "TBI Bank" EAD
Inv. Intermediary "Karoll" AD	CB "Tokuda Bank" AD
Inv. Intermediary "Capital Invest" EAD	CB "D Commerce Bank" AD
Inv. Intermediary "Capital Markets" AD	CB "UniCredit Bulbank" AD
Inv. Intermediary "MK Brokers" AD	CB "Central Cooperative Bank" AD
Inv. Intermediary "First Financial Brokerage House" EOOD	CB "Eurobank Bulgaria" AD
Inv. Intermediary "Real Finance" AD	

#### 14. Financial Standing of Bulgarian Stock Exchange Group

The financial statements of Bulgarian Stock Exchange Group have been prepared according to the accounting policies adopted by the Exchange and provide information on the group's financial standing and performance.

##### 14.1. Assets/liabilities

The amount of the assets of the Bulgarian Stock Exchange Group AD at the end of the first quarter of 2021 was by BGN 7,438 thousand (3.87%) lower than their value at the end of 2020. The main reason for the decline in the amount of assets is due to the decrease of current assets by BGN 7,282 thousand. There was no significant difference in non-current assets compared to the previous period (1.6%). The item "Property, plant and equipment" decreased by BGN 25 thousand or by 1.55% compared to the end of 2020, and intangible assets decreased by BGN 105 thousand or by 2.13%.

Current assets decreased by BGN 7,282 thousand due to a decrease in the value of the items "Cash and cash equivalents" (-28,177 thousand BGN) and "Receivables from customers" (-260 thousand BGN).

The described changes in the Assets are mainly due to the subsidiary - Bulgarian Independent Energy Exchange (IBEX).

The way of operation of the IBEX and the payment model for electricity transactions is characterized by large receivables, prepaid expenses and cash, which are reported by the Guarantee Fund of the Energy Exchange. With regard to liabilities, at the end of 2020 a profit of BGN 12,749 thousand was accumulated. At the end of the current period the accumulated profit increased by BGN 1,926 thousand (or by 15.11%) and amounted to BGN 14,675 thousand.

The non-current liabilities of the Group decreased by BGN 26 thousand as a result mainly of a decrease of BGN 39 thousand under the item "Government financing".

Current liabilities decreased by BGN 8,640 thousand due to a decrease in the items - "Received guarantee deposits from electricity contractors" (BGN -7,873 thousand) and "Tax liabilities" (-1,159 thousand BGN). ). These items reflect the obligations of the IBEX to electricity traders in energy transactions and for Collateral (guarantee deposits) for the supply of electricity, imported by trading participants on the energy exchange market. An increase of BGN 301 thousand (or by 42%) was observed in the liabilities to suppliers, and Other expenses increased by BGN 489 thousand (or by 295%).

##### Revenue/Costs

Regarding the Revenues from contracts with customers, the Group realized an increase compared to the same period of 2020 of BGN 895 thousand or 31%, which is mainly due to the consolidation of the revenues of the IBEX, reflected in the Electricity Trading Fee (growth of BGN 775 thousand). With regard to the revenues of the parent company, the Fees for Company Registration and for Information Services also increased to BGN 242 thousand and BGN 197 thousand, respectively, and the Transaction Commissions on the Exchange increased by BGN 10 thousand or 8%.

"Financial income" decreased in the first quarter of 2021 due to the position "Interest income on debt securities at fair value through other comprehensive income" there is a decrease of BGN 5,000 (26%).

There is an insignificant change in the absolute value of the other revenue items.

The main expenditure items reported an increase of 13% compared to the first quarter of 2020. There is an increase of BGN 248 thousand (or 39%) in "Expenses for external services", which is mainly due to an increase in "Subscription and license fees", which the companies in the Group pay for the use of the various information systems necessary to ensure the proper functioning of the market infrastructure and growth in

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“Depreciation expenses”. “Staff costs” in turn decreased by 6% (or BGN 42 thousand). In other expenditure items it is insignificant in absolute value. As of 31.03.2020 a profit from operating activity of the Group was realized in the amount of BGN 1,410 thousand, and during the current period the operating profit decreased by BGN 718 thousand and amounted to BGN 2,128 thousand. from operating activity is a consequence of the consolidation of the revenues of the subsidiary “Bulgarian Independent Energy Exchange”, as well as of the increased revenues from the main activity of the parent company, in particular the revenues from Company Registration Fees and Information Services Fees, consequence of the changes in the Tariff of BSE AD, which entered into force on 01.01.2021. The total comprehensive income for the period changed from BGN 1,242 thousand as of March 31, 2020 to BGN 1,931 thousand at the end of the reporting period.

### 14.2. Financial Results

At the end of first quarter of 2021, the net financial result, achieved by Bulgarian Stock Exchange Group, is positive to the amount of BGN 1 926 thousand, which is mainly due to IBEX consolidation. The financial result of the Group increased by BGN 689 thousand (55%) compared to the same period of the last year, mainly due to an increases in the items „Revenue from contracts with clients”.

### 14.3. Related Parties Transactions

The total amount of transactions with related parties during the reported period is as follows:

**Table 14. Related Parties Transactions**

Sales to related parties	Related party	31.03.2021 BGN '000	31.03.2020 BGN '000
Trading fees, membership fees, online trading fees	BenchMark Finance AD	3	5
Money loan contract	Clear Ex AD	-	-
Trading fees, membership fees, online trading fees	Eurobank Bulgaria AD	5	4
Information Services	Ministry of Finance	2	1
<b>Total</b>		<b>10</b>	<b>20</b>

Deliveries from related parties	Related party	31.03.2021 BGN '000	31.03.2020 BGN '000
Membership fees	SEE Link DOO	-	4
Information Services	Central Depository AD	-	-
Custodian fees	Eurobank Bulgaria AD	-	-
<b>Total</b>		<b>-</b>	<b>14</b>

#### Accounts on related parties

The estimated relations with related parties include receivables from sales as of 31.03.2021: BGN 1 thousand (31.03.2020: BGN 1 thousand).

The Group has opened current accounts with Eurobank Bulgaria AD. The funds available as of 31.03.2020 on bank accounts are BGN 36,610 thousand (31 December 2020: BGN 41,904 thousand).

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### 14.4. Earnings per share

The net profit per share of the Group is calculated on the basis of the net profit for the period and the number of ordinary shares of the parent company during the reporting period.

**Table 15. Earnings per share**

Earnings per share	31.03.2021	31.03.2020
Weighted average number of shares	6 582 860	6 582 860
Net profit/loss for the year/period (BGN'000)	1 926	1 279
Profit/loss per share (BGN)	0,29	0,19