

EUROHOLD BULGARIA

CONSOLIDATED

ANNUAL REPORT



2023

2023

ENERGY BUSINESS

**INSURANCE
BUSINESS**

**ASSET
MANAGEMENT AND
BROKERAGE**

EUROHOLD BULGARIA

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§ - ON THIS REPORT

Eurohold Bulgaria AD (Parent Company) prepares the annual consolidated report of Eurohold Group (the Group), including:

- > Annual consolidated financial statements reflecting the consolidated results and consolidated financial position of the parent company and subsidiaries included in the consolidation; and
- > Annual consolidated activity report presenting information that is material to all stakeholders on Eurohold Group's performance during the reporting period, its future development, corporate governance, sustainability, remuneration policy and the principal risks and uncertainties to which the Group is exposed.

» The annual consolidated financial statements

Basis for preparation

The annual consolidated financial statements of Eurohold Bulgaria AD have been prepared in accordance with International Financial Reporting Standards (IFRS) as developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS as adopted by the EU). For the purposes of paragraph 1(8) of the Additional Provisions of the Accounting Act applicable in Bulgaria, the term "IFRS as adopted by the EU" means International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

The annual consolidated financial statements of Eurohold Bulgaria AD give a true and fair view of the assets, liabilities, financial position and performance of the Eurohold Group.

» The consolidated annual activity report

Basis for preparation

- Article 100n of the Public Offering of Securities Act (POSA);
- Ordinance №2 of 09.11.2021 on the initial and subsequent disclosure of information in public offerings of securities and admission of securities to trading on a regulated market (amended and supplemented, issue 27 of 05.04.2022).
- Articles 44-47 of the Accountancy Act;
- Article 187d and Article 247 of the Commercial Act

Information contained in the consolidated non-financial declaration (Sustainability Report):

- Articles 51-47 of the Accountancy Act

Information contained in the corporate governance statement:

- Article 100n, paragraph 8 of the Public Offering of Securities Act (POSA);

» Designations

Unless the context requires otherwise:

"Eurohold", "the Holding", "the Company", "the Company" shall mean Eurohold Bulgaria AD, and "Group" and "Eurohold Group" mean Eurohold Bulgaria AD together with its subsidiaries

» Reporting period

The annual consolidated report covers the period January 1 - December 31, 2023. Also included are all significant, material events occurring between the end of the financial year and the date of approval of this report by the board of directors.

» Reporting currency

The currency in which the Company reports its activity is Bulgarian lev (BGN).

EUR 1 = BGN 1.95583

» Translation

This consolidated annual report of Eurohold Group is available in Bulgarian and English. The Bulgarian version is the original. The English version is an unofficial translation. We have made every reasonable effort to avoid any inconsistency between the different language versions. However, if such discrepancies exist, the Bulgarian version will take precedence.

Further information about Eurohold Bulgaria can be found on our website

www.eurohold.bg

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CONSOLIDATED ANNUAL ACTIVITY REPORT

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*Statement from Mr Assen Hristov
Chairman of the Supervisory Board
of Eurohold Bulgaria AD*



***Dear Shareholders,
Ladies and Gentlemen!***

The past 2023 has been perhaps the most challenging year so far in our history, but also the most indicative that Eurohold has turned out to be a resilient and sustainable company. Firstly, our energy business continued to grow strongly. In a turbulent period for the energy sector, we have been able to maximize shareholder value and significantly increase our profitability in this sector amid sharp decline in electricity prices on the free unregulated market for business and industrial customers. The strong performance of our subholding in this market contributed significantly to the generated earnings before interest, taxes, depreciation and amortization (EBITDA) of BGN 209 million and the net result of nearly BGN 80 million.

Last year, we laid a solid foundation for a stable and sustainable future development of our energy business. We have built partnerships with solar plants, the production of which is related to long-term power purchasing agreements (PPAs) - contracts for the supply of green energy, with leading companies and businesses in the country. Electrohold, our subsidiary in this market, has already proved to be a leader in this market. Key companies from the Bulgarian and the European economy became our long-term customers in this segment. The partnerships we have built, help our business clients achieve their ESG goals, create high added value for our shareholders and contribute to building a stable framework for the growth and development of the renewable energy sector in Bulgaria and Europe. In addition to benefits and advantages for our investors, we always aim to generate such ones for all other partners and the society as a whole through projects that change the living environment for the better. Our energy activities increase the productivity of the country's entire energy system.

The agreement we signed in June with reference to refinancing the liabilities of our energy subholdings at better terms, raising a new syndicated loan in partnership with J. P. Morgan, confirms the successful development of our energy business. Additionally, Fitch Ratings, one of the largest rating agencies worldwide, affirmed its current assessment to our holding with a stable outlook.

Our insurance business has been developing well too and it is only the financial regulator's misconduct in Romania against our local division there that has prevented us from achieving great results. We are pursuing lawsuits in international courts due to the unlawful revocation of Euroins Romania's license, seeking fair compensation for the damage caused to the company and its shareholders. We have already filed an arbitration claim at the International Centre for Settlement of Investment Disputes (ICSID) in Washington D.C. The claim is in excess of EUR 500 million. We will pursue this legal battle to the end. We owe it to all our shareholders, employees and partners.

In all other markets in which we operate and provide insurance services, including Ukraine, to the extent conditions permit, our business has been growing steadily and we expect to fully restore profitability in this segment in the short term. Last year, we even managed to maintain our premium income from the previous year, taking into account the restated results for 2022, following the changes adopted in the accounting policy with reference to the implementation of the new International Financial Reporting Standard (IFRS) 17 in the insurance business. A testament to the solid performance of our insurance business is the fact that Fitch affirmed Insurer Financial Strength Rating with stable outlook to Insurance Company Euroins AD (Euroins Bulgaria), the largest subsidiary of our insurance group. Fitch noted that the business of the companies within the group had remained stable even after what happened in Romania with the local unit of Euroins.

In the meantime, Euroins Bulgaria further boosted its business on the international markets by starting to provide non-motor insurance services on the same Romanian market under freedom of services (FoS). FOS operations will be a key focus in the further development of our insurance business in Central and Eastern Europe (CEE). We aim to gradually restore our position in the insurance market in the region.

In conclusion, I expect our energy business to continue to grow successfully. Growth outlook in CEE remains good even despite the major geopolitical, economic and military challenges we face in the region. And we will do our best to contribute to the good development of the company.

*Assen Christov,
Chairman of the Supervisory Board
Eurohold Bulgaria AD*

*Statement from Mr Kiril Boshov
Chairman of the Management Board
of Eurohold Bulgaria AD*



***Dear Shareholders,
Ladies and Gentlemen!***

In 2023, the companies within our group continued to grow positively and generate good, stable results despite the sharp fluctuations in electricity prices and amid ongoing and intensifying geopolitical and economic challenges and uncertainties in Eastern and Southeastern Europe, including the war in Ukraine and high inflation.

Last year, the holding generated consolidated revenues from core operations of nearly BGN 2.9 billion and earnings before interest, taxes, depreciation and amortization (EBITDA) of BGN 209 million, which is less than the previous year, but ultimately a good result against the backdrop of the challenges we faced. We ended the year with a positive net financial result of approx. BGN 80 million.

Our energy business, which operates under Electrohold brand, has performed more than well and increased its profitability amid significant power price fall for business and commercial customers on the free market. The decline in revenues was offset by a larger drop in energy costs and diminishing technical losses. Our insurance business, operating through Euroins Insurance Group AD (EIG), also performed solidly despite the ceased activities of Euroins Romania.

We have managed to retain the trust of our customers and partners amid a challenging environment. This was confirmed by the ratings agencies' assessments of the holding and some of the subsidiaries and the successful refinancing agreement with reference to the liabilities of our energy subholdings carried out at better terms and in partnership with a leading global investment bank such as J.P. Morgan.

What makes us strong, resilient and tough in order to stand up even when the weather is stormy? Firstly and foremost, I am convinced that it is our employees and colleagues, the team we have built over the years since we started our business. Over the past year, EIG has appointed new leadership in the face of long-serving and well-established managers within the group. The new board will continue its efforts to implement the strategic goals of the holding company - improving the profitability of the group companies, creating a flexible management structure, as well as restructuring the key activities of Euroins Bulgaria and diversifying the product portfolio in the direction of increasing the share of non-motor insurance. Our Bulgarian unit is now at the heart of our international operations in the region along with our other insurance subsidiaries abroad.

Secondly, our broad geographical diversification helps us a lot as well - we are present in a total of 12 markets in Europe. Thirdly, our business is well capitalized and shareholders can provide financial support to any company within the group at any time. Last but not least, our proximity to customers is also beneficial, allowing us to better understand their needs.

Looking forward, we aim to achieve more efficiency and effectiveness, higher profitability, digitalisation and innovation, even greater proximity to our customers and ensure further stability and sustainability in our development as a group. All this requires us to be much more digital and innovative, to be much more involved in technical change, software integrations, automations, IT security and data protection. And we will be.

*Kiril Boshov,
Chairman of the Managing Board
Eurohold Bulgaria AD*

1

Business overview and performance

1.1. OPERATIONAL AND FINANCIAL REVIEW

PROFILE



Eurohold Bulgaria AD

- » Leading independent business group in Central and Southeast Europe (CEE/SEEE) with leading positions in the insurance and energy business
- » Main activity - financial activity related to the creation, acquisition and management of participations and financing of related companies
- » Owner of a large energy group in Bulgaria - the Electrohold group
- » Owner of a large independent insurance group in CEE/SEEE – Euroins Insurance Group
- » Experienced management team
- » High level of corporate governance in accordance with best practices
- » Public joint stock company within the meaning of the POSA.
- » the company's shares are registered for trading on:
 - » Main market of the Bulgarian Stock Exchange (BSE) - with stock exchange code EUBG
 - » Warsaw Stock Exchange (GPW) - with stock exchange code EHG

BUSINESS OPERATIONS

3
business
sectors

4
subsidiaries

2
energy
business
development
companies

17
operating
companies

12
countries in
Europe

9 400
shareholders

28
years
of history

BUSINESS ASSETS

↳ **EASTERN EUROPEAN ELECTRIC COMPANY II**

ENERGY

One of the largest energy groups in Bulgaria

↳ **EUROINS INSURANCE GROUP**

INSURANCE

**Insurer from CEE and SEE with leading positions in Bulgaria
Active operations in 12 markets in Europe**

↳ **EURO-FINANCE**

INVESTMENT BROKERAGE AND ASSET MANAGEMENT

**Market turnover leader on Bulgarian Stock Exchange,
Member of the Deutsche Börse Group**

OUR APPROACH AND BUSINESS CULTURE

Everyone has a past, we have a vision

Our vision is based on our rich history and experience of being leaders and innovators in all of our business operations.

- » Our ambition is to be the partner of choice for our customers.
- » Our purpose, ambition and values reflect our strategy and underpin our focus on delivering our mission.

CORPORATE PROFILE

Eurohold Bulgaria is one of the leading public companies whose shares are traded on the Bulgarian Stock Exchange and the Warsaw Stock Exchange.

The investment portfolio of the Holding includes subsidiaries performing activities in three areas - energy, insurance, financial services (investment brokerage and asset management). Until 30.06.2022, Eurohold also owned investments in automobile and leasing business.

The activities carried out within the holding provide significant opportunities for rapid growth of the market shares of the companies in the Group, optimization of costs, strengthening of competitiveness and, as a result, an increase in market shares and consolidated profit.

MISSION

- » to maintain high financial stability of the Eurohold group;
- » to provide an adequate return to its shareholders;
- » to support the growth of our subsidiaries;
- » to stimulate innovation and increase the satisfaction of our customers;
- » to provide the necessary conditions for constant improvement of the competitiveness of our subsidiary companies;
- » maintain high trust in our relationships with our stakeholders: shareholders, employees, customers, suppliers, regulators and local communities.

MAIN OBJECTIVES

- » to satisfy the needs of our customers by offering innovative and competitive products and services;
- » to organically expand the markets in which we operate and increase the market shares of each of our subsidiary companies;
- » to increase the volume of sales combined with high profitability;
- » to preserve the positive image of the company. Meeting the targets will lead to sustainable growth in our revenues and profits

OUR VALUES

The Group's success is based on a firm commitment to our core values.

All activities and relationships with our partners are based on the five values that distinguish Eurohold Group and help us to maintain the trust of our customers and to be among the leaders in the business sectors in which we operate, namely:

Values

Reliability

Responsibility

Propriety

Ethics

Transparency

CORPORATE CULTURE

Eurohold Group has a corporate culture based on mutual respect, individual and team trust, good communication, flexibility in relation to changing markets and competition, and meeting the needs of employees.

Teamwork is part of our culture that promotes inclusive teamwork, prioritizes an inclusive atmosphere where all departments and employees work together as a team.

Results orientation, promotes organizational processes and programs by capitalizing on understanding different types of needs and using different perspectives.

Our corporate culture predisposes us to provide a better understanding of the business needs of both our current and prospective clients, enabling us to take advantage of new business opportunities.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

For Eurohold Group, corporate sustainability means the ability to meet the expectations of all our stakeholders and to deliver on our commitments, not only today but also in the future.

Eurohold has enforced a group policy for social responsibility in the holding structure, to which all companies of its economic group adhere. The Group is convinced of the importance and benefits of corporate responsibility, which is linked to the protection of people, their well-being, environmental protection and impact on society.

Continuous efforts to improve the economic environment by encouraging responsible behaviour on the part of our employees, conducting open dialogue with stakeholders and enhancing the positive impact of Eurohold Group companies on society are the essence of Group Corporate Responsibility.

All companies of the holding structure support the implementation of the principles of corporate social responsibility and sustainability in their activities.

GROUP STRATEGY

Our group strategy is based on the following principles:

- | | |
|---|--|
| » Develop and maintain leading positions in key markets in the SEE region in the insurance, energy and investment businesses; | » Focus on risk management, guaranteed profitability and stable financial condition of each enterprise within the Eurohold Group; |
| » Focus on organic growth, complemented by acquisitions of businesses that meet Eurohold's criteria; | » Developing, training and retaining highly skilled managers and employees by providing professional development opportunities; |
| » Promoting synergies in all business sectors by centralizing and optimizing operations, marketing and business processes; | » Setting common goals in each business about negotiating better terms for suppliers, advertising and participating in public tenders. |

OUR STAKEHOLDERS

Our strategic objectives are aligned with the requirements of all our stakeholders.

Building strong relationships with our stakeholders helps us execute our strategy in line with our long-term values and manage the business in a sustainable way. Our stakeholders are the people who work for us, our customers and suppliers, shareholders and investors, regulators and industry bodies, and the people who live in the regions where we operate.

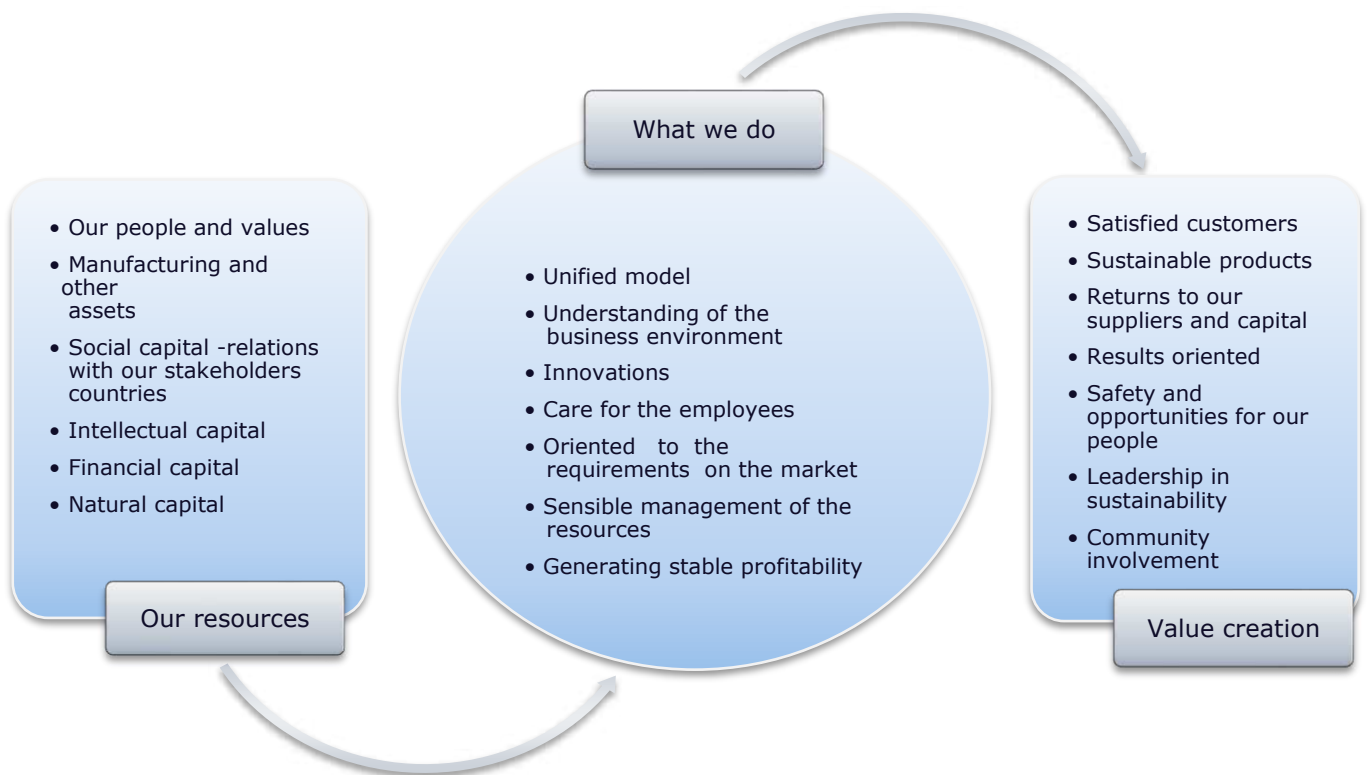
We strive to operate by creating value for our customers and shareholders. Our size and reach mean that our actions can have a significant impact in the regions in which we operate. We are committed to doing business responsibly and thinking long-term. This is key to executing our strategy.

BUSINESS MODEL

Eurohold Bulgaria AD is one of the largest independent groups in the region of Central and South-Eastern Europe. Eurohold Group is a fast-growing holding structure that is expanding both organically and through acquisitions.

In order to optimise management, business processes and fixed costs, Eurohold has structured its businesses into sub-holding structures depending on the sector in which they operate.

How we create value through our business model



KEY FINANCIAL DATA, 2023

Our group activity for 2023 is concentrated in three business segments - energy, insurance and financial-investment activity (until 30.06.2022 also in automobile and leasing business). On pages 38 to 81 we provide an overview of our performance in 2023 at a group level and for each of our continuing businesses.

In our business, we focus on delivering growth and long-term value for our shareholders. We seek to capture every opportunity in areas where we have significant capabilities and skills to create a sustainable business model and strengthen our market positions.

We continue to maintain a strong capital, financial and liquidity position and diversify our business model.

GROUP RESULTS

	2023	2022*
Revenue	BGN 2.79 billion ▼ 31%	BGN 4.05 billion
Gross profit	BGN 456 million ▼ 2.5%	BGN 468 million
Net result from continuing operations	BGN (46) million ▲ 447%	BGN 13 million
Net result from discontinued operations	BGN 126 million ▼ 161%	BGN (205) million
Assets	BGN 2.48 billion ▲ 0.44%	BGN 2.46 billion
Financial assets	BGN 420 million ▲ 74%	BGN 241 million
Equity	BGN 125 million ▲ 142.5%	BGN 52 million
Subordinated debt instruments	BGN 55 million ▲ 14%	BGN 48 million
Liabilities under issued insurance contracts	BGN 438 million ▲ 1%	BGN 434 billion
Liabilities related to financing	BGN 1.25 billion ▼ 7%	BGN 1.35 billion

*2022 restated in connection with the first-time application of IFRS 17

1.2. SIGNIFICANT EVENTS

IMPORTANT EVENTS FOR EUROHOLD GROUP'S ACTIVITIES DURING THE PERIOD JANUARY - DECEMBER 2023

Eurohold Bulgaria AD (parent company)

March

- ✓ **17.03.2023**, The Romanian financial regulator ASF has decided to revoke the insurance activity license of Euroins Romania, part of Euroins Insurance Group AD (EIG), initiate a request to open bankruptcy proceedings and appoint the Insurance Guarantee Fund (FGA) as the company's temporary administrator.

As a result of the decision of the Romanian financial regulator against Euroins Romania, the holding company announced that it has launched a procedure to challenge this decision.

- ✓ **29.03.2023**, Fitch Ratings confirmed the ratings of Euroins Insurance Group AD and IC Euroins AD. The agency only places them under surveillance with a negative outlook in relation to the case in Romania.

May

- ✓ **29.05.2023**, Euroins Insurance Group (EIG) has acquired a new company in Georgia through its subsidiary IC Euroins AD, Georgia. IC Euroins AD is 100% owner of the trading company "Shardeni 2017" Ltd., Georgia.

June

- ✓ **09.06.2023**, the court in Bucharest decided to open bankruptcy proceedings for "Euroins Romania Asigurare Reasigurare" SA ("Euroins Romania"). The decision to open bankruptcy proceedings for the Romanian subsidiary has been appealed to a higher court and, at the time of issuing this consolidated activity report, it has not yet been confirmed by an effective court decision.
- ✓ **12.06.2023**, EIG Insurance Group established a subsidiary in Romania PHOENIX MGA SERVICES S.R.L. (PHOENIX AM GAY SERVICES S.R.L.), Romania. EIG is the sole owner of the capital of the newly established company. The main activity of the company is: Consulting in the field of business and management.

- ✓ **21.06.2023**, Fitch Ratings confirmed a long-term 'B' rating with a stable outlook for Eurohold Bulgaria AD. In a message from the agency, they also indicate that they are removing the holding from their watch list for a possible negative outlook on the rating (Rating Watch Negative, RWN).

- ✓ **In June 2023**, the Management of Eurohold Bulgaria AD decided to return additional capital contributions from Eastern European Electric Company II B.V. in the amount of 22 million euros.

August

- ✓ **07.08.2023**, Fitch Ratings confirmed a long-term 'B+' rating with a stable outlook for IG Euroins AD (Euroins Bulgaria) - the largest subsidiary of Euroins Insurance Group AD (EIG).

In an announcement on August 4, Fitch indicated that it was removing the company from its Rating Watch Negative (RWN) watch list. This is dictated both by the individual results and performance, and by the judgment that the company's business remains stable even after leaving the Romanian market.

According to Fitch, the exit from the Romanian market has not weakened EIG's market position, regardless of the decline in the group's premium income. The rating agency expects weaker operating sales to be offset by the group's improved risk profile. The stable solvency of EIG also plays an important role in the evaluation.

October

- ✓ **2.10.2023**, IC Euroins AD (Euroins Bulgaria), part of the insurance group Euroins Insurance Group AD (EIG), increased its capital by BGN 15 million (EUR 7.7 million). The capital increase is through the issuance of 3,750,000 new shares with an issue value of BGN 4 each, of the same type and class as the company's existing share issue, with a nominal value of BGN 1. The amount of capital is increased from 40,971 BGN 200 to BGN 44,721,200, and the shareholding of Euroins Insurance Group AD in the capital of IC Euroins after the increase is 98.75%. The funds have been paid and imported, and will be used to finance the development of the company in the foreign markets where the company operates outside of Bulgaria.

- ✓ **26.10.2023**, Eurohold Bulgaria AD and Euroins Insurance Group AD officially informed the Government of Romania of their intention to file an international arbitration case to protect the holding's investment in Romania, in the event that the current case dispute with Euroins Romania is not resolved quickly and if the group is not properly compensated for the losses suffered.

December

- ✓ **At the end of 2023**, the Group transfers its control within the meaning of IFRS 10 "Consolidated Financial Statements" over "EIG Re" EAD and transforms its participation in the company from a subsidiary to an associate.

- ✓ Euroins Insurance Group AD holds the shares for the account of the buyers, until the effective transfer of the shares. From the date of entry into force of the contracts, the purchasers have rights to exercise effective control over the company.

SIGNIFICANT EVENTS FOR EUROHOLD GROUP'S ACTIVITIES SINCE THE END OF THE REPORTING PERIOD ENDING 31.12.2023

March 2024

- ✓ **18.03.2024**, Eurohold Bulgaria AD made an additional capital contribution to the subsidiary Eastern European Electric Company II B.V. with 940,000 euros. The amount was paid to EEEEC II B.V. in two tranches - EUR 600,000 on March 14, 2024 and EUR 340,000 on March 15, 2024.
- ✓ **29.03.2024**, IC Euroins AD (Euroins Bulgaria) applied for an increase of its capital by BGN 20 million for registration in the Commercial Register. The capital increase is through the issuance of 5,000,000 new shares with an issue value of BGN 4 each, of the same type and class as the company's existing share issue, with a nominal value of BGN 1. The amount of capital is increased from 410,971 BGN 200 to BGN 44,721,200, and the shareholding of Euroins Insurance Group AD in the capital of IC Euroins after registration in the Commercial Register is 98.88%. The funds from the capital increase were deposited into the collection account on 03/27/2024.
- ✓ **29.03.2024**, at a meeting of the Company's management board, a decision was made to convene an extraordinary general meeting of shareholders regarding the adoption of a decision to issue warrants in the amount of up to 260,500,000 (two hundred and sixty million and five hundred thousand) the number of non-available, registered, freely transferable warrants under the conditions of a public offering in accordance with the Law on the Public Offering of Securities (POSA).

May 2024

- ✓ **22.05.2024**, Eurohold Bulgaria AD (Eurohold) and Euroins Insurance Group AD (EIG) officially filed an international arbitration case against the Government of Romania at the International Center for Settlement of Investment Disputes (ICSID) in Washington. The claim is worth more than 500 million euros.

- ✓ **30.05.2024**, at an extraordinary general meeting of shareholders of Eurohold Bulgaria AD, a decision was made to issue warrants in the amount of up to 260,500,000 (two hundred and sixty million and five hundred thousand) number of non-available, registered, freely transferable warrants under the terms of a public offering by the company the order of the Law on the Public Offering of Securities, with an issue value of BGN 0.50 (fifty cents) each, which entitle the holders of warrants to exercise within a 10-year period their right to subscribe for the corresponding number of shares (of the same type and class as the existing issue of shares of the company - absent, registered, non-privileged, with the right to 1 (one) vote in the general meeting of the company's shareholders, with the right to a dividend and the right to a liquidation share) - the underlying asset of the warrants at an issue value of 2.00 (two) BGN per share at a warrant/share conversion ratio of 1:1, which Eurohold Bulgaria AD will issue upon future capital increase/s, provided that the new shares are subscribed by warrant holders. The public offering of the warrant issue will be considered successfully completed only if at least 78,150,000 units of the warrants offered, representing 30% (thirty percent) of the securities offered, are subscribed and fully paid.

June 2024

- ✓ **18.06.2024**, Eastern European Electric Company B.V. (EEEC) and Eastern European Electric Company II B.V. (EEEC II), successfully refinanced existing debt for approximately EUR 500 million raised for the acquisition of CEZ Group's business in Bulgaria in 2021, its subsequent development and investments in the energy business.

EEEC B.V. and EEEEC II B.V. successfully concluded a financing deal for a new 5-year syndicated secured loan in the amount of EUR 460 million and additional debt financing for another EUR 65 million with a repayment term of 5 years and 3 months. The funds raised from

the new financing were used to refinance the existing syndicated loan in the amount of EUR 360 million at the level of EEEC B.V. and liabilities in the amount of EUR 125 million at the EEEC II B.V level, as well as for capital expenditure within the energy subsidiaries in preparation for the liberalization of the electricity market.

The new financing achieves better terms, including savings on interest costs, until maturity in 2029. It also provides for a smoother debt repayment schedule with reduced terms, aligned with the energy group's operations and taking into account its strong performance, achieved in the last few years after its acquisition by the Eurohold group. There is also no need for guarantees from the parent company - Eurohold.

The newly attracted financing also includes capital expenditure financing (CAPEX) in the amount of EUR 15 million, provided by the European Bank for

Reconstruction and Development (EBRD) to EDG West EAD, the subsidiary electricity distribution company in the group, with the aim of renewing and developing the energy distribution network. which will accelerate the company's investment program in view of the upcoming liberalization of the electricity market.

✓ **19.06.2024**, Fitch Ratings confirmed a long-term 'B' rating with a stable outlook for Eurohold Bulgaria AD.

Fitch's rating reflects the reduced risk following the successful refinancing of the obligations of the group's energy subholdings and the good performance of their subsidiaries.

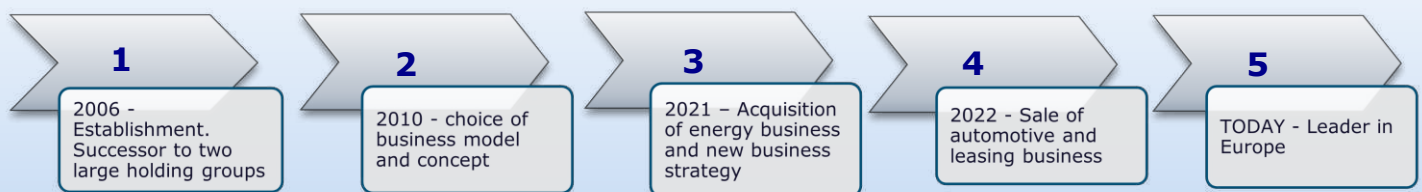
Fitch's rating also reflects the increased profitability and reduced indebtedness of Eurohold's energy companies, as well as their good growth prospects.

For more information on important events for the Eurohold group, visit the "News" section of the website of Eurohold Bulgaria AD www.eurohold.bg.

The Management Board of Eurohold Bulgaria AD is not aware of any other important or significant events for the Eurohold group that occurred during the reporting period or after the date of its completion.

1.3. CORPORATE INFORMATION

EUROHOLD BULGARIA BEGAN ITS HISTORY 28 YEARS AGO



EXPANSION AND ORGANIC GROWTH

Eurohold Group Development Line

1

Eurohold Bulgaria AD is a holding company established on 12 December 2006 in the Republic of Bulgaria through the merger of the public company Eurohold AD (1996) and the holding company Starcom Holding AD (1995).

2

In 2010, Eurohold restructured its investments, designating strategic investments in companies operating in insurance, leasing, automotive, as well as investment intermediation and asset management. Eurohold divested its investments in real estate and tourism property management and industry.

3

In 2021, Eurohold Bulgaria acquired the assets of CEZ Group in Bulgaria. Following the acquisition of the energy companies, Eurohold identified strategic investments in the insurance and energy businesses.

4

In 2022, Eurohold Bulgaria sold the assets of its automotive and leasing business and focused its efforts in the energy and insurance business.

5

- » The largest public holding group by revenue in Bulgaria
- » One of the leading independent groups in South East Europe (SEE) with a focus on developing two strategic pillars - energy and insurance
- » Recognisable brand worldwide

"EUROHOLD BULGARIA AD ("EUROHOLD BULGARIA")

INFORMATION ABOUT THE COMPANY

<i>Country of incorporation</i>	Republic of Bulgaria
<i>Registration number</i>	UIC 175187337
<i>Identification number of the legal entity</i>	LEI code 74780000J0W85Y204X80
<i>Legislation</i>	Bulgarian
<i>Address of registered office and for correspondence</i>	Bulgaria, gr. Sofia, postal code 1592, district Iskar, № 43, "Christopher Columbus" Blvd.
<i>Phone number</i>	+359 2 9651 651; + 359 651 653
<i>Fax</i>	+359 2 9651 652;
<i>Electronic address (e-mail)</i>	investors@eurohold.bg ; office@eurohold.bg
<i>Internet page (website)</i>	www.eurohold.bg

Subject of activity

Acquisition, management, valuation and sale of participations in Bulgarian and foreign companies, acquisition, management and sale of bonds, acquisition, valuation and sale of patents, assignment of licenses for the use of patents to companies in which the company participates, financing of companies in which the company participates.

Main activity

Activities related to the acquisition, sale and management of participations and financing of related companies.

Research activity

"Eurohold Bulgaria AD did not directly incur any research and development expenses.

Status

"Eurohold Bulgaria AD is a public joint stock company within the meaning of the Public Offering of Securities Act (POSA).

The company's shares are listed for trading on the Main Market of:

- » Bulgarian Stock Exchange JSC - Sofia with stock code EUBG
- » Warsaw Stock Exchange (WSE) - Poland with stock code EHG.

Branches and representative offices

"Eurohold Bulgaria" AD is located in the city of Sofia and does not have branches or representative offices in other settlements.

Bonds issued

"Eurohold Bulgaria AD is the issuer of the following bonds:

⇒ Issue of corporate bonds with ISIN code: BG2100013205, in the amount of EUR 30 000 000, the same was admitted to trading on a regulated market organized by the Bulgarian Stock Exchange, Bonds segment on 31.08.2021. The issue is assigned the exchange code: EUBB

⇒ Issue of corporate bonds with ISIN code: BG2100002224, in the amount of EUR 40 000 000, the same was admitted to trading on a regulated market organized by the Bulgarian Stock Exchange, Bonds segment on 12.12.2023. The issue is assigned the exchange code: EUBA.

Collective labour agreement

From the establishment of Eurohold Bulgaria AD to the present moment, there has been no agreed collective labor agreement and no trade union organizations of the employees. Some of the subsidiaries in the energy and insurance sectors have signed collective bargaining agreement.

SHARE CAPITAL

Initial registered capital

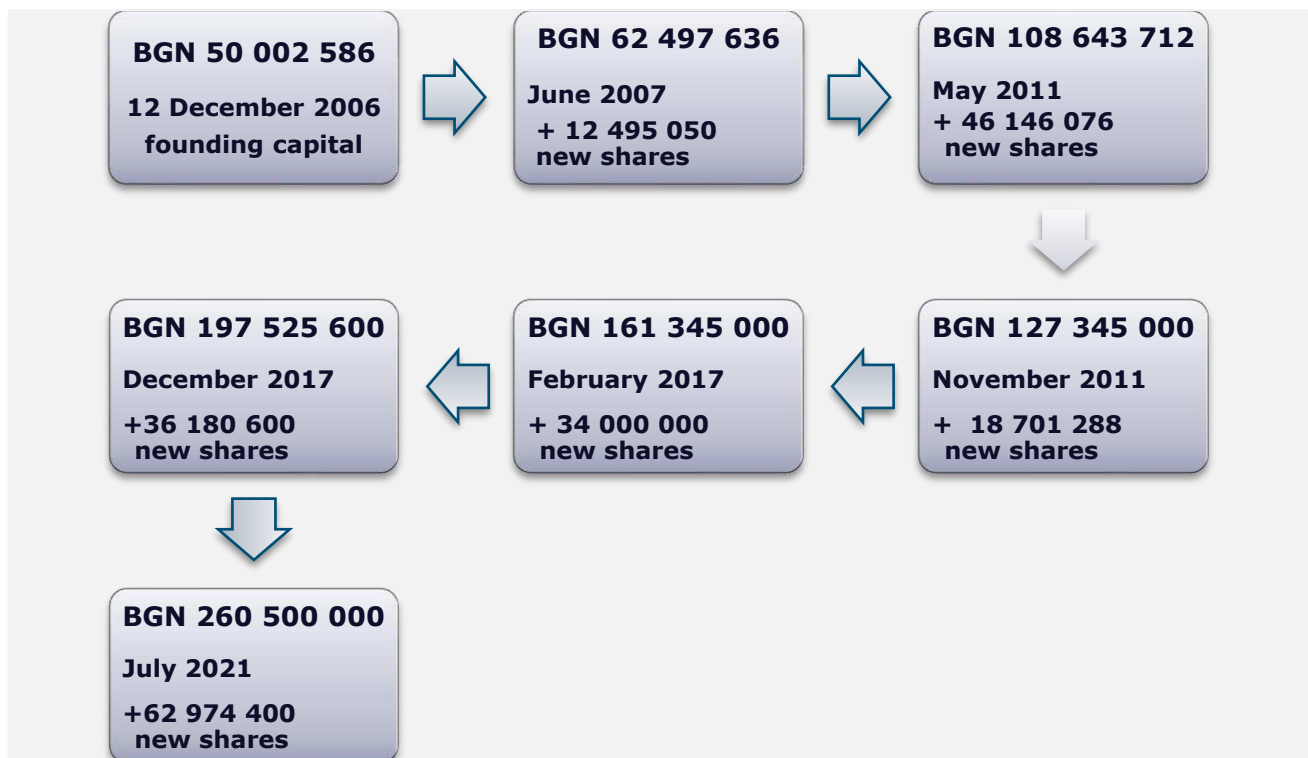
Eurohold Bulgaria AD is registered with an initial registered capital of BGN 50,002,586, distributed in 50,002,586 ordinary, non-preferred, registered, dematerialized shares, with the right to one vote in the General Meeting of Shareholders, the right to dividend and to a liquidation share, with a nominal value of BGN 1 each. Since the incorporation of the Company, several capital increases have been carried out through cash contributions.

Current share capital

As at the date of this consolidated management report, the share capital of Eurohold Bulgaria AD is BGN 260,500,000, divided into 260,500,000 ordinary, non-preference, registered, dematerialised shares with voting rights, dividend rights and liquidation share, with a nominal value of BGN 1.00 each.

CHANGES IN SHARE CAPITAL

The chart below shows the history of all share capital increases since the company's incorporation to date



All increases in the share capital of Eurohold Bulgaria were made under the terms of a public offering of shares of the same type and class as the originally registered issue of shares, with a nominal value of BGN 1.00 (one lev) each.

The funds raised from all increases in the Company's share capital have been used to support the subsidiary companies and to reduce the Company's indebtedness.

At this time, there is no increase in the company's share capital that is in process. On May 30, 2024, at an extraordinary general meeting of shareholders of Eurohold Bulgaria AD, a decision was taken to issue warrants in the amount of up to 260,500,000 (two hundred and sixty million and five hundred thousand) non-cash, registered, freely transferable warrants under the conditions of a public offering in accordance with the Law on the Public Offering of Securities, with an issue value of BGN 0.50 (fifty cents) each, which entitle the holders of warrants to exercise within a 10-year period their right to subscribe for the corresponding number of shares (from the same type and class as the existing issue of the company's shares - non-available, registered, non-privileged, with the right to 1 (one) vote in the general meeting of the company's shareholders, with the right to a dividend and the

right to a liquidation share) - the underlying asset of the warrants under the issue value of BGN 2.00 (two) per share at a warrant/share conversion ratio of 1:1, which Eurohold Bulgaria AD will issue upon future capital increase(s), provided that the new shares are subscribed by the warrant holders. The public offering of the warrant issue will be considered successfully completed only if at least 78,150,000 units of the warrants offered, representing 30% (thirty percent) of the securities offered, are subscribed and fully paid. As of the date of this report, Eurohold Bulgaria is in the process of preparing a Prospectus for the initial public offering of warrants, which will describe all the conditions regarding the capital increase of the company with warrants. After approval of the Prospectus by the Financial Supervision Commission, it will be available on the website of Eurohold Bulgaria AD www.eurohold.bg.

SHARES

All shares issued by the Company are outstanding, of the same class and are fully paid.

The entire capital of the Company has been paid up in cash and has not been increased by contributions in kind and no shares have been issued which do not constitute capital.

All shares issued by Eurohold Bulgaria AD provide their holders with the right to vote at the General Meeting of Shareholders of the Company.

Trading of shares

All shares of Eurohold Bulgaria AD are listed for trading on:

- » Main Market of the Bulgarian Stock Exchange AD, Equity Standard Segment, stock code EUBG; and
- » Warsaw Stock Exchange (WSE) Poland with stock code EHG.

Number and nominal value of treasury shares acquired and transferred during the year

In 2023 the Company did not buy out any of its own shares, nor transferred any of its own shares; accordingly, Eurohold Bulgaria AD does not own any of its own shares at the end of the period.

Treasury shares and the part of the share capital they represent

As at 31 December 2023 and as at the date of this activity report, the Company has not purchased or held any treasury shares.

As at 31 December 2023, 77,227 voting shares of Eurohold Bulgaria AD are owned by a company from the Eurohold Group (as at 31 December 2022 - 77,227 voting shares), representing 0.03% of the Company's share capital.

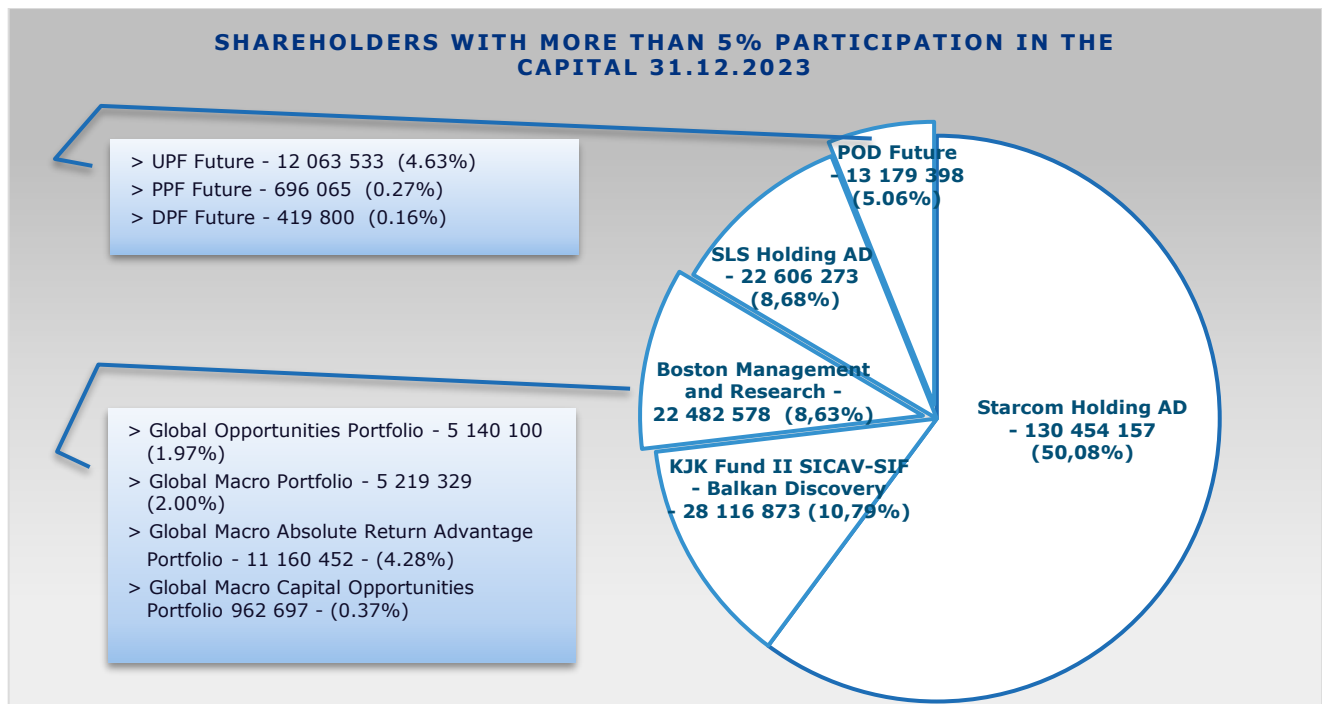
Conditions for share capital increase

The body competent to take decisions in connection with an increase in the Company's capital is the General Meeting of Shareholders.

Eurohold Bulgaria AD as a public company increases its share capital under the conditions of initial public offering of securities by issuing a new issue of shares under the conditions of public offering under the Public Offering of Securities Act.

CAPITAL STRUCTURE

As at 31 December 2023 and as at the date of this Directors' Report, there are four persons who hold a direct shareholding of 5 per cent or more of the voting shares in the Company in general meeting. There are no individuals who directly hold more than 5 per cent of the voting shares.

SHAREHOLDERS WITH MORE THAN 5% PARTICIPATION IN THE CAPITAL 31.12.2023


- » The majority shareholder in Eurohold Bulgaria is Starcom Holding AD, holding as of 31.12.2023 130,454,157 voting shares representing a controlling interest of 50.08% of the share capital of Eurohold Bulgaria AD. Starcom Holding AD is a holding company registered in the Republic of Bulgaria, which carries out its activities in accordance with Bulgarian legislation.

As of December 31, 2023, Starcom Holding AD owns 130,454,157 shares. voting shares representing 50.08% of the capital.

- » KJK FUND II SICAV-SIF BALKAN DISCOVERY is the second major shareholder in Eurohold Bulgaria AD, which holds a qualified participation in the Company's capital. As of the end of 2022, KJK FUND II SICAV-SIF BALKAN DISCOVERY holds 28,116,873 shares representing 10.79% of the issued capital of Eurohold Bulgaria AD.

As of December 31, 2023, KJK FUND II SICAV-SIF BALKAN DISCOVERY owns 28,116,873 shares. voting shares representing 10.79% of the capital.

- » Boston Management and Research owns 22 482 578 shares representing 8.63% of the capital of Eurohold Bulgaria AD through the following funds managed by it:
 - » Global Opportunities Portfolio,
 - » Global Macro Portfolio,

- Global Macro Absolute Return Advantage Portfolio,
- Global Macro Capital Opportunities Portfolio.

As of December 31, 2023, Boston Management and Research owns 22,482,578 shares. voting shares representing 8.63% of the capital.

- » SLS Holding AD owns 22,606,273 shares with voting rights representing 8.68% of the capital of Eurohold Bulgaria AD.

As of the date of the Report, SLS Holding AD owns 20,237,375 shares voting shares representing 7.77% of the capital.

- » Pension insurance company Future owns 13,179,398 shares representing 5.06% of the capital of Eurohold Bulgaria AD, through the following funds managed by it:
 - » Universal pension fund - Future,
 - » Professional Pension Fund- Future,
 - » Additional pension fund - Future.

INFORMATION ABOUT THE MAJORITY SHAREHOLDER

The majority shareholder of Starcom Holding AD is a company registered in the Commercial Register kept by the Registry Agency of the Republic of Bulgaria with UIC 121610851, with registered office and registered address: 43, Hristofor Kolumb Blvd, 1592 Sofia, Bulgaria. The company is established for an indefinite period of time.

The registered capital of the company is in the amount of BGN 73,500,000, distributed in: a) 669,000 ordinary, registered, available shares with a nominal value of BGN 100 each; and b) 66,000 available, registered, non-voting preferred shares with a nominal value of BGN 100. The shares of Starcom Holding AD are not admitted to trading on a regulated market.

The scope of activities of Starcom Holding AD is the acquisition, management, valuation and sale of interests in Bulgarian and foreign companies, the acquisition, valuation and sale of patents, the transfer of licenses for the use of patents to companies in which the company participates, the financing of companies in which the company participates.

Starcom Holding AD has a one-tier management system - the Board of Directors, consisting of three persons - Assen Milkov Hristov - Executive Director, Kiril Ivanov Boshov - Chairman of the Board of Directors and Velislav Milkov Hristov - Member of the Board of Directors. Starcom Holding AD is represented by the Executive Director Assen Hristov.

Starcom Holding AD as the majority shareholder in Eurohold Bulgaria AD does not have different voting rights in the General Meeting of Shareholders.

Eurohold Bulgaria AD is part of the economic group of its majority shareholder Starcom Holding AD. As at the date of this Report, Eurohold is the principal and most significant investment of Starcom Holding AD.

Direct and indirect control over Eurohold Bulgaria AD

➤ Direct control

Eurohold Bulgaria AD is not directly dependent on any other entities within the Group other than the majority shareholder, Starcom Holding AD.

➤ Indirect control

Eurohold Bulgaria AD is indirectly dependent on the following individuals:

- Assen Milkov Hristov, who exercises indirect control over the Company, insofar as the person holds 51% of the voting rights in the capital of Starcom Holding AD;
- Kiril Ivanov Boshov, who exercises indirect control over the Company insofar as the person holds 34% of the voting rights in the capital of Starcom Holding AD;

"Eurohold Bulgaria AD is not dependent directly or indirectly on any other legal entities or individuals within the Group, except for the entities described above. Eurohold Bulgaria plc has no arrangements with other entities, nor is it aware of any such arrangements, the operation of which may result in a specific future change in control of the company.

DIVIDEND POLICY

The Company's dividend distribution policy is in compliance with the requirements of the current legislation in the country and the Articles of Association of Eurohold Bulgaria AD (Article 64 of the Articles of Association), which do not contain any restrictions on the distribution of dividends to any of the shareholders.

Eurohold Bulgaria maintains a dividend distribution policy, and from 2015 to 2022 inclusive a dividend has been distributed from the Company's profits as follows:

- ✓ A dividend of BGN 582 714 was distributed in 2015
- ✓ A dividend of BGN 365 680 was distributed in 2016
- ✓ A dividend of BGN 1 613 450 was distributed in 2017
- ✓ A dividend of BGN 1 800 000 was distributed in 2018
- ✓ A dividend of BGN 2 469 070 was distributed in 2019
- ✓ Eurohold Bulgaria did not distribute a dividend in 2020
- ✓ Eurohold Bulgaria did not distribute a dividend in 2021
- ✓ Eurohold Bulgaria did not distribute a dividend in 2022
- ✓ Eurohold Bulgaria did not distribute a dividend in 2023

In deciding on the dividend distribution, a balance is struck between the benefits to shareholders and the company.

1.4. CORPORATE GOVERNANCE

MANAGEMENT SYSTEM

Eurohold Bulgaria AD has a two-tier management system:

- Supervisory Board, consisting of six natural persons;
- Board of Directors, consisting of four natural persons
- The company has appointed one Procurator.



SUPERVISORY BOARD as of 31.12.2023

Asen Milkov Hristov - Chairman

Asen Hristov holds a master's degree, specialty "Physics" from SU "St. Kliment Ohridski", specialized in the Institute for Nuclear Research, Dubna, Russia. He specialized in management at the Open University – London. He speaks Russian and English.

Asen Hristov held mentioned managerial positions during different periods within the last 5 years. He held the position of Chairman of the Board of Directors of "Eurobank" AD from 1997 to 2000 and performed representative functions, was Chairman of the Supervisory Board of "IC Euroins" AD from 2000 to 2007, as well as of the investment intermediary "Euro-Finance" AD. From 04.08.2021 until now, Mr. Hristov is the chairman of the Supervisory Board of "Electrodistribution Grid West" EAD.

Dimitar Stoyanov Dimitrov - Deputy Chairman

Dimitar Dimitrov holds a Master's degree in Electronics and Automatics, Technical University of Sofia. From 1998 until 2006 he was Executive Director of the holding company Starcom Holding AD. Since 2005 he is a procurator of IC Euroins AD, and from 1998 to 2005 he held the position of Director of "Information services, statistics and analyzes" Department in the same company.

Kustaa Lauri Aima - Independent Member

In 1997, Mr. Äimä graduated from the University of Helsinki with a Master's degree in Economics. He started his career in 1997 as a junior economist at the Bank of Finland. From January 1998 to May 1999, he worked as a corporate financial officer at Bankers Williams De Broe Helsinki Oy; from May 1999 to August 2000 he was a fund manager at Bankers BBL Finland Oy and from August 2000 to February 2009 he held the position of a fund manager, Head for Eastern Europe unit of Danske Capital. Since April 2002 Mr Äimä is a member of the Management Board of Amber Trust Management SA, a company operating in the field of portfolio management; since December 2004 he is a member of the Management Board of Amber Trust II Management SA, a portfolio management company; since December 2009 he is an executive director and owner of Kaima Capital Eesti Oy, a company specialized in investment advisory and private investment services; since March 2009 he is the executive director and owner of Kaima Capital Oy, which conducts activities in the field of private investments and management consulting. Since 2010, Mr. Äimä is the Chairman of the Board of Directors of KJK Management SA and the General Director as well as a member of the Management Board of KJK Capital Oy – both companies operating in the field of general management and funds raising.

Ivaylo Krasimirov Angarski - Independent Member

Education: Bachelor's degree in Accounting and Finance from Warwick Business School, Certificate in General Business Sciences with Investment Concentration from UCLA (University of California, Los Angeles).

Professional experience: Since 2011 Since then Executive Director of Compass Invest. More than 17 years of experience in the field of finance and management expertise, began his career in the department of Dresdner-Kleinwort in Global Debt, Forex and Local Markets, laid the foundation for successful business operations of foreign investors in Bulgaria, was in the consulting teams of some of the largest investment projects in Bulgaria, owns a financial consulting company since 2008.

Luis Gabriel Roman - Member

Mrs. Roman holds Bachelor's degree of arts from Bowdoin College (United States; 1982), with a dual Major in Government & Legal Studies and Mathematics, and a juris doctorate degree from Harvard Law School (United States; 1985). She is admitted to the New York and Massachusetts bars and was qualified as a foreign solicitor in England & Wales and accepted as a legal consultant with an unrestricted membership status by the Government of Dubai Legal Affairs Department.

Mrs. Roman practiced law as a leading international capital markets and corporate finance lawyer and a partner in a large global corporate law firm for more than 25 years advising on a full range of complex cross-border capital markets and corporate finance transactions. She spent nearly 20 years based in London and Dubai, where her practice focused on advising clients in emerging markets, including across Central Asia, Eastern Europe and the Middle East. Recently, she joined as Partner a globally-networked private markets investment firm focused on building businesses with legacy social impact themes and providing fundraising, asset management and operational support.

She is recognised as a leading lawyer and expert in several legal periodicals and international ranking publications, including

Radi Georgiev Georgiev - Member

Attorney at the Sofia Bar Association (since 1996), a partner in the Law Firm "Kalaidjiev and Georgiev".

- **Change in the composition of the Supervisory Board in 2023**

No change in the composition of the Supervisory Board of the Company was recorded in 2023.

MANAGEMENT BOARD as of 31.12.2023

Kiril Ivanov Boshov - Chairman and Executive Member

Mr. Boshov holds a Master's degree in Accounting and Control from the University of National and World Economy, Sofia. He speaks English and Russian.

From 1995 to 1997 Kiril Boshov was the Chief Accountant of Mobikom – the first mobile operator in Bulgaria, a joint venture between Bulgarian Telecommunication Company and Cable and Wireless, United Kingdom. As Deputy Chairman of the Board of Directors and a procurator he participated actively in the restructuring of the assets portfolio of Eurobank AD, representation of the bank and direct management of the active bank operations – lending and capital markets. From 2000 to 2008 Kiril Boshov was a Chairman of the Management Board of Insurance Company Euroins AD and in 2006 the company was awarded "Company with best corporate management" by the Association of Investors in Bulgaria. In his capacity of a Chairman of the Board of Directors of Eurolease Auto AD, he managed the fund raising activities of the Company as well as the overall management process for the conclusion of an International Funding Agreement between Eurolease Auto AD and Deutsche Bank AG – branch London.

Asen Minchev Minchev - Executive Member

Mr. Minchev holds a Master's degree in Accounting and Control from the University of National and World Economy.

Asen Minchev was an Executive Director of the holding company Eurohold AD for the period 1998 - 2006 until its merger with Starcom Holding AD. From 1996 to 2000 he was a member of the Management Board of IC Euroins AD, and was also a representative of the Deputy Chairperson of the Supervisory Board of Euroins - Health Insurance AD.

Velislav Milkov Hristov - Member

Velislav Christov has more than 25 years of experience as a lawyer and consultant in the field of civil, commercial, banking and insurance law, as well as over 20 years of experience in business management. His career includes a number of managerial positions as a member of the management and supervisory bodies of banks, insurance companies, public and private commercial companies and the head of the legal departments of the same. Velislav Christov is at the same time a freelance lawyer and holds a Master's degree in Law from the Faculty of Law of the Sofia University.

Razvan Stefan Lefter - Independent Member

Mr. Lefter has graduated from the Bucharest Academy of Economic Studies, Bucharest, specialized in banking and stock exchanges (2003). Chartered Financial Analyst (CFA) (2008), specialized as an analyst at ING Bank Global HQ (September 2004 - May 2005), International Relations Manager at ING Bank - Romania (May 2005 - December 2006), trading in securities and equity research in EFG Securities - Romania (January 2007 - November 2011), securities trading in Swiss Capital Romania (November 2011 - June 2014). Since June 2014 - Managing Partner at RSL Capital Advisors, Romania where he focuses on private equity investments.

▪ **Change in the composition of the Management Board in 2023**

In 2023, there was no change in the composition of the Supervisory Board of the Company.

PROCURATOR as of 31.12.2023

Milena Milchova Gencheva - Procurator

Milena Gencheva holds a Master's degree from Moscow State University of Applied Sciences, majoring in "Foreign Languages" and a specialized course in "Management of Finances and Organization" at NBU, Sofia. Fluent in English, French and Russian

Milena Gencheva has been part of the Eurohold team for 20 years, during which time she has participated in and led various projects and has accumulated considerable professional knowledge and experience in the insurance field.

She has been with Euroins Insurance Group since the company was founded, and her main responsibilities and duties are related to building and developing. Before joining the holding, Ms. Gencheva held various administrative and commercial positions in non-governmental organizations and private commercial companies.

▪ **In 2023, there was no change in the composition of the Prosecutor**

There was no change in the person appointed as Procurator in 2023.

REPRESENTATION

Eurohold Bulgaria AD is represented jointly by the two executive directors or by one executive director and procurator.

DEPENDENCE ON OTHER PERSONS

The Company's activity is not dependent on the individual professional experience or qualifications of other employees.

"Eurohold Bulgaria" AD is not directly or indirectly dependent on other legal entities or natural persons within the group, except for the persons described above.

Eurohold Bulgaria AD has no agreements with other persons, nor is it aware of such agreements, the effect of which could lead to a specific future change in the control of the company.

FAMILY RELATIONS

There are established family ties between the members of the Management and Supervisory Boards. Asen Hristov and Velislav Hristov are relatives of the second degree through the silver line (brothers).

COMMITTEES

Audit Committee

An Audit Committee functions in support of the Management Board of the Company.

In May 2009 the Company established its Audit Committee.

In accordance with Art. 107, para. 7 of the Independent Financial Audit Act (IFAA), the Audit Committee of Eurohold Bulgaria AD has adopted Rules of Procedure that regulate the Audit Committee's activities. The Rules of Procedure define the functions, rights and obligations of the Audit Committee with respect to financial audit and internal control, as well as its relationship with the registered auditor and the Company's management bodies and are detailed in the Corporate Governance Statement.

The purpose of the Audit Committee is to assist the Company's management in fulfilling its responsibilities for the integrity of the unconsolidated and consolidated financial report, evaluating the effectiveness of the internal financial control systems and monitoring the effectiveness and objectivity of the internal and external auditors.

Composition of the Audit committee:

Ivan Georgiev Mankov

Independent Member and
Chairman of the Audit
Committee

Dimitar Stoyanov Dimitrov

Member of the Audit Committee

Rositsa Mihaylova Pencheva

Independent member of the
Audit Committee

Remuneration Committee

Eurohold Bulgaria AD does not have an appointed Remuneration Committee. The functions of the Remuneration Committee are performed by the Supervisory Board of Eurohold Bulgaria AD within the meaning of Article 21, par. 3 of Regulation № 48 of FSC.

The Supervisory Board of Eurohold Bulgaria AD, in the performance of its functions as Remuneration Committee, has the following powers:

- To prepare and propose for approval by the General Meeting of Shareholders a remuneration policy;
- To approve the individual remuneration of Board members and Executive Directors, subject to this Policy, and to evaluate the performance of Executive Directors;
- If necessary, to make recommendations to the Board of Directors and the Executive Directors of Eurohold Bulgaria AD in determining the remuneration of employees in other managerial positions;
- To monitor the level and structure of remuneration of the executive directors and other senior executives of the Company;
- To monitor and oversee compliance and compliance practices in the implementation of the approved Remuneration Policy, for which they have the right to access information to exercise this power.

The members of the Supervisory Board shall exercise their functions relating to the Remuneration Policy independently and in good faith, and shall be entitled to use a consultant for the purpose of obtaining information on market standards for remuneration systems, after satisfying themselves of the absence of any conflict of interest and subject to the conditions described in Article 22(1). 3 of Regulation No 48 of the Financial Supervision Commission of 20 March 2013 on remuneration requirements.

The Supervisory Board reports on the exercise of its functions as Remuneration Committee to the General Meeting of Shareholders.

1.5 BUSINESS OPERATIONS

MAIN ACTIVITY IN THE ECONOMIC GROUP

- ✓ Eurohold Bulgaria AD is a holding company primarily engaged in the acquisition, sale and management of interests and financing of related companies. (Until 30.06.2022, the Eurohold group also operated in the business direction - car sales, and operational and financial leasing.)
- ✓ Eurohold Bulgaria AD does not engage in any activities subject to any special permitting regime requiring patents, licenses or other authorizations from regulatory authorities. Such activities dependent on licenses and other permits and/or contracts are carried out by subsidiaries of the Issuer, information on which is available in the review of the activities of the relevant business groups.
- ✓ Eurohold Bulgaria AD together with its subsidiaries and their operating companies form an economic group - Eurohold Group.
- ✓ Eurohold manages and supports the business of its economic group through its strategy, risk, financing of related companies, control, communication, legal advice, human resources, information systems and technology and other functions.
- ✓ In order to optimize management, business processes and fixed costs, the Company has structured its businesses into sub-holding structures depending on the sector in which they operate, namely: energy, insurance and financial-investment activity.

ECONOMIC GROUP

The organizational structure of Eurohold is structured on three levels:

- ✓ **parent company;**
- ✓ **subsidiaries; and**
- ✓ **operating companies.**

Each of the three levels has its specific functions, business activities and objectives.

Existing business activities as of 2023

Subsidiaries are holding structures combining the investments of Eurohold Bulgaria AD in the following sectors:

- **Energy** (active from the end of July 2021);
- **Insurance;** and
- **Investment intermediation and asset management**

Eurohold Group at the end of 2023

As of 31.12.2023 and as of the date of this report, Eurohold Bulgaria AD has interests in 23 companies

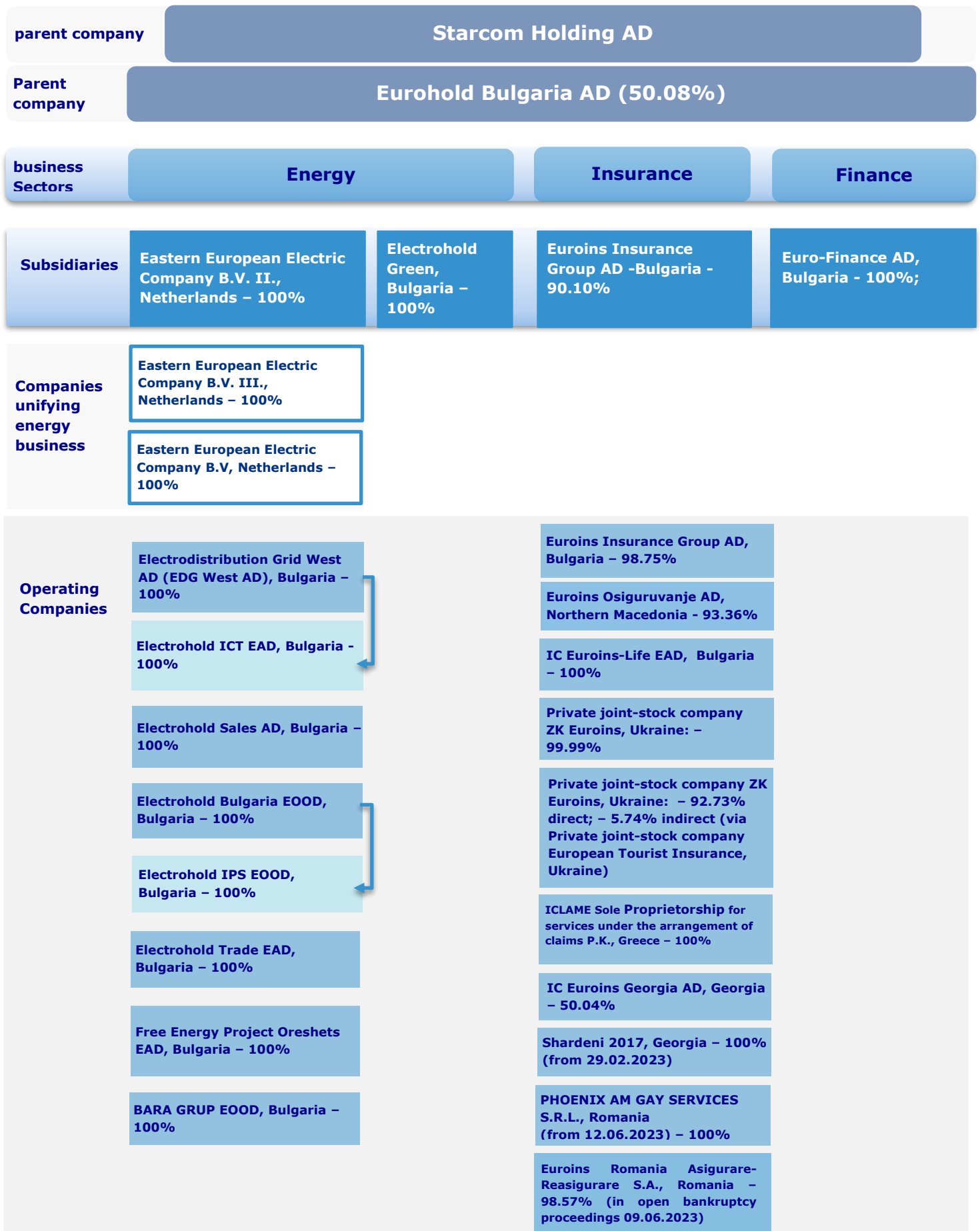
direct participation

- » 4 subsidiaries, incl.
 - ✓ two sub-holdings (energy and insurance),
 - ✓ two operating companies (finance - investment intermediation and energy)

indirect participation

- » 2 dedicated energy business development companies
- » 17 operating companies (8 energy and 9 insurance)

**ORGANIZATIONAL STRUCTURE OF THE ECONOMIC GROUP EUROHOLD BULGARIA
AS OF 31.12.2023**



Discontinued operations in 2023

↪ Sale of shares in a subsidiary with loss of control and the reclassification of the remaining shares in an associated company

At the end of 2023, the Group lost its control within the meaning of IFRS 10 "Consolidated Financial Statements" over "EIG Re" EAD and transformed its participation in the company from a subsidiary to an associate.

Discontinued operations in 2022

↪ Sale of the companies from the Automotive and Leasing segments on 30.06.2022

- **Automobiles** (car sales and servicing) through its subsidiary Auto Union AD; and
- **Leasing** (financial and operational leasing) through its subsidiary Eurolease Group AD

↪ Sale of the companies in Belarus and Russia

- On 30 December 2022, Euroins Insurance Group (EIG), signed an agreement for the sale of its subsidiary insurance company in Belarus (100% participation) and the group's 48.61% stake in an insurance company in Russia.
- As of the date of the contract (30.12.2022), the results of the two insurance companies have been reclassified as discontinued operations.

↪ Termination of business operations in an existing business in Romania

- On 17 March 2023, the Romanian financial regulator (Autoritatea de Supraveghere Financiară) revoked the insurance activity license of "Euroins Romania Asigurare-Reasigurare" S.A., a subsidiary in Romania, which is part of the Group's insurance segment. The regulator's decision also includes a decision to initiate a request to open bankruptcy proceedings, which the court in Bucharest opened on 09.06.2023, and to appoint the Insurance Guarantee Fund (Fondul de Garantare a Insurantelor) as a temporary administrator of the Romanian company. It should be noted that at the time of issuing this consolidated management report, the decision to open bankruptcy proceedings of the Romanian subsidiary has been appealed to a higher court and has not yet been confirmed by a final court decision at this time.

TYPES OF SERVICES AND PRODUCTS, REGIONAL PERFORMANCE

Eurohold Bulgaria AD as a holding company does not develop independent production and/or trading activities or activities related to the provision of services. The Company's operating income is related to financial operations of acquisition and management of subsidiaries, therefore, it is classified in the financial sector.

Through its subsidiaries, Eurohold offers a full range of services and products in the energy, insurance and financial investment segments.

Regional performance by service/product type

ENERGY

Services and products provided	Country
» Access to and transmission of electricity through the electricity distribution network and connection of new consumers to the electricity distribution network	Bulgaria
» Public electricity supply	Bulgaria
» Trade in electricity	Bulgaria
» Complex information, communication and technology services	Bulgaria
» Commercial consulting, purchase and sale of equipment and materials	Bulgaria
» Renewable energy production and trade	Bulgaria

INSURANCE

Services and products provided	Country
» General Insurance	Bulgaria; North Macedonia; Ukraine; Georgia; Romania
» Life Insurance	Bulgaria
» Travel insurance	Ukraine
» Liquidation of damages - motor claims	Greece
» Insurance services distributed under the right of freedom of establishment and freedom to provide services	Italy, Greece (branch), Spain, Poland, Germany, the Netherlands and Great Britain (in these markets IC Euroins AD operates)

INVESTMENT INTERMEDIATION AND ASSET MANAGEMENT

Services and products provided	Country
» Investment intermediation	Bulgaria, Germany (as a member of the Frankfurt Stock Exchange - Deutsche Börse Xetra)
» Investment banking	Bulgaria
» Asset management	Bulgaria

Regional performance by market

- ⇒ In terms of regional performance, Bulgaria has the largest share and covers all types of services/products offered by operating companies from all business segments in which the Group operates.
- ⇒ In Bulgaria, the leading business operations are energy companies (acquired at the end of July 2021), followed by insurance companies operating in the country, with the largest share being IC Euroins AD.
- ⇒ The insurance group has the broadest regional presence, operating in 12 markets across Europe, with Bulgaria having the highest volume of business of the insurance companies.

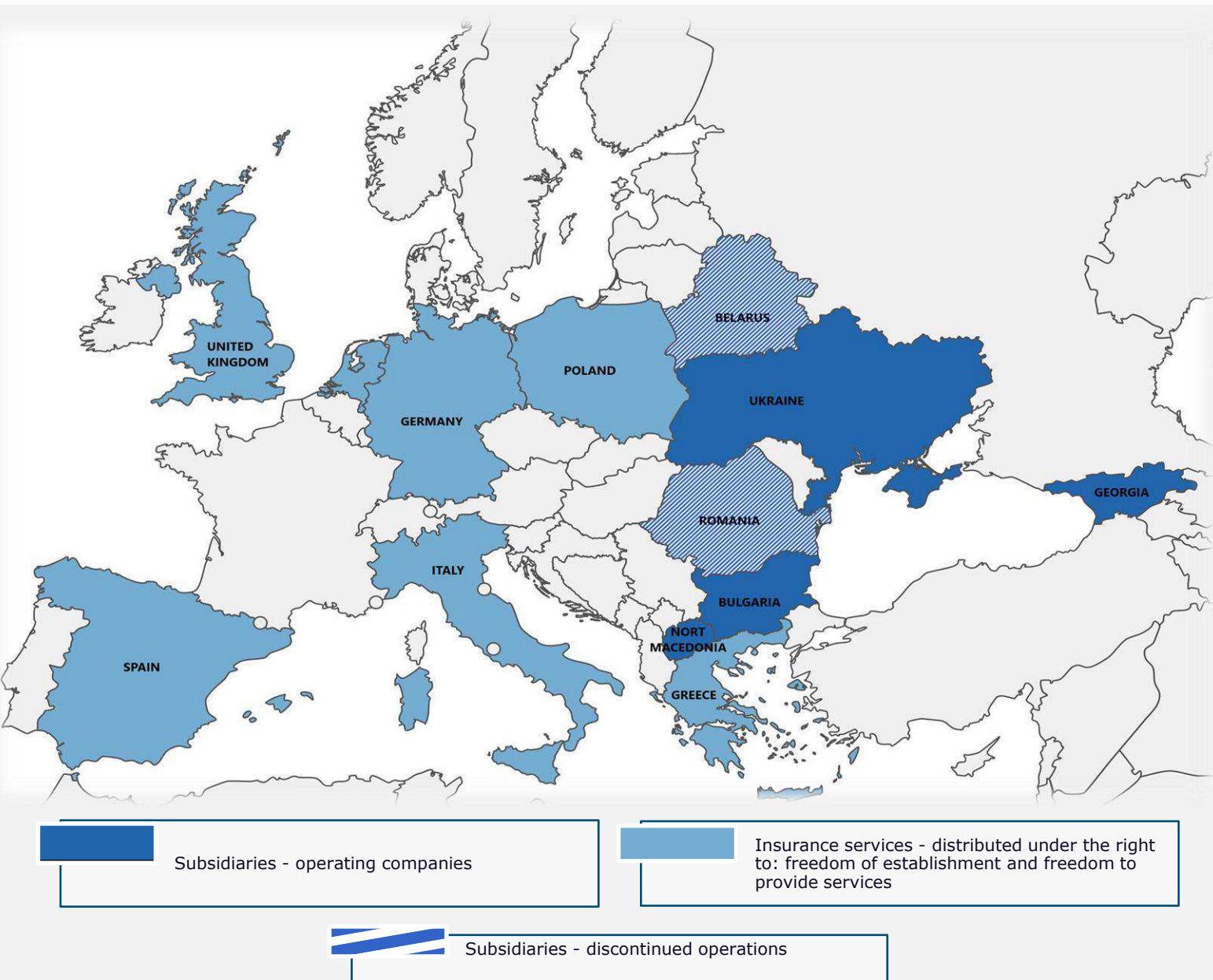
Main markets

Through its subsidiaries, Eurohold is positioned in the markets of Central and Southeast Europe.

The insurance business is represented regionally in the broadest terms, its operations spread across the following geographic markets:

Services and products provided	Country
General Insurance	Bulgaria; North Macedonia; Ukraine; Georgia; Romania*;
Life Insurance	Bulgaria
Travel insurance	Ukraine
Liquidation of damage	Greece (branch)
Insurance services distributed under the right of freedom of establishment and freedom to provide services	Italy, Greece, Spain, Poland, Germany, Netherlands and Great Britain (in these markets IC Euroins AD operates)

The activities of the other business lines are mainly represented in Bulgaria, with the energy business operating only in the country, and the investment finance business offering investment intermediation in Germany through Euro-finance AD as a member of the Frankfurt Stock Exchange - Deutsche Börse Xetra.



CREDIT RATINGS ASSIGNED

"Eurohold Bulgaria" AD and its subsidiaries have been assigned a credit rating by the rating agencies - FITCH RATINGS (Fitch) and "BCRA - CREDIT RATING AGENCY" AD (BCRA).

⇒ Credit ratings awarded to Eurohold Bulgaria AD

 <p>EuroHold Issuer Default Rating "B" Outlook: stable</p>	 <p>EuroHold Long-term: BBB- Outlook: stable Short-term: A-3</p> <p>bonds issues Long-term: BBB- Outlook: stable Short-term: A-3</p>
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⇒ Credit ratings awarded to subsidiaries

As of 31.12.2023, a subsidiary with assigned credit ratings is:

 <p>Euroins Bulgaria Insurer Financial Strength Rating "B+", Outlook: stable</p>	 <p>Euroins Bulgaria Long-term: BBB- Outlook: stable</p>
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More detailed information about the awarded credit ratings of Eurohold Bulgaria AD and its subsidiaries can be found on the websites of the respective rating agencies, namely: www.fitchratings.com and www.bcra-bg.com.

1.6. OVERVIEW OF GROUP RESULTS

This section presents the results of the Eurohold Group's activities on key indicators for 2023 and the comparative period 2022.

The data are based on the audited annual consolidated financial statements of Eurohold Bulgaria AD for 2023, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

SUMMARY

2023, the Eurohold group continued to develop positively and achieved good and stable operational results.

Group revenues from operating activities for 2023 amount to BGN 2.8 billion, with a reported gross profit of BGN 456 million and EBITDA of BGN 209 million.

The Group's realized results for 2022 were affected by several factors and events that had a significant impact on realized results and consolidated profit.

Highlights of influences on group outcomes:

- 1/** From January 1, 2023, the Group applies for the first time the accounting standard IFRS 17 "Insurance contracts". The first application results in significant changes to the presentation of financial data in the consolidated financial statements. In this regard, comparative information for 2022 has been restated.

Under IFRS 17, insurance contracts are grouped together for measurement purposes. Contract groups are defined by initially identifying portfolios of contracts, each of which includes contracts subject to similar risks and managed together. Contracts issued in different product aggregate groups, in different currencies and in different countries of operations are grouped and valued separately at the group level. Each portfolio is then divided into annual cohorts (i.e. year of issue):

- » *all contracts that are burdensome upon initial recognition;*
- » *all contracts which, upon initial recognition, are not likely to become burdensome subsequently; and*
- » *all remaining contracts in the annual cohort.*

When a contract is recognized, it is added to an existing group of contracts or, if the contract does not meet the conditions for inclusion in an existing group, it forms a new group to which future contracts can be added.

A premium allocation method is a simplified valuation model in IFRS 17 that is applicable to insurance and reinsurance contracts that meet the eligibility criteria:

- » have a term of up to one year or as a result of a test of the liabilities under the contracts under the general model and under the simplified model it is clear that the liabilities estimated under both models are approximately the same and;
- » not to be burdensome.

The Group applies the simplified model to the main part of its insurance portfolio, with the exception of long-term insurance policies from insurance products Guarantees and credits, savings insurance, individual risk insurance.

1.1/ IFRS 17 Insurance Contracts has been applied in the Group's consolidated financial statements for the first time. The entry into force of the new IFRS 17 "Insurance Contracts" from 01.01.2023 requires significant changes in the reporting of insurance contracts in the Group. This standard requires separate recognition of the carrying amount of portfolios of insurance contracts and reinsurance contracts as follows:

- » *issued insurance contracts that represent assets;*
- » *issued insurance contracts that represent liabilities;*
- » *held reinsurance contracts that represent assets; as well as*
- » *held reinsurance contracts that represent liabilities.*

Under IFRS 17, the amounts recognized in the statement of profit or loss are divided by:

- » *result of insurance services, including insurance income and insurance service expenses, and;*
- » *financial income or expenses from investment and financial activity.*

The amounts of reinsurance contracts are presented separately.

In view of the changes resulting from IFRS 17 "Insurance Contracts", the Group is changing the current format of the consolidated statement of profit and loss and other comprehensive income, aiming to present the results of operations for the Group fairly and accurately. For the purpose of comparability of information, the audited financial data for 2022 have been restated.

For more information on the effects of applying IFRS 17, see: Note 39 to the annual consolidated financial statements for 2023.

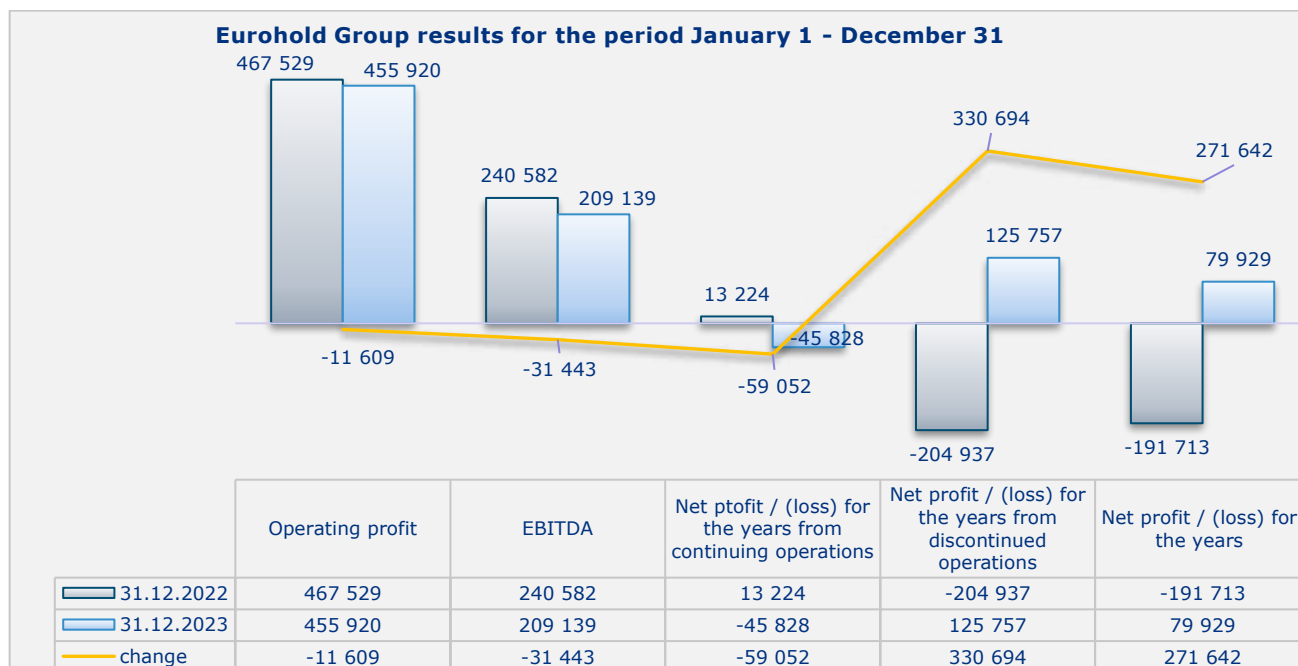
2/ At the end of 2023, The group lost control in the sense of IFRS 10 "Consolidated Financial Report " over "EIG Re" EAD and transforms its participation in the company from a subsidiary to an associate.

The above described under item 2 is presented in the Annual Consolidated Financial Report for 2023 as a discontinued operation, including for the purpose of comparability of the information the results of EIG Re EAD for 2022 have been restated and also reflected as discontinued operations.

Throughout this report, unless otherwise indicated, the comparative information presented for 2022 is derived from the audited consolidated annual financial statements for 2023, where the financial data for the prior year 2022 has been restated against the audited consolidated annual financial statements for 2022 d. in accordance with the influences described above regarding the application of the new accounting standard "IFRS 17" and sale of a subsidiary with loss of control and transformation of the remaining interest into an investment in an associate accounted for using the equity method.

ANALYSIS OF THE GROUP RESULTS

↳ Group consolidated results



The Eurohold Group reported for 2023 a decrease in gross profit by 2.5% (-11.6 million BGN) compared to 2022. The profit before interest, depreciation and taxes (EBITDA) reported a decrease of 13% (31.4 million BGN). For 2023, Eurohold group companies generated a negative net financial result from ongoing activities in the amount of BGN 45.8 million. The result of discontinued activities is a profit of BGN 126 million.

The net result of the group for the reporting year 2023 is a profit in the amount of BGN 79.9 million, with the profit attributable to the owners of the parent company being in the amount of BGN 77.2 million, and the profit for the non-controlling interest is BGN 2.7 million .

During the comparable period 2022, the group realized a profit from continuing operations of BGN 13.2 million and a loss from discontinued operations in the amount of BGN 204.9 million. The net result attributable to the owners of the parent company is a loss in the amount of BGN 170 million ., and the loss of the non-controlling interest is BGN 21.7 million.

↳ Consolidated results by business activities

The total group revenues for 2023 are in the amount of BGN 2.89 billion, marking a decrease of 33.5% compared to the realized revenues for 2022, when they were in the amount of BGN 4.35 billion.

The total group operating revenues for 2023 are in the amount of BGN 2.89 billion, marking a decrease of 33.5% compared to the realized consolidated revenues for 2022, when they were in the amount of BGN 4.35 billion. The operating expenses of the group directly reflect the changes in the volume of business of the companies reported in the consolidated report of Eurohold.

The reported operating expenses in the amount of BGN 2.4 billion mark a decrease of 37.6% (BGN 1.45 billion) compared to the expenses for the previous period.

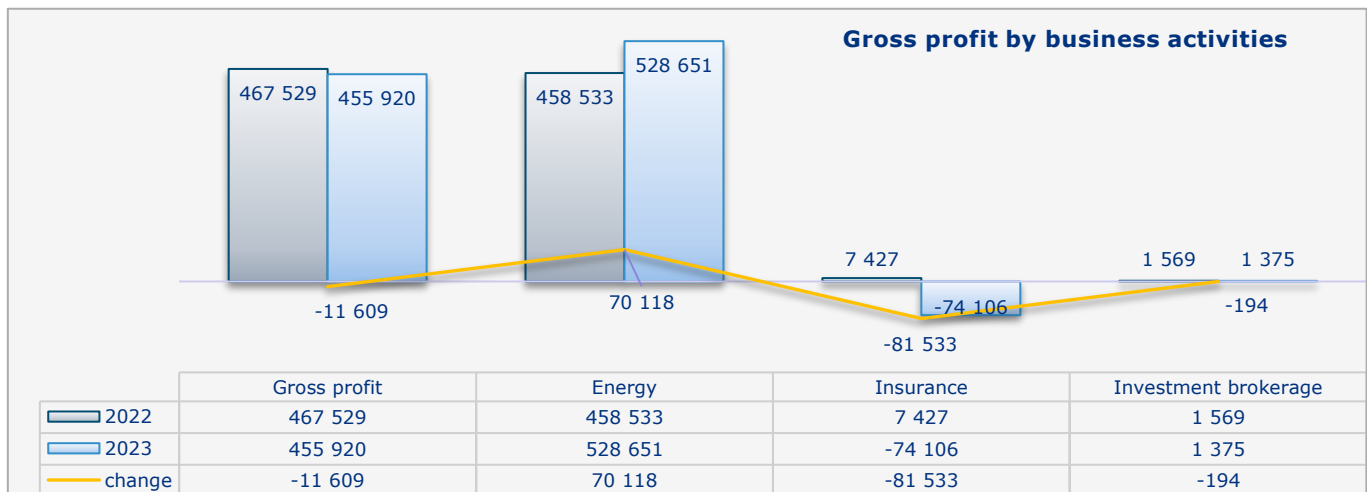
As a result of the operational activity, the group's gross profit for 2023 decreased by 0.9% (BGN 4.3 million).

Consolidated results by business activities	change	2023	2022
	B %	BGN thousand	BGN thousand
Revenue			
Revenue from energy business	-35.1%	2 320 144	3 575 907
Insurance revenue, including:	- 1.5%	466 142	473 350
- Insurance proceeds	+2.0%	466 142	457 028
- Net result of purchased reinsurance contracts	-100%	-	2 059
- Net financial and investment income/(expenses) of	-100%	-	14 263
Income from intermediary activity	-13.5%	1 573	1 818
Total revenue	-31.2%	2 787 859	4 051 075
Expenses			
Expenses of energy business	-42.5%	(1 791 493)	(3 117 374)
Expenses for insurance activity	-17.0%	(616 311)	(742 766)
- Insurance proceeds	-2.5%	(454 242)	(465 923)
- Net result of purchased reinsurance contracts	n/a	(73 235)	-
- Net financial and investment income/(expenses) of	n/a	(12 771)	-
Financial and investment activity costs	-20.5%	(198)	(249)
Total cost of core activity	-34.9%	(2 331 939)	(3 583 546)
Gross profit	-2.5%	455 920	467 529
Income from dividends	-52.7%	123	260
Other income from the activity	+66.1%	37 658	22 669
- energy business	+58.8%	35 002	22 038
- insurance business	-100%	-	386
- Financial and investment activity	+60.8%	82	51
- parent company	+1227%	2 574	194
Profit (loss) from financial instruments, net	-139.6%	752	(1 901)
Administrative expenses	+13.9%	(255 178)	(224 123)
> cost of materials	+4.1%	(16 062)	(15 432)
> costs for external services	+4.5%	(64 729)	(61 916)
> remuneration expenses	+25.5%	(160 537)	(127 960)
> other expenses	-26.4%	(13 850)	(18 815)
(Accrued)/recovered impairment loss on financial assets, net	-105.2%	579	(11 096)
Other operating expenses	+140.7%	(30 715)	(12 759)
- energy business	+70.7%	(21 777)	(12 756)
- insurance business	n/a	(8 938)	-
EBITDA (Profit before interest, depreciation and taxes)	-13.1%	209 139	240 582
Amortization expense	+1.3%	(111 850)	(110 444)
EBITD (Profit before interest and taxes)	-25.2%	97 289	130 138
Finance income	+96.9%	3 702	1 880
Finance costs	+25%	(126 154)	(100 888)
Net effect of changing exchange rates	-95.5%	(32)	(716)
EBIT (Profit)/(Loss) Before Taxes)	-182.8%	(25 195)	30 414
Tax expenses	+20%	(20 633)	(17 190)
Net profit/(loss) for the year from continuing operations	-446.6%	(45 828)	13 224
Net (loss)/profit for the year from discontinued operations	-161.4%	125 757	(204 937)
Net (loss)/profit for the year	-141.7%	79 929	(191 3)

⇒ Operating revenue

- ▶ The decrease in revenues from energy activity by BGN 1.26 billion is mainly due to the lower purchase prices of BNEB (Bulgarian Independent Energy Exchange) in 2023 compared to 2022.
- ▶ Insurance income increased by 2%, however, total insurance income decreased by 1.5% as a result of a negative net result of purchased reinsurance contracts realized in 2023 and negative net financial income/(expenses) compared to the previous year 2022, when the same have a positive net worth.
- ▶ The decrease in revenues from brokerage activity is the result of fewer accepted and executed orders for the purchase and sale of financial instruments, as a result of the general negative trend in the financial market and reduced user activity in the reporting year 2023. However, Euro-Finance realized for 2023 15.9% of the total turnover of the BSE and retains its 5th place in the ranking of intermediaries in terms of realized turnover in Bulgaria.

⇒ Gross profit by business activities



- ▶ The activity of the energy group has the most significant share in the total gross profit. Despite reduced revenues in 2023 due to a significant reduction in commercial electricity prices in the free market compared to 2022, the revenue decline was offset by greater reductions in electricity purchase costs and transmission technology costs.

⇒ Administration expenses

Administration expenses	Energy		Insurance		Finance-investment activity		Parent company	
	2023	2022	2023	2022	2023	2022	2023	2022
(BGN thousand)								
Material costs	(15 932)	(15 296)	(56)	(48)	(52)	(74)	(22)	(14)
Expenses for external services	(54 597)	(54 484)	(4 636)	(2 269)	(708)	(578)	(4 788)	(4 585)
Remuneration expenses	(155 856)	(124 803)	(2 312)	(1 023)	(1 353)	(1 154)	(1 016)	(980)
Other expenses	(13 043)	(17 836)	(120)	-	(240)	(220)	(447)	(759)
Total Administrative Expenses	(239 428)	(212 419)	(7 124)	(3 340)	(2 353)	(2 026)	(6 273)	(6 338)

- ▶ Costs for materials of the energy segment mainly include costs for consumables BGN 2,104 thousand (2022 – BGN 1,149 thousand), transport fuel costs BGN 3,640 thousand (2022 – BGN 3,826 thousand . BGN), spare parts for cars BGN 2,006 thousand (2022 – BGN 1,707 thousand), repair and maintenance materials BGN 5,511 thousand (2022 – BGN 2,751 thousand) and energy for own consumption BGN 2,438 thousand (2022 – BGN 2,771 thousand).

⇒ Financing activities

Result of financial activity	Energy		Insurance		Finance-investment activity		Parent company	
	2023	2022	2023	2022	2023	2022	2023	2022
<i>(BGN thousand)</i>								
Interest income	3 084	1 308	-	-	-	572	-	-
Other financial costs	-	-	768	1 988	-	-	-	-
Total financial income	3 084	1 308	768	1 988	-	572	-	-
Interest expense	(84 629)	(64 011)	(8 001)	(3 587)	(155)	(84)	(22 221)	(20 413)
Interest expense - Rights of use	(479)	(225)	(538)	(588)	(43)	(44)	(46)	(47)
Other financial costs	(9 184)	(2 640)	(237)	(3 091)	-	-	(621)	(6 158)
Total financial income	(94 292)	(66 876)	(8 776)	(7 266)	(198)	(128)	(22 888)	(26 618)
Result of financial activity	(91 208)	(65 568)	(8 008)	(5 278)	(198)	444	(22 888)	(26 618)

⇒ Depreciation and tax expenses

Expenses of business activities	Energy		Insurance		Finance-investment activity		Parent company	
	2023	2022	2023	2022	2023	2022	2023	2022
<i>(BGN thousand)</i>								
Depreciation expense:	(105 756)	(105 398)	(5 601)	(4 487)	(286)	(264)	(207)	(295)
Of assets with right of use	(6 067)	(5 425)	(3 396)	(2 954)	(218)	(198)	(176)	(249)
Result for taxes	(18 956)	(13 456)	(1 625)	(3 614)	(52)	(120)	-	-

Results by type of activity based on non-consolidated data (before intragroup eliminations)

⇒ Revenues and results of business activities

Revenues from business activities			
Business activities	change %	2023 BGN thousand	2022* BGN thousand
Energy	-35,1%	2 320 207	3 576 115
Insurance, incl. insurance income	-2% +1,5%	470 774 470 774	480 362 463 951
Financial and investment activity	-24%	2 442	3 214
Revenues from the activity	-31,2%	2 793 423	4 059 691
<i>Intragroup eliminations</i>	<i>-35,4%</i>	<i>-5 564</i>	<i>-8 616</i>
Consolidated revenues from business activities	-31,2%	2 787 859	4 051 075

Gross profit by business activities			
Business activities	change %	2023 BGN thousand	2022* BGN thousand
Energy	+15,3%	528 714	458 741
Insurance	-1259%	-68 995	5 953
Financial and investment activity	-24,3%	2 244	2 965
Gross profit	-1,2%	461 963	467 659
<i>Intragroup eliminations</i>	<i>+4548,5%</i>	<i>-6 043</i>	<i>-130</i>
Consolidated gross profit from operating activities	-2,5%	455 920	467 529

Earnings before interest, depreciation and taxes (EBITDA)			
Business activities	change %	2023 BGN thousand	2022* BGN thousand
Energy	+19,6%	294 127	245 827
Insurance	-2950%	-85 475	2 999
Financial and investment activity	-70%	318	1 061
EBITDA from subsidiaries	-16,4%	208 970	249 887
The parent company	-99,6%	-334	-74 272
EBITDA before eliminations	+18,8%	208 636	175 615
<i>Intragroup eliminations</i>	<i>-99,2%</i>	<i>503</i>	<i>64 967</i>
Consolidated earnings before interest, depreciation and taxes (EBITDA)	-13,1%	209 139	240 582

Financial result			
Business activities	change	2023	2022*
	%	BGN thousand	BGN thousand
Energy	+29,7%	97 065	74 861
Insurance, incl.	+927,7%	-101 118	-9 839
Financial and investment activity	-53,2%	668	1 426
Financial result of subsidiaries	-105,1%	-3 385	66 448
The parent company	-76,6%	-23 895	-102 147
Financial result before eliminations	-23,6%	-27 280	-35 699
<i>Intragroup eliminations</i>	<i>-96,8%</i>	<i>2 085</i>	<i>66 113</i>
Financial result from continuing operations	-182,8%	-25 195	30 414
Tax expenses	+20%	-20 633	-17 190
<i>Net (loss)/gain from discontinued operations</i>	<i>-161,4%</i>	<i>125 757</i>	<i>-204 937</i>
Consolidated net result for the period	-141,7%	79 929	-191 713

⇒ Consolidated assets and liabilities of business activities as of December 31

Consolidated assets and liabilities of business activities			
Business activities	change	31.12.2023	31.12.2022*
	%	BGN thousand	BGN thousand
Assets			
Energy	-9%	2 207 076	2 426 465
Insurance	+4.7%	789 961	754 517
Financial and investment activity	+1%	29 314	29 018
The parent company	-9.2%	631 830	695 612
Total Assets before eliminations	-6.3%	3 658 181	3 905 612
<i>Intra-group eliminations</i>	<i>-17.9%</i>	<i>-1 183 160</i>	<i>-1 441 437</i>
Consolidated Assets	+0.4%	2 475 021	2 464 175
Liabilities			
Energy	-2.7%	1 346 244	1 383 942
Insurance	+2.7%	638 154	621 499
Financial and investment activity	+17.4%	6 603	5 624
The parent company	-8.8%	413 123	453 010
Total Liabilities before eliminations	-2.4%	2 404 124	2 464 075
<i>Intra-group eliminations</i>	<i>+5.3%</i>	<i>-54 193</i>	<i>-51 489</i>
Consolidated Liabilities	-2.6%	2 349 931	2 412 586

* restated comparative information from the audited annual consolidated financial statements for 2022 in accordance with IFRS 17 - Insurance contracts.

FINANCIAL POSITION

ASSETS

The consolidated assets of the Eurohold group increase by the end of 2023 by 0.4%

Consolidated Assets	change	31.12.2023	31.12.2022
	B %	BGN thousand	BGN thousand
ASSETS			
Cash and cash equivalents	+6%	226 779	214 012
- <i>energy business</i>	+14.5%	203 707	177 883
- <i>insurance business</i>	-34.8%	18 567	28 457
- <i>financial and investment activity</i>	-18.8%	4 412	5 434
- <i>parent company</i>	-95.8%	93	2 238
Term deposits in banks – insurance business	- 42.7%	30 505	53 189
Assets under purchased reinsurance contracts	-33.6%	200 970	302 636
Assets under issued reinsurance contracts	+183%	9 273	3 277
Assets under insurance contracts	+0.4%	248	247
Trade and other receivables	-11.6%	461 404	521 923
➤ <i>Non-current receivables</i>	+26.7%	6 992	5 517
➤ <i>Current accounts receivable</i>	+8.3%	382 459	353 174
➤ <i>Other current receivables</i>	-57.9%	71 953	170 911
Financial actives	+74%	419 676	241 259
Inventories	-27.5%	23 975	33 080
- <i>energy business</i>	-27.4%	23 790	32 787
- <i>insurance business</i>	-36.9%	185	293
Property, plant and equipment	0.3%	869 827	867 647
Intangible assets	-6.6%	93 916	100 514
- <i>energy business</i>	-7.7%	90 622	98 184
- <i>insurance business</i>	+39.8%	3 169	2 267
- <i>financial and investment activity</i>	+101.6%	125	62
- <i>parent company</i>	-100%	-	1
Investment, accounting under the equity method	n/a	12 657	-
Reputation	0%	116 883	116 883
Deferred Tax Assets	-6.3%	8 908	9 508
Total Assets	+0.4%	2 475 021	2 464 175

⇒ Insurance and reinsurance assets

Assets under insurance and reinsurance contracts	Δ	2023	2022
	%	BGN thousand	BGN thousand
Insurance assets	+0.4%	248	247
<i>Assets under insurance contracts</i>	<i>+0.4%</i>	<i>248</i>	<i>247</i>
Reinsurance assets	-31.3%	210 243	305 913
Assets under purchased reinsurance contracts	-33.6%	200 970	302 636
<i>Asset for residual coverage under purchased reinsurance contracts</i>	<i>-54%</i>	<i>37 456</i>	<i>81 474</i>
<i>Claims asset under purchased reinsurance contracts</i>	<i>-25.9%</i>	<i>162 579</i>	<i>219 518</i>
<i>Other assets under purchased reinsurance contracts</i>	<i>-43.1%</i>	<i>935</i>	<i>1 644</i>
Assets under issued reinsurance contracts	+183%	9 273	3 277
<i>Assets under issued reinsurance contracts</i>	<i>+183%</i>	<i>9 273</i>	<i>3 277</i>
Total assets under insurance and reinsurance contracts	-31.2%	210 491	306 160

At the end of 2023, assets under insurance and reinsurance contracts decreased by 31% (BGN 95.7 million), due to a decrease in assets under purchased reinsurance contracts by 33.6% (BGN 101.7 million).

⇒ Receivables by sector

Receivables	Energy		Insurance		Financial and investment activity		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<i>BGN thousand</i>								
Non-current trade receivables	-	-	6 964	5 501	28	16	-	-
Current trade receivables	414 033	462 616	39 156	45 364	147	240	1 076	15 865
▪ Receivables from customers and suppliers	330 930	383 631	11 398	7 809	-	-	1 474	235
- Depreciation	(68 294)	(67 669)	-	-	-	-	(516)	(14)
▪ Advances granted	98 839	4 999	8 628	24 183	-	-	-	-
▪ Other receivables	47 330	142 743	23 415	14 950	147	240	5	18 005
- Depreciation	(12 178)	(12 366)	(4 672)	(1 716)	-	-	-	(2 700)
▪ Prepaid expenses	5 701	4 632	355	29	-	-	113	122
▪ Litigation and claims	41 932	42 404	-	-	-	-	-	-
- Depreciation	(38 156)	(38 767)	-	70	-	-	-	-
▪ Tax recovery	7 929	3 009	32	39	-	-	-	217
Total after depreciation	414 033	462 616	46 120	50 865	175	256	1 076	15 865

⇒ Financial assets

Financial actives	Energy		Insurance		Finance-investment activity		Parent company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
<i>BGN thousand</i>								
Government securities	-	-	25 046 ¹	3 845 ²	956 ¹	780 ¹	-	-
Corporate bonds ¹	36 464	1 995	70 389	21 166	1 347	2 001	7	7
Capital investment ²	8 114	17 450	215 271	89 451	7 199	7 321	-	-
Other financial assets	44 671	37 189	1 524 ³	51 239 ³	8 688 ³	8 815 ³	-	-
Total	89 249	56 634	312 230	165 701	18 190	18 917	7	7

¹ reported at fair value through profit or loss

² reported at depreciable value

³ amounts after impairment

⇒ Investments in associates

The insurance business investment represents an associated participation in "EIG Re" EAD with headquarters in Sofia, Bulgaria. The registered capital is in the amount of BGN 12,500 thousand. The company is licensed to carry out insurance activities in the field of general insurance with Permit No. 100/20.11.2000 of the National Insurance Council and is a member of the Association of Bulgarian Insurers and the National Bureau of Bulgarian Automobile Insurers.

At the end of 2023, The group lost control in the sense of IFRS 10 "Consolidated Financial Statements" over "EIG Re" EAD and transforms its participation in the company from a subsidiary to an associate.

For more information, see Note 29 to the annual consolidated financial statements for 2023.

⇒ Reputation

The management of the Group has made the necessary procedures to carry out an impairment test of the recognized reputation upon the acquisition of the subsidiaries, for which purpose external appraisers have been hired. Appraisals are made according to generally recognized international appraisal standards. In the test, it is assumed that each individual company appears as a "cash flow generating entity" (CFO). Financial budgets as well as other medium and long-term plans and intentions for the development and restructuring of the activities within the Group were used as a basis for cash flow forecasts (before taxes). The recoverable amount of each object generating cash flows is determined on a "value in use" basis. The key assumptions used in the calculations are determined specifically for each reputable company treated as a separate unit generating cash flows and according to its specific activity, business environment and risks.

The result of the test shows that the recoverable amount of the positive reputation exceeds the carrying amount and there are no indications of impairment of the reputation.

The reputation was formed by the following companies:

- > Euroins Insurance Group AD – BGN 111,763 thousand
- > Euro-Finance AD – BGN 2,620,000 thousand
- > Electrohold Trade EAD – BGN 2,500,000 thousand

Based on impairment tests performed in 2023, there was no effect on the value of the corresponding reallocation of the existing reputation.

In 2022, as a result of loss of control, reputation in the amount of BGN 55,840 thousand belonging to the subsidiary in Romania, Euroins Romania Insurance-Reinsurance S.A., was written off.

⇒ Off-balance sheet assets

Eurohold Bulgaria AD, including its subsidiaries, do not have assets that are reported off-balance sheet.

↳ Equity and liabilities

Equity and liabilities	Δ B%	31.12.2023 BGN thousand	31.12.2022 BGN thousand
EQUITY			
Share capital	0%	260 500	260 500
Repurchased own shares	0%	-77	-77
Premium reserves when issuing securities	0%	144 030	144 030
General Reserves	0%	7 641	7 641
Revaluation and other reserves	-373.8%	846	(309)
Accumulated loss	+85.6%	(384 999)	(207 385)
Current (Loss)/Profit	-145.4%	77 242	(170 037)
Equity belonging to the owners of the Parent Company	+206%	105 183	34 363
Non-controlling interest	+15.6%	19 907	17 226
Total Equity	+142.5%	125 090	51 589
Subordinated debt instruments	+14.0%	55 265	48 459
- Insurance business -	+37.6%	54 879	39 879
- Parent company -	-95.5%	386	8 580
Liabilities			
Loans from banks and non-bank financial institutions	-7.4%	1 034 043	1 116 931
- Energy business	-1.0%	982 054	992 336
- Insurance business	-16.3%	252	301
- Parent company	-58.4%	51 737	124 294
Obligations under bond loans	-4.9%	217 588	228 891
Commercial and other obligations	+2.8%	571 433	555 922
- Current trade obligations	+1.2%	192 461	190 168
- Current other obligations	-18.4%	221 010	270 784
- Obligations under leasing contracts	-17.7%	25 034	30 423
- Non-current other liabilities	+105.9%	132 928	64 547
Liabilities under insurance contracts	+1%	438 113	433 616
Liabilities under reinsurance contracts	+88.2%	15 408	8 187
Deferred tax liabilities	-12.1%	18 081	20 580
Total liabilities	-2.9%	2 294 666	2 364 127
Total liabilities and subordinated debt instruments	-2.6%	2 349 931	2 412 586
TOTAL EQUITY AND LIABILITIES	+0.4%	2 475 021	2 464 175

⇒ Equity

The Group's equity is in the amount of BGN 125 million, reporting a significant growth of 142% compared to December 31, 2022. In this amount, the capital belonging to the owners of the parent company is in the amount of BGN 105.2 million. (+206%), while the capital belonging to the non-controlling interest amounts to BGN 19.9 million (+15.6%).

For comparison, at the end of 2022, the capital belonging to the owners of the parent company amounted to BGN 34.4 million, and the capital belonging to the non-controlling interest amounted to BGN 17.2 million, or total equity capital BGN 51.6 million

The share capital of Eurohold as of 31.12.2023 did not change compared to 1 January 2023 and amounted to BGN 260.5 million.

On May 30, 2024, at an extraordinary general meeting of shareholders of Eurohold Bulgaria AD, a decision was taken to issue warrants in the amount of up to 260,500,000 (two hundred and sixty million and five hundred thousand) non-available, registered, freely transferable warrants by the company under the conditions of a public offering in accordance with the Law on the Public Offering of Securities, with an issue value of BGN 0.50 (fifty cents) each, which entitle the holders of warrants to exercise within a 10-year period their right to subscribe for the corresponding number of shares (from same type and class as the existing issue of the company's shares - non-available, registered, non-privileged, with the right to 1 (one) vote in the general meeting of the company's shareholders, with the right to a dividend and the right to a liquidation share) - the underlying asset of the warrants under the issue value of BGN 2.00 (two) per share at a warrant/share conversion ratio of 1:1, which Eurohold Bulgaria AD will issue in future capital increase(s), provided that the new shares are subscribed by the warrant holders. The public offering of the warrant issue will be considered successfully completed only if at least 78,150,000 of the warrants offered, representing 30% (thirty percent) of the securities offered, are subscribed and fully paid. As of the date of this report, Eurohold Bulgaria is in the process of preparing a Prospectus for the initial public offering of warrants, which will describe all the conditions regarding the capital increase of the company with warrants. After approval of the Prospectus by the Financial Supervision Commission, it will be available on the website of Eurohold Bulgaria AD www.eurohold.bg.

⇒ Earnings per share

Earnings per share	2023	2022
	BGN thousand	BGN thousand
Weighted average number of shares (number)	260 422 773	260 422 773
Net profit/(loss) for the year (BGN thousand)	79 929	(191 713)
Net profit/(loss) for the year from continuing operations (thousand BGN)	(45 828)	13 224
Net profit/(loss) for the year from discontinued operations (BGN thousand)	125 757	(204 937)
Earnings /(loss) per share (BGN)	0.307	(0.736)
Earnings /(loss) per share from continuing operations (BGN)	(0.176)	0.051
Earnings /(loss) per share from discontinued operations (BGN)	0.483	0.787

⇒ Shares repurchased

As of 31.12.2023, 77,227 pcs. shares with voting rights of Eurohold Bulgaria AD are held by companies in the Eurohold Group (as of 31.12.2022 – 77,227 shares with voting rights).

⇒ Subordinated debt instruments

In support of equity capital, the Group owns subordinated debt instruments in the amount of BGN 55.3 million owned by companies from the insurance business and by the parent company.

During the reporting period, the total amount of subordinated debt instruments increased by a total of BGN 6.8 million after an increase in the debt in the insurance business by BGN 15 million and a decrease in the debt by the parent company by BGN 8.2 million.

For more information on subordinated debt instruments - see Note 31 to the annual consolidated financial statements for 2023.

⇒ LIABILITIES

The consolidated liabilities (without subordinated debts) of the Eurohold group amount to BGN 2.29 billion, reporting a decrease of 2.9% (BGN 69.5 million) compared to the end of 2022, when their value was BGN 2.36 billion.

The majority of liabilities represent liabilities for borrowed funds to banks and non-bank financial institutions and bond loans. The total amount of debt obligations amounted to BGN 1.25 billion compared to BGN 1.35 billion as of December 31, 2022. The decrease in debt obligations reflects liabilities to financial institutions (BGN 82.9 million) and bonds paid during the reporting period loans (BGN 11.3 million).

Obligations for loans from banks and non-bank institutions, and bond issues:	31.12.2023 thousand BGN	Change %	31.12.2022 thousand BGN
To banks and non-bank financial institutions, including:	1 034 043	-7.4%	1 116 931
- non-current liabilities	802 157	-19.6%	997 157
- current liabilities	231 886	93.6%	119 774
On bond loans, including:	217 588	-4.9%	228 891
- non-current liabilities	216 264	-4.9%	227 320
- current liabilities	1 324	15.7%	1 571
Total debt obligations, including:	1 251 631	-7.0%	1 345 822
- total non-current liabilities	1 018 421	-16.8%	1 224 477
- total current liabilities	233 210	+92.2%	121 345

Obligations for loans from banks and non-banking institutions, and bond issues by business sector:	31.12.2023 thousand BGN	Change %	31.12.2022 thousand BGN
To banks and non-bank financial institutions, including:	1 034 043	-7.4%	1 116 931
- Energy, including:	982 054	-1%	992 336
>non-current liabilities	780 886	-20.4%	980 602
>current liabilities	201 168	+1614%	11 734
- Insurance	252	-16.3%	301
>current liabilities	252	-16.3%	301
- Parent company	51 737	-58.4%	124 294
>non-current liabilities	21 271	28.5%	16 555
>current liabilities	30 466	-71.7%	107 739
On bond loans, including:	217 588	-4.9%	228 891
- Parent company, including:	217 588	-4.9%	228 891
>non-current liabilities	216 624	-4.9%	227 320
>current liabilities	1 324	-15.7%	1 571

For more information on bank and bond loan obligations - see:

- > Notes 32, 32.1, 32.2, 32.3, 33, and 33.1 to the annual consolidated financial statements for 2023.
- > section 1.10.2. Information according to Annex 2 of Ordinance No. 2

⇒ Insurance and reinsurance liabilities

Liabilities under insurance and reinsurance contracts	Δ	2023	2022
	%	thousand BGN	thousand BGN
Insurance liabilities	+1%	438 113	433 616
<i>Liabilities under insurance contracts</i>	<i>+2.7%</i>	<i>436 976</i>	<i>425 626</i>
<i>Other liabilities under issued insurance contracts</i>	<i>-85.8%</i>	<i>1 137</i>	<i>7 990</i>
Reinsurance liabilities	+2.7%	453 521	441 803
<i>Liabilities under purchased reinsurance contracts</i>	<i>+13.4%</i>	<i>6 148</i>	<i>5 422</i>
<i>Other liabilities under purchased reinsurance contracts</i>	<i>+234.9%</i>	<i>9 260</i>	<i>2 765</i>
Total liabilities under insurance and reinsurance contracts	+2.7%	453 521	441 803

In 2023, liabilities under insurance and reinsurance contracts increased by a total of 2.7%, representing BGN 11.7 million. Liabilities under insurance contracts increased by 2.7% (an increase of BGN 11.3 million).

🔗 Acquisitions and sale of companies in the economic group

⇒ Acquisitions

In 2023, the Group established/acquired two companies through its subsidiary Euroins Insurance Group AD (insurance business):

- » Phoenix MGA Services S.R.L., Romania with main business consulting for business and management (a company established by EIG).
- » Shardeni 2017 Ltd., Georgia with the main activity of renting and operating own real estate (acquired company from Euroins, Georgia).

⇒ Redundancies and discontinued operations in 2023

As of 31.12.2023

At the end of 2023, the Group transfers its losses within the meaning of IFRS 10 "Consolidated Financial Statements" to EIG Re EAD and transforms its interest in the company from a subsidiary to an associate. The share of the company's capital sold is 59.94%.

As of 31.12.2022

Euroins Romania Asigurare-Reasigurare S.A. - a subsidiary of Euroins Insurance Group AD., has been accounted for as a discontinued operation as of 31 December 2022, resulting in the write-off of the net assets related to the Romanian subsidiary, the related components of other comprehensive income and the goodwill associated with it at that date.

For detailed information on acquisitions, disposals and discontinued operations of companies in the Eurohold group, see: Note 38 to the annual consolidated financial statements for 2023.

CASH FLOWS

The consolidated statement of cash flows is composed of sections and articles in which cash flows are reflected according to the activity from which they originated, being combined into operating, investing and financing activities.

Cash flows	Δ	31.12.2023	31.12.2022
	%	thousand BGN	thousand BGN
- Net cash flows from operating activities	+36%	410 613	301 927
- Net cash flows from investing activities	+5.5%	(229 744)	(217 851)
- Net cash flows from financing activities	+645.6%	(168 102)	(22 547)
Net change in cash and cash equivalents	-79.3%	12 767	61 529
- Cash and cash equivalents at the beginning of the year	+40.4%	214 012	152 483
Cash and cash equivalents at the end of the period	+24.7%	266 779	214 012

The Eurohold group's cash and cash equivalents as of December 31, 2023 amounted to BGN 266.8 million, showing an increase of 24.7% (BGN 52.8 million) compared to 2022.

During the considered periods, the companies of the Group generate sufficient and positive cash flow to carry out normal operations.

The questions are climate related

The management is currently monitoring the emergence of risks and negative consequences of climate change on the activities of the Group, as well as its impact on climate change.

For the most part, the risks associated with climate change are arising from:

- » Change in the policies and regulations as a result of the implementation of the European normative documents in the field of climate by the respective regulatory bodies in the Republic of Bulgaria;
- » Change in the legislation framework in accordance with the European documents related to climate and approved policies;
- » Change in the distribution network technologies needed to move to a carbon-neutral society;
- » Negative effects on suppliers or customers related with climate that affect the Company:
 - Negative effects on the Company's suppliers are possible due to effects in the chain of climate change, which would lead to a refusal to fulfil commitments directly related to the investment program of the Company. This would lead to non-implementation or delayed implementation of this program.
 - It is possible to increase the energy prices of end customers, which may lead to a reduction in the amount of energy transferred, both due to savings and due to bankruptcies and business closures. This would reduce the amount of profit. At the same time, newly opened businesses would offset this decline.

Consistent with the previous year, as of 31 December 2023, the Company has not identified significant risks caused by climate change that could have a negative and material impact on the Company's consolidated financial statements of the Group. Management continually assesses the impact of climate-related issues.

Assumptions could change in the future in response to upcoming environmental regulations, new commitments made and changing consumer demand. These changes, if not foreseen, could have an impact on the future cash flows, financial results and financial condition of the Company.

For more detailed information on climate-related issues see: section 2. Annual consolidated non-financial declaration

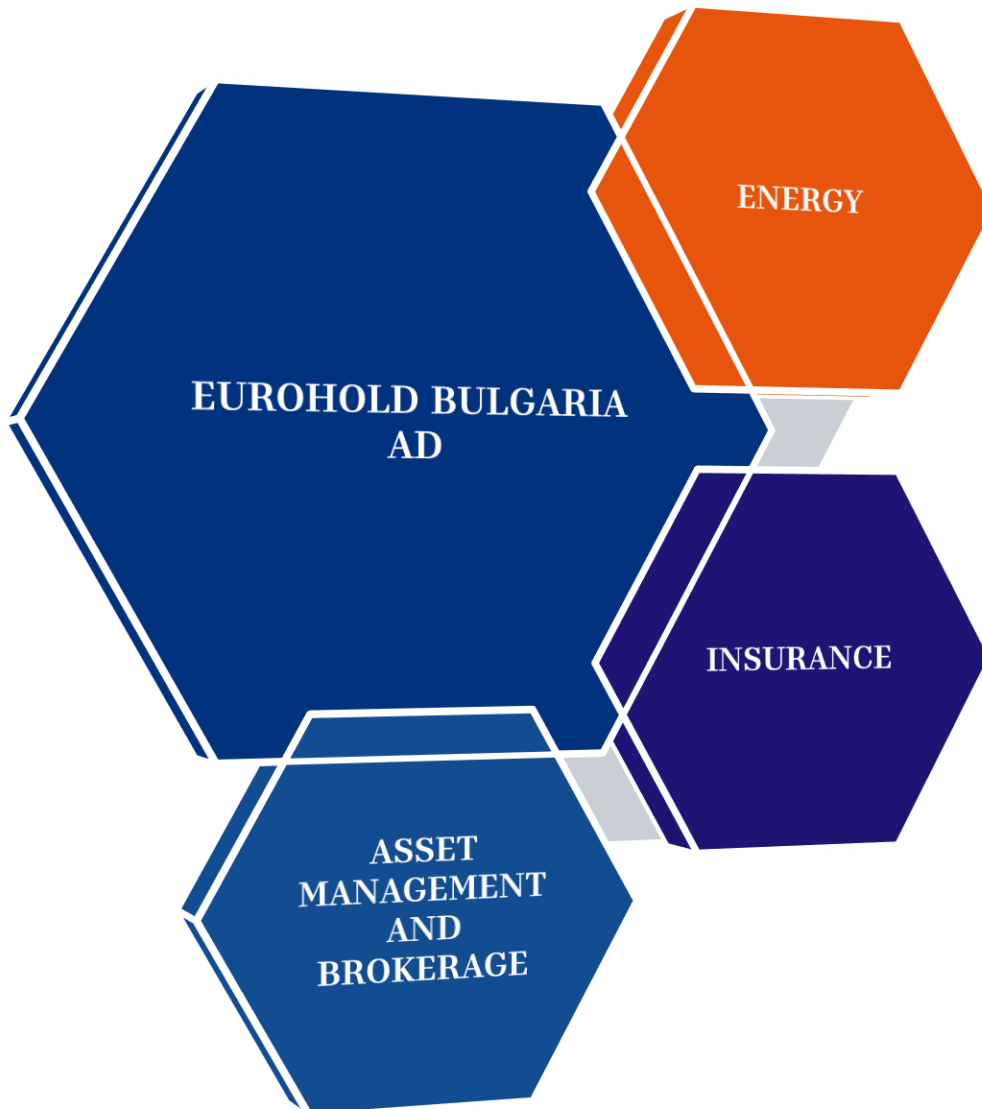
FINANCIAL RATIOS

EUROHOLD GROUP FINANCIAL INDICATORS

thousand BGN

N:	Indicators:	2023	2022	2023/2022	
				value	%
Consolidated income statement					
1	Financial result before taxes from continuing operations	-25 195	30 414	-55 609	-182.84%
2	Financial result after taxes from continuing activities	-45 828	13 224	-59 052	-446.55%
3	Revenue from operating activities	2 787 859	4 049 257	-1 261 398	-31.15%
4	Operating expenses	-2 331 939	-3 583 546	1 251 607	-34.93%
Consolidated statement of financial position					
5	Total equity	125 090	51 589	73 501	142.47%
6	Liabilities and subordinated debt instruments	2 345 931	2 412 586	-62 655	-2.60%
7	Total assets	2 475 021	2 464 175	10 846	0.44%
8	Current liabilities	914 968	853 318	61 650	7.22%
9	Current accounts receivable	454 412	524 085	-69 673	-13.29%
10	Financial actives	419 676	241 259	178 417	73.95%
11	Cash and cash equivalents	226 779	214 012	12 767	5.97%
Information about the shares					
12	Share capital (issued) (BGN)	260 500 000	260 500 000	0	0%
13	Weighted average number of shares for the period (number)	260 422 773	260 422 773	0	0%
14	Earnings /(loss) per share (BGN)	0.307	-0.736	1.04	141.71%
15	Earnings /(loss) per share from continuing operations (BGN)	-0.176	0.051	-0.23	-445.10%
PERFORMANCE INDICATORS					
Profitability:					
16	Gross return on equity ratio (1/5)	-0.20	0.590	-0.791	-134.16%
17	Net return on equity ratio (2/5)	-0.366	0.256	-0.623	-242.92%
18	Gross profitability ratio of liabilities (1/6)	-0.011	0.013	-0.023	-185.19%
19	Net profitability ratio of liabilities (2/6)	-0.020	0.005	-0.025	-455.79%
20	Gross return on assets ratio (1/7)	-0.010	0.012	-0.023	-182.48%
21	Net return on assets ratio (2/7)	-0.019	0.005	-0.024	-445.03%
Effectiveness:					
22	Cost effectiveness ratio (4/3)	-0.836	-0.885	0.049	-5.48%
23	Revenue efficiency ratio (3/4)	-1.196	-1.130	-0.066	5.80%
Liquidity:					
24	Quick liquidity ratio (10+11+12)/9	1.203	1.148	0.555	4.83%
25	Immediate liquidity ratio (11+12)/9	0.707	0.534	0.173	32.43%
26	Absolute Liquidity Ratio (12/9)	0.248	0.251	-0.003	-1.17%
Financial autonomy:					
27	Financial autonomy ratio (5/6)	0.053	0.021	0.032	153.91%
28	Leverage ratio (6/5)	18.754	46.7660	-27.980	-59.90%

1.7. PRESENTATION AND BUSINESS DEVELOPMENT OF SUBSIDIARIES



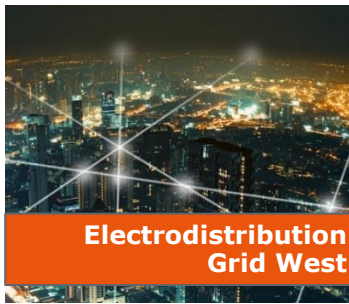


ENERGY





ELECTROHOLD



The mission of the Electrohold group is to be a dynamically developing company that provides:

- energy,
- digitalise your network,
- invest sustainably,
- and works to improve the quality of life

Main values of the Electrohold companies



Goals of the Electrohold Group:

- > increasing customer satisfaction and building trust
- > widespread adoption of e-services
- > network modernisation and digitalisation
- > a strategy to innovate in step with changes in the sector
- > sustainable development and investment
- > leader of the Bulgarian market

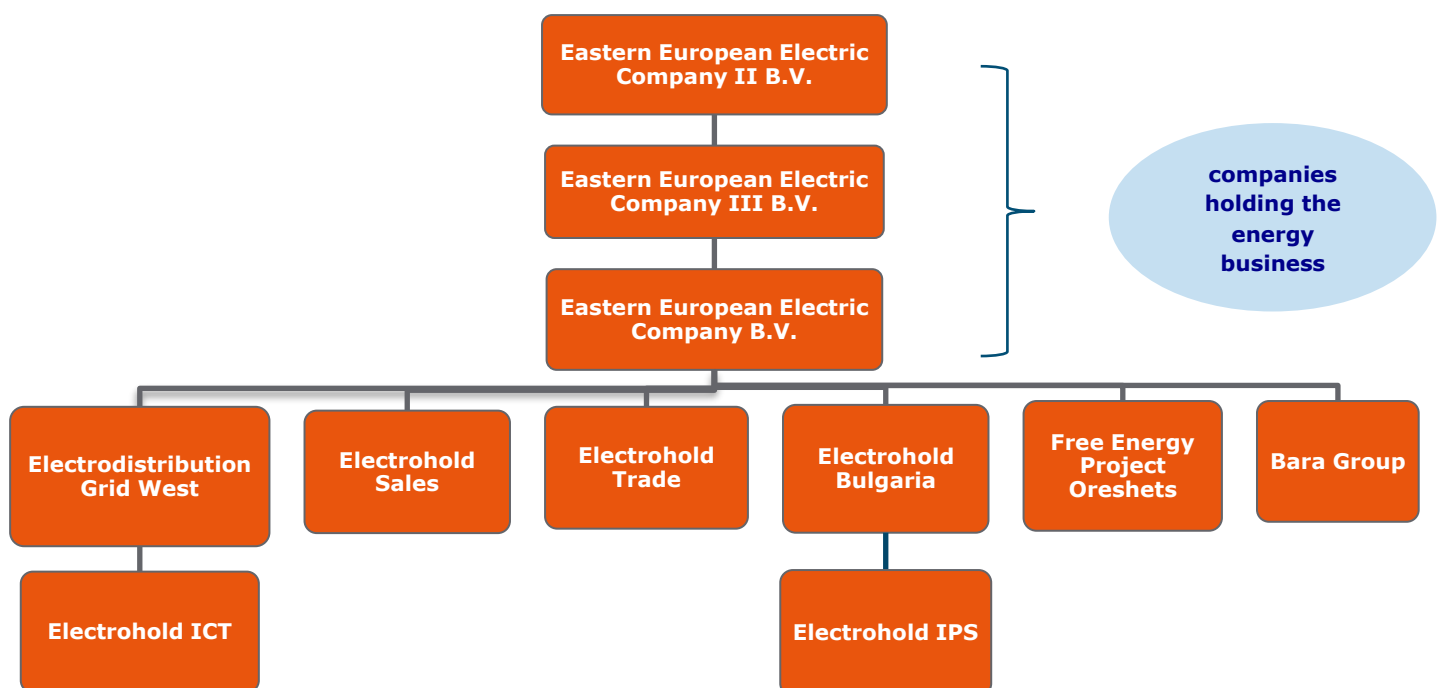
ENERGY

Eastern European Electric Company II B.V. (EEEC II) is a holding company uniting Eurohold's investments in the energy business, registered in the Netherlands, with the object of participation, management, control and financing of companies.

EEEC II unites the acquired companies operating on the territory of Bulgaria on 27.07.2021 in the energy segment, turning Eurohold's energy group into the largest independent private energy group in Bulgaria.

By the end of 2023, the Group consists of eight operating companies operating in distribution, procurement, electricity trading and intercompany management, information technology services, project consulting and three specially created companies to pool Eurohold's energy investments.

Structure of the EEES II Group as of 31.12.2023.



- > **Electrodistribution Grid West EAD (EDG West EAD) - operator of the electricity distribution network in Western Bulgaria.**
- > **Electrohold Bulgaria EOOD, a company for intergroup management and coordination activities and services.**
- > **Electrohold Sales EAD - the largest electricity supplier in Bulgaria.**
- > **Electrohold Trade EAD - the largest licensed electricity trader.**
- > **Electrohold ICT EAD formerly - a company providing inter-group services related to information and communication technologies.**
- > **Free Energy Project Oreshets EAD - photovoltaic park.**
- > **Bara Group Ltd - the company for electricity production from biomass.**
- > **Electrohold IPS Ltd - newly established company (on 03.10.2022) with main activity: preparation of investment projects, execution of construction works, supply, purchase and sale of materials/goods, consulting and assistance in the preparation of documentation for procedures and tenders end other.**

KEY FINANCIAL RESULTS OF OPERATING COMPANIES

ENERGETICS	2023	2022
	BGN thousand.	BGN thousand
Eastern European Electric Company B.V.– consolidated base		
Income from operating activities, including:	2 310 687	3 566 342
◦ Open market clients	1 240 880	2 314 396
◦ Household users	841 909	780 072
◦ Business users	163 334	416 685
◦ Revenues from user connection fees	26 962	21 727
◦ Revenues from services for research, repair and maintenance of the electricity distribution network, and the means of commercial measurement	8 602	10 307
◦ Revenue from information, communication, technology services (ICT) and others	1 641	3 905
◦ Revenue from the Electricity System Security Fund	824	939
◦ Other revenue	26 535	18 311
Operating expenses, including:	(1 791 493)	(3 117 374)
◦ Cost of purchased electricity	(1 604 644)	(2 839 319)
◦ Technological costs from electricity distribution	(151 851)	(199 492)
◦ Balancing the electricity	(32 215)	(74 677)
◦ Transmission and access charges	(2 310)	(3 765)
◦ Other costs	(473)	(121)
Gross profit	519 194	448 968
Other income/expenditure, net	(224 231)	(202 500)
EBITDA	294 963	246 468
Financial income/expenditure, net	(50 733)	(33 153)
Depreciation expense	(105 756)	(105 398)
Taxes	(18 956)	(13 456)
Net profit	119 518	94 461
Financial position		
Assets, including:	1 683 142	1 685 146
Property, plant and equipment	840 800	833 746
Inventories	23 790	32 787
Trade and other receivables	276 448	369 100
Cash and cash equivalents	203 687	177 879
Equity	572 587	561 231
Total liabilities, including:	1 110 555	1 123 915
Non-current liabilities	610 279	782 318
Group financial ratios		
Return on Equity (ROE)	20.87%	16.83%
Return on Assets (ROA)	7.10%	5.61%
Operating profit margin, %	8.19%	3.96%
Asset turnover	1.37	2.12
Total liquidity ratio	0.41	0.52
Absolute liquidity ratio	1.46	2.14

*source of presented financial data: audited annual consolidated financial report of Eastern European Electric Company B.V. for 2023

Eastern European Electric Company B.V. consolidates the activities of all operating companies in the Electrohold group.

Data on the financial status of the sub-holding companies Eastern European Electric Company II B.V. and Eastern European Electric Company II B.V.

ENERGETICS	2023	2022
	BGN thousand	BGN thousand
Eastern European Electric Company II B.V. – individual base		
Assets	134 033 653	189 580 358
Equity	13 562 017	56 685 721
Total liabilities, including:	120 471 636	132 894 637
Non-current liabilities	<i>117 042 986</i>	<i>129 002 926</i>
Eastern European Electric Company III B.V. – individual base		
Активи	133 849 028	189 451 485
Assets	133 815 237	189 418 042
Equity	33 791	33 443
Total liabilities, including:	-	-

* Eastern European Electric Company II B.V. and Eastern European Electric Company II B.V. do not develop an independent operational activity. The liabilities of the companies are related to financing the purchase of the operating campaigns from the Electrohold group. The two sub-holding companies do not prepare consolidated financial statements.

Activity of operating companies

Electrodistribution Grid West EAD

Regulation

Activity / market

Performs activities in: 1. Operation of the electricity distribution network for transmission and distribution of electrical energy;
2. Distribution of electrical energy in Bulgaria, on the territory of Western Bulgaria, with an area of 40,000 square km. and a population of 2,930,000 inhabitants covering the following areas:

- Sofia-city,
- Sofia region,
- Blagoevgrad,
- Kustendil,
- Pernik,
- Pleven,
- Lovech,
- Montana,
- Vratsa, and
- Vidin

License for activity

- License No. Л-135-07/13.08.2004 for carrying out the activity "distribution of electrical energy". The license is for a period of 35 years.
- Decision No. И1-Л-135/06.06.2011 of the State Environmental Protection Agency, the license was supplemented by including conditions related to the Compliance Program.
- Decision No. И2-Л-135/09.12.2013 of the State Environmental Protection Agency, the license was supplemented with rights and obligations in connection with the performance of the activity "coordinator of a special balancing group".

Regulator

The Commission for Energy and Water Regulation (KEVR).

Review the results	2023	2022
	BGN thousand	BGN thousand
Income from operational activity, including:	584 094	522 437
▫ Revenue from contracts with customers	572 697	507 036
Operating costs, including:	(458 134)	(468 026)
▫ Technological costs for electricity distribution	(155 071)	(206 553)
Gross profit	130 976	53 706
Profit before tax	121 613	48 011
Net profit	109 515	43 261
Financial position		
Assets, including:	1 082 605	1 048 726
Property, plant and equipment	822 656	813 747
Inventories	19 180	32 150
Trade and other receivables	35 976	43 689
Cash and cash equivalents	9 617	13 132
Equity	779 410	746 120
Total liabilities, including:	303 195	302 606
Non-current liabilities	164 780	175 920
current liabilities	138 415	126 686
Financial ratios		
Return on Equity (ROE)	14.05%	5.80%
Return on Assets (ROA)	10.12%	4.13%
Operating profit margin, %	22.42%	10.36%
Asset turnover	0.54	0.49
Total liquidity ratio	1.75	1.70
Absolute liquidity ratio	0.07	0.10

Electrohold Sales EAD

Regulation

Activity / market	<p>Performs activities on</p> <ol style="list-style-type: none"> public supply of electric energy according to the Law on Energy and a license for public supply of electric energy and according to the conditions of this license; supply of electricity as a supplier of last resort according to the Law on Energy and the conditions of the license for the activity "supply of electricity from a supplier of last resort"; any other activity not prohibited by law and/or by the license for public supply of electric energy. <p>Market - Bulgaria.</p>
License for activity	<ul style="list-style-type: none"> license for public supply of electric energy No. Л-135-11/29.11.2006 with an initial term of 35 years; license for trading in electrical energy No. Л-229-15/17.05.2007 for a period of 10 years. The license was amended and supplemented by KEVR with decision No. И1-Л 229/16.02.2016, with the rights and obligations related to the activity of a coordinator of a standard balancing group and extended for another 10 years with KEVR decision No. И 2-Л -229/01.09.2016 license for the activity "electricity supply of last resort" Л -409/07/01/2013 for a period of 28 years
Regulator	The Commission for Energy and Water Regulation (KEVR).

Review the results	2023	2022
	BGN thousand.	BGN thousand
Income from operational activity, including:	967 093	1 691 997
▫ Revenue from contracts with customers	958 834	1 685 251
Operating costs, including:	(937 403)	(1 656 385)
▫ Costs for electricity	(902 926)	(1 611 509)
Gross profit	29 690	35 612
Profit before tax	30 343	35 575
Net profit	26 685	31 773
Financial position		
Assets, including:	385 851	421 788
Property, plant and equipment	271	343
Assets under contracts	70 560	115 247
Trade and other receivables	128 868	195 512
Cash and cash equivalents	158 669	86 350
Equity	180 709	190 101
Total liabilities, including:	205 142	231 687
Non-current liabilities	318	446
Current liabilities	204 824	231 241
Financial ratios		
Return on Equity (ROE)	14.77%	16.71%
Return on Assets (ROA)	6.92%	7.53%
Operating profit margin, %	3.07%	2.106%
Asset turnover	2.51	4.01
Total liquidity ratio	1.86	1.80
Absolute liquidity ratio	0.77	0.37

Electrohold Trade EAD

Regulation

Activity / market	<ul style="list-style-type: none"> ▪ Trade in electricity, thermal energy, gaseous fuels and any type of other energy carriers after obtaining the relevant license in case one is required ▪ Research, consulting, design, financing and construction of energy facilities, supply of energy-efficient services, performance of services under contracts with a guaranteed result - ESCO contracts, construction-installation, finishing, repair works, supplies of materials and equipment.
License for activity	<ul style="list-style-type: none"> • License for trading in electrical energy Л-191-15/04.07.2005, issued by the State Commission for Energy and Water Regulation ("DKEVR"), currently the Commission for Energy and Water Regulation. The trade license has been amended by the decision of the State Commission for Economic and Social Development No. - И 2-Л-191 of 06.10.2014 with rights and obligations for the activity "coordinator of a combined balancing group". The period of validity of the trading license was extended until 04.07.2025 by the decision of the State Environmental and Environmental Protection Agency No. И3-Л-191 of 06.10.2014. • registered with "Electricity System Operator" EAD ("ESO EAD") on the electricity market of final customers, on the wholesale market and as a coordinator of a standard balancing group with electricity identification code No. 32XCEZ-TRADE-BG3, as well as a commercial participant of "Bulgarian Independent Energy Exchange" EAD. • entered in the Central professional register of the builder with a Certificate from the Chamber of Builders in Bulgaria for the execution of constructions of the third group - constructions of the energy infrastructure from the second to the fifth category with validity until 30.09.2024.
Regulator	The Commission for Energy and Water Regulation (KEVR).

Review the results	2023	2022
	BGN thousand	BGN thousand
Income from operational activity, including:	934 381	1 671 998
◦ Revenue from contracts with customers	934 324	1 671 937
Operating costs	901 892	1 611 033
Gross profit	32 489	60 965
Profit before tax	33 757	60 968
Net profit	30 400	54 851
Financial position		
Assets, including:	159 532	267 737
Property, plant and equipment	2 442	2 519
Assets under contracts	149 442	218 197
Trade and other receivables	7 538	47 021
Cash and cash equivalents	104 051	100 860
Equity	55 481	166 877
Total liabilities, including:	997	759
Non-current liabilities	54 484	166 118
Financial ratios		
Return on Equity (ROE)	29.22%	54.37%
Return on Assets (ROA)	19.06%	20.48%
Operating profit margin, %	3.48%	3.65%
Asset turnover	-	1.65
Total liquidity ratio	2.88	1.60

Electrohold Bulgaria EOOD

Regulation

Activity / market	Related business advisory services such as: financial and accounting services, receivables management, human resources, public relations and communications, customer service, legal services, property management, transportation services, procurement, management and business consulting
License for activity	No
Regulator	No

Review the results	2023	2022
	BGN thousand	BGN thousand
Income from operational activity, including:	41 386	31 531
◦ Revenue from contracts with customers	40 984	31 256
Operating costs	40 504	30 367
Gross profit	882	1 164
Profit before tax	944	1 036
Net profit	828	1 351

Financial position		
Assets, including:	93 975	79 973
<i>Property, plant and equipment</i>	1 227	592
<i>Assets under contracts</i>	39 373	31 933
<i>Trade and other receivables</i>	24 207	23 933
<i>Cash and cash equivalents</i>	5 491	4 704
Equity	88 484	75 269
Total liabilities, including:	7 609	7 480
<i>Non-current liabilities</i>	80 875	67 789
Financial ratios		
<i>Return on Equity (ROE)</i>	15.08%	17.47%
<i>Return on Assets (ROA)</i>	0.88%	0.90%
<i>Operating profit margin, %</i>	1.42%	2.72%
<i>Asset turnover</i>	0.30	0.35

↳ **Electrohold IKT EAD** (*subsidiary of Electrodistribution Grid West EAD*)

Regulation

Activity / market

Complex information, communication and technological services (ICT services), mainly for companies from the Electrohold Group, according to contracts concluded between the companies. "Electrohold ICT" EAD provides services related to the provision of:

- the necessary hardware and communication equipment, technical solutions, system and specialized software and databases, including administrative service and expert participation in its research, negotiation and delivery, as well as in the management of the licenses used, necessary for the provision of the services;
- warranty and/or out-of-warranty maintenance of equipment, technical solutions and specialized software and databases, etc.
- consultations for technical development of equipment and products, after assessment of technological innovations and their applicability, evaluates and analyzes requests for changes in the functionality of applications and organizes change management according to the Change management procedure
- assists in training users - employees of companies from the Electrohold group, preparation of methodological materials and instructions, user manuals, etc.

also carries out sales of integrated systems for which it previously carried out system design, data modeling, delivery of the necessary hardware, software, licenses, including their support, installation, configuration, implementation of interfaces with other systems, as well as participation in the processes of localization, implementation, migration of data from existing systems, testing and acceptance into a productive environment.

Market - Bulgaria.

License for activity No

Regulator No

Review the results

	2023	2022
	BGN thousand	BGN thousand
Income from operational activity, including:	28 275	24 336
◦ <i>Revenue from contracts with customers</i>	27 963	24 296
Operating costs	24 692	21 905
Gross profit	3 583	2 431
Profit before tax	3 458	2 356
Net profit	3 101	2 148

Financial position		
Assets, including:	57 312	29 884
Property, plant and equipment	6 548	8 500
Assets under contracts	1 270	2 440
Trade and other receivables	29 299	2 587
Cash and cash equivalents	1 586	1 453
Equity	26 469	23 269
Total liabilities, including:	30 843	6 615
Non-current liabilities	1 428	1 851
Current liabilities	29 415	4 764
Financial ratios		
Return on Equity (ROE)	11.72%	9.23%
Return on Assets (ROA)	5.41%	7.19%
Operating profit margin, %	12.67%	9.99%
Asset turnover	0.05	0.30

Electrohold IPS EOOD (subsidiary of Electrohold Bulgaria EOOD)

Regulation	
Activity / market	<ul style="list-style-type: none"> reparation of investment projects, execution of construction and assembly works, delivery, purchase and sale of materials/goods, consultations and assistance in preparation of documentation for conducting procedures and tenders and other activities. The establishment of the Subsidiary is related to a change in the model of providing services in the field of logistics and selection of suppliers in the Electrohold Group. The main goal of the change is to increase the economic efficiency in the consumption of these services and the optimization of the processes in the Group. <p>Market - Bulgaria.</p>
License for activity	No
Regulator	No

Review the results	2023	2022
	BGN thousand	BGN thousand
Income from operational activity, including:	27 909	2 581
Gross profit	507	90
Net profit	407	68
Financial position		
Assets, including:	85 189	3 655
Trade and other receivables	70 780	596
Cash and cash equivalents	269	39
Equity	523	181
Total liabilities, including:	84 666	2 685
Non-current liabilities	1 077	799
Current liabilities	83 589	2 685

Free Energy Project Oreshets EAD

Regulation	
Activity / market	<ul style="list-style-type: none"> Production, construction and operation of energy systems and parks related to renewable energy sources; production and trade of energy from renewable energy sources; purchase of real estate for the purpose of development, rental or sale; construction and business services; marketing research, consultancy; import and export; commercial representation and mediation of Bulgarian and foreign individuals and legal entities. Market - Bulgaria.
License for activity	No
Regulator	No

Review the results	2023	2022
	BGN thousand	BGN thousand
Income from operational activity, including:	2 928	2 681
Gross profit	1 055	1 050
Net profit	948	941
Financial position		
Assets, including:	7 002	9 041
<i>Properties and equipment</i>	5 887	6 586
<i>Cash and cash equivalents</i>	718	2 011
Equity	6 569	8 512
Total liabilities, including:	433	433

Bara group EOOD

Regulation	
Activity / market	<ul style="list-style-type: none"> Construction, maintenance and operation of energy facilities for the production of energy from renewable energy sources and alternative energy sources (after obtaining the relevant licenses and permits); production of energy from renewable energy sources and alternative energy sources (after obtaining the relevant licenses and permits); domestic and foreign trade. Market - Bulgaria.
License for activity	No
Regulator	No

For additional information on the activities and results of the energy companies of the Electrohold group, visit the following Internet address: www.electrohold.bg



INSURANCE





Euroins Insurance Group

Companies in the group Euroins Insurance Group AD (EIG)	Majority participations
Euroins Insurance Company AD	98.75%
Euroins Osiguruvanje AD, Northern Macedonia	93.36%
Euroins Life Insurance Company EAD	100.00%
Euroins Ukraine PrAT	92.73%
Ukraine through European Travel Insurance PrAT	99.99%
Euroins Georgia JSC, Georgia	50.04%
Euroins Claims M.I.K.E, Greece	100.00%
Shardeni 2017 Ltd., Georgia	100.00%
Phoenix MGA Services S.R.L., Romania	100.00%
Euroins Romania Reinsurance - Reinsurance S.A. (license revoked)	98.50%

Euroins Insurance Group is a holding company uniting Eurohold's investments in the insurance business.

Shareholders in the capital of EIG

Shareholders	Participation
"Eurohold Bulgaria" AD	90.10%
European Bank for Reconstruction and Development ("EBRD")	9.90%

For 2023, the following components are defined as operational components that carry out insurance activity, generating insurance income and expenses for insurance services.



Overview of group insurance results

INSURANCE

INSURANCE	2023 BGN thousand	2022 restated * BGN thousand
Consolidated statement of profit or loss and other comprehensive income		
Net profit/(loss), after tax	23 154	(208 661)
Insurance income from continuing operations	470,775	463,951
Cost of insurance services from continuing operations	(459,403)	(478,395)
Gross result of insurance services from continuing operations	11,372	(14,444)
Result of purchased reinsurance coverage from continuing operations	(73,234)	2,059
Net result of insurance services from continuing operations	(61,862)	(12,385)
Net result of investment and financial activity	(22,335)	6,011
Consolidated statement of financial position as of December 31		
Equity, incl. and minority participation	151,80	130,834
Liabilities, incl. Subordinated liabilities	638,152	623,682
Assets	789,959	754,516
Share capital (paid in)	576,243	576,243
Financial assets and cash	392,874	265,107
Receivables and other assets	40,943	47,357
Liabilities under insurance and reinsurance contracts	453,521	447,600
Assets under insurance and reinsurance contracts	210,491	306,160

FINANCIAL INDICATORS INSURANCE GROUP

N:	Indicators:	2023	2022 restated *
RATIOS			
1	Financial autonomy coefficient (including subordinated liabilities)	0.28	0.24
2	Debt ratio (including subordinated liabilities)	2.81	3.35
3	Financial assets to cover the net assets issued insurance contracts	178.5%	220.92%
4	Gross return on equity	17.24%	-156.72%
5	Net return on equity	15.25%	159.49%
6	Gross return on liabilities	4.10%	32.88%
7	Net return on liabilities	3.63%	33.46%
8	Gross return on assets	3.31%	27.18%
9	Net return on assets	2.93%	27.65%

The data of the displayed key indicators are extracted from the audited consolidated financial statement of the insurance subholding "Euroins Insurance Group" AD for 2023.

*Financial data for 2022 have been restated in accordance with the new IFRS 17, which is applied for the first time in 2023.

Activity of operating companies

IC Euroins AD

Regulation

Activity / market	<p>Performs general insurance activities.</p> <p>The insurance products in the portfolio of "IC Euroins" AD cover all types of general insurance according to the current regulations (18 types of insurance products).</p> <p>The company operates in the Republic of Greece through its branch (effective from February 1, 2019) based on the principle of Freedom of Establishment in European Union member states.</p> <p>The company operates on the principle of Freedom of Services in the following member states of the European Union:</p> <ul style="list-style-type: none"> ▪ Poland; ▪ Italy; ▪ Spain; ▪ Germany; ▪ Netherlands ▪ Romania; ▪ Great Britain.
License for activity	Authorization to carry out insurance activity issued by the National Insurance Council under the Council of Ministers of the Republic of Bulgaria.
Regulator	Financial Supervision Commission (FSC).

Euroins Life EAD

Regulation

Activity / market	<p>It carries out life insurance activity and offers and concludes insurance contracts for the following types of insurance and for the following insurance risks:</p> <ol style="list-style-type: none"> (1) Life insurance and annuity; (2) Marriage and Child Insurance; (3) Life insurance linked to an investment fund; (4) Additional Insurance. <p>As of 31.12.2022, "Euroins Life" operates only on the territory of the Republic of Bulgaria, having obtained permission to carry out activities also on the territory of France, Italy and Romania, Belgium through the right to freedom of provision of services.</p>
License for activity	Licensed insurer, according to Decision of the Financial Supervision Commission No. 1601-Ж3/12.12.2007.
Regulator	Financial Supervision Commission (FSC).

Euroins Osiguruvanje AD, Northern Macedonia

Regulation

Activity / market	Performs general insurance activities
License for activity	License to carry out non-life insurance activity
Regulator	The Ministry of Finance of North Macedonia

Euroins Ukraine PrAT

Regulation

Activity / market	Performs general insurance activities
License for activity	License to carry out non-life insurance activity
Regulator	National Commission for State Regulation of Financial Services Markets

Ukraine through European Travel Insurance PrAT

Regulation

Activity / market	Performs activity specialized in tourist insurance. European Tourist Insurance is one of the largest tourist insurers in Ukraine, and it is also the only company in the country specializing in this type of insurance products. The company relies on innovative products offered through extremely well-developed sales channels. Travel Assistance and Accident insurances hold 100% share in the Company's portfolio.
License for activity	License to carry out non-life insurance activity
Regulator	National Commission for State Regulation of Financial Services Markets

Euroins Georgia JSC, Georgia

Regulation

Activity / market	Performs general insurance activities.
License for activity	Insurance company Euroins Georgia specializes in Accident and Illness insurance.
Regulator	License to carry out general insurance and life insurance activities.

Euroins Claims M.I.K.E, Greece

Regulation

Activity / market	Performs claims processing services that are in the sub-categories of MD, BI and Property Claims. Special expertise in the technical and legal field as well as realistic reproduction of accidents. <ul style="list-style-type: none"> ▪ damage liquidation activity related to the insurance portfolio of " IC Euroins" AD - Branch Greece and the insurance portfolio of " IC Euroins" AD, related to the activity of freedom of provision of services; ▪ activity for the liquidation of damages, presented under the "Green Card", for events that occurred on the territory of the Republic of Greece, related to insurance contracts concluded by "IC Euroins" AD on the Bulgarian and Polish markets (under the conditions of freedom of provision of services); ▪ debt collection activity on the territory of the Republic of Greece, arising in favor of " IC Euroins AD" - Branch Greece and " IC Euroins" AD.
License for activity	not
Regulator	not

↳ Shardeni 2017, Georgia

Regulation

Activity / market	A trading company established by the transfer of property unrelated to the insurance business from IC Euroins Georgia AD, and in 2023 the Group purchased the shares and became the owner of 100% of the capital.
License for activity	not
Regulator	not

↳ PHOENIX MGA SERVICES S.R.L., ROMANIA

Regulation

Activity / market	Engages in the provision of services to EIG clients on long-term niche insurance products unrelated to motorist liability insurance. The company was established in the second half of 2023.
License for activity	not
Regulator	not

Key financial indicators from the performance of the operating companies in 2023 and their financial condition as of December 31, 2023

<i>BGN thousand</i>	Euroins Bulgaria	Euroins Bulgaria	Euroins Bulgaria	Euroins Bulgaria	Euroins Bulgaria	Euroins Bulgaria
Insurance income	383,229	31,468	26,379	12,815	9,315	7,569
Equity	70,642	14,359	8,960	5,855	11,497	9,375
Liabilities incl. Subordinated liabilities	468,776	21,091	34,104	5,031	7,376	3,061
Assets	539,418	35,450	43,064	10,886	18,873	12,436
Share capital	44,721	7,573	3,611	2,562	8,445	1,782
Financial assets and cash	309,764	32,600	16,126	6,397	15,112	11,835
Receivables and other assets	32,186	1,424	513	2,010	2,628	218
Liabilities under insurance and reinsurance contracts	389,096	18,966	32,622	3,954	6,534	2,349
Assets under insurance and reinsurance contracts	184,783	808	22,392	1,997	447	64
PERFORMANCE INDICATORS						
Coefficient of financial autonomy (including subordinated liabilities)	0.19	0.41	0.21	0.54	0.61	0.75
Debt ratio (including subordinated liabilities)	4.62	1.47	3.81	0.86	0.64	0.33
Financial assets to cover the net assets under issued insurance contracts	167.4%	187.4%	162.7%	429.6%	291.4%	527.5%

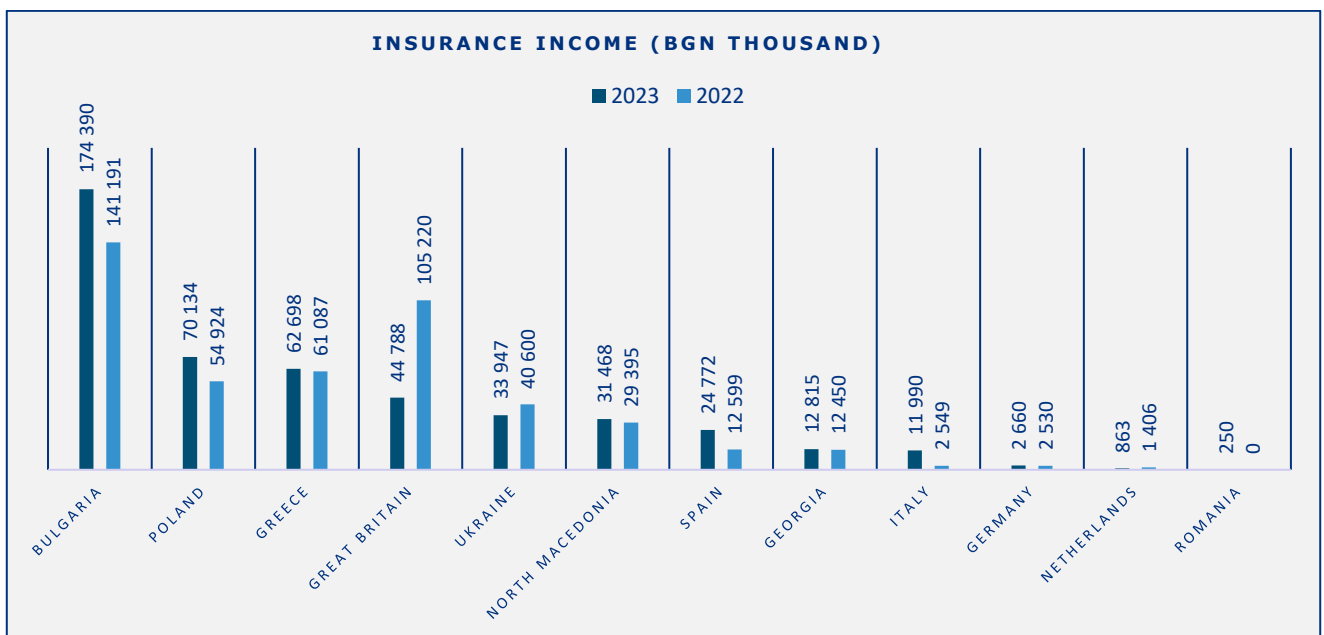
Of the components presented above, only IC Euroins AD, Bulgaria carries out insurance activities in more than one country, and in addition to Bulgaria, it also registers insurance business in the European Union according to the principle of the Freedom to provide services (in Spain, Italy, Germany, the Netherlands, Poland and Romania), according to the principle of Freedom of Establishment (in Greece). In 2023, IC Euroins AD also operated on the

UK market. As of 31.12.2023, the registration of new business on the insurance market in Great Britain has been suspended due to the expiry of the temporary permission regime. At the moment, "IC Euroins" AD and EIG are reviewing and evaluating the market opportunities and the expediency of resuming the activity by opening a branch on the territory of the United Kingdom. and in Great Britain under the post-BREXIT temporary permit regime.

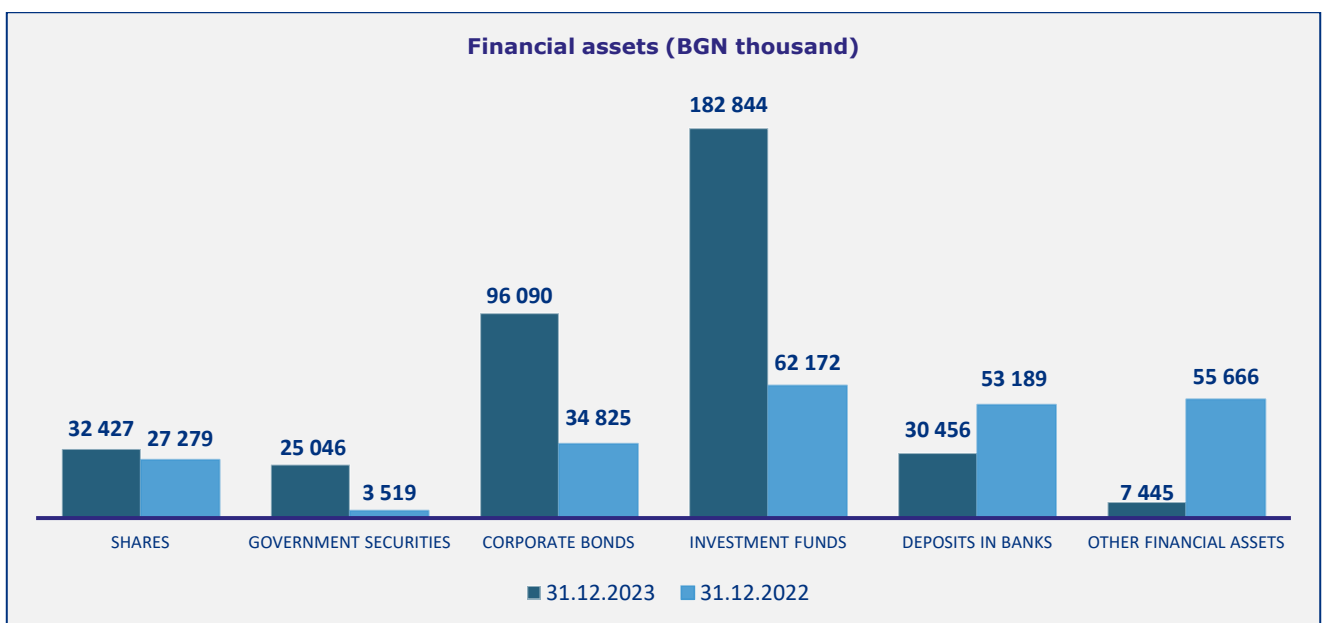
The other companies in the Group:

- "ICLAIM Sole Proprietorship for Claims Settlement Services" P.K. - Greece, "Phoenix MGA Services", Romania, and EIG (on an individual level) support the insurance activity, not generating income from third parties;
- "Shardeni 2017", Georgia, has a minor activity, and for 2023 the revenues are in the amount of BGN 40 thousand.

The territorial distribution of the insurance income of the insurance group



Investment portfolio of the Group on a consolidated basis



Solvency II

The capital position of the Group is confirmed by the indicators calculated in accordance with the requirements of Solvency II, namely:

Indicators	
Total eligible own funds to cover the Solvency Capital Requirement (SCR) in BGN thousand	127 507
Total eligible own funds to cover the Minimum Capital Requirement (MCR) in BGN thousand	85 827
Solvency Capital Requirement (SCR) in BGN thousand	101 657
Minimum Capital Requirement (MCR) in BGN thousand	66 233
Solvency Capital Requirement (SCR) coverage	125.4%
Minimum Capital Requirement (MCR) coverage	129.3%

* The calculations were made on the basis of preliminary unaudited data provided to the Financial Supervision Commission according to the Quarterly Quantitative Reporting on Solvency II for the 4th quarter of 2023.

More information about Euroins Insurance Group and its subsidiaries can be found on the website of the insurance subholding www.eig.bg.



EURO-FINANCE AD



FINANCIAL AND INVESTMENT ACTIVITY (INVESTMENT BROKERAGE AND ASSET MANAGEMENT)

EURO-FINANCE AD is a joint-stock company based in Sofia, operating as an investment intermediary on the territory of the European Union and the European Economic Area and in third countries.

As an investment intermediary, Euro-Finance AD offers its clients activities such as brokerage, asset management, investment banking, mergers and acquisitions advisory, and other investment services for corporate and institutional clients.

"Euro-Finance AD offers individual portfolio management, primarily to individual and institutional investors based in Bulgaria. The company offers three types of individual investment portfolios (conservative, balanced and aggressive). These portfolios are based on the client's risk characteristics and asset structure, which are actively managed by the Company in accordance with the client's specific needs and these assets typically include investments in equities, bonds, alternative investments and cash. Balanced portfolios may be invested up to 60% in equities and alternative investments and aggressive portfolios may be invested up to 95% in equities and alternative investments.

Euro-Finance AD has signed contracts with three bonded agents:

1. "Winners Group" EOOD, registered in the Trade Register and the Register of the National Center for Registration under the Registration Agency with EIC: 204522460, with headquarters and management address in the city of Sofia, Vazrazhdane district, 84 Alexander Stamboliyski Blvd., building "Urban model", floor 6, entered in the Register of persons who can carry out activities as bound agents of the FSC on the basis of Decision No. 19 - OA dated 14.01.2021 of the FSC.
2. "Studio Personal Finances" Ltd., entered in the Commercial Register and the Register of the National Center for Registration at the Registration Agency with EIC: 206297756, with registered office and management address in the city of Sofia, 3 Dr. Hristo Stambolski St., fl. 3, entered in the Register of persons who can carry out activities as bonded agents of the FSC on the basis of Decision No. 496 - OA of 15.07.2021 of the FSC.
3. "BM Credit Group" Ltd., registered in the Trade Register and the Register of the National Register of Trade and Industry under the Registration Agency with EIC 205162378, with registered office and management address: Sofia, "Lozenets", "Viskyar planina" street No. 19, floor 2, entered in the Register of persons who can carry out activities as bound agents of the FSC on the basis of Decision No. 548-TA of 16.05.2023 of the FSC.

Affiliated agents provide and perform services and activities related to the shares of AMUNDI's collective investment schemes on behalf of EURO-FINANCE AD and under its full and unconditional responsibility.

In 2023, EURO-FINANCE AD maintained its leading position on the Bulgarian capital market, realizing 15.9% of the total turnover of the Bulgarian Stock Exchange (BSE) and maintaining its 5th place in the ranking of intermediaries in terms of realized turnover on the exchange. The positive upward trend of stock market indices in the country contrasted sharply with the drastic decline in trade during the year, which is clearly visible in the tables below.

Market data

► Trade in financial instruments in Bulgaria

Activity	2023	2022	2021
Accepted orders for purchase and sale of financial instruments in the country*	5 606	7 786	6 507
incl. submitted via EFOCS	2 744	4 784	3 497
Completed orders	2 601	3 539	4 040
Transactions in financial instruments in the country**	3 429	4 509	4 523
> including on a regulated market	2 922	3 556	3 392
> other regulated market (MTF, OTF)	102	227	290
> off trade	405	726	841
Total turnover in BGN	499 579 262	940 539 675	1 295 921 199

* does not include repo orders (only financial instruments with ISIN BG*)

** there may be a discrepancy between the data in this report and the reports of previous years, due to the execution of orders after the preparation of the annual report

*** executed transactions (excluding repo transactions) (includes transactions with financial instruments with settlement in the country)

📌 Transactions concluded on BSE

Activity	2023	2022	2021
Number of completed transactions	67 641	101 024	86 863
Turnover in BGN	784 243 354	1 004 390 294	818 963 939
Capitalization in BGN	15 500 981 602	30 176 251 496	30 781 289 009
SOFIX	765,12	601,49	635,68
BGBX 40	157,87	139,28	143,68
BG TR30	799,44	731,20	682,96
BG REIT	190,30	183,17	163,98

Source: БФБ

During the past year, EURO-FINANCE JSC continued to make efforts to develop and popularize the segment of services aimed at transactions with foreign financial instruments and to work on the projects to renew and modernize the EFOCS electronic trading platform. In March 2023 officially launched the platform's Android mobile app. A few months later, EURO-FINANCE AD also released a mobile version of the platform for iOS, as well as a web application.

EURO-FINANCE AD reported an increase in turnover through the EFOCS electronic trading platform, which was mainly due to the increased number of transactions with financial instruments on XETRA and Börse Frankfurt.

The table below presents synthesized information about the company's activities on the Frankfurt Stock Exchange (XETR and XFRA), where EURO-FINANCE AD has been a direct member since 2009.

📌 Transactions on the Frankfurt Stock Exchange

Activity	2023	2022	2021
Accepted orders for purchase and sale of financial instruments on Xetra and Börse Frankfurt	10 583	11 163	10 178
incl. submitted via EFOCS	9 878	10 082	9 223
Completed orders	5 160	5 570	4 625
Transactions concluded	7 317	6 834	5 810
Total turnover in BGN	125 992 916	40 709 282	30 868 964

📌 ▶ Deals with shares and bonds in the country and abroad

Deals with shares and bonds in the country and abroad.

Activity	2023	2022	2021
Total turnover in BGN of transactions with shares and bonds in the country and abroad	654 636 075	986 931 228	1 341 599 429

* does not include the turnover of the repo transactions concluded in the respective year

ACTIVITY OF THE COMPANY

Regulator

Activity / market

A. Main investment services and activities:

1. acceptance and transmission of orders in relation to one or more financial instruments;
2. execution of orders on behalf of customers;
3. transactions for own account with financial instruments;
4. portfolio management;
5. investment advice;
6. undertaking financial instrument issues and/or offering financial instruments under the conditions of an unconditional and irrevocable obligation to subscribe/acquire the financial instruments for one's own account;
7. offer for the initial sale of financial instruments without an unconditional and irrevocable obligation to acquire the financial instruments for one's own account (placement of financial instruments)

B. Additional services:

1. storage and administration of financial instruments for the account of clients, including custodial activity and related services such as cash and collateral management, with the exception of the centralized keeping of accounts for securities according to section A, item 2 of the Appendix to Regulation (EC) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving the settlement of securities in the European Union and on central securities depositories, as well as amending Directives 98/26/EC and 2014 /65/EU and Regulation (EU) No. 236/2012;
2. providing loans to investors for them to carry out transactions with one or more financial instruments, provided that EURO-FINANCE AD participates in the transaction;
3. advice to enterprises on capital structure, industrial strategy and related issues, as well as advice and services related to transformation and acquisition of enterprises;
4. provision of services related to foreign means of payment, insofar as they are related to the provided investment services;
5. investment studies and financial analyzes or other forms of general recommendations related to transactions with financial instruments;
6. services related to the underwriting of financial instruments.

C. Transactions with foreign means of payment in cash and non-cash.

Market: within the European Union and the European Economic Area and in third countries

License for activity

license No. RG-03-0004/11.07.2008 issued by the Financial Supervision Commission for carrying out activities as an investment intermediary on the territory of the European Union and the European Economic Area and in third countries

Regulator

Financial Supervision Commission

Review the results	2023 BGN thousand	2022 BGN thousand
Interest and similar income	421	474
Profits / Losses from operations with financial assets and instruments	183	(174)
Fees and commissions from transactions with financial instruments	2 244	2 965
Total revenue	2 848	4 544

Investment structure	2023 BGN thousand	2023 %
Own assets		
Tangible and intangible non-current assets and right-of-use assets	1 070	4.71
Deferred tax assets	6	0.03
Own cash	4 412	19.43
Capital securities (shares, rights, etc.)	8 156	35.91
Debt securities (bonds and treasury bills issued by governments and financial institutions)	965	4.25
Debt securities of other issuers	1 547	6.81
Claims under repo transactions	7 753	34.14
Other receivables	174	0.77
Total revenue	24 083	106.05

FINANCIAL INDICATORS

N:	RATIOS	2023	2022	2023/2022	
		year	year	value	%
1	Return on equity ratio	0.03	0.06	-0.03	-50%
2	Return on liabilities ratio	0.45	0.68	-0.23	-34%
3	Return on assets ratio	0.03	0.05	-0.02	-40%
4	Cost effectiveness ratio	1.03	1.09	-0.06	-6%
5	Revenue efficiency ratio	0.97	0.92	+0.05	5%
6	Total liquidity ratio	36.08	21.55	+14.53	67%
	Quick Liquidity Ratio	36.13	21.56	+14.57	68%
	Immediate liquidity ratio	21.35	11.77	+9.58	81%
	Absolute liquidity ratio	8.23	5.24	+2.99	57%
7	Coefficient of financial autonomy	16.55	12.10	+4.45	37%
8	Debt ratio	0.06	0.08	-0.02	-25%

More information about the activities and results of Euro-Finance AD can be found on the company's website www.eurofinance.bg

1.8. STRATEGY AND FUTURE DEVELOPMENT

Strategy and planned economic policy in the next year, including expected investments and development of personnel, expected income from investments and development of the Group, as well as upcoming transactions of essential importance for the Group's activities.

The main activity of Eurohold Bulgaria AD as a holding company will continue in the future to be the management of subsidiaries in the Eurohold group. In 2024, the Group is not expected to change its activities and realize income of different origins, except those related to the usual activity. No significant investments or transactions of material importance are planned beyond the usual related to the management of the subsidiaries. In this regard, the development strategy of Eurohold Bulgaria AD is considered at the group level and covers the trends for the future development of all companies in the Eurohold group.

⇒ Impact of factors on Group Strategy in 2023.

Two years have passed since the announcement of the new Development Strategy of the Eurohold Group. This period was accompanied by numerous factors that affected the achievement of our strategic objectives and our ability to create and preserve value.

The more strongly represented factors affecting our performance:

- » Macroeconomic instability
- » Geopolitical conflict and uncertainty
- » Regulatory factors
- » Extreme, adverse weather and climate conditions
- » Increasing pressure for decarbonisation and other ESG-related expectations

Macroeconomic volatility

In 2023, our business faced various challenges arising from global macroeconomic factors, including low economic growth rates, inflationary pressures, volatile commodity prices and exchange rates, and geopolitical tensions.

Geopolitical conflict and uncertainty

The ongoing military actions on the territory of Ukraine caused our insurance business to make decisions related to the suspension (at the end of 2022) of activities on the territory of Belarus (100%) and Russia (associated participation 48.61%). The business in both countries was insignificant, forming less than 1% of the insurance group's revenues for 2022, which did not impact the revenues and assets at the group level. Separately, our insurance business in Ukraine was significantly affected, although at a group level the size of this business is immaterial.

Regulatory factors

In March 2023, the Romanian Financial Regulator (Autoritatea de Supraveghere Financiară) revoked the insurance activity license of Euroins Romania Insurance - Reinsurance S.A., a subsidiary of Euroins Insurance Group AD, initiating a request to open bankruptcy proceedings and appointing the Insurance a guarantee fund (Fondul de Garantare a Pegsedilor) for a temporary administrator of the company. On June 9, 2023, the bankruptcy procedure of Euroins Romania Insurance - Reinsurance S.A., Romania (Euroins Romania) was opened, but it should be noted that this decision of the Romanian court has not been confirmed by a final judicial act, which has entered into force.

Extreme, adverse meteorological and climatic conditions

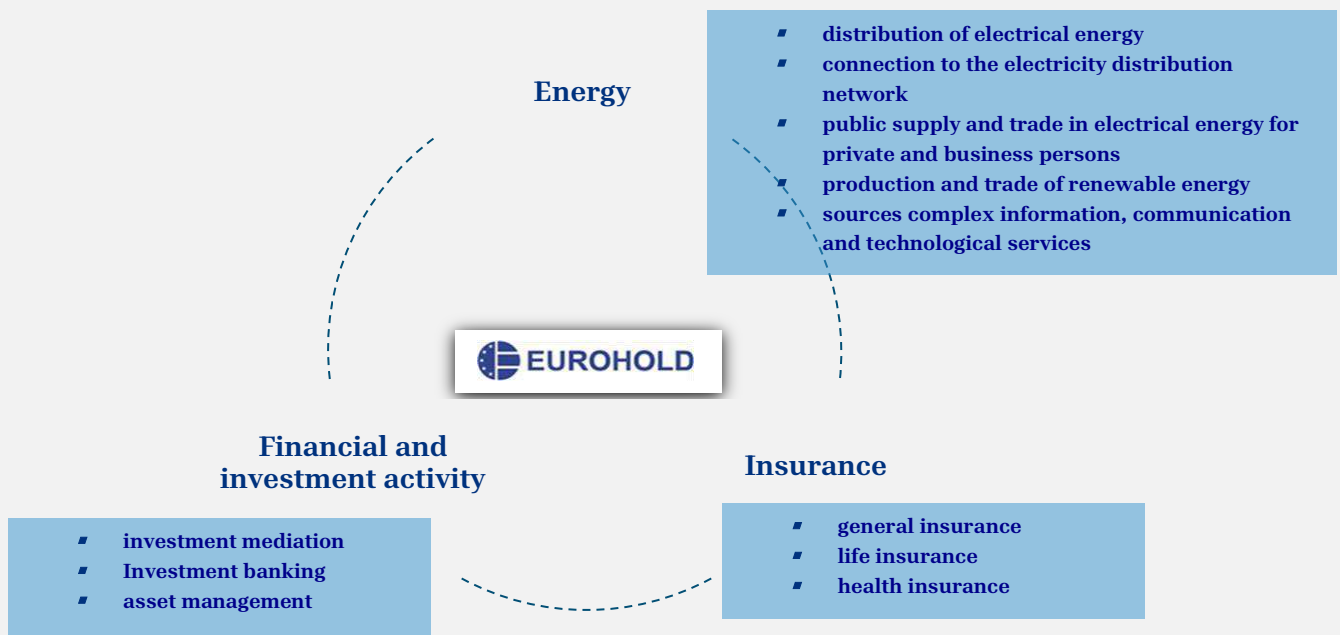
Increased and unpredictable extreme and adverse weather conditions have a direct impact on the operations and results of companies in the energy (higher costs for repairs to the electricity distribution network, including for technical staff, in connection with breakdowns resulting from weather-related impacts) and insurance groups (higher costs for claims paid under climate change hazard insurance products).

Increasing pressure for decarbonisation and other ESG expectations

The plans for the decarbonization and energy independence of the energy sector, lead to significant investments in our energy group Electrohold.

⇒ **Strategy and future development of the Company**

Today, our business is structured in three sector areas: Energy, Insurance, Financial and investment activity (Investment Brokerage and Asset Management).



Our aspiration in our new development strategy is to create a stable business with a stable financial base, aiming for growth through responsible actions and creating value for all our stakeholders.

The first stage of our strategy focused on prioritizing and restructuring the business. This phase ended in late 2022 following the release in mid-2022 of investments in the automotive and leasing businesses, as well as in late 2022 of some insurance assets.

We are now in the second stage of our strategy, where our focus is on the development and future growth of priority businesses.

⇒ Development trends

The development trends are related to the strategic goals in the development of the most important units in the group: the energy and insurance business.

- » The Energy Group's strategy is aimed at providing high-quality services to its customers, implementing and strictly complying with licensing requirements, as well as increasing the value of shareholder capital. The implementation of the strategy will be carried out through the effective implementation of the long-term and short-term goals set by the Group. The business strategy in the area of sustainable development is based on the understanding of creating shared value aimed at: Business; Management and employees; Environmental protection; The interests and needs of customers and society, through sustainable investment and innovation. Digitization of the electricity grid, reconstruction and modernization of existing facilities and construction of new ones to improve the efficiency of the electricity distribution network, etc., have been identified as priority areas.
- » The insurance group "Euroins Insurance Group" JSC continues to develop its activities in Europe through its subsidiaries, through a branch network and business development along the lines of freedom of provision of services and right of freedom of establishment. The main goal of EIG in 2024 is the sustainable development of the already acquired companies that are part of the Group. The development strategy of the insurance companies includes the maintenance of capital requirements for solvency, an adequate reinsurance program, reasonable investments and capital management, adherence to good corporate governance practices and comprehensiveness in the disclosure of financial and business information, reduction of the number of clients with bad claims history, increasing the share of brokers in the portfolio of operating companies, staff training, sales network and intermediaries.
- » EURO-FINANCE AD representative of the financial and investment activity in the group has adopted and implements an investment strategy for effective management of internal capital and management, monitoring and reduction of risk in the investment intermediary and Policy for evaluation, organization, management, monitoring and reduction of risk. EURO-FINANCE AD has adopted a moderately conservative strategy in the management of its investments and exposures. The investment strategy includes investments in a diversified portfolio meeting certain restrictions and guidelines relative to the total capital base of the investment intermediary. The company follows a strategy to maintain internal capital necessary to cover the capital requirements of risk exposures to an extent that does not threaten the normal functioning of the company. This year, emphasis will be placed on expanding the presence of EURO-FINANCE AD in the Internet space and reaching a wider range of potential clients, by promoting the products and services of the investment intermediary in various media and participating in various events. It is planned to simplify and speed up the remote process for new customer registration by optimizing the individual questionnaires and integrating the electronic identification and authentication services offered by Eurotrust Technologies AD through Web API. The final effect of this optimization is expected to manifest itself in a multiple improvement of the initial user experience (UX) of the company's customers. Work on the development of a client portal, through which existing clients will be able to easily and quickly add new services, monitor their wallet, order payments and more, is planned to begin in the second half of the year.

Eurohold's focus for group development will be placed on the following areas:

- Improving efficiency, capitalization and profitability;
- Continuing the process of diversifying the product portfolio;
- Improving return on invested capital;
- Development of our ESG priority areas and strategy;
- Promoting sustainable business practices;
- Engaging and motivating our workforce and investing in training;
- Improving the needs and satisfaction of our customers, through product and service development, digitization, digitization and innovation.

To achieve the priority areas, Eurohold will continue to provide and provide full support to its subsidiaries regarding their capital position, sound financial condition and maintenance of a high liquidity position and solvency to ensure

current servicing of Eurohold group's obligations to all banking and non-financial institutions, bondholders, suppliers, and other creditors. The focus is also on control, monitoring and optimized management in all business lines in order to prevent and protect against possible shocks.

Capital investments

In 2024, the Eurohold Group does not plan any material capital investments other than in the ordinary course of business, including no acquisitions of new companies.

In the Eurohold Group, significant capital investments are made by the company Electricity Distribution Networks West EAD in connection with the renewal and repair of the electricity transmission network.

For more information see 2.4. Environmental responsibility in section 2. Consolidated non-financial declaration.

Risk Management

- » to monitor and analyze the occurrence of risks such as: macroeconomic, political, legal, regulatory, those related to climate change, as well as other significant risks occurring in the countries where the subsidiary companies operate;
- » to evaluate the impact of the identified risks on the results of the group, and
- » to make decisions about their mitigation.

Employees

No material change in the number of staff employed by the Group is expected in 2024.

Dependency on regulatory changes

Due to the fact that all businesses in the Eurohold group are highly regulated, its development is dependent on future regulatory changes, therefore the future development of the Eurohold group is largely dependent on the applicable legislation, changes in the regulatory framework and the decisions of the regulatory authorities.

In summary, the strategy and future development of Eurohold Bulgaria AD is considered at the group level and is entirely related to the achievements of the subsidiary companies, their opportunities for generating revenue and profit growth, maintaining a stable capital structure, creating innovative products, strengthening competitiveness, consolidation and growth of market positions in the regions in which they operate.

1.9. MAIN RISKS

This section describes the risk factors affecting the Eurohold Group's core business.

This list of risks is not intended to be exhaustive. The order in which the risks are presented is not indicative of their likelihood of occurrence, nor of their potential impact on the Company's business, prospects, results of operations and financial condition.

Additional risks and uncertainties that are not currently known or that are currently considered immaterial could individually or cumulatively have a material adverse effect. In the event that any of the risks described in this section occur even in part or in combination with other risk factors or circumstances, it could have a material adverse effect on the Company.

The Group's future operational results may differ materially from past results as a consequence of the occurrence of the risks described herein. Although the Group monitors the impact of risks on the performance of its businesses, some of these risks are beyond our control. Given the dynamic macroeconomic environment at this time, it is possible that other risks and/or uncertainties may occur that are not currently known or that we are unable to assess or that are considered immaterial at this time and which risks could have a material adverse effect on the Group's business.

Each business sector, including the segments in which we operate, is subject to common risks, such as: changes in the macroeconomic environment, social, political, financial, regulatory and legislative changes. Our principal risks and uncertainties are those that may have the greatest impact on our Group's key priorities.

Climate risks

Eurohold Bulgaria AD falls within the scope of Directive (EU) 2022/2464 of 14 December 2022 on corporate sustainability reporting (CSRD). CSRD reporting will take place for the first time in 2025 as part of the annual consolidated management report for the 2024 reporting year.

Eurohold Bulgaria has embarked on a project to accelerate its sustainability journey, including implementing the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). As a Group, we have recognised the significant risks posed by climate change to our operations and the wider environment.

1 / NON-SYSTEMATIC RISKS

Non-systematic risks are associated with the general investment risk specific to a firm and the sector (industry) of the economy in which it operates.

Risks related to Eurohold's operations and structure

To the extent that the activities of Eurohold Bulgaria AD are related to the management of assets of other companies, the same cannot be attributed to a separate sector of the national economy and is exposed to the industry risks of the subsidiaries. Eurohold Bulgaria's group companies operate in the following sectors: 'insurance', 'energy', and 'investment brokerage and asset management'.

The Company's financial results are directly linked to the financial performance and development trends of its business units. The impact of the individual risks of the subsidiaries is proportional to the share of the respective industry in the structure of Eurohold's long-term investment portfolio.

The main risk associated with the operations of Eurohold Bulgaria AD is the possibility of a reduction in the earnings of the companies in which it participates and on the receipt of dividends. In this regard, this may have an impact on the company's revenue growth as well as on the change in its profitability.

Deterioration in the performance of one or more subsidiaries could lead to deterioration in results on a consolidated basis. This in turn is also linked to the company's share price as a result of investors' expectations of the company's

and the Eurohold Group's prospects, as the market price of the shares takes into account the business potential and assets of the economic group as a whole.

Eurohold continuously controls and monitors the development strategy of its economic group. All identified risks and potential risks that may affect the activities of the subsidiaries are monitored.

Eurohold Bulgaria acts flexibly in identifying risks related to subsidiaries that may have a negative effect on the Group as a whole, including divestments where necessary.

Specific risks associated with the activities of subsidiaries

► Insurance business

The inherent risk categories of the EIG, as an insurance holding company, are identified and classified in accordance with the identified risk categories. For risk accounting and reporting, the Group applies a standard formula by identifying and distinguishing the following risk categories at a consolidated level:

» Sector risk

Sector risk arises from the situation and trends in the insurance sector. The main risks affecting the sector are:

- change in demand for insurance services and products;
- existence of strong competition and market fragmentation;
- lack of opportunities to expand the market in proportion to the increase in GDP;
- innovation risk - low incidence of new product creation by established players and entry of new technologies disruptively affecting the market;
- regulatory change risks - the core business of the EIG group companies is based on the current Solvency II-based regulatory framework in EU member and candidate countries, as well as established international insurance risk management practices.

Group companies seek to limit the impact of sector non-systematic risks on their business by maintaining a broad range of insurance and products in a broadly diversified portfolio and offering new products in line with changes in market demand. The aim is to enrich the range of insurance products offered, while at the same time having a flexible pricing policy tailored to the risk profile of the client. The Group also seeks innovative solutions in the field of new technologies, both in the area of sales and introduction of new products and in the area of claims handling.

» Company risk

Enterprise risk combines business risk and financial risk. Business risk relates to the specific activities of the Group. This risk is defined as the uncertainty associated with earning revenues inherent in the industry in which the Group operates. The nature of the general insurance business is based on pricing and managing risk in its various manifestations through the management of a portfolio of insurance products.

The Group's business risk is characterised by:

- the inability to estimate the timing and magnitude of damage caused by events such as natural disasters, major accidents and acts of terrorism;
- the existence of liquidity risk;
- the existence of operational risks.

» Business risk associated with the occurrence of large claims

Due to the representative nature of the product structure in the insurance portfolio of the EIG subsidiaries compared to that of the insurance sector in the respective countries, there are no specific business risks that are unique to the companies compared to the rest of the sector.

Natural disasters

These events can cause damage of a significant nature to insured property of individuals and companies as well as to motor vehicles.

With regard to the amount of damage that would be caused by natural catastrophes to motor vehicles insured with companies in the EIG group, it is considered to be minimal in view of two factors:

- The companies have a large portfolio of vehicles insured against natural catastrophes across several countries, which has the effect of spreading the risk of such catastrophes over a large population and therefore minimising the impact of disasters given that they affect a very limited territory;
- Insured cars are readily mobile and therefore the risk of damage from natural disasters is partially reduced given that some natural disasters are predictable and their territorial spread is relatively slow and limited.

The amount of damage to insured immovable property that companies could sustain from natural catastrophes is limited by the reinsurance programme maintained by the EIG. In order to monitor the exposure of the Companies' portfolio to the risk of natural catastrophic events, an assessment of the Companies' accumulated risk of such events is prepared on a quarterly basis by CRESTA zone.

Major accidents

The large industrial risks that can contribute to such events are extremely limited in the companies' portfolio, and their impact is severely limited by the fact that these accidents are fully covered by the companies' purchased reinsurance protection.

Terrorist acts

To date, there have been no acts of terrorism in Bulgaria, North Macedonia and Romania that could potentially threaten risks covered by general insurance companies. Under the general terms and conditions of Euroins, terrorism is an excluded risk under international clause G51.

► Energy Business

» Environmental and climate risk

Risk of negative impact on the environment

The Electrohold Group complies with the applicable domestic and international legislation in the field of sustainable development, ecology and environmental protection, in solidarity with the fundamental objectives and principles of environmental law. Specific actions are taken and policies are followed regarding sustainable development. Management is currently monitoring the emergence of risks and negative effects of climate change on the operations of the Electrohold Group, as well as its impact on climate change.

Risk related to the transition to a low carbon economy. For the most part, the risks associated with this stem from:

- Change in policies and regulations as a result of the implementation of European climate regulations by the relevant regulatory authorities in the Republic of Bulgaria.
- Change in the legislative framework in line with European climate documents and established policies;
- Change in technology regarding the distribution network needed to move towards a carbon neutral society.

The Group has obligations under EU energy efficiency policy and the current Energy Efficiency Obligations Scheme in the country and is committed to implementing measures to reduce energy consumption to end customers.

Climate change risk

Management monitors on an ongoing basis the emergence of climate change risks and negative impacts on the Group's operations, as well as its impact on climate change.

For the most part, climate change risks arise from:

- Change in policies and regulations as a result of the implementation of European climate regulations by the relevant regulatory authorities in the Republic of
- Change in regulations in line with European climate-related documents and approved policies;
- Change in distribution network technologies required to move towards a carbon neutral society;
- Negative climate-related effects on suppliers or customers that affect the company.

Regulatory risk

Regulatory risk relates to the impact that the existing regulatory framework or changes to the regulatory framework have on the Company's operations, as well as potential fines and penalties resulting from breaches of this framework.

The energy business is a highly regulated business, with the financial performance of companies operating in the energy sector directly dependent on a number of regulations and decisions of the government regulatory body (the EWRC). Companies are exposed to the risk that the regulator may not take into account all costs associated with their normal activities when setting electricity prices.

- Risks associated with the unpredictability of regulatory changes and the possible negative impact of these changes on the Company's operations;
- Risk of revocation of licenses;
- Risk of fines imposed by the CPC and the EWRC;
- Risk of the Company not being able to cover all of its operating costs under the End Supplier Licence, and the risk of no regulatory changes allowing for their reduction;
- Risks associated with the behaviour of key market participants and their impact on the electricity market;
- Risks associated with an increase in financial requirements on companies such as mandatory guarantees and deposits by key market participants;
- Risks related to the way the free electricity market is organised, modelled, structured and visioned;
- Risks related to the introduction of additional legal direct and indirect obligations on generators, traders, customers and grid companies in the free electricity market, including the increase and/or introduction of new charges, taxes, contributions, energy efficiency obligations.

The dynamics of regulatory changes related to the European Union's strategy for liberalisation and development of energy markets is also directly dependent on the political situation. Frequent changes in the political environment are a prerequisite for a more volatile and less predictable regulatory environment.

Market risk

Risk related to electricity consumption and the cost of purchasing energy for process costs in an organised exchange market due to economic, political, technological and climate change reasons, as well as the risk of liberalisation of the electricity market. These are risks that arise from causes external to the Company and the Company's ability to effectively influence the factors determining this risk is very limited. Market risks can be characterised as:

- Competition and switching risks in a free market;
- Risks associated with changes in wholesale electricity prices and their impact on the Company's energy position and expected trading margin;
- Risks resulting from the pronounced volatility and unpredictability of the wholesale market and the fundamentals influencing it (natural gas prices, fuels, CO2 emissions, renewables, EU policy, market mergers, climate change, etc.);
- Risks related to liquidity and adequate supply of long-term energy products in the wholesale market, matching the consumption profile of end customers;
- Risks due to seasonality, weather changes, generator maintenance programs, transmission capacity, generator outages, and other unforeseen events that may impact the wholesale electricity market;

- Risks associated with mispredictions, and/or abrupt changes in the wholesale market and the Company's inability to adapt its end-use customer portfolio to the changes;
- Risks related to market infrastructure, data exchange systems, security and information protection;
- Risks related to trading participant behaviour, experience and code of ethics;
- Risks arising from leaving positions of other participants in the Company's balancing group unfilled;
- Risks of non-renewal of contracts with end customers due to internal and external factors;
- Risk of changes in the regulatory framework, respectively inability to fully or partially pass on purchase costs to end customers' selling prices.

Other risks specific to the operations and industry of energy companies are:

- Risk that operations may be adversely affected by a reduction in electricity consumption due to economic, political or technological reasons;
- The business is exposed to the risk of climate change;
- The business is exposed to the risk of an increase in the cost of electricity as a result of an increase in the price of primary energy resources and stricter CO2 emission standards;
- Liberalisation of the electricity market in Bulgaria and increased competition;
- Risks associated with electricity supply disruptions;
- Litigation or other out-of-court proceedings or actions could have an adverse effect on our business, financial condition or results of operations;
- Risk of selecting an inappropriate market strategy;
- Risk of inability to retain and hire quality personnel;
- Strikes or other industrial action, and negotiations with trade unions could disrupt operations or increase its operating costs;
- Risks associated with the Company's obligation under the Energy Efficiency Act;
- Risk of inability or limitations in securing committed resources, including significant increases in the cost of financing and changes in interest rates.

▶ **Financial and investment activity (Investment brokerage and asset management)**

The Group's investment intermediation and asset management activities are represented by the investment intermediary Euro-Finance AD. The risk in the financial intermediation and asset management sector is related to the high volatility of debt and equity markets, changes in financial sentiment and the investment culture of the population.

» **Market and credit risk**

Euro-Finance AD's financial performance is subject to market risk and credit risk, respectively, given that a large portion of Euro-Finance AD's assets are invested in publicly traded fixed income securities denominated in several currencies, the market value of which changes daily. "Euro-Finance plc is clearly a very well capitalised company, given the regulatory requirements in force, but sudden and significant disruptions in the financial markets, as well as in the credit profile of the specific issuers of securities in whose instruments Euro-Finance plc has invested its capital, could have a material adverse effect on Euro-Finance plc's prospects, results and/or financial condition.

» **Settlement and clearing risk**

As a leading and active local financial broker with an extensive local business in financial asset management and brokerage services, serving both institutional and individual investors, "Euro-Finance" AD settles and clears numerous transactions with many counterparties on a daily basis. The risk of communications error in the settlement process, although currently fully minimized, exists and could limit the Company's ability to effectively serve its clients, which could have a material adverse effect on Euro-Finance plc's prospects, results and/or financial condition.

» Risk of change in the regulatory framework

"Euro-Finance" AD operates in a highly regulated environment and is obliged to carry out its activities in full compliance with the applicable legislation under the supervision of the relevant regulatory authority in Bulgaria (Financial Supervision Commission). As a supervised entity of the Financial Supervision Commission, Euro-Finance AD is obliged to fully comply with the mandatory rules and regulations, including newly adopted ones, of the local regulator. Any failure or even delay in complying with mandatory regulations could have a material adverse effect on Euro-Finance plc's prospects, results and/or financial condition.

» Risks in information transmission and processing

"Euro-Finance" AD conducts all stock exchange transactions, asset management, currency trading and settlement activities only electronically and is therefore exposed to the risk of loss in the transmission of information or theft of personal and confidential information. Failure to provide continuity and the necessary level of protection to the flow of information could expose the Company's internal securities trading system, its databases and daily transactions to risks, which in turn could damage the Company's image in the eyes of its customers and counterparties. Any loss of full control over information flow could have a material adverse effect on Euro-Finance plc's prospects, results and/or financial condition.

Risks related to Eurohold's development strategy

Eurohold's future earnings and economic value depend on the strategy chosen by the senior management team of the company and its subsidiaries. Choosing an inappropriate strategy could lead to significant losses.

Eurohold Bulgaria AD seeks to manage the risk of strategic errors in its group by continuously monitoring the various stages in the implementation of its market strategy, and the results thereof. This is essential in order to be able to react promptly if a change is needed at a certain stage in the strategic development plan. Untimely or inappropriate changes in strategy could also have a material adverse effect on the Company's business, operating results and financial condition.

Risks associated with the management of Eurohold. Operational risk

Operational risk is the risk of direct and indirect losses to the Group arising from various, internal factors related to operations, the integration of newly acquired companies, personnel, technology and infrastructure, as well as external factors other than credit, market and liquidity risk and arising from legal requirements and generally accepted rules of corporate ethics.

The likelihood of such events is assumed to be relatively low.

Eurohold continuously analyses and monitors the management of subsidiaries.

The Company, including the Group, pays particular attention to security and personal responsibility, especially with regard to access to information (including classified information and personal data information), information system and cyber security.

Risks associated with financing the activity

Eurohold Group's ability to grow and implement its development strategies depends to a large extent on its ability to raise capital. The volatility of the financial markets, as well as any apparent lack of trust between financial institutions, could make it significantly more difficult to raise long-term capital on reasonable terms.

The management of Eurohold Bulgaria AD supports the efforts of the Group's subsidiaries to attract banking resources for investment and to secure working capital. The volumes of these funds raised are maintained at certain levels and are authorised after demonstrating the economic efficiency for each company.

Management's policy is to raise financial resources from the market mainly in the form of equity securities (shares), debt instruments (bonds) and borrowings from banking and non-banking institutions, which it invests in its subsidiaries to finance their projects by increasing their capital or providing loans. Separately, Eurohold Bulgaria monitors the capital structure of each company and takes action to maintain regulatory capital requirements for each business segment by increasing their capital.

Risk of concentration

There is concentration risk, which is the possibility that a company may incur a loss due to a concentration of financial resources in a business sector or related parties. This risk is the possibility that the invested funds may not be fully recovered due to a recession in the investee business. The Company's management actively monitors this risk and seeks solutions, measures and actions to diversify the businesses in which it operates.

With the acquisition of the Energy Group in 2021, Eurohold diversifies the concentration risk in the largest insurance business to date.

Risk of lack of liquidity

Liquidity risk relates to the possibility that Eurohold Bulgaria AD or a subsidiary may not repay its liabilities in the agreed amount and/or when they fall due.

Eurohold Group companies seek to minimise this risk through optimal cash flow management within the Group. The Group applies an approach to ensure that the necessary liquidity resources are available to meet liabilities as they arise under normal or exceptional conditions, without incurring unacceptable losses or damaging the reputation of the individual companies and the economic group as a whole.

Subsidiaries undertake financial planning which seeks to meet the repayment of expenses and current liabilities, including the servicing of financial obligations. This financial planning minimises or completely excludes the potential effect of contingencies.

In the process of liquidity risk management, the group companies carry out intra-group financing with free cash resources.

Regarding liquidity risk analysis: see Note 2.34.5 Liquidity risk to the annual consolidated financial statements.

Credit risk

Credit risk is the risk that a counterparty will not pay its obligation to a Group company. It relates to the possibility of a deterioration in the collectability of receivables which could lead to cash flow disruption and difficulty in making payments on borrowed/borrowed funds.

The Group is exposed to this risk in connection with various financial instruments such as the granting of loans, the incurrence of customer receivables, the deposit of funds and others. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting period.

Risk related to staff

The Eurohold Group's business is significantly dependent on the contribution of a number of individuals, members of the management and supervisory bodies, senior and middle management of the parent company and subsidiaries. There can be no assurance that these key employees will continue to work for Eurohold in the future. Eurohold's success will also be relative to its ability to retain and motivate these individuals. The Company's inability to maintain sufficiently experienced and qualified personnel for managerial, operational and technical positions could have an adverse effect on the Group's business as a whole, its operating results and its financial condition.

The Eurohold Group accepts this risk as material and implements policies to enhance employee motivation by providing a good environment for professional development, a competitive level of remuneration and a good working culture.

Risk of possible transactions between group companies with terms that differ from market terms

Relationships with related parties arise under agreements for temporary financial assistance to subsidiaries and in connection with transactions relating to the ordinary business activities of subsidiaries.

The risk of possible transactions between Group companies on terms that differ from market terms is the risk of achieving a low return on the intra-group financing provided. Another risk that may be incurred is that sufficient revenue, and hence a good profit for the relevant company, may not be realised in intra-group commercial transactions. At a consolidated level, this may have a negative impact on the profitability of the entire group.

Within Eurohold, transactions between the parent company and the subsidiaries and between the subsidiaries themselves, arising from the nature of their core business, take place on an ongoing basis. All transactions with related parties are carried out on terms that do not differ from normal market prices and in compliance with IAS 24 'Related Party Disclosures'.

Following the sale (mid-2022) of the automotive and leasing businesses, this risk has been significantly reduced.

2 / SYSTEMATIC RISKS

Macroeconomic risk

Macroeconomic risk is the risk of shocks that may affect economic growth, population income, supply and demand, profit making by economic agents, etc. These shocks include global economic and business conditions, fluctuations in national currencies, political events, changes in legislation and regulatory requirements, national government priorities, etc. Trends in the macroeconomic environment affect market performance and the bottom line of all sectors in the economy.

The risk of the impact of the international environment on firms cannot be diversified and affects all economic actors, but on the other hand it can become a driver for the development and implementation of innovation and digitalisation that can dramatically change and increase business performance on a global scale.

Examples of macro-economic shocks include: the global economic crisis; the impact of the Covid-19 global pandemic in early 2020, including measures taken by the governments of affected countries; the slowdown in economic growth; the risk of systematic global financial fluctuations; recurrent fiscal imbalances; high levels of inflation; changes in exchange rates to certain currencies; volatility in energy prices; economic and political uncertainty in some regions of the world; reduced

Bulgaria has an open economy and its development depends directly on international market conditions. The development of Bulgaria's economy faces the risk of external influences and depends directly on international market conditions.

The macroeconomic situation and global economic growth are of key importance for the development of Eurohold Bulgaria AD and its subsidiaries, including the government policies of the respective countries in which the Group operates and, in particular, the regulations and decisions taken by the respective Central Banks, which affect monetary and interest rate policies, exchange rates, taxes, GDP, inflation, budget deficit and external debt, unemployment rates and income structure.

The occurrence in Bulgaria and in the countries of our operations, of adverse macroeconomic conditions including increases in unemployment and inflation, and fiscal instability could have a material adverse effect on the Company's/Group's business, financial condition and/or results of operations or expected growth of the Group.

The Eurohold Group has operations in a number of European countries in addition to Bulgaria and accordingly its overall financial position and the results of its operations are affected by the economic, legal and political conditions in these countries. Any deterioration in macroeconomic conditions in such countries or in the wider CEE/SEE region could adversely affect certain products and services offered by the Group and result in lower revenues than originally planned. In addition, general changes in government policy and regulatory systems in any such jurisdiction may result in increased operating costs and capital requirements for the Group. Any future periods of economic slowdown or slow economic growth in any of the markets in which the Group operates could have an adverse effect on the Group's business, financial condition, cash flows, results of operations or prospects.

Eurohold Bulgaria seeks to monitor the likelihood of macroeconomic risk and develops group measures to mitigate, to the extent possible, the effects that the presence of this risk may have. However, the Holding cannot completely exclude and limit its impact on the business, financial position, earnings and cash flows at group level. There is also the possibility that the occurrence of this risk could exacerbate other risks or a combination of risks.

Macroeconomic risks observed in 2023

⇒ **Military actions on the territory of Ukraine and the Middle East**

The military conflicts in Ukraine and the Middle East raise at the global level possible manifestations of risks related to the reduction of economic activity and financial markets, supply chain problems, price increases and inflation, etc.

The effects and economic implications of the hostilities between Russia and Ukraine and those in the Middle East cannot be fully assessed at this stage of development, but indicate a very serious impact on the world economy. Weaker global economic activity or a further slowdown in the pace of world trade could also depress growth in the euro area.

If the conflict were to continue, the economic damage would be significant for all sectors of the economy, both in Bulgaria and the EU, including the sectors and regions in which the Eurohold Group operates. Eurohold's

management is monitoring with concern the development of the military conflict between Russia and Ukraine and is assessing its impact on the Group's business with a view to taking measures, decisions and specific actions to mitigate the impact on the Group. "Eurohold Bulgaria AD, through its subsidiary Euroins Insurance Group, owns investments in two insurance companies in Ukraine and, until the end of 2022, also owned one company in Belarus and one with a minority interest in Russia.

At the end of 2022, the management of Eurohold Bulgaria and its subsidiary Euroins Insurance Group decided to divest the insurance group of its interests in companies in Belarus (100%) and Russia (associate 48.61%). These holdings added insignificant values to the consolidated results against the Assets of the Insurance Subholding and the Assets of Eurohold Bulgaria plc. EIG's business in the two countries accounted for less than 1% of the insurance group's 2022 revenue.

⇒ The Covid-19 pandemic

In 2023, the risk of impacts associated with the Covid-19 pandemic was observed, despite the low likelihood of the pandemic recurring on the same scale. This risk has been assessed in the overall monitoring of risks due to emergencies. It is essential for Eurohold to monitor the potential impact of this risk on operations and employee health. For 2023, no significant impacts related to the Covid-19 pandemic have been identified.

The monitoring and identification of emergency risks aims to develop appropriate risk management strategies and action plans for such emergencies, as well as to mitigate the impact of such a situation, to maintain employee health and business continuity.

⇒ Macroeconomic forecast

According to the ECB's latest Economic Bulletin, issue 4/2024 - the euro area economy grew by 0.3% in the first quarter of 2024, after five quarters of stagnation. It recovers in early 2024 by more than expected in the ECB experts' March 2024 forecasts, helped by net trade and rising household spending. Growth in the short term is maintained at a higher rate than forecast. Annual average real GDP growth is expected to be 0.9% in 2024 and to accelerate to 1.4% in 2025 and to 1.6% in 2026. Compared with the March 2024 forecasts, the GDP growth outlook has been revised up for 2024 due to surprising positive data at the beginning of the year and better incoming information.

Source: www.ecb.europa.eu

In the BNB's March 2024 Macroeconomic Forecast, real GDP growth for 2023 is expected to ultimately reach 2.2% (up from 1.8% in 2023), driven by a positive contribution from domestic demand, while net exports are expected to make a negative contribution. Real GDP growth is projected to accelerate to 3.3% in 2025 and then decelerate to 2.6% in 2026, largely driven by the underlying public investment profile. The risks to the real GDP growth forecast are assessed as balanced for 2024, while for 2025 and 2026 the risks of realising lower growth than in the baseline scenario prevail given the ongoing global geopolitical conflicts.

Source: www.bnb.bg

Risk of force majeure events

Force Majeure Circumstances are all natural disasters and other cataclysms such as sudden climatic changes, floods, earthquakes, civil disobedience, clashes, strikes, acts of terrorism and war and the like which are of an unforeseeable nature. Acts of God may also be failures of the physical plant of a mechanical nature due to human or systematic error. The occurrence of such events may disrupt the normal operations of the Company until the damage caused is repaired. They may also result in an unpredictable change in investor attitude and interest in relation to the market for the equity and debt securities issued by the Company.

Force majeure circumstances may also arise which could have a severe impact on the overall macroeconomic and international environment. An example of such risk is the "Pandemic" declared by the World Health Organization from the coronavirus epidemic (COVID-19) developing in early 2020, as well as the military conflict between Russia and Ukraine.

Political risk

Political risk reflects the impact of the political processes in the country on the business and investment process and, in particular, on the return on investment. The degree of political risk is determined by the likelihood of adverse changes in the direction of the government's long-term economic policy, which may have a negative impact on investment decisions. Other factors related to this risk are possible legislative changes and changes in the tax system affecting the business and investment climate in the country.

The Republic of Bulgaria is a country with political and institutional stability, based on modern constitutional principles such as a multi-party parliamentary system, free elections, ethnic tolerance and a clear system of separation of powers.

Political risks include the successful continuation of Bulgaria's integration into the European Union (EU).

After our country's accession to the EU in early 2007, economic reforms were imposed in the name of our country's integration into the European Union. In the future, economic growth will depend on the political will to continue the economic reforms in order to implement the best market practices of the EU in economic, political, social, legal, financial terms.

At present, the political situation in Bulgaria is not very stable. This instability has manifested itself in April 2021, when the country faces the impossibility of forming a regular and stable government. This is contributing to a delay in Bulgaria's preparations for euro area accession.

Notwithstanding the stable policies pursued to date, there can be no assurance that factors will not emerge in the country that would give rise to social and political tensions, lead to a significant and abrupt change in political and economic conditions, which could have a material adverse effect on the business of the Company and its Group.

Country credit risk

Credit risk is the probability of a country's international credit ratings deteriorating.

The adoption of consistent and long-term economic policies in Bulgaria would be a good reason for a potential upgrade of the country's credit rating.

A possible upgrade of the country's credit rating would have a favourable impact on Eurohold's economic group in terms of the Group's financing opportunities. In the event of a downgrade of Bulgaria's credit rating as a result of unstable country management, there could be a negative impact on the Group and on the cost of funding.

Lower country credit ratings may lead to higher interest rates, more difficult financing conditions for economic entities, including Eurohold.

For an analysis of credit ratings: see Annex 2.34.4. Credit risk from the 2023 annual consolidated financial statements.

The latest credit ratings assigned to Bulgaria are as follows:

On 25.05.2024, the international rating agency S&P Global Ratings affirmed Bulgaria's long-term and short-term foreign and local currency credit ratings at 'BBB/A-2'. The rating outlook remains positive.

S&P Global Ratings notes that if a stable government is formed quickly after the June elections and a prolonged period of instability, as experienced in 2021-2023, is avoided, there is not expected to be a significant delay in the country's euro area accession. Bulgaria does not yet meet the price stability criterion of the convergence criteria, which all countries have to fulfil before joining. The rating agency believes that even if Bulgaria does not join the euro area in 2025, this will probably only be delayed until 1 January 2026.

Despite an ageing and declining working-age population, S&P Global Ratings assumes that Bulgaria's economy has strong growth prospects over the next few years. They forecast real GDP growth of just under 3% on average over 2025-2027, underpinned primarily by increased domestic demand.

Bulgaria has one of the best fiscal performances of the countries in Central and Eastern Europe and the rating agency estimates that the current fiscal plans will lead to deficits below 3% of GDP by 2027, keeping debt, net of liquid government assets, around 20% of GDP by 2027.

Source : www.minfin.bg

On 27.04.2024, Fitch Ratings affirmed Bulgaria's long-term foreign and local currency sovereign credit rating at 'BBB' with a positive outlook.

Bulgaria's rating is underpinned by its strong external economic and fiscal position compared to similarly rated countries, the credible policy framework of EU membership and the long-standing functioning of the monetary board regime.

The positive outlook reflects the country's prospects for euro area membership, which would lead to further improvements in the country's external position indicators. Despite a slowdown in the euro adoption process after January 2025 and renewed political uncertainty, Fitch Ratings reports that there is broad political commitment

locally and at the EU level to adopt the euro. All legislative measures reflecting post-entry commitments to the Exchange Rate Mechanism II have been adopted. The Central Bank Law was adopted in February 2024.

Factors that could lead to positive action on the rating are: Further progress in joining the eurozone, such as confirmation that Bulgaria has met the membership criteria and greater certainty about the likely timing of euro adoption; increasing growth potential by implementing structural and management reforms to improve the business environment and/or efficient use of EU funds.

Factors that could lead to negative rating actions are: Lack of progress in joining the Eurozone due to continued political instability or failure to meet convergence criteria; weaker prospects for economic growth, as a result of unfavorable political developments, which complicate the implementation of reforms.

Source : www.minfin.bg

The adoption of a consistent and long-term economic policy in Bulgaria would be a valid reason for the potential increase in the country's credit rating, which in turn would have a favorable impact on the economic group of Eurohold, expressed in the Group's financing opportunities. In the event of a downgrading of Bulgaria's credit rating, as a result of the unstable governance of the country, there may be a negative impact on the Group and on the cost of financing, except in the event that its loan agreements are with fixed interest rates.

Inflation risk

Inflation risk is associated with the likelihood that inflation will affect real investment returns. The main risks related to the inflation forecast relate to the dynamics of international prices and the rate of economic growth in Bulgaria. International prices of raw materials and food products may rise more significantly as a result of political crises such as are currently available or an increase in demand. The limited supply of some agricultural goods and especially cereals internationally in connection with adverse climatic phenomena or force majeure circumstances may additionally cause higher inflation in the country.

In general, inflation can affect the amount of the Company's expenses, since part of the company's liabilities are interest-bearing. Their service is linked to the current interest rates, which also reflect the inflation rates in the country. Therefore, maintaining low inflation levels in the country is considered a significant factor for the Company's activity and for its economic group.

At the present moment and in general, the currency board mechanism provides guarantees that the inflation in the country will remain under control and will not have an adverse impact on the economy of the country, and in particular on the activities of the Company and its group, and from there on its possibility to service its debt positions.

However, the current geopolitical situation in Europe makes the outlook for inflation in the Eurozone very uncertain and depends crucially on the development of the military conflict, the impact of current sanctions and possible further measures.

Given this, users of this Report should carefully consider and account for both current levels of inflation risk and future opportunities for its manifestation.

⇒ Inflation and consumer price index for February 2024 (according to NSI data)

Consumer Price Index (CPI)		
Monthly inflation	May 2024 / April 2024	-0.2%
Annual inflation	May 2024 / May 2023	+2.3%
Inflation from the beginning of 2024	May 2024 / December 2023	+0.4%
Average annual inflation	June 2023 - May 2024 / June 2022 - May 2023	+5.1%

Harmonized Index of Consumer Prices (HICP)		
Monthly inflation	May 2024 / April 2024	0%
Annual inflation	May 2024 / May 2023	+2.7%
Inflation from the beginning of 2024	May 2024 / December 2023	+0.6%
Average annual inflation	June 2023 - May 2024 / June 2022 - May 2023	+5.1%

Price index for the small basket (ICPM)		
Monthly inflation	May 2024 / April 2024	0.5%
Inflation from the beginning of 2024	May 2024 / December 2023	0.4%

Source: www.nsi.bg

⇒ The macroeconomic forecast of the BNB

According to the March 2024 Macroeconomic Forecast of the BNB, annual inflation is expected to slow to 2.3% at the end of 2024. The rate of increase in consumer prices is forecast to reach 2.7% at the end of 2025 and remain at the same level level at the end of 2026. The forecast for annual inflation at the end of 2025 and at the end of 2026 has been revised towards slower price growth compared to the December 2023 forecast, by 0.4 and 0.2 percentage points, respectively. This was mainly due to adjustments in prices of services due to a downward revision in the growth rate of unit labor costs and of manufactured goods given their high import component, as well as the projected stronger slowdown in core inflation in the euro area than expected by the previous forecast.

Source: www.bnb.bg

⇒ Macroeconomic forecasts for the Eurozone

The ECB staff macroeconomic forecasts for the euro area (Economic Bulletin Issue 4/2024) show that annual inflation rose from 2.4% in April to 2.6% in May. Food inflation decreased to 2.6%. Energy inflation rose to 0.3% after a year of negative annual values. In May, non-energy industrial goods inflation continued to decline to 0.8%, and in April, services inflation rose significantly to 4.1% from 3.7%.

In 2025, headline inflation is projected to continue to decelerate to levels close to target. This reflects a weakening of cost pressures, including labor costs, and the delayed impact of previous monetary policy tightening that is gradually being passed on to consumer prices. Headline inflation, as measured by the Harmonized Index of Consumer Prices (HICP), is expected to show some volatility through the end of 2024 due to base effects and higher energy commodity prices.

Source: www.ecb.europa.eu

Currency risk

This risk is related to the possibility of depreciation of the local currency. For Bulgaria specifically, this is a risk of premature rejection of the conditions of the Currency Board at a fixed exchange rate of the national currency. On July 10, 2020, the European Central Bank announced that Bulgaria was officially accepted into the ERM II currency mechanism. The central rate of the Bulgarian lev is fixed at 1 euro = 1.95583 leva. It was accepted that Bulgaria joins the currency mechanism with its existing currency board regime, as a unilateral commitment and without additional requirements to the ECB. The agreement on the participation of the Bulgarian lev in Currency Mechanism II (CM II) is accompanied by a firm commitment of the Bulgarian authorities to conduct prudent economic policies with the aim of preserving economic and financial stability and achieving a high degree of sustainable economic convergence.

Any significant depreciation of the BGN may have a significant adverse effect on business entities in the country, including the Company. Risk also exists when the income and expenses of a business entity are formed in different currencies. The exposure of business entities operating on the territory of Bulgaria to the US dollar, which is the main currency of a significant part of the world markets of raw materials and products, is particularly pronounced.

The Company's activity does not imply exposure to a significant currency risk, because almost all its operations and transactions are denominated in Bulgarian leva and euro, and the latter has a fixed exchange rate against the leva.

Significant changes in the various exchange rates of subsidiaries outside Bulgaria, namely in North Macedonia, Ukraine, Georgia and Romania, respectively - Macedonian denar (MKD), Ukrainian hryvnia (UAH), Georgian lari (GEL) and Romanian leu (RON), whose exchange rate is determined almost freely in the local currency market would have a corresponding reflection in the group results of Eurohold. The consolidated revenues of "Eurohold Bulgaria" AD will be exposed to currency risk depending on the movement of these currencies against the euro.

Regarding currency risk analysis: see Note 2.34.1. Currency risk to the annual consolidated financial statements for 2023.

Interest rate risk

Interest rate risk is related to the possibility of changing the prevailing interest rates in the country. Its influence is expressed by the possibility that the net income of the companies will decrease as a result of an increase in the interest rates at which the Issuer finances its activity. This risk can be managed through the balanced use of different sources of financial resources.

The increase in interest rates, other things being equal, would affect the cost of the financial resource used by the Company in implementing various business projects. Also, it can affect the size of the company's expenses, since not a small part of the company's liabilities are interest-bearing and their servicing is related to current interest rates

Regarding interest rate risk analysis: see Note 2.34.2. Interest rate risk to the annual consolidated financial statements for 2023.

Risk of high levels of unemployment

The risk associated with unemployment is characterized by a drop in the demand for labor force, influenced by the real aggregate demand in the economy, as a result of which the real purchasing activity of a part of the economic subjects decreases

High levels of unemployment can seriously threaten economic growth in the country, which, in turn, can lead to a contraction of consumption and a decrease in the revenues realized by economic entities in the country, including the revenues realized by the companies in the Eurohold group.

⇒ Data on unemployment in Bulgaria (according to the latest data of NSI)

	Change Q1 2024/ Q1 2023	total	men	women
Unemployment rate in 2023	+0.6%	5.0%	-	-
Unemployed persons		152.5 thousand	81.2 thousand	71.3 thousand
The long-term unemployment rate		2.6%	-	-
The relative share of the long-term unemployed among all unemployed		51.5%		

Source: www.nsi.bg

⇒ The macroeconomic forecast of the BNB

According to the BNB Macroeconomic Forecast of March 2024, the number of employed persons is forecast to increase by 0.4% in 2024 and by 0.2% in 2025, and the possibilities for their growth to be severely limited from 2026 onwards due to the ongoing unfavorable demographic trends in the country, leading to a decrease in the population of working age.

Source: www.bnb.bg

Regulatory risk

Regulatory risk is related to the impact of the existing regulatory framework or its change on the Company's activities. This regulatory framework includes the legislation in Bulgaria, the EU and the countries where the Eurohold group companies operate.

The regulatory risk will be affected by changes in the regulations regulating the activities of public companies in Bulgaria and the EU, which will impose additional requirements and restrictions on public companies. It may also concern sectoral legislation relating to subsidiaries.

The Eurohold Group operates in a highly regulated environment in various European countries. The possibility of more radical changes in the regulatory framework, in the interpretation or practice of applying the legislation, as well as in divergence in the legislation and regulations in Bulgaria and in the countries in which the Group operates, may have an adverse effect on the activity as a whole, the operational results, and her financial status.

Regulatory risk may also be related to potential fines and sanctions resulting from violations of the regulatory framework, as well as affect the Company's reputation, which in turn may affect the share price.

Risk of increased competition

All sectors in which Eurohold Group subsidiaries operate are characterized by a highly competitive environment. The future success of the group will depend on the ability of Eurohold and its subsidiaries to remain competitive compared to other companies operating in the given market segment.

3 RISK MANAGEMENT AND MINIMISATION MECHANISMS

The elements outlining the framework for the management of individual risks are directly related to specific procedures for the timely prevention and resolution of potential difficulties in the operations of Eurohold Bulgaria AD. They include ongoing analysis in the following areas:

- » market share, pricing policy, market research and market development and market share studies;
- » active investment management across sectors and industries;
- » a comprehensive policy for the management of the assets and liabilities of the Company and the Group to optimise the structure, quality and return on assets;
- » optimising the structure of funds raised to ensure liquidity and reduce finance costs across the Group;
- » effective cash flow management at group level;

- » optimising administration, management and external service costs;
- » human resource management.

Overall risk management is focused on minimising potential negative effects that could impact the Group's financial performance. Financial risks are identified, measured and monitored on an ongoing basis using various controls to determine appropriate pricing for the services and products offered by Eurohold Group companies and for the borrowed capital raised by them. Adequate assessment is made of market circumstances, the investments made in the Group and the forms in which available liquidity is maintained, without undue concentration of risk.

The occurrence of unforeseen events, misjudgement of current trends, and a host of other micro- and macroeconomic factors may affect the judgment of the Company's management team.

The management of financial risk attributable to "Currency Risk", "Interest Rate Risk", "Price Risk", "Credit Risk", "Liquidity Risk", "Operational Risk", "Insurance Risk", "Reinsurance Risk", "Capital Risk Management" can be found in the "Notes to the 2023 Consolidated Financial Statements", "Annex 2.34. "Risks Related to Financial Instruments".

Information on the management of other risks is available in the 2023 Consolidated Financial Statements Notes 2.37. Macroeconomic, geopolitical and ecology factors, which may influence the Group.

1.10. INFORMATION ON COMMERCIAL LAW AND ANNEX 2 OF ORDINANCE № 2 OF FSC

1.10.1. COMMERCIAL LAW INFORMATION

A. Information under Art. 187e of the Commercial Law

1 / *The number and nominal value of own shares acquired and transferred during the year, the part of the capital they represent, as well as the price at which the acquisition or transfer took place*

In 2023, the Company did not buy back its own shares, and no such were transferred, respectively, at the end of the period, Eurohold Bulgaria AD did not own any own shares.

2 / *The basis for the acquisitions made during the year*

There were no acquisitions of own shares in 2023.

3 / *The number and nominal value of own shares and the part of the capital they represent*

As of 31.12.2023 and as of the date of preparation of the consolidated activity report, the Company has not repurchased, and accordingly does not own, its own shares.

As of 31.12.2023, 77,227 shares with voting rights of Eurohold Bulgaria AD are held by companies in the Eurohold Group (as of 31.12.2022 – 77,227 shares with voting rights), representing 0.03% of the capital of the company.

B. Information under Art. 247 of the Commercial Law

1 / *The remuneration received in total during the year by the members of the councils*

see: item 17 of 1.10.2 Information under "Appendix No. 2" of Regulation 2 of the Financial Supervisory Service

2 / *The shares and bonds of the company acquired, owned and transferred by the members of the councils during the year*

As of December 31, 2023, the members of the Management and Supervisory Board and the procurator of the Company own shares of the capital of Eurohold Bulgaria, as follows:

Member of the SB and the MB	Number of shares held
Supervisory Board	200
Assen Hristov	does not possess
Dimitar Dimitrov	200
Radi Georgiev	does not possess
Kustaa Aima	does not possess
Ivaylo Angarsky	does not possess
Luis Gabriel Roman	Does not possess
Management Board	200
Kiril Boshov	does not possess
Assen Minchev	does not possess
Velislav Hristov	200
Razvan Lefter	does not possess
Procurator	-
Milena Gencheva	does not possess

Source: "Eurohold Bulgaria" AD

3 / *The rights of the council members to acquire shares and bonds of the company*

- ✓ As of the date of preparation of this activity report, no agreements or other agreements have been reached with the employees of "Eurohold Bulgaria" AD for their participation in the Company's capital.
- ✓ The members of the Board of Directors, the Supervisory Board and the Procurator of the Company may freely acquire shares of the capital, as well as bonds of the Company on a regulated securities market in compliance with the provisions of the Law on the Implementation of Measures Against Market Abuse of Financial Instruments and the applicable European Regulation, as well as the Law on Public Offering of Securities.
- ✓ As of 31.12.2023 and as of the date of this report, the members of the Board of Directors, the Supervisory Board and the Procurator do not own bonds issued by the Company.
- ✓ In favor of the management and control bodies, employees or third parties, no options to acquire shares from the Company were issued.

4 / *The participation of board members in commercial companies as unlimited partners, the ownership of more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperatives as procurators, managers or board members*

SUPERVISORY BOARD

Asen Milkov Hristov	Function - Chairman of the Supervisory Board
Business address	gr. Sofia, bul. "Christopher Columbus" № 43
Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company	
<ul style="list-style-type: none"> ◆ "Euroins Insurance Group AD - Chairman of the Board of Directors ◆ "Electrodistribution Grid West EAD (old name "CEZ Distribution Bulgaria" AD) - Chairman of the Supervisory Board; ◆ "Starcom Holding AD - Executive member of the Board of Directors and shareholder holding 51% of the capital. 	
Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years	
<p>Current:</p> <ul style="list-style-type: none"> ◆ "Swiss Global Asset Management AG - Chairman of the Board of Directors ◆ "Magura" AD – Executive Director; ◆ "Rabisha Agro" Ltd. - Sole owner of the capital and Manager; ◆ "Starcom Hold AD - Chairman of the Board of Directors and shareholder holding 99.67% of the capital; ◆ "Hanson Asset Management Limited, UK (Hanson Asset Management Ltd) - Director. ◆ "Wander Group AD - Chairman of the Supervisory Board; ◆ „Corporate Advisors" EOOD – Manager and Sole owner of the capital; ◆ Spisanie Moda EOOD – Sole owner of the capital and Manager; <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Multisport Student Club at St. George Private Secondary School" - Chairman of the Board ◆ Association "Bulgarian Athletics Federation" - member of the Board; 	<p>Previous:</p> <ul style="list-style-type: none"> ◆ "Alfa Aktivi" EOOD (formerly "Alfa Euroactive" EOOD) - Sole owner of the capital and Manager of 20.07.2021; ◆ "Formoplast 98 AD - Chairman of the Board of Directors until 04.09.2020, as at the date of the report the person is not the Chairman of the Board of Directors; ◆ "Euroins Osiguvanje, Skorje, North Macedonia - Chairman of the Board of Directors until 10.07.2020, as at the date of the report the person is not the Chairman of the Board of Directors; ◆ "Euro-Finance AD - Chairman of the Board of Directors until 02.04.2020, as at the date of the report the person is not the Chairman of the Board of Directors; ◆ "Euroins Romania Asigurare - Reasigurare SA - Chairman of the Board of Directors until 26.03.2020, as at the date of the report the person is not Chairman of the Board of Directors; ◆ "Starcom Hold" AD - Executive Member of the Board of Directors until 06.06.2019, as of the date of the report the person is not an Executive Member of the Board of Directors, but remains a member and Chairman of the Board of Directors and a shareholder holding 99.67% of the capital; ◆ "Auto Union" AD - Chairman of the Board of Directors until 26.10.2018, as at the date of the report the person is not the Chairman of the Board of Directors; ◆ "First Investment Bank JSC, Russia - Chairman of the Supervisory Board until 24.11.2022; ◆ Quintar Capital Limited, Hong Kong – member of the Board of Directors until 19.07.2023.
Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years	
As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.	
Details of compulsory administrative measures and penalties or public incrimination in the last 5 years	
During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.	

Dimitar Stoyanov Dimitrov	Function - Deputy Chairman of the Supervisory Board
Business address	gr. Sofia, bul. "Christopher Columbus" № 43
Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company	
<ul style="list-style-type: none"> ◆ "IC Euroins" JSC - Attorney ◆ "Electrohold ICT EAD (with old name "CEZ Information and Communication Technologies Bulgaria" EAD) - Member of the Board of Directors and Executive Director. 	
Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years	
Current:: <ul style="list-style-type: none"> ◆ "Eurologistics Technologies Ltd - Manager; ◆ "Cable Network JSC - Member of the Board of Directors and Executive Director; ◆ "Starcom Hold AD - Member of the Board of Directors and Executive Director; ◆ "Starcom Finance" JSC - Member of the Board of Directors and Executive Director. 	Previous: <ul style="list-style-type: none"> ◆ "Electrohold Bulgaria EOOD (with old name CEZ Bulgaria EAD) - Deputy Chairman of the Supervisory Board until 05.01.2022. The Company has been transformed through a change of legal form from a sole joint stock company (EAD) into a sole limited liability company (EOOD), therefore, as of the date of the report, the person is not the Deputy Chairman of the Supervisory Board; ◆ Lozari EOOD (formerly Creative Software Solutions EOOD) - Manager and Sole owner of the capital until 22.07.2021, as at the date of the report the person is not a Manager and Sole owner of the capita; ◆ Alcommerce EOOD – Manager until 25.01.2018, as at the date of this activity report the person is not a Manager;
Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years	
<ul style="list-style-type: none"> ◆ "Far Consult Ltd - in liquidation - Manager and partner. At the date of the report the company is in liquidation. <p>As at the date of this activity report, the company is undergoing liquidation proceedings</p> <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>	
Details of compulsory administrative measures and penalties or public incrimination in the last 5 years	
<p>During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.</p>	

Radi Georgiev Georgiev	Function - Member of the Supervisory Board
Business address	gr. Sofia, bul. "Christopher Columbus" № 43
Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company	
<ul style="list-style-type: none"> ◆ "IC EIG Re EAD - Member of the Supervisory Board; ◆ "Euroins Osigurovaje, Skopje" JSC, North Macedonia - member of the Board of Directors. 	
Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years	
Current: <ul style="list-style-type: none"> ◆ "Andre Thurio Ltd - Partner, holding 80% of the capital; ◆ "VH Property Management Ltd - Partner, holding 6.67 % of the capital; ◆ Loudspeakers-CA EOOD - Sole owner of the capital and Manager. Current in other legal entities: <ul style="list-style-type: none"> ◆ Association "Republic of Art" - Chairman of the Board and representing; ◆ Law Firm "Kalaidjiev and Georgiev" - Partner 	Previous: <ul style="list-style-type: none"> ◆ Corporate Advisors EOOD - Sole owner of the capital until 11.11.2021, as at the date of the report the person is not the Sole owner of the capital; ◆ IC Euroins AD – member of the Supervisory Board until 09.07.2020, as, due to change in the corporate governance system of IC Euroins AD from two-tier to one-tier from 09.07.2020, as at the date of this activity report the person is not a member of the Supervisory Board.
Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years	
<p>As at the date this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>	
Details of compulsory administrative measures and penalties or public incrimination in the last 5 years	
<p>During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the</p>	

administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.

Kustaa Lauri Aima	Function - Independent Member of the Supervisory Board
Business address	Finland, town of. Helsinki, Tehtaankatu 27-29A, Floor 4
Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company	
<ul style="list-style-type: none"> ◆ As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company. 	
Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years	
<p>Current:</p> <ul style="list-style-type: none"> ◆ KJK Management S.A. – Chairman of the Board of Directors; ◆ KJK Fund II SICAV-SIF – Chairman of the Board of Directors; ◆ KJK Capital Oy – Executive Director, member of the Board of Directors; ◆ KJK Fund III Management S.a.r.L – member of the Management Board; ◆ KJK Investments S.a.r.L – member of the Management Board; ◆ AS Baltika – member of the Supervisory Board; ◆ Elan d.o.o – Chairman of the Board of Directors; ◆ AS PR Foods – Chairman of the Supervisory Board; ◆ AS Saaremere Kala – member of the Supervisory Board; ◆ Baltik Vairas – member of the Board of Directors; ◆ Take Outdoors Oü – Member of the Supervisory Board; ◆ KJK Sports S.a.r.l. – member of the Board of Directors; ◆ KJK Investicije 2 d.o.o. – member of the Board of Directors; ◆ KJK Investicije 5 d.o.o. – member of the Board of Directors; ◆ KJK Investicije 8 d.o.o. – member of the Board of Directors; ◆ Kaima Capital Oy –Executive Director, Chairman of the Board of Directors and Sole owner of the company; ◆ Kaima Capital Eesti Oü – member of the Board of Directors; ◆ UAB D Investiciu Valdymas – member of the Board of Directors; ◆ Amber Trust SCA – Director; ◆ Amber Trust II SCA – Director; ◆ Amber Trust Management S.A. – member of the Management Board; ◆ Amber Trust II Management S.A. – member of the Management Board; ◆ UAB Malsena Plius – member of the Board of Directors; ◆ Bostads AB Blåklinten – member of the Board of Directors. 	<p>Previous:</p> <ul style="list-style-type: none"> ◆ Aurejärvi Varainhoito Oy - member of the Board of Directors until 25.03.2020, as at the date of this activity report the person is not a member of the Board of Directors; ◆ Tallink Group – member of the Management Board until 09.2019, as at the date of this activity report the person is not a member of the Management Board; ◆ KJK Investicije d.o.o. – member of the Board of Directors until 09.2019, as at the date of this activity report the person is not a member of the Board of Directors; ◆ KJK Investicije 3 d.o.o. – member of the Board of Directors until 08.2019, as at the date of this activity report the person is not a member of the Board of Directors; ◆ Leader Group 2016 AD – member of the Board of Directors until 08.07.2019, as at the date of this activity report the person is not a member of the Board of Directors; ◆ Oü Tallink Silja AB – member of the Management Board until 05.2019, as at the date of this activity report the person is not a member of the Management Board; ◆ Salva Kindlistuse AS – Director until 07.02.2019, as at the date of this activity report the person is not a Director. ◆ KJK Investicije 6 d.o.o. – member of the Board of Directors until 10.2018, as at the date of this activity report the person is not a member of the Board of Directors; ◆ KJK Invest Oy – Director until 10.2018, as at the date of this activity report the person is not a Director; ◆ KJK Bulgaria Holding OOD (the entity was merged into Leader Group 2016 AD) – Manager until 11.10.2018, as at the date of this activity report the person is not a Manager; ◆ AAS Baltijas Apdrosijamasnams – Director until 09.04.2018, as at the date of this activity report the person is not a Director; ◆ KJK Fund SICAV-SIF – Chairman of the Board of Directors until 01.01.2018, as at the date of this activity report the person is not a Chairman of the Board of Directors; ◆ AB Baltic Mill – member of the Board of Directors until 12.2022, as at the date of this activity report the person is not a member of the Board of Directors; ◆ JSC Rigas Dzirnavnieks – Chairman of the Supervisory Board until 12.2022, as at the date of this activity report the person is not a Chairman of the Supervisory Board; ◆ KJK Investicije 4 d.o.o. – member of the Board of Directors until 07.2022, as at the date of this activity report the person is not a member of the Board of Directors; ◆ AS Toode – member of the Supervisory Board until 28.09.2023; ◆ Managetrade Oü – member of the Supervisory Board until 28.09.2023;
Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years	
<ul style="list-style-type: none"> ◆ KJK Fund SICAV-SIF – Chairman of the Board of Directors until 01.01.2018, as at the date of this activity report the person is not a Chairman of the Board of Directors and the company as of 01.01.2018. has entered into a procedure of voluntary liquidation; ◆ KJK Investicije 7 d.o.o. – member of the Board of Directors until 08.03.2023, as at the date of this activity report the person is not a Member of the Board of Directors and the company was liquidated in 09.05.2023. <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>	
Details of compulsory administrative measures and penalties or public incrimination in the last 5 years	

During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.

Ivaylo Krasimirov Angarsky	Function - Independent member of the Supervisory Board
Business address	gr. Sofia, "Vazrazhdane" district, ul. „George Washington" № 19
Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company	
<ul style="list-style-type: none"> ◆ As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company 	
Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years	
Current: <ul style="list-style-type: none"> ◆ Compass Euroselect Mutual Fund - Managing; ◆ Compass Funds Select - 21 Mutual Fund - Managing; ◆ Mutual Fund "Plus" - Manager; ◆ Compass Global Trends Mutual Fund - Managing Director; ◆ Mutual Fund "Strategy" - Manager; ◆ Eurostability Mutual Fund - Managing Director; ◆ Progress Mutual Fund - Managing Director; ◆ Compass Invest AD – member of the Board of Directors and Executive Director; ◆ Compass Capital AD - Member of the Board of Directors, Executive Director and shareholder holding 81% of the shares; ◆ Harvest Capital EOOD - Manager and Sole owner of the capital; ◆ Impact Capital JSC – Member of the Board of Directors. 	Previous: <ul style="list-style-type: none"> ◆ none
Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years	
As at the date this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years..	
Details of compulsory administrative measures and penalties or public incrimination in the last 5 years	
During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.	

Luis Gabriel Roman	Function - Member of the Supervisory Board
Business address	USA, ME 04079, 436High Head Road, Harpswell
Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company	
<ul style="list-style-type: none"> ◆ As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company, except as a consultant at Minerva Global Consulting LLC.. 	
Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years	
Current: <ul style="list-style-type: none"> ◆ Minerva Global Consulting LLC – founder; ◆ PacificBridge Capital LLC – partner; ◆ 22Health Ventures (US) LLC – General Counsel & Managing Director, Transaction Execution. 	Previous: <ul style="list-style-type: none"> ◆ Dechert LLP – Partner until June 2018, as at the date of this activity report the person is not a Partner; ◆ Dewey & LeBoeuf – Partner until April 2012, as at the date of this activity report the person is not a Partner.
Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years	
As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.	
Details of compulsory administrative measures and penalties or public incrimination in the last 5 years	

During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.

MANAGEMENT BOARD

Kiril Ivanov Boshov	Function - Chairman of the Board and representing
Business address	gr. Sofia, bul. "Christopher Columbus" № 43
Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company	
<ul style="list-style-type: none"> ◆ Electrohold Sales EAD (formerly CEZ Electro Bulgaria AD) - Chairman of the Supervisory Board; ◆ Starcom Holding AD – Chairman of the Board of Directors and shareholder holding 30,95 % of the capital and 34 % of the voting rights. 	
Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years	
Current: <ul style="list-style-type: none"> ◆ Sorvind OOD (formerly Alcommerce EOOD) – Manager and partner holding 50% of the capital; ◆ Capital-3000 AD – Chairman of the Board of Directors; ◆ Starcom Hold AD – Deputy Chairman of the Board of Directors; ◆ Hanson Asset Management Ltd., United Kingdom – Director; ◆ Wonder Group AD – member of the Supervisory Board; Current in other legal entities: <ul style="list-style-type: none"> ◆ Association "Bulgarian Industrial Capital" – member of the Management Board; ◆ Association "Endeavor Bulgaria" – member of the Management Board; ◆ Association "Association of Bulgarian Insurers" – member of the Management Board; ◆ University of National and World Economy (UNWE), Sofia – member of the Trustees Council. 	Previous: <ul style="list-style-type: none"> ◆ Eurolease Auto EAD, Romania – Member of the Board of Directors until 21.10.2021, as of the date of the report the person is not a member of the Board of Directors; ◆ Auto Union EAD – Deputy Chairman of the Board of Directors until June 28, 2021, as at the date of the report the person is not Deputy Chairman of the Board of Directors; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – member of the Board of Directors until 10.07.2020, as at the date of this activity report the person is not a member of the Board of Directors; ◆ Euro-Finance AD – Deputy Chairman of the Board of Directors until 02.04.2020, as at the date of this activity report the person is not a Deputy Chairman of the Board of Directors; ◆ Euroins Insurance Group AD – Executive Director until 18.09.2023 and Executive Director until 01.08.2023; ◆ Euroins Romania Asigurare-Reasigurare S.A. /in open bankruptcy proceedings /- Chairman of the Board of Directors until 17.03.2023;
Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years	
<ul style="list-style-type: none"> ◆ Armada Capital AD – member of the Board of Directors until 28.02.2020, as at the date of this activity report the person is not a member of the Board of Directors and the company is dissolved through voluntary liquidation, deleted from commercial register on 28.02.2020. ◆ "Euroins Romania Asigurare - Reasigurare" SA - The company has been in open bankruptcy proceedings since 09.06.2023, and at the time of issuing this report, the decision to open bankruptcy proceedings for the Romanian subsidiary has been appealed before the - higher instance, and at the time of issuing this consolidated activity report, it has not yet been confirmed by an effective court decision. <p>At the date of the report, there are no other records of insolvency, receivership or liquidation with which the person as a member of the administrative, management or supervisory body and/or partner has been associated in the last 5 years.</p>	
Details of compulsory administrative measures and penalties or public incrimination in the last 5 years	
<p>During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.</p>	

Asen Minchev Minchev	Function - Executive Member of the Board of Directors
Business address	gr. Sofia, bul. "Christopher Columbus" № 43
Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company	
<ul style="list-style-type: none"> ◆ Electrodistribution Grid West EAD (formerly CEZ Distribution Bulgaria AD) - Deputy Chairman of the Supervisory Board. 	
Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years	
Current: <ul style="list-style-type: none"> ◆ Capital-3000 AD – Executive Member of the Board of Directors; ◆ Cable Network AD – Chairman of the Board of Directors. Current in other legal entities:	Previous: <ul style="list-style-type: none"> ◆ Auto Italia EAD – member of the Board of Directors until 13.09.2022; ◆ Star Motors EOOD – Procurator until 17.05.2022;

- | | |
|---|--|
| ◆ Swimming Sports Club Association "St. George" - Member of the Board | ◆ Bulvaria Holding EAD (currently VI Lyulin EAD) – member of the Board of Directors until 27.01.2020, as at the date of this activity report the person is not a member of the Board of Directors. |
|---|--|

Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years

As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.

Details of compulsory administrative measures and penalties or public incrimination in the last 5 years

During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.

Velislav Milkov Hristov	Function - Member of the Management Board
Business address	gr. Sofia, bul. "Christopher Columbus" № 43
Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company	
<ul style="list-style-type: none"> ◆ Starcom Holding AD –member of the Board of Directors and shareholder holding 13,65 % of the capital and 15 % of the voting rights; ◆ IC EIG Re EAD – member of the Supervisory Board; ◆ Starcom Finance EAD – Chairman of the Board of Directors; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – Chairman of the Board of Directors; ◆ Electrohold Sales EAD (formerly CEZ Electro Bulgaria AD) - Member of the Supervisory Board. 	
Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years	
<p>Current:</p> <ul style="list-style-type: none"> ◆ "Wander Group" AD - Member of the Supervisory Board; ◆ "Soverin Real Estate Limited, Malta - Sole shareholder. <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Green Bulgaria Movement Association - member of the Management Board; ◆ Euphoria for supporting the Bulgarian monastery "St. George Zograf" and the hermitage "Worthy to" in Sveta Gora, Mounth Athos"- member of the Management Board. 	<p>Previous:</p> <ul style="list-style-type: none"> ◆ PJSC Insurance company Euroins, Belarus (former PJSC "IC ERGO") – Chairman of the Supervisory Board until 27.12.2022; ◆ Electrohold Bulgaria EOOD (formerly CEZ Bulgaria EAD) - Chairman of the Supervisory Board until 05.01.2022. The company was reorganized by means of change of the legal form from sole-owned joint-stock company to sole-owned limited liability company , therefore as of the date of the report the person is not Deputy Chairman of the Supervisory Board; ◆ IC Euroins AD – member of the Management Board until 09.07.2020, as, due to change in the corporate governance system of IC Euroins AD from two-tier to one-tier from 09.07.2020, as at the date of this activity report the person is not a member of the Supervisory Board
Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years	
As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.	
Details of compulsory administrative measures and penalties or public incrimination in the last 5 years	
During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.	

Razvan Stefan Lefter	Function - Independent Member of the Board of Directors
Business address	Romania, town of. Bucharest, ul. Alexandru Serbanescu №30
Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company	
<ul style="list-style-type: none"> ◆ As at the date of this activity report, there are no activities performed outside of the Company, which are significant with respect to the Company. 	
Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years	
<p>Current:</p> <ul style="list-style-type: none"> ◆ RSL Capital Advisors Srl. – Managing Partner and Director; ◆ Mundus Services AD – Member of the Supervisory Board; ◆ Sphera Franchise Group SA – Member of the Board of Directors. 	<p>Previous:</p> <ul style="list-style-type: none"> ◆ Teraplast SA – Member of the Board of Directors until 01.2021, as at the date of this activity report the person is not a Member of the Board of Directors;

	<ul style="list-style-type: none"> ◆ KJK Caramida Srl. – Member of the Board of Directors until 06.2018, as at the date of this activity report the person is not a Member of the Board of Directors; ◆ Conpet SA – Member of the Board of Directors until 17.05.2018, as at the date of this activity report the person is not a Member of the Board of Directors; Semakon SA - member of the Board of Directors until 08.02.2017, as at the date of the report the person is not a member of the Board of Directors.
<p>Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years</p> <p>As at the date of this activity report, there is no information about any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years.</p>	
<p>Details of compulsory administrative measures and penalties or public incrimination in the last 5 years</p> <p>During the last 5 years the person has not been imposed other administrative penalties and / or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.</p>	

PROCURATOR

Milena Milchova Gencheva	Function - Procurator		
Business address	Sofia, № 43, "Christopher Columbus" Blvd.		
<p>Details of activities carried out as a member of a management or supervisory body and/or as a partner outside the Company which are significant in relation to the Company</p> <ul style="list-style-type: none"> ◆ Afes Bulgaria EOOD – Manager 			
<p>Details of any other holdings as a member of a management or supervisory body and/or partner in the last 5 years</p> <table border="0"> <tr> <td> <p>Present:</p> <ul style="list-style-type: none"> ◆ none </td> <td> <p>Discontinued:</p> <ul style="list-style-type: none"> ◆ PJSC Insurance company Euroins, Belarus (former PJSC "IC ERGO") – Chairman of the Supervisory Board until 27.12.2022; ◆ Euroins Romania Asigurare-Reasigurare S.A. /in open bankruptcy proceedings / – Managing Director until 17.03.2023; </td> </tr> </table>		<p>Present:</p> <ul style="list-style-type: none"> ◆ none 	<p>Discontinued:</p> <ul style="list-style-type: none"> ◆ PJSC Insurance company Euroins, Belarus (former PJSC "IC ERGO") – Chairman of the Supervisory Board until 27.12.2022; ◆ Euroins Romania Asigurare-Reasigurare S.A. /in open bankruptcy proceedings / – Managing Director until 17.03.2023;
<p>Present:</p> <ul style="list-style-type: none"> ◆ none 	<p>Discontinued:</p> <ul style="list-style-type: none"> ◆ PJSC Insurance company Euroins, Belarus (former PJSC "IC ERGO") – Chairman of the Supervisory Board until 27.12.2022; ◆ Euroins Romania Asigurare-Reasigurare S.A. /in open bankruptcy proceedings / – Managing Director until 17.03.2023; 		
<p>Details of any insolvency, receivership or liquidation with which the person, as a member of a management or supervisory body and/or a partner, has been associated in the last 5 years</p> <ul style="list-style-type: none"> ◆ "Euroins Romania Asigurare - Reasigurare" SA - The company has been in open bankruptcy proceedings since 09.06.2023, and at the time of issuing this report, the decision to open bankruptcy proceedings for the Romanian subsidiary has been appealed before the - higher instance, and at the time of issuing this consolidated activity report, it has not yet been confirmed by an effective court decision. <p>As at the date of this activity report, there is no information about any other bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of the administrative, management or supervisory bodies and/or a partner in a company, has been associated with during the previous 5 years</p>			
<p>Details of compulsory administrative measures and penalties or public incrimination in the last 5 years</p> <p>During the last 5 years the person has not been imposed other administrative penalties or coercive administrative measures in connection with his activity; not convicted of fraud; in his capacity as a responsible person he has not been involved directly or through related parties in insolvency proceedings or management by a trustee in bankruptcy; has not been deprived by a court of the right to participate in the administrative, management or supervisory bodies of an issuer or to hold positions in the management or activities of an issuer, has not been officially publicly incriminated and has not been sanctioned by legal and regulatory bodies, including certain professional bodies.</p>			

The members of the management board, as well as persons related to them, within the reporting period, did not conclude contracts with the company that go beyond its usual activity or significantly deviate from market conditions.

Regarding the planned economic policy in the next year: see 1.8 Strategy and future development.

1.10.2. APPENDIX 2 OF REGULATION 2

1 / Information given in value and quantitative terms regarding the main categories of goods, products and/or services provided, indicating their share in the sales revenue of the Company/Group, as a whole, and the changes that occurred during the reporting financial year.

The consolidated revenues of Eurohold Bulgaria AD for 2023 are generated by the activities of subsidiaries in the Eurohold group in the fields of energy, insurance and financial and investment activities.

Operating income by business segment: (BGN thousand)	change	consolidated operating income	
	B %	2023	2022
Income from energy activity	+35.12%	2 320 144	3 575 907
Insurance income, including:	-1.52%%	466 142	473 350
- insurance income	+1.99%	466 142	457 028
Income from financial and investment activity	-13.48%	1 573	1 818
Total consolidated revenue	-31.18%	2 787 859	4 051 075

Detailed information, given in terms of value and quantity, about the main categories of products and services by segment is shown in this report in section 1.6. "View Group Results" as in section 1.7. "Introduction and Business Development of Subsidiaries".

2 / Information on revenues distributed by individual categories of activities, internal and external markets, as well as information on the sources of supply of materials necessary for the production of goods or the provision of services, reflecting the degree of dependence in relation to each individual seller or buyer/user, and in the event that the relative share of any of them exceeds 10 percent of the expenses or revenue from sales, information is provided about each person separately, about his share in sales or purchases and his connections with the Company.

Detailed information on consolidated revenues, distributed by separate categories of activities of the Eurohold Bulgaria AD group and distribution on domestic and foreign markets, is shown in this report in section 1.6. "View Group Results" as in section 1.7. "Introduction and Business Development of Subsidiaries".

- » Energy activity generates income only on the market in Bulgaria.
- » Insurance activity generates revenue in the following markets:
 - > Bulgaria; North Macedonia; Ukraine; Georgia; Romania; Greece - direct operations of subsidiaries
 - > Italy, Greece (branch), Spain, Poland, Germany, Netherlands - IC Euroins AD operates in these markets under the line of "Insurance services distributed under the right of freedom of establishment and freedom to provide services".
- » Financial and investment activity - Bulgaria, Germany (as a member of the stock exchange in Frankfurt – Deutsche Börse Xetra).

3 / Information on concluded material transactions

All significant transactions concluded in 2023 by the Eurohold group are described as follows:

- > In the annual consolidated report on the activities of Eurohold Bulgaria AD in section 1.2 Significant events.
- > In the annual individual financial report of Eurohold Bulgaria AD in item 3 of section A.9.3 Appendix No. 2 of Regulation 2.

- 4 /** *Information regarding the transactions concluded between the Company and related parties during the reporting period, proposals for concluding such transactions, as well as transactions that are outside of its usual activity or significantly deviate from the market conditions under which the issuer or its subsidiary is a party indicating the value of the transactions, the nature of the relationship and any information necessary to assess the impact on the Company's financial condition.*

As of the date of preparation of the consolidated activity report, there are no transactions or proposals for transactions with related parties that are of essential importance for Eurohold or its subsidiary and are unusual in nature and conditions.

Within the Holding, transactions between the Parent Company and the subsidiaries, resulting from the nature of their main activity, are constantly carried out.

All transactions are concluded on the principle of fair value. Transactions between the holding company and its subsidiaries are typical, where the liquidity of the individual companies is managed through intra-group loans and an investment policy is implemented. The company lends to its subsidiaries for the purpose of working capital.

For information on related party transactions see: Annual consolidated financial statements for 2023 - Note 41

- 5 /** *Information on events and indicators of an unusual nature for the Company/ Group, having a significant impact on its activity, and its realized revenues and incurred expenses; assessment of their impact on results in the current year*

During the reporting period, there were no events of an unusual nature for the Company and its group outside of their usual activities, with the exception of the events described in section 1.2 Significant events concerning the revocation of the license of the subsidiary company Euroins Romania Asigurare-Reasigurare S.A. in Romania in March 2023 and the opening of bankruptcy proceedings in June 2023, which has been appealed to higher courts and has not yet been confirmed by a final court decision. Financial information and effects related to these events is disclosed in Note 38.2.1. Insurance business to Group's 2023 annual consolidated financial statements.

5.1 / One-time effect of sale of investments in subsidiaries

Insurance business

At the end of 2023, the Group lost its control within the meaning of IFRS 10 "Consolidated Financial Statements" over "EIG Re" EAD and transformed its participation in the company from a subsidiary to an associate. 59.94% were sold.

The effect of the sale is presented below:

1. Fair value of the remuneration received 25,099 BGN thousand.
2. Cost of retained participation (40.06%) 18,938 BGN thousand.
3. Net assets December 31, 2023 (31,595) BGN thousand.
4. Group Result (1-2) 6,161 BGN thousand

- 6 /** *Information on off-balance sheet transactions - nature and business purpose, indicating the financial impact of the transactions on the activity, if the risk and benefits of these transactions are material for the Company and if the disclosure of this information is essential for the assessment of the Company's financial condition.*

- » There are no off-balance sheet transactions concluded in the Eurohold group.
- » As of 31.12.2023, lawsuits have been filed against companies from the group - see item 20 below.
- » Eurohold Bulgaria AD has provided Guarantees and Guarantees to related parties, also the Company has guaranteed obligations from related parties, disclosed in the following tables

 **Parent company**
 **The parent company is a co-debtor/guarantor for loans received from related parties as follows:**

Business area	Third / Related Party	Amount in EUR'000 at 31.12.2022	Amount in BGN'000 as of 31.12.2022	Amount in EUR'000 at 31.12.2021	Amount in BGN'000 as of 31.12.2021	MATURITY OF EXPOSURE AT 31.12.2022 (EUR'000)					
						2023	2024	2025	2026	2027	after 2027
Energy subholding											
Corporate Payment Guarantee	Related persons	3 500	6 845	3 500	6 845	3 500	-	-	-	-	-
Working capital loans	Related persons	20 189	39 486	19 238	37 626	5 430	-	-	-	-	-
Corporate guarantee in connection with an acquisition	Related persons	220 000	430 283	220 000	430 283	-	-	-	220 000	-	-
Insurance subholding											
Bond loan	Related persons	-	-	10 000	34 622	-	-	-	-	-	-
Ultimate parent company											
Working capital loans	Related persons	5 000	9 779	5 000	9 779	5 000	-	-	-	-	-
Bank loans for investment purposes	Related persons	-	-	6 360	12 439	-	-	-	-	-	-
Group of leasing companies*											
For financing leasing activity	Related parties until 30.06.2022	18 519	36 220	21 891	42 815	7 749	5 534	4 048	1 018	170	-
Group of automotive companies*											
Working capital loans	Related parties until 30.06.2022	5 167	10 106	4 788	9 365	2 542	523	523	523	523	523
GENERAL:		272 375	532 719	290 777	583 774	24 221	6 057	4 571	221 541	693	533

* Eurohold Bulgaria AD sells the companies from the automotive and leasing segment in 2022. The new owners are expected to step in as guarantor for the above loans from banking/financial institutions.

In connection with the financing, a pledge of 35% of the shares of a subsidiary was established as part of a package transaction.

In connection with a financing agreement entered into with a financial institution, a pledge of a subsidiary's shares is established

In connection with a contract concluded for financing by a credit institution in 12.2022, renegotiated in 09.2023, a pledge of shares of a subsidiary company and a pledge of bonds were established.

 **Eurohold Bulgaria AD is a guarantor under issued bank guarantees** as follows:**

Society of:	Amount in EUR'000 at 31.12.2023	Amount in BGN'000 as of 31.12.2023	Amount in EUR'000 at 31.12.2022	Amount in BGN'000 as of 31.12.2022	MATURITY OF EXPOSURE AT 31.12.2023 (EUR'000)
Automotive subholding (related party until 30.6.2022)	2 050	4 009	2 050	4 009	2024
Automotive subholding (related party until 30.6.2022)	1 662	3 251	1 800	3 520	2024
GENERAL:	3 712	7 260	3 850	7 529	

** Eurohold Bulgaria AD sells the automotive and leasing segment companies in 2022. The new owners are expected to step in as guarantor for the above loans from banking/financial institutions.

↳ Guaranteed liabilities of Eurohold Bulgaria AD from related parties as follows:

Company/ Guarantor	Currency	Guaranteed obligation	Amount guaranteed as of 31.12.2022 in original currency	Due
Euroins Insurance Group AD	EUR	Bond issue (EMTN programme)	70 000 000	07/2026 г.
Euroins Insurance Group AD	EUR	Bond issue (EMTN programme)	10 000 000	12/2026 г.
Euroins Insurance Group AD <i>Established pledge of shares of a subsidiary and pledge of debt securities</i>	EUR	Loan from a credit institution	15 084 000	06/2025 г.

↳ Guarantees established in favour of the Company:

Company/ Guarantor	Currency	Guaranteed obligation	Amount guaranteed as of 31.12.2022 in original currency	Due
Milena Milchova Gencheva, procurator	BGN	Management Guarantee	3 330	03.2024

↳ Insurance Group

- » In connection with the participation of IC Euroins AD through its branch in the Republic of Greece in the so-called friendly settlement agreement between the insurers that offer compulsory insurance "Civil Liability" on the territory of the Republic of Greece, a bank guarantee has been established in favor of the Hellenic Association of Insurers. As of December 31, 2023, the bank guarantee is in the amount of 243 thousand euros (243 thousand leva), and the funds are blocked in a deposit account of the branch.
- » Insurers who offer mandatory "Civil Liability" insurance present a bank guarantee according to the Statute of the National Bureau of Bulgarian Automobile Insurers (NBBAZ). As of December 31, 2023, two of the Bulgarian companies in the group (IC Euroins AD-subsidiary and IC EIG Re EAD-associated company) provide separate bank guarantees in the amount of EUR 600 thousand each in favor of NBBAZ, as the funds securing the bank guarantees are blocked in the current account of both companies.
- » In 2023, the Group assumes a joint and several liability under a loan agreement to an unrelated third party from 27.09.2017 in the amount of EUR 6,200 thousand. According to the contract, the borrower and lender can terminate the contract with 3 months' notice, starting from the end of the application month.
- » In 2023, the Group provided a loan guarantee to the ultimate parent company in the amount of BGN 8,214 thousand with a maturity of 2027.

↳ Energy Business

- » The EDG West EAD subsidiary has established a bank guarantee in favor of the Sofia Municipality in the amount of BGN 68 thousand for the restoration of the sidewalks during investment activities.
- » As of December 31, 2023, by order of Electrohold Bulgaria EOOD, two bank guarantees were issued with a total amount of BGN 87 thousand. As of 31.12.2023, the Group acts as a guarantor, with funds restricted in favor of a commercial bank in the amount of BGN 19,558 thousand.
- » The Group's suppliers (in particular EDG West EAD) have provided bank deposits as collateral in its favor for the performance of the contracts concluded with them for the supply of materials and services. The amount of valid collateral as of December 31, 2023 is BGN 14,822 thousand (2022: BGN 14,300 thousand);
- » According to the Rules for the terms and conditions for granting access to the electricity transmission and electricity distribution networks, where it is indicated that guaranteed security is required from customers, admissible for transactions at freely agreed prices, have been provided in favor of the Group (in particular EDG West EAD) bank guarantees in the amount of BGN 3,323 thousand as of December 31, 2023 (2022: BGN 2,382 thousand);
- » According to the 2023 amendments to the Renewable Energy Act, renewable producers are obliged to provide a guarantee during the accession procedure. The amount of valid guarantees as of 31.12.2023 is BGN 375 thousand in favor of the Group, in particular EDG West EAD.

- » As of December 31, 2023, in favor of the Group (in particular Electrohold ICT EAD), guarantees for the performance of concluded contracts in the total amount of BGN 929 thousand (2022: BGN 806 thousand) have been established.
- » The clients of the Group (in particular of Electrohold Trade EAD) have provided bank guarantees in the amount of BGN 458 thousand in 2023, with which the total amount of valid bank guarantees as of 31.12.2023, issued in favor of the Group, is BGN 1,305 thousand (2022: BGN 1,354 thousand). Issued bank guarantees secure payments under contracts for the sale of electricity and balancing.
- » As of December 31, 2023, guarantees for the performance of concluded contracts in the amount of BGN 2,320 thousand have been established in favor of the Group (in particular, Electrohold IPS EOOD).

Pledge of shares

- » In connection with a loan to a company from Automotive Subholding, which as of 31.12.2023 is not a related party, Eurohold Bulgaria AD has an established pledge of shares in a subsidiary.
- » In connection with financing under a package deal, Eurohold Bulgaria AD has established a pledge of shares of a subsidiary company.
- » In connection with the financing of a business combination Eurohold Bulgaria AD, a pledge of shares of subsidiaries from the energy segment was established.
- » In connection with a financing agreement concluded by a credit institution in 12.2022 and renegotiated in 09.2023, a pledge of shares of a subsidiary company and a pledge of bonds were established.

7 / Information on the Company's shareholdings, its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate), as well as investments in equity securities outside its group of companies within the meaning of the Accounting Act and the sources/means of financing.

Detailed information regarding the Company's shareholdings and its principal investments domestically and overseas is shown in this report in Section 1.5 Business Operations - Economic Group.

8 / Information on loan agreements entered into by the Company/ Group, its subsidiary or parent company, as borrowers, specifying the terms thereof, including the final repayment terms, and information on guarantees and commitments provided.

8.1 Loans entered into by Eurohold Bulgaria AD as borrower

Funds raised from financial and non-financial institutions:

Parameters under loan agreements								Amount of liability as of 31.12.2023 ('000 BGN)		Maturity ('000 BGN)	
Credit-recipient	Lender Bank	Size in original currency	Unused limit as of 31.12.2022	Currency of the loan	Date: of Contract and Annexes	Date of maturity	Interest rate	by interest	in principal	for 2024	after 2024
Eurohold Bulgaria AD	International Investment Bank	10,000,000	-	EUR	25.05.2018 Annex 2 - 8.3.2022	18.03.2025	6.0% + 3m Euribor	528	7 530	*	*
Eurohold Bulgaria AD	International Investment Bank	7,000,000	-	EUR	28.01.2022	28.01.2029	5.0% + 3m Euribor	900	12 111	*	*
Eurohold Bulgaria AD	JP Morgan SE	40,000,000	-	EUR	09.12.2022 Annex 2 - 8.3.2023	11.06.2025	8.75% + 6m Euribor	1 165	29 503	-	29 503
Total amount payable on bank loans:								2 593	49 144	-	29 503

**At this stage, it is not possible to predict the repayment period of the loans, due to the inclusion of Russia in the sanctions list.

More information on borrowings with financial and non-financial institutions, including collateral, is provided in the 2023 Annual Standalone Financial Report in Note 32. Borrowings from financial and non-financial institutions.

📌 Obligations under issued bond loans:

Parameters on bond loans								Amount of liability as of 31.12.2023 ('000 BGN)		Maturity ('000 BGN)	
Issuer	Type of bond	ISIN code of the bond	Amount issued in original currency	Currency of the loan	Date: of issue	Date of maturity	Interest rate	by interest	in principal	for 2024	after 2024
Eurohold Bulgaria AD	EMTN Programme	XS1731768302	70,000,000	EUR	7.12.2017 / 7.12.2026 extended	07.12.2026	6,5%	586	85 317	-	85 317
Eurohold Bulgaria AD	EMTN Programme	XS1542984288	10,000,000	EUR	29.12.2016 / 29.12.2021 - restructured and extended	29.12.2026	8,00%	9	19 558	-	19 558
Eurohold Bulgaria AD	Bond	BG2100013205	30,000,000	EUR	26-11-20	26.11.2027	3,25%	182	58 675	-	58 675
Eurohold Bulgaria AD	Bond	BG2100002224	40,000,000	EUR	08-03-22	08.03.2029	3,25%	793	78 205	-	78 205
Aggregate amount of bonded loans payable:								1 569	241 755	-	241 755

More information on the bond loans issued, including the collateral securing them, and the bond transactions executed is presented in the Note 33. Bond Liabilities to the annual consolidated financial statements for 2023.

📌 Liabilities under loans and assignments with related parties

Parameters of loan agreements with related parties								Amount of liability as of 31.12.2023 ('000 BGN)		Maturity ('000 BGN)	
Obligor person	Lender	Size in original currency	Unused limit at 31.12.2023	Currency of the loan	Date: of Contract and Annexes	Date of maturity	Interest rate	by interest	in principal	for 2024	after 2024
Liability under a loan agreement with related parties:											
Eurohold Bulgaria AD	Starcom Holding AD	40,000,000	-	BGN	6.12.2018 Last one Annex – 28.12.2023	31.12.2024	5.50%	1 590	28 984	28 984	-
Eurohold Bulgaria AD	Starcom Holding AD	4,200,000	-	EUR	29.11.2022 Annex 1 – 29.12.2023	31.12.2024	6% + 3m Euribor	820	8 214	8 214	-
Eurohold Bulgaria AD	IC Euroins Life EAD	15,543	-	EUR	2.12.2022 Annex 2 – 30.6.2023	31.12.2024	-	-	30	30	-
Obligation under a contract for Subordinated Debt with related parties:											
Eurohold Bulgaria AD	Starcom Holding AD	50,000,000	49,549,965	BGN	09.08.2021	09.08.2026	5.00%	53	450	-	450
Total amount of loan liability with related parties:								2 463	37 678	37 228	450

Parameters of loan agreements with related parties								Amount of liability as of 31.12.2023 ('000 BGN)		Maturity ('000 BGN)	
Obliged person	Lender	Size in original currency	Unused limit at 31.12.2023	Currency of the loan	Date: of Contract and Annexes	Date of maturity	Interest rate	by interest	in principal	for 2024	after 2024
Liability under a loan agreement with related parties:											
Eurohold Bulgaria AD	An unrelated third party	2,126,000	-	EUR	29.03.2023 Annex 1 – 30.11.2023	05.06.2024	7%	170	4 158	4 158	-
Eurohold Bulgaria AD	An unrelated third party	15,500,000	-	EUR	cession from 22.12.2023	20.06.2024	-	-	30 315	30 315	-
Eurohold Bulgaria AD	An unrelated third party	10,100,000	-	EUR	cession from 22.12.2023	20.06.2024	-	-	19 754	19 754	-
Eurohold Bulgaria AD	An unrelated third party	1,300,000	-	EUR	cession from 22.12.2023	20.06.2024	-	-	2 543	2 543	-
Eurohold Bulgaria AD	An unrelated third party	600,000	-	EUR	cession from 22.12.2023	20.06.2024	-	-	1 173	1 173	-
Eurohold Bulgaria AD	An unrelated third party	2,500,000	-	EUR	cession from 22.12.2023	20.06.2024	-	-	4 890	4 890	-
Total amount of loan liability with related parties:								170	62 833	62 833	-

8.2 Loans from subsidiaries of Eurohold Bulgaria AD

Energy Group

Parameters of bank loan contracts								Amount of liability as of 31.12.2023 ('000 BGN)		Maturity ('000 BGN)	
Credit-recipient	Lender Bank	Size in original currency	Unused limit at 31.12.2023	Currency of the loan	Date: of Contract and last Annexes	Date of maturity	Interest rate	by interest	in principal	for 2024	after 2024
An obligation under a bank loan agreement:											
ERM West EAD	European Bank for Reconstruction and Development	98,000,000	-	EUR	02.11.2016; 22.07.2021;	30.04.2027	1.8% + 6M Euribor	331	33 071	4 960	28 111
Eastern Electric Company B.V.	Loan Syndicate, organized by JP morgan	360,000,000	-	EUR	21.07.2021	21.07.2026	Euribor +3.5%	9 231	704 099	176 025	528 074
Eastern Electric Company II B.V.	Metric Capital Partners	113,989,637	-	EUR	21.07.2021	21.07.2026	13%	12 082	228 916	-	228 916
Electrohold Sales EAD*	UniCredit Bulbank AD	15,000,000	15,000,000	4 380 133	BGN	25.10.2017; Annex 11 - 26.05.2023	30.04.2024	2.20% + Average Deposit Index	7	10 620	10 620
Electrohold Trade EAD**	UniCredit Bulbank AD	43,030,800	43,030,800	43,030,800	BGN	15.07.2021; Annex 9 - 26.04.2024	30.04.2023	2.20% + Average Deposit Index	27	-	-
Liability under a related party loan agreement:											
ERM West EAD	Eastern Electric Company B.V.	30,670,000	-	EUR	03.12.2018; Annex 2-01.12.2021	31.10.2027	3.5% + 6m Euribor	773	59 985	-	59 985

ERM West EAD	Eastern Electric Company B.V.	16,072,728	-	EUR	28.07.2021 Annex 1 - 29.11.2021	31.10.2027	3.20%	0	13 690	3 144	10 547
ERM West EAD	Eastern Electric Company B.V.	14,000,000	-	EUR	25.11.2021 Annex 2 - 30.12.2022	21.07.2026	3.29% + 6M Euribor	173	27 382	6 845	20 536
Electrohold Bulgaria EOOD	Electrohold Trade EAD	40,000,000	-	BGN	24.02.2022 Annex 2 - 30.01.2024	31.01.2025	4.53%	763	40 000	40 000	-
Electrohold Bulgaria EOOD	Electrohold Sales EAD	7,500,000	1,200,000	BGN	05.12.2023	04.12.2024	4.80%	23	6 300	6 300	-
Electrohold Bulgaria EOOD	EDG West EAD	15,000,000	5,900,000	BGN	11.08.2023 Annex 1 - 30.11.2023	10.08.2028	4.80%	40	9 100	9 100	-
Electrohold IPS Ltd.	Electrohold Bulgaria EOOD	15,000,000	5,900,000	BGN	11.08.2023 Annex 1 - 30.11.2023	10.08.2028	5.00%	41	9 100	9 100	-
Total amount payable on bank loans:								23 491	1 142 263	266 094	876 169

1 Contract guarantor - Eurohold Bulgaria AD

2 Contract guarantor Eurohold Bulgaria AD

Collateral: 1. Pledge under the provisions of the TPLA; 3. Surety agreement under within the meaning of Art. 138 of the DPA

3 Guarantor of the contract Eurohold Bulgaria AD

Collateral: 1. Pledge under the provisions of the TPLA; 3. Surety agreement under within the meaning of Article 138 of the DPA.

4 Contract guarantor - Eurohold Bulgaria AD

Collateral: 1. Pledge on shares; 2. Special lien on bank account receivables

Insurance group

Parameters of bank loan contracts								Amount of liability as of 31.12.2023 ('000 BGN)		Maturity ('000 BGN)	
Credit-recipient	Lender Bank	Size in original currency	Unused limit at 31.12.2023	Currency of the loan	Date of Contract and Annexes	Date of maturity	Interest rate	by interest	in principal	for 2024	after 2024
An obligation under a bank loan agreement:											
Euroins Insurance Group AD*	AMC IV ALPHA BV	7,660,000	-	EUR	13.3.2019	31.3.2025	8.00%	342	12 220	1 150	11 070
Euroins Georgia	JSC VTB Bank Georgia	352,863	-	GEL	28.04.2021	28.04.2024	13.00%	-	205	205	-
Euroins Georgia	JSC Halyk Bank Georgia	70,000	-	GEL	21.12.2023	21.01.2024	13.00%	-	46	46	-
Liability under a loan agreement with related parties:											
Euroins Insurance Group AD	Starcom Holding AD	5 505 041	4 494 959	EUR	23.05.2023	22.5.2024	6.00%	16	3 870	3 870	-
Euroins Insurance Group AD	Eurohold Bulgaria AD	14 425 523	-	BGN	28.1.2022 Annex 2 - 29.12.2023	01.01.2025	2.50%	650	13 025	13 025	-
Euroins Insurance Group AD	Eurohold Bulgaria AD	8,010,000	-	BGN	08.11.2022 Annex 2- 16.03.2023	8.11.2024	8.00%	413	4 518	4 518	-
Subordinated debt to related parties:											
Euroins Insurance Group AD	Starcom Holding AD	2,627,650	-	EUR	25.8.2020	not earlier от 5 г.	6.00%	35	5 139	-	5 139

Euroins Insurance Group AD	Starcom Holding AD	10,000,000	5,020,000	EUR	19.2.2021	not earlier от 5 г.	6.00%	67	9 740	-	9 740
Euroins Insurance Group AD	Starcom Holding AD	15,000,000	5,020,000	BGN	18.09.2023	not earlier от 5 г.	5.00%	85	15 000	-	15 000
Euroins AD	Starcom Finance AD	25,000,000	-	BGN	28.06.2022	28.06.2032	6.00%	420	25 000	-	25 000
Obligations under a repo agreement to unrelated parties::											
Euroins AD	Third party	997.500	-	BGN	11.10.2023	11.01.2024	10.50%	23	998	998	-
Euroins Insurance Group AD	Third party	21 154 127	-	BGN					21 154		21 154
Total amount payable on loans:								2 051	110 915	23 812	87 103

*Collateral: Pledge of shares and dividends; Pledge of interest receivable; Pledge of bank accounts receivable

9 / Information regarding loan agreements entered into by the Company, its subsidiary or parent company, as lenders, including the provision of guarantees of any kind, including to related parties, stating the specific terms thereof, including payment deadlines, and the purpose for which they were granted .

9.1 Receivables of Eurohold Bulgaria AD under loan agreements where it is a lender

Parameters of loan agreements with related parties								Amount of liability as of 31.12.2023 ('000 BGN)		Maturity ('000 BGN)	
Lender	Obliged person	Size in original currency	Unused limit at 31.12.2023	Currency of the loan	Date: of Contract and Annexes	Date of maturity	Interest rate	by interest	in principal	for 2024	after 2024
Borrowing under a loan agreement with related parties:											
Eurohold Bulgaria AD	Euroins Insurance Group AD	8 010 000	-	BGN	08.11.2022 Annex -2 16.03.2023	08.11.2024	8%	413	413	4 518	-
Eurohold Bulgaria AD	Euroins Insurance Group AD	14 425 523	-	BGN	28.01.2022 Annex -2 29.12.2023	01.01.2025	2.50%	650	13 025	-	13 025
Total amount of loan receivable:								1 063	13 438	4 518	13 025

9.2 Receivables from subsidiaries of Eurohold Bulgaria AD under loan agreements

Energy Group

Parameters of loan agreements with related parties								Amount of liability as of 31.12.2022 ('000 BGN)		Maturity ('000 BGN)	
Lender	Obliged person	Size in original currency	Unused limit at 31.12.2022	Currency of the loan	Date: of Contract and Annexes	Date of maturity	Interest rate	by interest	in principal	for 2023	after 2023
Borrowing under a related party loan agreement:											
Eastern Electric Company B.V.	ERM West EAD	30,670,000	-	EUR	03.12.2018; Annex 2 - 01.12.2021	31.10.2027	3.5% + 6m Euribor	773	59 985	-	59 985
Eastern Electric Company B.V.*	ERM West EAD	16,072,728	-	EUR	28.07.2021 Annex 1 - 29.11.2021	31.10.2027	3.20%	0	13 690	3 144	10 547
Eastern Electric Company B.V.**	ERM West EAD	14,000,000	-	EUR	25.11.2021 Annex 2 - 30.12.2022	21.07.2026	3.29% + 6M Euribor	173	27 382	6 845	20 536

Electrohold Trade EAD	Electrohold Bulgaria EOOD	40,000,000	-	BGN	24.02.2022 Annex 2 - 30.01.2024	31.01.2025	4.53%	763	40 000	40 000	-
Electrohold Sales EAD	Electrohold Bulgaria EOOD	7,500,000	1,200,000	BGN	05.12.2023	04.12.2024	4.80%	23	6 300	6 300	-
Electrohold Bulgaria EOOD	Electrohold Bulgaria EOOD	15,000,000	5,900,00	BGN	11.08.2023 Annex 1 - 30.11.2023	10.08.2028	4.80%	40	9 100	9 100	-
ERM West EAD	Electrohold IPS Ltd.	15,000,000	5,900,000	BGN	11.08.2023 Annex 1 - 30.11.2023	10.08.2028	4.80%	41	9 100	9 100	-
Borrowing under an arm's length loan agreement:											
Electrohold Trade EAD	Third party	15,000,000	-	BGN	01.11.2023 Annex 1 - 28.11.2023	31.05.2024	4.25%	15	15 000	15 000	-
Electrohold Trade EAD	Third party	7,000,000	-	BGN	01.12.2023 Annex 2 - 24.01.2024	25.07.2024	4.25%	58	7 000	7 000	-
Electrohold Bulgaria EOOD	Third party	5,000,000	-	EUR	31.03.2022 Annex 3 - 29.12.2023	31.12.2024	6.00%	297	9 779	9 779	-
Electrohold Bulgaria EOOD	Third party	6,300,000	-	BGN	25.10.2022 Annex 6 - 06.11.2023	03.04.2024	7.00%	113	6 300	6 300	-
Electrohold Bulgaria EOOD	Third party	6,000,000	-	BGN	25.01.2023 Annex 6 - 21.08.2023	11.04.2024	7.00%	107	6 000	6 000	-
Total amount of loan receivable with related parties:								2 403	209 636	118 568	91 068

Insurance group

Parameters of loan agreements with related parties								Amount of liability as of 31.12.2022 ('000 BGN)		Maturity ('000 BGN)	
Lender	Obliged person	Size in original currency	Unused limit at 31.12.2023	Currency of the loan	Date: of Contract and Annexes	Date of maturity	Interest rate	by interest	in principal	for 2024	after 2024
Borrowing under a related party loan agreement:											
Euroins Insurance Group AD	Phoenix MGA Service S.R.L.	1,000,000	400,000	EUR	17.06.2023	30.06.2026	3.5%	11	1 133	-	1 133
Receivables under a repurchase agreement from related parties:											
IC Euroins Life EAD	Eurohold Bulgaria AD	15,543	-	EUR	2.12.2022 Annex 2 - 30.06.2023	31.12.2024	-	-	30	30	-
Receivable under a contract for transactions in financial instruments by related parties:											
IC Euroins AD	Eurohold Bulgaria AD	2,126,000	-	EUR	13.01.22	05.12.2023	7.00%	282	4 158	4 440	-
IC Euroins Life EAD	Eurohold Bulgaria AD	15,543	-	EUR	2.12.2022	30.06.2023	-	-	30	30	-
Borrowing under an arm's length loan agreement:											
IC Euroins life EAD	Third party	130,000	-	EUR	22.12.2023	08.01.2024	5.00%	-	2 423	2 423	-
Receivables under an arm's length repurchase agreement:											
IC Euroins AD	Third party	2,500,000	-	EUR	22.12.2023	-	-	-	4 818	4 818	-
Total amount of loan receivable with related parties:								392	13 590	11 741	2 142

 Euro-Finance AD

Parameters of loan agreements with related parties								Amount of liability as of 31.12.2023 ('000 BGN)		Maturity ('000 BGN)	
Lender	Obliged person	Size in original currency	Unused limit at 31.12.2023	Currency of the loan	Date: of Contract and Annexes	Date of maturity	Interest rate	by interest	in principal	for 2024	after 2024
Receivables under a repurchase agreement from related parties:											
Euro-Finance AD	Starcom Holding AD	900,000	-	BGN	04.12.2023	04.06.2024	6.50%	4	900	900	-
Euro-Finance AD	Starcom Holding AD	950,004	-	BGN	04.12.2023	04.06.2024	6.50%	5	950	950	-
Euro-Finance AD	Starcom Holding AD	857,000	-	BGN	04.12.2023	04.06.2024	6.50%	4	857	857	-
Euro-Finance AD	Starcom Holding AD	1,835,379	-	BGN	22.12.2023	21.6.2024	5.00%	2	1 835	1 835	-
Receivables under an arm's length repurchase agreement:											
Euro-Finance AD	Third party	852,600	-	BGN	11.12.2023	07.06.2024	5.00%	2	853	853	-
Euro-Finance AD	Third party	1,840,591	-	BGN	29.12.2023	28.06.2024	5.00%	1	1 840	1 840	-
Euro-Finance AD	Third party	550,080	-	BGN	08.08.2023	05.02.2024	5.00%	11	550	550	-
Total amount of loan receivable with related parties:								29	7 785	7 785	-

10 / *Information on the use of funds from a new issue of securities during the reporting period.*

In 2023, no new issue of securities was issued within the Eurohold Group.

11 / *An analysis of the relationship between the financial results reported in the financial statements for the financial year and previously published forecasts of those results.*

Eurohold Bulgaria AD has not published or presented any forecasts for the Group's consolidated earnings.

12 / *An analysis and assessment of the financial resource management policy, indicating the capacity to service the obligations, any threats and the measures the issuer has taken or intends to take to address them.*

The main activity of Eurohold Bulgaria AD, as a holding company, is to effectively manage the cash resources accumulated in the entire structure and to allocate them accordingly depending on the needs of the individual subsidiaries. The Company's policy in this area is to finance only along the lines of "subsidiaries - parent" and not "subsidiary - subsidiary". The management of unrestricted financial resources of subsidiaries is carried out in accordance with regulatory requirements and with the aim of achieving good returns at reasonable risk.

The investment program of Eurohold Bulgaria AD in 2023 is implemented through own and borrowed funds.

13 / *An assessment of the feasibility of the investment plans, indicating the amount of funds available and reflecting possible changes in the financing structure of this activity.*

Information regarding the planned business policy, including forthcoming transactions material to the Company's operations is presented in the section 1.8. *Strategy and future development.*

14 / *Information on changes that occurred during the reporting period in the basic principles of management of the parent company and its group of companies within the meaning of the Accounting Act.*

During the reporting period, there has been no change in the basic management principles of the Company and its economic group companies.

15 / *Information on the main features of the internal control system and risk management system applied by Eurohold in the process of preparing the financial statements.*

Eurohold Bulgaria AD and the companies of the economic group have an established and functioning risk management and internal control system that ensures the effective functioning of the accounting and financial reporting and disclosure systems. The internal control system is also established and operated with a view to identifying the risks inherent in the Group's activities and supporting their effective management.

The main features of the internal control system are as follows:

- **Control Environment:**
 - built on integrity and ethical behaviour;
 - Having experienced management with direct involvement in the Company's business processes and critical review of operations;
 - the organisational structure is tailored to the nature of the business and ensures segregation of responsibilities;
 - levels of competence are tailored to the specific positions;
 - hierarchy and clear rules, rights, obligations and reporting levels;
 - the policy of delegation of powers and responsibilities;
 - HR policies and practices address the recruitment of competent and reliable employees.
- **Risk Management** - the process of identifying, evaluating and controlling potential events or situations that may adversely affect the achievement of the Company's objectives through Management's direct involvement in the business;
- **Control activities** - control activities aimed at minimising risk and increasing the likelihood that the Group's objectives and targets will be achieved. Such procedures include:
 - approval and authorisation in decision-making (authorisation);
 - prior control for legality by the Executive Director immediately before signing a decision;
 - complete, true, accurate and timely accounting of all transactions (information processing);
 - Operational control and review of performance on a daily basis by the Executive Director in the assignment and execution of work;
 - separation of duties;
- **Information and communication** - having effective and reliable information and communication systems in place to ensure the collection and dissemination of complete, reliable and credible information, horizontal and vertical communication to and from all levels, and a timely reporting system.
- **Monitoring** - there is a system in place for ongoing monitoring and evaluation of controls, with remedial and corrective measures taken when deviations are identified.

16 / *Information on changes in the management and supervisory bodies during the financial year under review.*

In 2023, there were no changes in the boards of the Parent Company, as well as in the contractually appointed proxy.

17 / *Information on the amount of remuneration, awards and/or benefits of each of the members of the management and control bodies for the financial year under review and its subsidiaries, whether included in the expenses of the Company or arising from profit distribution, including:*

- 1) *amounts received and non-monetary remuneration;*
- 2) *contingent or deferred consideration arising during the year, even if the consideration is due at a later date;*
- 3) *an amount payable by the Company or its subsidiaries for the payment of pensions, retirement benefits or other similar benefits.*

In 2023, the members of the management and control bodies received the following gross remuneration from Eurohold Bulgaria and its subsidiaries as follows:

Remuneration received by the Members of the Boards and the Procurator for 2023	from Eurohold Bulgaria AD	from subsidiaries	TOTAL
Supervisory Board	137 408	987 347	1 124 755
Assen Hristov	14 640	721 494	736 134
Dimitar Dimitrov	7 200	198 183	205 383
Radi Georgiev	<i>No remuneration has been agreed and paid for 2023.</i>	67 670	67 670
Kustaa Aima	<i>No remuneration has been agreed and paid for 2023.</i>	<i>No remuneration has been agreed and paid for 2023.</i>	<i>No remuneration has been agreed and paid for 2023.</i>
Luis Gabriel Roman	67 568	<i>No remuneration has been agreed and paid for 2023.</i>	67 568
Ivaylo Angarsky	48 000	<i>No remuneration has been agreed and paid for 2023.</i>	48 000
Management Board	211 880	861 465	1 073 345
Kiril Boshov	24 000	618 699	642 699
Assen Minchev	187 880	53 797	241 677
Veleslav Hristov	<i>No remuneration has been agreed and paid for 2023.</i>	188 969	188 969
Razvan Lefter	<i>No remuneration has been agreed and paid for 2023.</i>	<i>No remuneration has been agreed and paid for 2023.</i>	<i>No remuneration has been agreed and paid for 2023.</i>
Procurator	14 430	200 492	214 922
Milena Gencheva	14 430	200 492	214 922

Kustaa Lauri Aima, Velislav Hristov and Razvan Lefter do not have an agreement with Eurohold for the payment of a monthly remuneration for their work as Members of the Supervisory Board and the Management Board, which is why it was not voted on at the General Meeting of Shareholders and was not paid during the considered historical periods under any circumstances to be a form.

The members of the Management Board and the Supervisory Board were not paid remuneration and/or benefits in kind during the specified period.

Eurohold Bulgaria, as well as its subsidiaries, do not set aside amounts for the payment of pensions, retirement compensation or other similar benefits to the members of the Management Board and the Supervisory Board, as well as to the Procurators of the company.

The members of the Management Board and the Supervisory Board receive their remuneration on the basis of concluded management contracts and control contracts with the Company. The current contracts of the members of the Management Board and the Supervisory Board with "Eurohold Bulgaria" AD are valid until the termination of the performance of the respective position.

"Eurohold Bulgaria" AD has adopted a policy for the remuneration of the members of the Supervisory and Management Boards. This policy regulates the basic rules for determining the remuneration of the persons who hold positions as members of the supervisory and management board of the public company on the occasion of the performance of their powers in the exercise of management and supervisory functions in the company. The remuneration policy was developed based on the requirements of the Law on the Public Offering of Securities and Ordinance No. 48 of the Financial Supervision Commission of March 20, 2013 (amended and supplemented, SG No. 61 of 10.07.2020) for the remuneration requirements with a view to creating a transparent and fair internal organizational framework for the formation of the remuneration of the members of the supervisory board and the management board of "Eurohold Bulgaria" AD. As of the date of preparation of the Activity Report in the company, the function of the Remuneration Committee is performed by the Supervisory Board.

Information on this point is provided in this report in the section "Additional information about the company", item II. "Information according to Art. 247 of the Commercial Law"

The prepared Remuneration Report for 2023 with detailed information on compliance with the Remuneration Policy and information on the amount of remuneration received by each of the members of the management and control bodies for the reporting financial year, paid by Eurohold Bulgaria and its subsidiaries, is available at The website of Eurohold Bulgaria AD www.eurohold.bg at the following link:

<https://www.eurohold.bg/files/documents/articles/fd4fa2d5588c27b80377c8a0baf795ac.pdf>

18 / For public companies, information on the shares of the Company held by the members of the management and supervisory bodies, procurators and senior management, including the shares held by each of them individually and as a percentage of the shares of each class, and options granted to them by the Company over its securities - type and amount of securities over which the options were granted, exercise price of the options, purchase price, if any, and term of the options.

Information on this point is provided in this report in Section 1.4. "Corporate Governance", Information on the members of the Supervisory Board, the management Board and the Procurator.

The members of the Management and Supervisory Boards do not hold options over the Company's issued securities.

19 / Information about arrangements known to the company (including after the end of the financial year) which may result in changes in the relative shareholding of current shareholders or bondholders in a future period.

As at the reporting period and subsequent to the end of the financial year, the Company is not aware of any arrangements from which changes may occur in the relative shareholdings of the current shareholders or bondholders.

20 / Information on pending judicial, administrative or arbitration proceedings concerning the Company's debts or claims in the amount of at least 10 per cent of its equity; if the total value of the Company's debts or claims in all proceedings exceeds 10 per cent of its equity, information shall be provided for each proceeding separately.

► **Parent company**

As of 31.12.2023, there are no substantial lawsuits against the parent company Eurohold Bulgaria AD.

► **Financial and investment activity**

In 2019, on the basis of Order No. 3–137 of 23.04.2019 of the Deputy Chairman of the FSC, who heads the "Investment Supervision" department, an inspection of EURO-FINANCE AD was opened. The inspection was terminated on 16.09.2021 with a Statutory Protocol on the results of an inspection for compliance with the provisions of the legislation No. P-04-261 relating to the activity of the investment intermediary EURO-FINANCE AD.

On 06.01.2023, two property sanctions in the amount of BGN 163 thousand were paid under criminal decrees that entered into force in December 2022, which property sanctions are also reflected in other current liabilities.

As of 31.12.2022, EURO-FINANCE AD had 1 pending administrative criminal case on appeal of a criminal decree issued within the scope of the inspection. The imposed sanction was provided by the Group in 2020, with liabilities in the amount of BGN 5 thousand. They are reflected in Other obligations as of 31.12.2022. The criminal decree and the sanction imposed by it were canceled by the Administrative Court - Sofia-grads decision 2413 of 04.07.2023.

As of 31.12.2023, the investment intermediary has no outstanding criminal rulings and unpaid property sanctions under which they have entered into force.

► **Insurance segment**

On 10.04.2023, the Financial Supervisory Authority of Romania (Autoritatea de Supraveghere Financiară, ASF) initiated a request to open bankruptcy proceedings for the subsidiary company Euroins Romania Asigurare-Reasigurare S.A. (Euroins Romania) in connection with and on the basis of Decision 262/2023 of the ASF, which revokes the license to carry out insurance activities of Euroins Romania. On 09.06.2023, the Court of Bucharest, Seventh Civil Division issued a decision No. 2920/09.06.2023 in case no. 8813/3/2023, opening the bankruptcy procedure. Euroins Romania has appealed this decision to a higher court, as at the time of issuing the current annual consolidated financial statement, the decision to open bankruptcy proceedings has not yet been confirmed by the Romanian court with a final decision.

In 2023, the Group initiated numerous lawsuits in order to protect its interest, appealing the wrongful actions of the Romanian authorities. As a result, as of the date of issuance of these consolidated financial statements, both the bankruptcy procedure and the decisions of the Romanian regulator have not have been confirmed by the Romanian court with a final judgment.

In May 2024, Eurohold Bulgaria AD and Euroins Insurance Group AD officially filed an international arbitration case against the Government of Romania at the International Center for Settlement of Investment Disputes (ICSID) in Washington. The claim is worth more than 500 million euros.

► **Energy segment**

The Group is a party to a number of significant legal disputes and proceedings on the basis of which provisions have been recognized or contingent liabilities have been disclosed. The more significant of them as of 31.12.2023 are:

Electrodistribution Grid West EAD

1/ Provisions for legal claims and proceedings by RES for access to the electricity distribution network

In 2012, a number of court proceedings were initiated on the complaints of the producers of electricity from renewable energy sources, asking the court to annul Decision No. U -33/14.09.2012 of the Energy and Water Regulatory Commission as unlawful. The Company has been advised by its legal advisors that there is a likelihood of an unfavorable outcome of these cases. In the month of June 2013, the SCC has taken several decisions at the last instance, whereby it has revoked the provisional grid access tariffs in several solar, wind renewable groups. On March 13, 2014, the European Commission issued a decision on the matter. The EWRC issued Decision U -6/13.03.2014. on setting permanent access prices for producers of electricity from renewable sources using preferential prices and Decision KM-1/13.03.2014 for the old period. The compensatory mechanism provided for in Decision KM-1/13.03.2014 covers renewable energy producers who have not appealed against Decision U -33/14.09.2012 on setting provisional prices and those for whom, although they have appealed against the decision, it has not entered into force.

In 2023, a provision of BGN 3,000 was paid for newly filed cases. In 2020, the receivables of producers of electricity from renewable sources against EDG West EAD, in the amount of BGN 2,106 thousand, based on the annulment by the court of any point of Decision C-33, were written off after the expiration of five-year statute of limitations. In the financial statements as of December 31, 2023, the amount of this provision amounts to BGN 115 thousand (December 31, 2022: BGN 118 thousand).

2/ Other provisions for legal claims

The remaining value of the recognized provisions for legal claims and proceedings includes various cases in which the Company participates as a plaintiff or defendant, totaling BGN 5,860 thousand (2022: BGN 6,471 thousand), each of which is with an insignificant individual size. The company does not disclose additional information based on paragraph 92 of IAS 37.

3/ Provisions for sanctions

As of December 31, 2023, the Company has provisions for sanctions from state administration bodies in the amount of BGN 1,566 thousand (2022: BGN 1,726 thousand). The company has taken into account the risk of an unfavorable outcome in connection with the imposed sanctions. The company does not disclose additional information on the basis of paragraph 92 of IAS 37. Provisions are as follows:

- > Provisions in relation to criminal-administrative decrees of the regulatory authority (KEVR)
- > Provision for tax liabilities related to an audit by the National Revenue Agency

Electrohold Sales JSC

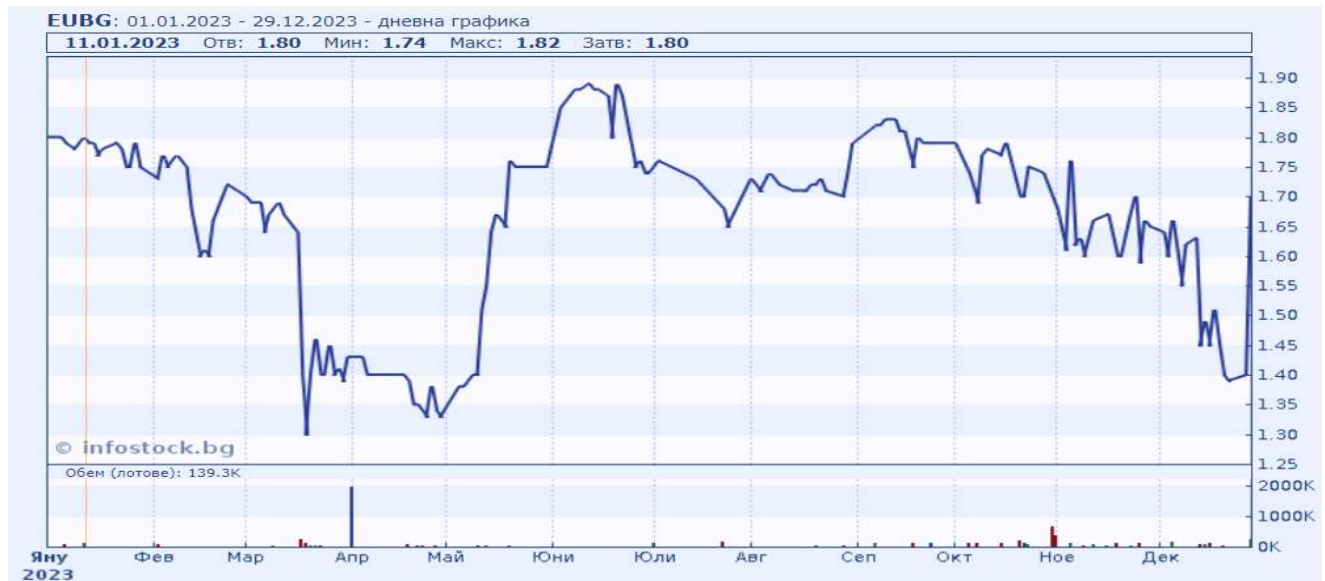
As of 31.12.2023, Electrohold Sales EAD has a provision for legal claims in the amount of 7,421 thousand BGN (31.12.2022: 7,759 thousand BGN) based on the probable outcome of several legal disputes, which are different stage, but are currently unresolved.

For more information on lawsuits brought against companies in the Eurohold group, see: Note 40 to the annual consolidated financial statements for 2023.

21 / Changes in the share price of Eurohold Bulgaria AD

Bulgarian Stock Exchange

All shares of Eurohold Bulgaria AD are listed for trading on the Main Market of BSE AD, Stock Segment Standard, with stock code - **EUBG**.



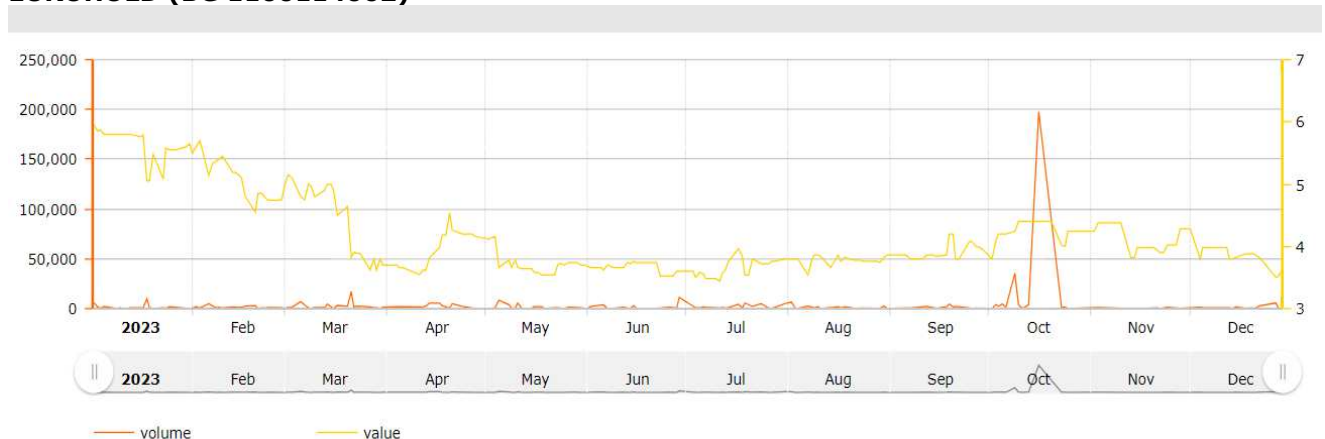
The graph shows the movement of the prices of the shares of Eurohold Bulgaria AD on the BSE for the period 04.01.2023 - 29.12.2023 (first and last stock exchange quotation for the reporting year 2023, respectively).

- Starting price: BGN 1.80 (01.04.2023)
- Last price: BGN 1.70 (29.12.2023)
- Maximum price: BGN 1.90 (20.06.2023)
- Minimum price: BGN 1.06 (20.03.2023)
- Average price: BGN 1,575

Warsaw Stock Exchange

All shares of Eurohold Bulgaria AD are registered for trading on the Warsaw Stock Exchange, Main Stock Market, with stock code - **EHG**.

EUROHOLD (BG 1100114062)



The graph shows the movement of the prices of the shares of Eurohold Bulgaria AD on the Warsaw Stock Exchange for the period 03.01.2023 - 28.12.2023.

- Starting price: 5.85 PLN (03.01.2023)
- Last price: 3.52 PLN (28.12.2023)
- Maximum price: 4.40 PLN (16.10.2023)
- Minimum price: 3.44 PLN (11.07.2023)

2

CONSOLIDATED
NON-FINANCIAL DECLARATION

CONSOLIDATED NON-FINANCIAL DECLARATION OF EUROHOLD GROUP FOR 2023

Eurohold Bulgaria, as one of the largest independent financial groups in the region of Central and Southeast Europe, places corporate social responsibility and sustainable development at the heart of its activities.

The consolidated non-financial declaration describes how we understand and apply our,

- corporate sustainability
- sustainability strategy
- social responsibility
- the policies and guidelines we follow
- the goals we have set
- as well as our main achievement

This Non-financial declaration covers the entire structure of Eurohold Bulgaria and is consistent with the scope of the financial information included in the Annual consolidated financial report for 2023.

Our non-financial data was collected through a group process, which includes all companies part of the economic group of Eurohold Bulgaria included in the annual consolidation as of 31.12.2023.

We present this Consolidated non-financial declaration as part of the annual consolidated activity report.

2.1. SCOPE OF THE REPORT

BASIS FOR PREPARATION

Principles for preparation of the annual consolidated non-financial declaration

This non-financial declaration is part of the annual consolidated activity report of Eurohold Bulgaria AD for 2023 and includes the progress achieved in the Company during the year on economic, social and environmental issues, so that users can better understand the sustainability of our business model and its materiality, as well as its ability to generate value in terms of capital and interaction with stakeholders.

Precision

Eurohold Bulgaria AD reports non-financial information in accordance with the regulations applicable in Bulgaria. In this regard, we developed the content of this report based on the following:

- » Section III. "Non-financial declaration" and with section IV. "Consolidated non-financial declaration" from the Accountancy Act applicable in Bulgaria;
- » The European Securities and Markets Authority (ESMA) Statement on European Common Enforcement priorities for 2023 annual financial reports;
- » REGULATION (EU) 2020/852 and the delegated acts to it.

Also, in the course of our business, we always follow and study the best internationally recognized standards for disclosing sustainability-related information, striving to be a responsible company that adapts its processes and practices in relation to these standards, including:

- » Global Reporting Initiative (GRI) standards; and
- » Those recommended by the Task Force On Climate-Related Financial Disclosures;
- » As well as the new Corporate Sustainability Reporting Directive (CSRD), which will be applicable in Bulgaria for the disclosure of sustainability information from January 1, 2024.

Balance

The information presented is reported without bias and is a fair representation of the organization's impacts.

Clarity

Eurohold Bulgaria AD presents its information in an accessible and understandable way, trying to provide it in a form that is clear to users with basic knowledge of the organization.

Comparability

Information on previous years is provided and changes in calculation and measurement methodologies are detailed where applicable.

Fullness

We include material aspects and their scope to show their significant economic, environmental and social effects. In this way, interested parties can analyze the performance of the Eurohold group during the analyzed period.

Context of sustainability

The Eurohold Group contributes to the progress of the communities in which it operates and their social and environmental sustainability throughout our value chain, both locally, regionally, nationally and internationally, from working with our suppliers to respecting consumer rights , including the marketing of sustainable products and services.

This report covers issues that reflect the economic, environmental and social issues of the Group.

Scope

This declaration covers the entire Eurohold Group - these are all subsidiaries of the Eurohold economic group at the end of 2023.

All measures, activities and key figures in this non-financial report relate to the financial year 2023 (January 1, 2023 to December 31, 2023) and the comparable information reported relates to the financial year 2022 (January 1, 2022 to December 31 2022).

To ensure maximum transparency for stakeholders, this report contains the Group's main policies, governance models and results achieved in 2023 in relation to the following issues: environmental, social, personnel, respect for human rights, as well as the main risks identified.

The information in the report relates to the topics identified as material. The basis for determining the topics to report on in this Group Non-Financial declaration is the materiality analysis updated in 2023 in line with stakeholder needs.

The management process for non-financial reporting is aligned with financial reporting and follows the same review steps as the annual report.

Any conditions that may limit the scope of the data are clearly disclosed to ensure reliability. Also, this Consolidated Non-Financial Declaration includes directly measurable quantities.

A non-exhaustive disclosure is presented, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The consolidated non-financial declaration also includes disclosure under Article 8 of the Delegated Act supplementing the EU Taxonomy Regulation (2020/852).

EUROHOLD GROUP – 2023

12

• COUNTRIES

17

• COMPANIES

4 522

• EMPLOYEES

2 787 859

• OPERATING REVENUE (BGN '000)



For more information on Eurohold's structure, see Section 1. "Business Review and Results of Operations", section 1.5 "Business Operations".

2.2. GENERAL INFORMATION

1 / The sectors in which we work are becoming increasingly strategic and undergoing continuous transformation

Eurohold Group has started public disclosure of non-financial indicators on a consolidated basis from 2017, in accordance with the requirements of the Accounting Act. With each subsequent reporting period, the reported and analyzed indicators are upgraded. As of 31.12.2023, there are 24 active companies operating within 12 jurisdictions in Europe in the diverse and continuously growing local and regional economic structure of Eurohold Bulgaria AD. For the Group, it is essential to build a sustainable multicultural environment, sharing common values and a vision, taking into account the differences of the local way of life, culture and economy, but based on equality, non-discriminatory practices and, last but not least, adequate definition of the significant topics in the individual spheres of operation, compared to the events reported in the disclosed financial period. Currently, the companies in the group are united in three active sectors – insurance, energy (from the end of July 2021) and financial investment activity (investment mediation and asset management). The heterogeneous activity, as well as the operations in different countries, determine different regulatory regimes for individual companies. The group supports initiatives to multiply the effects of the added value created through the transfer of good practices, know-how and effective interaction, both top-down and bottom-up.

With the constant growth and dynamic development of the Eurohold Group, we consider it a challenge to build, protect and constantly upgrade our corporate culture, of which every employee knows that he is a part and feels empathetic. For its part, Eurohold Group every year upgrades the processes of research and analysis of the significant topics and indicators showing the progress of the set goals, striving for a more accurate and qualitative disclosure of information aimed at the interests of individual groups of interested parties.

2 / Regulatory challenges

The urgent need to make progress towards the sustainability goals set out in the UN 2030 Agenda continues to grow. Against this background, governments and other regulators continue to put increased pressure on companies with the adoption of directives, regulations and standards for sustainability reporting, such, some of which are not yet in force for Bulgaria and have not been previously implemented by the Group, such as:

Effective January 1, 2024:

- Corporate Sustainability Reporting Directive (CSRD), which establishes stricter sustainability reporting requirements in the European Union from 2024.
- European Sustainability Reporting Standards (ESRS) integrated with CSRD.

Effective from 2020:

- The European Taxonomy Regulation (2020/852), representing a regulatory framework regarding a classification system defining the requirements for an economic activity to be classified as sustainable in the EU. This framework is part of the EU Action Plan on Financing Sustainable Growth and the Green Deal to promote the investments needed to achieve a circular, competitive and climate-neutral economy by 2050. It includes reporting on financial KPIs (income, capital costs and operating costs) of sustainable activities.

It is expected to be implemented in EU countries in a few years:

- The EU Corporate Due Diligence Directive (CSDDD), which will affect large EU companies. This project focuses on corporate governance, strategy and governance to integrate a continuous process to identify, prevent, mitigate and respond to actual/potential adverse human rights and environmental impacts associated with business activity.

3 / VISION AND MISSION

VISION

Our group vision is to be a responsible, flexible and transparent partner. We guarantee our customers quality service and a quick response to their individual needs. Building long-term and lasting relationships with customers, partners and employees is a key concern for us. We have developed clear rules and policies to ensure sustainable business practices.

MISSION

Our group mission puts people at the center of everything we do. We want to be a group trusted by customers, employees, suppliers, shareholders and society at large. Corporate ethics are at the heart of everything we do. Our constant aspiration is to put technology and digitization at the service of people. We accept the expectations of our various stakeholders and the need to build relationships built on trust.

Our Group Sustainability Mission has the following goals:

- To offer a complex, quality and fast service to our customers. We strive to be a constantly developing group, to be a market leader in the services it offers. Therefore, we are dedicated to continuously developing our products and services depending on the needs of customers and society as a whole. The group strategically aims to offer such solutions in its product portfolio that provide customers with security and stability in their daily life and business operations.
- To provide peace of mind and security in people's lives: We aim to provide a more peaceful and secure life to our stakeholders in terms of access and affordability of electricity and insurance products, career and digital skills training. This part of our mission drives us to innovate so we can offer products and services that add value and contribute to improving people's lives, and drives us to use digital technology solutions to decarbonize the economy.

PRINCIPLES

To make our mission a reality, we must have clear principles that consistently guide our decisions and actions within and outside of our group.

⇒ ETHICS

Eurohold Bulgaria and all companies of the group respect and apply all principles of business ethics, moral values, ethical behavior and protection of human rights. Our Code of Ethics and Conduct – our Principles for Responsible Business – and Sustainability Policy, which help ensure we operate with integrity, commitment and transparency.

⇒ VALUES

The Group's success is based on a firm commitment to our core values. All activity and relations with partners is based on the five values that distinguish the Group and help us to maintain the trust of our customers, as well as to be among the leaders in the business sectors in which we operate, namely:

Reliability

Responsibility

Propriety

Ethics

Transparency

⇒ CORPORATE CULTURE

Our culture is also key – our corporate purpose and our values are reflected in our behaviour, processes and objectives, being consistent between what we say and what we do, being consistent in how we behave across the company and how we present ourselves outside of it.

A corporate culture based on mutual respect, individual and team trust, good communication, flexibility in relation to changing markets and competition, as well as meeting the needs of employees is imposed in the Eurohold group.

Teamwork is part of a company culture that promotes inclusive teamwork, prioritizing an inclusive atmosphere where all departments and employees work together as a team.

Results orientation promotes organizational processes and programs by benefiting from understanding different types of needs and using different perspectives.

Our company culture predisposes to providing a better understanding of the business needs of both our current and future clients, enabling us to take advantage of new business opportunities.

Distinctive features of group company culture

Multicultural environment

Based on support for the protection of human rights - equality and equal opportunities; protection against discrimination and implementation of good practices; compliance with ethical standards and respect for and from employees.

Flexible organization

Ability to handle new company onboarding, changing markets, competition, and meeting changing employee needs

Results oriented

Continuous pursuit of improvements and innovations; clear and precise determination of values and indicators for achieving the adopted market strategy (quality, quantity, costs, time).

Oriented to market requirements and consumer preferences

Development of innovations and new products, service culture

Leadership and teamwork

Encouragement of teamwork, inclusive atmosphere, ability to deal with conflict situations and joint solving of the problems, motivation through additional social incentives.

Education and training

Education and training are a key area for our culture, on which we work continuously, both through internal and external training related to the specific specificity and field of activity, regulatory and legal requirements and changes.

Employee care and safety

Healthy and safe working conditions are a priority of the Group.

Communication

Built an effective system of internal (vertical and horizontal) and external communications

Future oriented

Our company culture is oriented towards the future, as evidenced by the company's motto - **Everyone has a story, we have a vision**".

4/ BUSINESS MODEL AND ENVIRONMENT WE WORK IN

BUSINESS MODEL

Eurohold Bulgaria AD is a rapidly growing holding organization developing over the years both organically and through new acquisitions. According to the current business development strategy, in the coming years the Eurohold group will focus on organic development of the energy and insurance business. In mid-2022, the group ceased activities in the automotive and leasing sectors.

The energy business is a new (from mid-2021) and strategic market for Eurohold Bulgaria, which corresponds to the medium and long-term investment strategy of the Holding, aimed at increasing the diversification of the Eurohold's Group investment portfolio, by entering new regulated business sectors with growth potential and stable profitability.

The business model built in the group is primarily based on synergistic connections and relationships between sub-holding structures through which subsidiaries create new innovative, competitive and combined products and services. A system has been created to continuously monitor the behaviour of users and their satisfaction in order to satisfy the needs and expectations of customers.

Eurohold Bulgaria AD manages and supports the business of its economic group through its strategy, risk, financing of related enterprises, control, communication, legal advice, human resources, information systems and technologies and other functions.

The internal work model is based on the idea that each business line achieves independent financial profitability and cost optimization and serves as a source of business for the other lines.

The business model of the Energy Companies depends mainly on the license held by the companies to carry out a specific activity. The activities of the Companies are carried out in accordance with the regulatory framework for the energy sector in Bulgaria, regulated by the Energy Act, the Renewable Energy Sources Act, the Energy Efficiency Act, their implementing subordinate regulations, as well as in accordance with the applicable legislation in the field of competition protection and public procurement.

The insurance group holds in its portfolio all types of classes of insurance products permitted to general insurance companies as well as life insurance. The Company's business model is focused on offering insurance products covering a wide range of risks, providing comprehensive insurance services to customers. The product portfolio and underwriting activities are a priority for the insurance group – Euroins Insurance Group (EIG), and the companies are working hard to diversify the insurance portfolio. In addition, the EIG Group provides reinsurance protection for traditional general insurance risks for leading insurance companies operating in Central and Eastern Europe on a proportional and non-proportional basis. The implementation of the programme and the achievement of a positive result are key areas of development and control. Underwriting discipline is critical to maintaining a quality portfolio. All departments and units of the EIG companies are oriented towards the realisation of the set objectives and are making multidirectional efforts in the markets in which they operate - the markets of Bulgaria, North Macedonia, Ukraine, Georgia, Spain, Greece, Poland, Italy, the Netherlands, Germany, Romania and the UK.

Eurohold Group companies use the highest technologies, developing online platforms available on their websites, with the aim of customer care, satisfying their needs, flexibility and accessibility to all our products and services.

The businesses in which the Eurohold group operates are highly regulated, as the regulatory environment and legislation relating to the specific business segment is constantly evolving, introducing new regulations, and in addition, customer behaviour is changing at a rapid pace.

In order to respond to new conditions and needs, the Group monitors the market environment in the sectors and countries in which it operates and continuously improves its business model and the way in which it delivers value to customers using the experience, product development and know-how of the different countries in which it operates.

Result of our business model

The business model we have built provides the Group with the following opportunities:

- » adequate risk management;
- » identification of market opportunities;
- » increase our operating income
- » reducing certain operating and administrative costs;
- » rapid integration with newly acquired markets;
- » drive innovation and advanced unique products;
- » better consideration of social and environmental issues.

Through our business model we aim to:

- » maintain operational efficiency and improve processes and return on investment;
- » to build the necessary support and development by investing: in our employees, in technology development and in the implementation of innovative business processes.

BUSINESS ENVIRONMENT

Understanding the business environment in which a company operates is key to its business development. Monitoring market trends, assessing risks and development opportunities help us respond adequately to challenges and create value for key stakeholders.

We know the business environment in which we operate very well. Our companies have many years of experience in the sectors in which they operate. The companies of the group are among the leaders in the development of new products and services in the markets in which they operate.

↳ FEATURES OF BUSINESS ENVIRONMENT

Business environment of the Energy business

The energy business of distribution services in Bulgaria is territorially distributed and in practice the companies operating in a given territory have a natural monopoly. In this business environment operates the company Electrodistribution Networks West AD, which provides distribution services on the territory of Western Bulgaria, namely access and distribution of electric energy, connection of users and services for research, repair and maintenance of the electricity distribution network and means of commercial measurement.

Electricity trading – Electricity trading companies sell electricity:

- » **to household users** at regulated prices according to a) license for final supplier in the territory of Western Bulgaria; b) according to the license, to business users on the open market at freely agreed prices; c) under a license Trader throughout Bulgaria; and d) to business users who have not chosen a trader on the open market, at prices according to KEVR methodology.
- » **to legal entities** (industrial and business clients) – a) trade in electricity on the wholesale market; b) standard balancing group coordinator; c) offering energy solutions for customers; d) management of renewable energy sources ("RES").

Business environment of the Insurance business

The insurance sector is one of the sectors in the economy that is developing extremely dynamically and in the last few years has been characterized by the following specifics:

- Growth trend in gross premiums written income;
- High degree of market concentration;
- Entry of new market participants;
- Market consolidation through mergers and acquisitions;

- Concentration of insurance portfolios;
- Distribution channels are dominated by insurance brokers;
- Enhanced role of the regulator.

Business environment of financial and investment activity

As an investment intermediary, Euro-Finance AD offers its clients activities such as brokerage services, asset management, investment banking, consulting on mergers and acquisitions, and other investment services for corporate and institutional clients.

"Euro-Finance" AD offers management of individual portfolios, mainly to individual and institutional investors based in Bulgaria. Euro-Finance AD offers three types of individual investment portfolios (conservative, balanced and aggressive). These portfolios are based on the client's risk characteristics and asset structure and are actively managed by Euro-Finance AD in accordance with the client's specific needs. Assets typically include investments in stocks, bonds, alternative investments and cash. Balanced portfolios can be invested up to 60% in stocks and alternative investments, and aggressive portfolios can be invested up to 95% in stocks and alternative investments. In 2020, Euro-Finance JSC laid the foundations of its cooperation with Amundi Asset Management - the largest asset management company in Europe by market capitalization of managed assets. Amundi has over 80 years of experience in managing and offering mutual funds and is among the ten largest asset management companies in the world. Amundi is a public company whose shares are traded on Euronext. Credit Agricole, France's second largest banking group, is the majority shareholder in Amundi.

REGULATED BUSINESS ENVIRONMENT

The Eurohold Group operates in a highly regulated business environment in various European countries, with all companies in the Group being supervised by the local sector regulator.

The activity of "Eurohold Bulgaria" AD and the businesses in which it operates, through its subsidiaries, is not seasonal and does not depend on patents, industrial contracts or new production processes.

In addition, the activities of the companies from the insurance group, the energy group and the activity of the investment intermediary "Euro-Finance" AD are carried out under a license regime.

⇒ Regulation of the activity of Eurohold Bulgaria AD

Eurohold Bulgaria, as a public company within the meaning of the LPA, whose shares are registered for trading on the main market of "BSE" AD with the stock code EUBG and on the Warsaw Stock Exchange (WSE) - Poland with the stock code EHG is a supervised entity of the Financial Supervision Commission.

⇒ Regulation in the insurance business

All insurance subsidiaries of "Euroins Insurance Group" AD are subject to regulation by the regulatory authority of the respective country in which they are registered. The insurance companies hold a license issued by the relevant regulatory body to carry out insurance activity and for the relevant classes and type of insurance, respectively general insurance; life insurance; reinsurance (in the case of the need for a special separate license). All insurance companies of the Issuer's group operating in European Union member countries apply the requirements for capital management and risk management, for compliance with the minimum capital requirement (MCR) and the solvency capital requirement (SCR), applicable to insurance and reinsurance Solvency II companies.

⇒ Regulation of the energy business

Energy companies from the Eurohold group operate on the territory of Bulgaria. The state body that performs regulatory functions regarding the activities of energy companies is the Commission for Energy and Water Regulation (KEVR, the Commission). The Commission issues normative acts, as well as general and individual administrative acts related to the licensing activity of the companies, which are mandatory for implementation, including in relation to pricing.

⇒ Regulation in the area of investment activity

"Euro-Finance" AD is a licensed investment intermediary operating in accordance with the legislation of the European Union (EU). Euro-Finance AD is licensed and regulated by the Financial Supervision Commission. It is a member of the "Bulgarian Stock Exchange" AD and the only Bulgarian member of the Deutsche Börse Group, as it is registered to carry out investment brokerage activities in Germany. The company also has a license to operate as an investment intermediary on the territory of Great Britain and Romania.

"Euro-Finance" AD is regulated by European legislation, and the company is a member of a number of institutions, exchanges, associations and associations.

As a licensed investment intermediary in an EU country, "Euro-Finance" AD fully complies with the regulations and requirements related to transactions with financial instruments within the EU - Directive 2014/65/EU of the European Parliament and of the Council of May 15 2014 concerning the markets of financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

↳ NORMATIVE ENVIRONMENT

The regulatory environment in which the Issuer's subsidiaries operate has a significant impact on its activity. The companies are obliged to comply with the normative acts and the legislation governing their activities, as well as to monitor the adopted changes in this direction.

5./ VALUE CREATION

Group model

All three current directions of the group realize the creation of value in a model of companies offering services.

The value creation process goes through three stages, namely:

- » First of all, we analyze and define the key topics for us (planning), which helps us direct our efforts to such services (products) where the greatest value can be created;
- » Second, we define stakeholder engagement against priority key topics;
- » The third stage of value creation is identifying the risk factors affecting value creation, as well as making management decisions to deal with them.

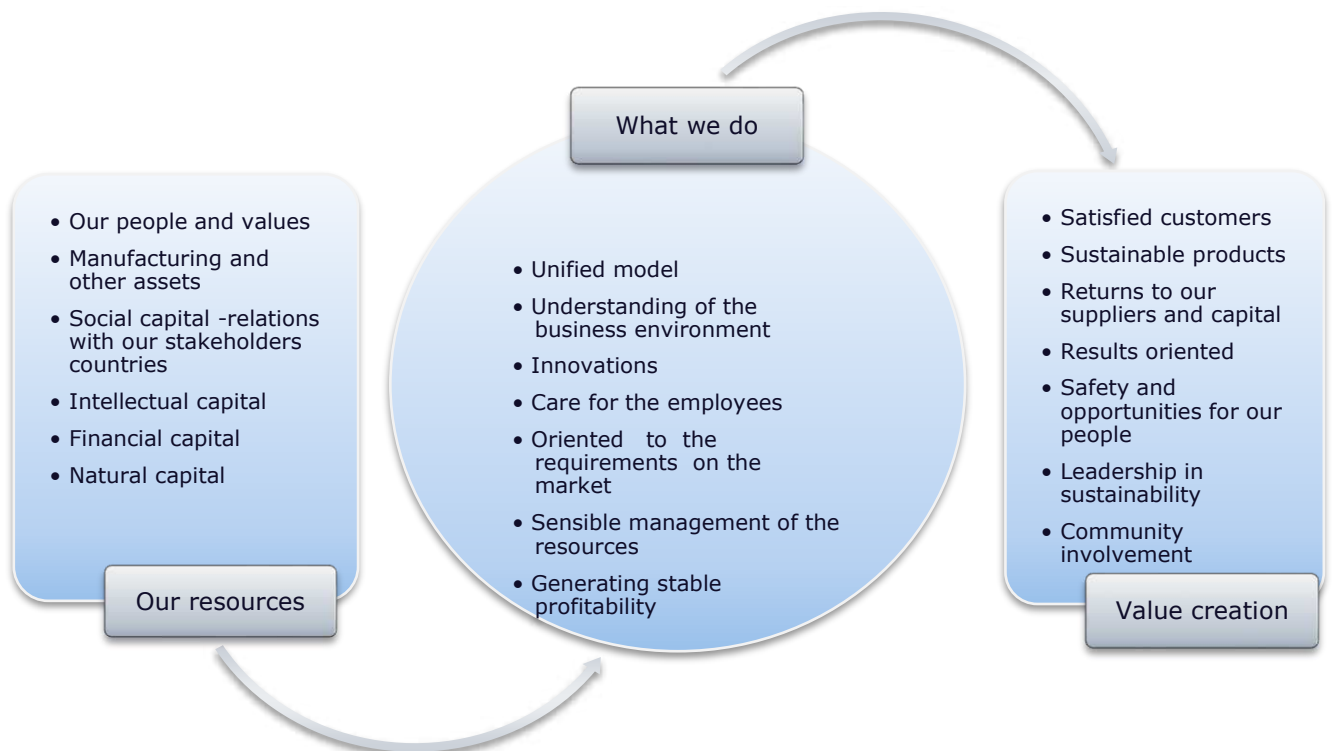
The main principles on which the group's value creation policy is built are:

- » Reasonable management of resources - focus on reducing the amount of resources used
- » Generating stable profitability
- » Ensuring publicity and transparency for the Company's activities
- » Social responsibility towards society
- » Environmental protection and commitment to climate change

How we create value

As a highly integrated structure, the Eurohold group creates value through its business model by using different types of capital, which it transforms through business activities and interactions, to obtain products and services that bring value to the organization and stakeholders.

A group model of value creation



Our resources

In creating value, we use all types of capital:

- ↻ **Financial capital**- Our group financial capital is a combination of equity capital, cash flows generated from core operations, external funding from capital markets and financial institutions.
- ↻ **Production capital**- The group offers services and products for which it is extremely important to ensure the points of sale (the material and technical base), as well as the highest level of information, communication and technical equipment
- ↻ **Human capital**- The success of Eurohold and the whole group depends on the diligence and professionalism of its employees. Therefore, the Group continues to invest in the professional and personal development of its employees. We strive to encourage our employees to activities that would allow the full development of their potential and the realization of their professional ambitions.
- ↻ **Intellectual Capital** - Our corporate procedures, management systems and organizational expertise, skills and model, technology, quality systems and intellectual property serve us to develop the best solutions for customers, to deliver innovative and combined products and services
- ↻ **Social Capital** - We build and maintain collaborative relationships with our key stakeholders by investing in strategic partnerships, supporting community programs, supporting various causes and sporting events, and building trust with suppliers. Customer relationships are at the heart of our business and we strive to exceed their expectations
- ↻ **Natural capital** - The Group's business is not considered to be resource intensive. However, Eurohold and its subsidiaries have put in place practices to protect the environment and reduce electricity, water, gas and paper costs

Value creation is based on good business relationships with our stakeholders. We are committed to the obligations and responsibilities we have to all our stakeholders, which includes acting responsibly in everything we do, following our core values, mission and vision.

6 / MATERIALITY OF SIGNIFICANT TOPICS FOR THE GROUP

Back in 2020, the Group had planned to take a more comprehensive approach to materiality analysis of material topics as an integrated part of a project to review the effectiveness of the Group's internal reporting processes, which will involve both specialists from Eurohold Bulgaria and other key and senior positions across the Group. Planned actions covered:

- ✓ The development of a performance measurement system to more fully and accurately define and report on the objectives set, against the interests of different stakeholder groups and in direct relation to the organisation's impact on economic, social and natural issues (including climate change).
- ✓ Focusing efforts on more extensive research and analysis of the issues and impacts that are important to the Group and its stakeholders, which will include further analysis of risks at the company/sub-holding level and planning of risk minimisation measures.
- ✓ Cross-effect reporting of themes, risk and measures on different stakeholder groups is also planned. The analysis, sequencing and individual elements of the process will ensure that timely, accurate and targeted information is obtained.
- ✓ Given the diversity within Eurohold Group in terms of business and location, separate sub-group themes can be identified for individual companies/subholding structures in relation to management's vision, which subsidiaries should support depending on the specific nature of the business and in relation to local regulatory requirements and local community objectives.

Following the Covid-19 pandemic in early 2020 and the global economic slowdown that occurred, management determined that most of its efforts would be focused on implementing restrictive measures to reduce employees' risk of infection to keep them healthy and organizing a home office and communication channels, developing online product platforms and other supporting activities related to workflow continuity, supporting customers and partners, and creating flexible solutions to support them,

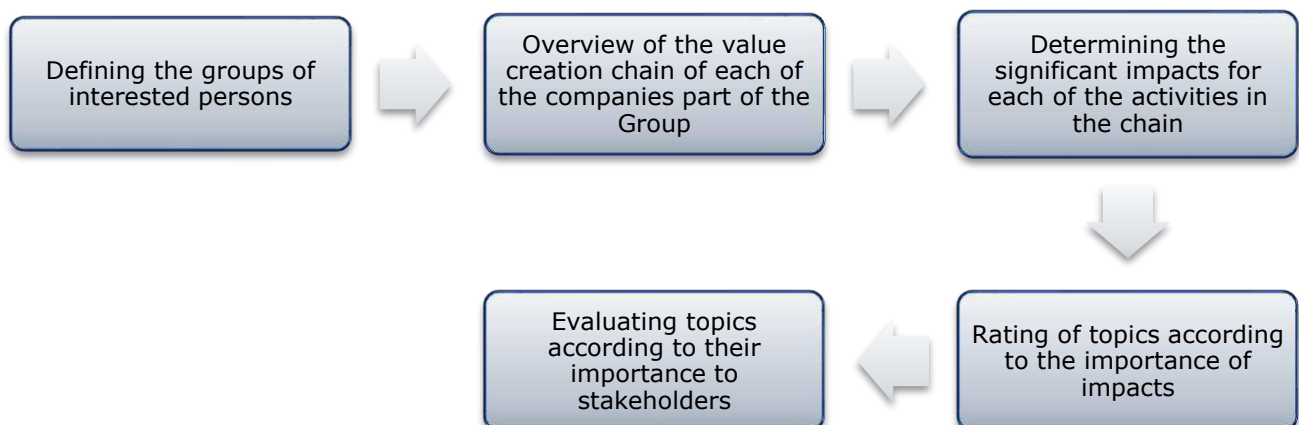
In addition, in mid-2022 we sold two large groups of companies operating in the field of leasing and cars, separately we sold our participation in two insurance companies that we owned.

Thus, the planned initiatives related to the analysis of the materiality of the significant topics were redirected for implementation at a later stage. After the entry of the Eurohold group (at the end of July 2021) into a new business sector, namely the energy sector, it took some time for the integration of the energy companies and the in-depth acquaintance with the environmental issues posed by this business segment. At the end of 2021, Eurohold started the review and analysis of the significant topics for the Eurohold group, including the energy business.

Process in materiality analysis of significant themes:

For 2023, the materiality analysis was carried out based on the old methodology for determining the topics material to the group, i.e. single materiality from the point of view of materiality of topics.

The main mechanism applied by Eurohold Group to determine the materiality of material topics is as shown below.



Based on the results of the analysis, the significant themes are first summarised at the sub-holding level and then identified for the entire Group. With this consolidated statement, Eurohold Bulgaria does not limit the ability of Group companies to identify and disclose their own themes, in accordance with the activities and regulatory requirements of the respective company.

The relevance of the themes is perceived as important for the success and achievement of sustainable development not only of the business of the companies in Eurohold Group, but also the sustainable growth of the socio-economic and social relations of which the Group is an integral part. Trust in our stakeholders is paramount to sustainability.

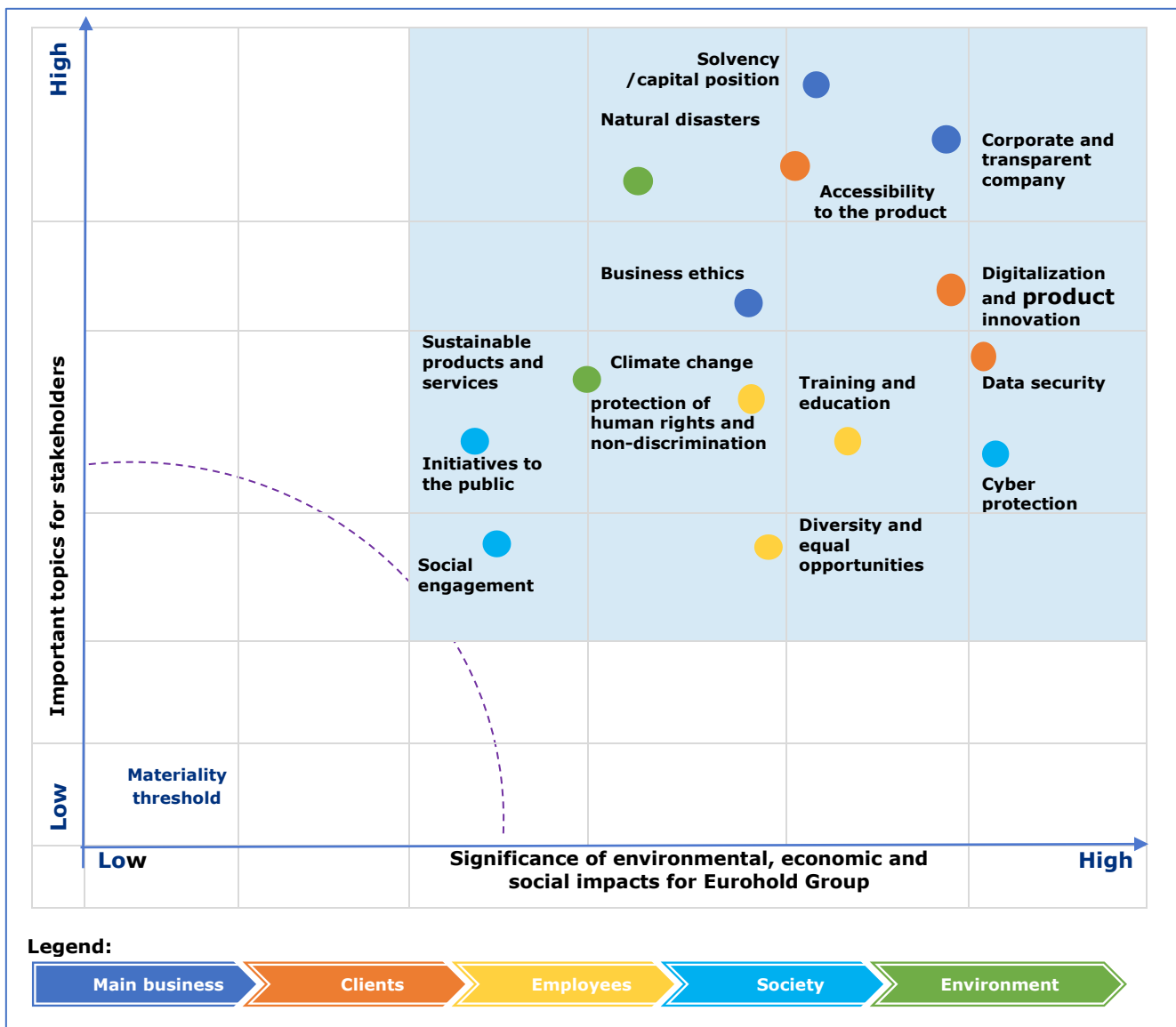
Materiality Matrix

Materiality determination is a thorough approach that first identifies the critical economic, environmental and social aspects that could have a significant impact on each company in Eurohold's economic group, its business performance and therefore its long-term value creation. The next stage is to consolidate the results and identify the material themes for the entire Group.

The materiality analysis focuses on identifying environmental, social and governance (ESG) elements that have a significant impact on the Group's business processes and performance, as well as the ability to create value over the long term. The materiality matrix provides insight into internal and stakeholder needs and expectations. It helps us to assess who our business development opportunities are and identify the risks associated with them.

The matrix below presents the currently identified significant themes at Eurohold Group level (valid for the whole Group).

MATERIALITY MATRIX



The sustainability themes presented in this matrix are mapped in terms of their importance to the organization (X-axis) and external stakeholders (Y-axis).

Eurohold Group is not a signatory to the UN Global Compact, but nonetheless supports the UN Sustainable Development Goals (SDGs) and identifies key issues to work on and influence.

These themes are explored using a group filter that allows Eurohold to invest its efforts on themes where the Group can make a real impact through its activities. The analysis of the internal relevance of individual sustainability themes is conducted directly by the senior management of Eurohold Bulgaria plc and its subsidiaries. This process allows the most significant themes for the entire Group to be selected.

Four main themes have been identified for 2023:

- ✓ Climate changes
- ✓ Social commitment - positive initiatives towards employees and society
- ✓ Innovation and digitalization
- ✓ Training and education

Climate change and natural disasters

The growing global focus on issues such as climate change has been placed as a major factor in our engagement.

Although Eurohold Group does not carry out activities that have a significant impact on the environment, Eurohold Group companies, like any company, also have an impact on the environment. This impact is mainly expressed through the consumption of energy and water resources, the use of paper and other materials related to the daily operations of the holding companies, the efficiency of the material and technical equipment used, means of transport, the condition of office buildings and their energy efficiency, waste generation and their separate collection, including the collection and disposal of special waste from waste from our electricity distribution company. All companies in the Eurohold structure, regardless of their business type and geographical location, have adopted environmental protection and the transition to a low-carbon economy as part of their social responsibility.

On the other hand, climate changes and increasingly frequent natural disasters have a significant impact on the group's activities from the point of view of its services in the field of energy, and in particular on the maintenance and management of the electricity distribution network, as well as on the activities of insurance companies.

Eurohold Group has introduced a system for tracking and analysing the resources used, which enables a more accurate picture of the effectiveness of the environmental measures taken to be analysed. The analysis also enables cost-effective decisions to be made on changes/improvements to the processes used, leading to a reduction in environmental impact by optimising the resources used and moving towards more environmentally friendly ones.

In 2023, the Eurohold Group continued to work towards improving its climate change processes, with the following processes to be completed: a study of the potential impacts of the companies and the Eurohold Group as a whole; an analysis of the risks of climate change on the operations of all Group companies; and the existing and potential opportunities for the Group. This will result in the adoption of a Group Environmental Policy, including targets for improving energy efficiency across the Group, the use of renewable energy sources and reducing the carbon footprint.

Social commitment - positive initiatives towards employees and society with the following sub-themes Prevention for good health

» Sports

The Eurohold Group is concerned about the growing problem of sedentary lifestyles (especially among children) in recent years. In this regard, the Group actively supports various sports initiatives, sports clubs and organizations. Emphasis is placed on a healthy and active lifestyle, sports for disadvantaged children, the promotion of well-being in all ages from children to the elderly as prevention of diseases. The group also supports high sportsmanship by engaging with various sports federations and clubs.

» Disadvantaged children

Eurohold Group supports disadvantaged children through initiatives and donations.

» Educational programmes

The Eurohold Group supports various educational programmes and initiatives on topics relevant to society.

» Children of employees

Eurohold Group supports children of employees by providing summer school and kindergarten.

For more information on social activities towards the community see: 2/ Communities of section 2.5 Social responsibility

Innovation and digitalisation

Our business culture and diversity in terms of experience, management and culture contributes to the development of innovation in the products and services we offer. Digitization is a megatrend that significantly changes everyday life and business and affects the whole society, therefore the Eurohold Group. Digital technologies and the opportunities they create will be the driving force for success in an increasingly digital future. Faced with new dynamic business models and increasing competition in their markets, many industries and companies are currently faced with the need to completely review their existing strategies. This is why digital transformation is of utmost importance to us and we are working to implement this change process. Digitization plays an important area in the development of new solutions that provide greater value for our customers.

The business model built in the Eurohold Group is aimed at continuously monitoring the behavior of consumers and their satisfaction in order to satisfy the needs and expectations of customers and create new innovative, competitive and combined products and services. In all business structures of Eurohold, the highest technologies are used, as in most of the companies they are fully developed, and in others the process is not yet fully completed or new even faster and digital online platforms are available on the companies' websites, with the aim of meeting customer needs through this important digital channel so that their digital presence moves from a 'product-centric' to a 'customer-centric segment'. The COVID-19 crisis has further accelerated this need by changing customer needs and wants.

Companies need to find the right balance between digital presence, traditional distribution and physical distribution channels. Their goal is to become more customer-centric and more responsive to customer needs and feedback. They also aim to become more proactive in managing their reputation and brand, both online and offline. To make digital services simpler and more accessible to end customers, through direct sales and a digital customer portal.

Educational support of employees

» Educational support of employees

For Eurohold Group, education is an extremely important topic for all age groups, regardless of nationality, race and gender. The Group supports its employees in all the countries in which it is involved to improve their qualifications, skills and knowledge, giving them equal opportunities, training employees both internally and externally depending on specific needs. This contributes on the one hand to the prosperity of the Group and on the other hand enhances people's opportunities for a better and healthier life.

The management of the companies in Eurohold Group believe that they must continuously invest in the development of their employees and in this regard conduct various training programs to help employees upgrade and develop their knowledge and skills. The training courses are available to all employees and allow them to improve their professional and personal learning directly related to their work. Depending on the topic, training courses are delivered internally or externally. Trainings are scheduled on an annual basis, as well as in case of exceptional need during the year.

Career development in Eurohold Group provides employees with the opportunity to develop both vertically and horizontally. The focus is on using and developing the skills of talented professionals from all fields who have demonstrated their energy and professionalism.

When searching for a specialist for a particular position, first consideration is given to offering the position to employees who are internal to the organization and then, if no choice is made, external candidates are sought.

The Group is guided by the belief that attracting, evaluating and engaging new employees marks the beginning of a long-term mutually beneficial partnership.

Eurohold Group companies strive to encourage their employees to engage in activities that enable them to reach their full potential and realise their professional ambitions. Emphasis is also placed on the development of qualities that enable employees to grow throughout the organisation.

» Educational support for pupils and students

Electrodistribution Grid West EAD, part of the energy group, follows a long-term policy of supporting Bulgarian education and building young professionals in the field of electricity.

In order to recruit, prepare and develop future staff for the subsidiary, the company annually holds a competition "Become a CEZ Scholar" - for students from vocational high schools, a CEZ internship program and "CEZ Academy" - for students, aimed at attracting and retaining young people to work in the Group. In 2021, CEZ launched the update of its new educational information website, "Energy for the Future", and the publication of an information bulletin to expand access to more young people, teachers and parents, aimed at promoting the professions in society and supporting admission to secondary schools, vocational schools and higher technical education institutions.

We also continue to successfully support dual learning in 4 partner vocational schools with 11th and 12th grade students.

Actions to achieve the objectives

Guided by their optimal strategy for achieving the main sustainability objectives, the companies in Eurohold Group plan their objectives and develop their respective strategies applying the principles of iteration. Sustainability strategies and targets are regularly reviewed by the respective company's management in terms of actual reported themes and opportunities for impact, applying a risk-based approach to planning and prioritising measures for achievement.

Taking into account the events, material themes and actual results reported, at a consolidated level, Eurohold Group sets its strategic objectives for the 2021 reporting year mainly focused on human capital and social considerations of the same as an element to achieve higher added value and engagement in the mission, vision and objectives of the respective company and the Group as a whole. At a consolidated level, the main objectives in this aspect of the Group are:

- » **Short-term goals** - building a system for continuous training and development of employees, as well as implementing social programs that meet their real needs and demands;
- » **Medium-term objective** - to integrate an adequate and structured corporate culture that respects human rights, ethical standards and effective interaction, including in a multicultural environment;
- » **Long-term objective** - to increase the Group's added value.

In order to achieve its strategic objectives, Eurohold Bulgaria has developed a model of interaction with persons in key and managerial positions. A proprietary model and know-how has been developed, based on best practices but tailored specifically to the Group's needs. The project is integrated and long-term, with progress reported and based on real results and practical applicability of the tools used.

In some of the subsidiaries, a policy for continuing training and development has been introduced, which has a significant /cross-effect/ on the customer group as well. By improving knowledge and skills and introducing minimum standards, their right to receive sufficient information for the purpose of making an informed decision is guaranteed. This has also had a significant impact on the value of products, which are subject to management in order to meet the needs and requirements of the consumer.

Eurohold Group believes that building trust and adequately identifying the needs of consumers for products, goods, services and information is key to achieving competitive advantage. Effective use of human capital and investing in its well-being is a prerequisite for achieving the objectives. At the same time, the social manifestation of the planned strategic objectives will build a general self-awareness and security among employees, which are the foundation of any successful business.

DOUBLE MATERIALITY

CONTEXT

With the adoption in 2023 of the European Sustainability Reporting Standards (ESRS) integrated with the Corporate Sustainability Reporting Directive (CSRD), companies are required to apply a double materiality methodology when determining material topics. This represents a double assessment approach to materiality – on the one hand relevant to the company and on the other hand to all stakeholders.

Double materiality requires analysing the impact of the company's activity from the perspective of: environmental sustainability, social responsibility and ethical considerations.

Double materiality requires companies to disclose not only how sustainability issues affect their business, but also how their operations impact society and the environment.

Double materiality requires companies to disclose information about:

1. Impact materiality - how sustainability issues affect the organization's business (the "outside-in" perspective - i.e. how the organization is affected by external factors),

2. Financial materiality - how the operations of the organization affect society and the environment (the "inside-out" perspective: i.e. how the organization, in turn, affects the external environment).

According to ESRS standards (applicable from 1 January 2024):

► **Impact materiality is defined as follows:**

The question of sustainability is material from the point of view of impact when it refers to the significant actual or potential, positive or negative impact of the enterprise on people or the environment in the short, medium or long term. The material issue of sustainability from an impact perspective includes impacts caused or contributed to by the enterprise and impacts that are directly related to the enterprise's own activities, its products and services through its business relationships. Business relationships include the upstream and downstream value chain of the enterprise and are not limited to direct contractual relationships.

► **Financial materiality is determined as follows:**

The issue of sustainability is material from a financial point of view if it causes or may cause significant financial effects on the development of the enterprise, including cash flows, financial position and financial results, in the short, medium or long term. This is the case, in particular, when it generates or may generate risks or opportunities that have a significant impact or are likely to have a significant impact on its future cash flows. Future cash flows, along with other critical factors such as business model, strategy, access to financing and cost of capital, are likely to affect the financial position and financial performance of the entity in the short, medium or long term.

The concept of double materiality

Double materiality combines the "Outside-in" and "Inside-out" perspectives, it provides criteria for determining whether a sustainability issue should be included in an enterprise's sustainability report. Dual essentiality is the union of two groups, i.e. aggregation of topics from the perspective of impact materiality and financial materiality. Therefore, a sustainability issue meets the criteria of double materiality if it is material from an impact point of view, from a financial point of view, or from both points of view.

Double Materiality Assessment

Eurohold Group began a process of analyzing the internal and external environment regarding sustainability topics that are important to the group. This process takes into account our business model, our value chain and our stakeholders and examines materiality in terms of double materiality – material materiality and financial materiality.

As a result, we created a six-step process (methodology) to determine our double materiality.

Step 1 - Identify and research the sources of information

Sources of information are external and internal:

External - Regulatory sources, Benchmark, Expectations of analysts, investors and funding organizations, Sector reports, expectations of our stakeholders;

Internal - internal documentation, board members, key managers and employees.

Step 2 – Identify topics, impacts, risks and opportunities

The identification of topics takes into account: company policies and practices, sector and regulatory factors, geographic locations of operations and the entire value chain to determine which topics are most relevant and therefore likely to be material to each of the companies in the group.

Defining the themes involves identifying all the sustainability themes included in the ESRS. The researched topics are divided into: topics, sub-topics and sub-sub-topics and cover those related to environmental, socio-economic and management issues in the group's operations as well as in its value chain.

In this way, a set of impacts (positive and negative), risks and opportunities related to each of the identified themes, sub-themes and sub-sub-themes is also determined.

- » Positive impacts: cover socio-economic impacts.
- » Adverse impacts include: human rights and environmental impact assessment as well as due diligence analysis.
- » Risks: The risk matrix and the management process.
- » Opportunities: based on internal analysis, we evaluate a number of opportunities related to the identified potentially material topics, sub-topics and sub-sub-topics, in terms of both potential new revenues and sources of efficiency.

This identification phase results in a huge list of relevant topics, so senior management members internally determine a way to prioritize the most important topics for the organization.

Step 3 - Assessment of potentially significant impacts, risks and opportunities

In this step, criteria are first defined to evaluate the identified topics, impacts, risks and opportunities. The criteria include: a) the impact perspective (positive and negative and whether it is actual or potential, including for negative impacts whether they are remediable) and b) the financial perspective regarding risks and opportunities. The assessment criteria take into account scale (level of importance), scope of impact (global, regional, national and local) and probability of occurrence (at established probability thresholds).

Assessment of potentially significant impacts, risks and opportunities is carried out from two perspectives:

A. Internal assessment

An internal assessment by senior management of the identified impacts, risks and opportunities is carried out in accordance with the accepted assessment criteria and from both an impact and financial perspective.

B. Stakeholder Assessment

The stakeholder assessment is carried out in a pre-prepared questionnaire including each impact, risk and opportunity identified in the previous step.

The assessment is based on a study of stakeholders - internal and external stakeholders for the group, such as: customers, employees, suppliers, society, analysts, investors, financing institutions, and other stakeholders depending on the specifics of the business sectors in the group. The survey is conducted through various stakeholder engagement channels.

Stakeholders rate the importance of each Impact, Risk and Opportunity (IRO) of the identified topics based on the pre-set assessment criteria.

Stakeholder assessment can also be carried out through interviews with internal and external stakeholders as part of the environmental and human rights impact assessment process.

The stakeholder assessment process also examines the importance of ESG issues for companies in the sectors in which the group operates, comparing them to those identified in our assessment process.

Step 4 – Analyse responses and identify significant impacts, risks and opportunities

The analysis includes an assessment of impacts, risks and opportunities and their significance in terms of both environmental and social impacts (impact materiality) and their financial implications (financial materiality).

Based on the analysis of all assessments of impacts, risks and opportunities, complete lists of negative impacts, positive impacts, risks and opportunities and their materiality are created. These lists are then divided into material and non-material impacts, risks and opportunities, based on a specified materiality threshold in terms of their impact on:

- ✓ the company's ability to create long-term value, and
- ✓ the requirements of the interested parties in the companies.

In the next stage, senior management's internal assessment is compared with stakeholder assessment to reach consensus on relevant topics. This is done by analyzing the results of each topic separately to determine which are most important to each stakeholder group, after which all data is collected and ranked against the defined materiality thresholds.

Also create lists / charts based on trends and observations.

All those topics that score above the specified criteria of the maximum value of the topics evaluated in one of the two perspectives (impact and financial) are considered material.

The final result of the materiality assessment shows the importance of each topic in relation to stakeholder influence and which aspects of the group's ESG performance are most important and should be reported or addressed.

Step 5 – Materiality Matrix Design

The analysis in step 4 provides the basis for the construction of the double materiality matrix on the material topics thus identified, based on the impact that ESG issues have on the value of the group and on the impact of the group on society and the environment.

Step 6: Materiality verification and validation

In this step, it is expected that the results obtained will be verified in relation to all areas and with different managers and internal bodies, including those in charge of sustainability issues.

The analysis from the double materiality matrix is integrated into the Sustainability Strategy and serves as a tool that supports internal sustainability management. It is a mandatory factor that is taken into account when:

- » establishing objectives, policies and action plans;
- » the adoption of a plan with specific targets on actions to address the identified issues on the material sustainability themes and indicators to report on progress towards the agreed targets.

The action plan includes the disclosure of specific goals for achieving the Group's long-term sustainability and related indicators (KPIs) on each topic, along with the ESG strategies that will be used to achieve these goals. It also includes disclosure of efforts and progress in achieving positive environmental and social impacts.

The process of conducting a double materiality assessment in the Eurohold Group has not been completed at this time and is ongoing. For the first time, the Group will report on the results of the double materiality analysis in the 2024 Sustainability Report.

7 / STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

Our engagement and stakeholder engagement strategy is based on effective dialogue to build relationships of trust. At the heart of this dialogue are: transparency of shared information, cooperation, improvement of communication mechanisms, taking into account the perspectives and expectations of local communities.

As a public company (listed on two financial markets), Eurohold Bulgaria strictly observes and discloses regulated information in the designated channels.

Defining the key stakeholder groups

In order to respond to the coming changes, technological innovations and innovations and increasingly widespread digitization, we identify the key groups of stakeholders and actively interact with them.

Building strong relationships with our stakeholders helps us execute our strategy in line with our long-term values and manage the business in a sustainable way.

Our stakeholders are both external to the company and internal, these are our:

- » shareholders and investors
- » employees - the people who work for us
- » customers and suppliers
- » brokers and agents
- » creditors
- » other counterparties
- » the local community – the people who live in the regions where we operate
- » regulators and industry organizations
- » as well as other interested parties.

Stakeholder expectations analysis is an important process for the Group's management. Adequately responding to this challenge, our ability to adapt, to identify the risks and opportunities that are relevant to our key stakeholders depends on the success of our business.

Stakeholders' engagement

The group policy towards interested parties is built on principles that are respected by all companies that are part of the Eurohold economic group.

Stakeholders' engagement principles

- ✓ in accordance with legal requirements
- ✓ ensuring publicity and transparency for the company's activities
- ✓ business ethics
- ✓ social responsibility towards society

Our strategic goals are aligned with the requirements of all our stakeholders.

We strive to operate creating value for our customers and shareholders. Our size and reach mean that our actions can have a significant impact in the regions in which we operate. We are committed to doing business responsibly and thinking long term. This is the key to the execution of our strategy.

Our employees

4,552 employees in 12 countries in Europe.

We provide development opportunities for all our employees and recognize their personal achievements, regardless of gender, ethnicity, age or religion. We conduct conversations in the workplace through one-on-one meetings, group meetings, management visits, digital and paper communications, including a quarterly newsletter covering current and upcoming events. We have mechanisms in place for employee feedback and concerns, information sharing and consultation, giving everyone a voice.

Our customers

Our clients are both individuals and legal entities, incl. corporate customers using more and more channels for online sales. We offer services in the field of insurance, energy, asset management (until 30.06.2022 - sale and leasing of cars). During the Covid-19 pandemic, the world has changed, and so have the needs and expectations of our customers. We constantly analyze and research the preferences of our customers and work to satisfy their wishes.

Our shareholders and investors

Our shares are listed on the Bulgarian Stock Exchange and the Warsaw Stock Exchange, apart from that we finance our activities by raising debt funds from banks and through issued bonds. Our shares and bonds are owned by a wide range of investors in Bulgaria and Europe and beyond. We engage with our investors and creditors by providing quarterly analyzes of group performance, through meetings and statements.

Our suppliers

We work with suppliers - from small suppliers of goods and services to large manufacturers, from whom we supply the necessary goods, materials and technical equipment for the activities in which we operate (primarily in the energy business). We engage with suppliers to enforce our established supplier standards and supplier code of conduct (currently informal, in the process of formalisation) which set out how we operate.

Our creditors

Our creditors are large Bulgarian and international banks, non-banking institutions, legal entities and individuals, including investors in corporate bonds and other debt securities issued by the group.

Communities

We also aim to support community programs in the regions where we operate by supporting local and larger initiatives, from sponsoring educational projects to donating to environmental and educational charities.

Regulators and industry organizations

We engage in consultation with government and non-governmental organizations and regulatory bodies primarily in the insurance and energy businesses and engage with local organizations to combine our influence.

Other interested parties

Interested parties related to specific projects and activities with which we work and have relationships, such as consultants, analysts, etc.

8 / STRATEGY

The whole group's business strategy in the area of sustainable development is based on the understanding of creating shared value aimed at:

- ✓ The business
- ✓ Management and employees
- ✓ Environmental protection and commitment to reducing our footprint on climate change
- ✓ The interests and needs of customers and the surrounding society

The Group has not yet developed and adopted an formal ESG strategy on sustainability issues. This is expected to happen after finalizing the double materiality analysis and setting performance indicators (KPIs) to achieve the group's short, medium and long-term objectives.

Although it does not have a formalized strategy, the group is focused on its sustainable development and is constantly working to achieve and upgrade sustainable practices.

For the Eurohold Group, sustainability means long-term economic success combined with care for the environment, a healthy and highly efficient working environment for employees and social commitment to society. Eurohold's corporate management's understanding of sustainable development is a fundamental principle embedded in the holding's structure and corporate values. We believe that the continued success of an organization also depends on the sustainability of society's resources.

The Eurohold Group is a leader in the areas and countries in which it operates, we invest in innovative and digital products and services, we also diversified our business, entering the energy sector in 2021, and divesting ourselves of our automotive and leasing businesses in 2022 direction. The new business strategy undertaken enables us to focus our activities on sustainable businesses essential to all stakeholders and society as a whole. As a result, we have the opportunity to take advantage of the growth opportunities in our strategic businesses - energy and insurance, to increase our profitability through energy efficiency and investments in new technologies, to increase the level of quality of the electricity distribution network and the services we offer, as well as to reduce our carbon footprint and last but not least generate growth in the value we create for our stakeholders.

Our approach is aimed at forming a unified strategy for the whole group, focused on sustainability with the aim of creating long-term value for both shareholders, customers and employees, as well as for the surrounding society. The Eurohold Group is a reliable partner and a sustainably integrated socially responsible structure.

CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY STRATEGY

Corporate sustainability

Sustainability for us means that we are able to meet the expectations of all stakeholders, not only today, but also in the future.

We understand sustainability as a holistic approach that integrates environmental, social and governance sustainability, focusing on long-term financial performance and rigorous resource and risk management to sustainably manage both growth and opportunities to meet society's needs in the future.

Investing in long-term value creation means not only having a proper understanding of who and what influences our business, but also how our business influences everything around us.

Our sustainability strategy is based on our corporate culture and the contribution of our employees. It is essential to earning, retaining and growing trust in our business, our companies and the Group as a whole, helping us to become a 'leader' in the core markets in which we operate.

Our corporate strategy focuses on the five pillars of our sustainability:

> CORE BUSINESS

We focus on the long-term stability of our Group, thereby striving to achieve sustainable and profitable growth

> CLIENTS

We put our customers at the centre of everything we do to offer them a unique product that addresses their needs and protects their interests

> STAFF

Corporate culture, motivation and commitment, a sense of equality, support for diversity are important factors for the Group's long-term success

> SOCIETY

We take our responsibility to all stakeholders, society and local economies, tailoring our personal multicultural look and mix to the particularities of local lifestyles, businesses and economies

> ENVIRONMENT AND CLIMATE

We take a responsible approach to environmental protection and climate change

Our group strategy is based on the following principles:

- Develop and maintain leading positions in key markets in the SEE region in the insurance, energy and investment businesses
- Focus on organic growth, complemented by acquisitions of businesses that meet Eurohold's criteria;
- Promote synergies across all business sectors by centralising and optimising operations, marketing and business processes;
- Focus on risk management, guaranteed profitability and sound financial position of each company within Eurohold Group;
- Developing, training and retaining highly skilled managers and employees by providing professional development opportunities;
- Setting common goals in each business about negotiating better terms for suppliers, advertising and participating in public tenders.

Our Corporate Sustainability and Responsibility Strategy supports best practice disclosure as a tool for achieving market discipline and transparency of successful business practices. It is a key factor in achieving trust with customers and investors, the basis for achieving a fruitful corporate environment and employee engagement and the EUROHOLD brand image.

Our sustainability strategy is based on the following actions

Unified model

In the Eurohold Group, a unified process management model has been imposed at each sub-holding level depending on the specific requirements of the business, regulations and legal regulations. The interconnectedness of business lines favors the creation of a single standard aimed at sustainable development in all companies.

Environmental impact assessment

We strive to continuously assess the potential impact of our business on the environment in order to reduce the negative impacts of our activities on natural resources.

We care about employees

We care about the well-being of our employees, their needs and development and support them in every way to become and remain committed and responsible towards the environment and society.

We meet and engage business partners

We are working towards expanding our commitment to supply chain sustainability by introducing and engaging our business partners to our environmental, social, human rights, anti-bribery and anti-corruption standards.

Dialogue with interested parties

We engage in dialogue with our various stakeholders – employees, customers, suppliers, shareholders, organizations and communities – to gain a better understanding of our operating environment, including market developments and cultural dynamics.

We identify areas for environmental improvement

We analyze and define areas for environmental improvement at all levels of the company, projects related to environmental and healthy topics are initiated.

Corporate social responsibility

For Eurohold Group, corporate sustainability means the ability to meet the expectations of all our stakeholders and to deliver on our commitments, not only today but also in the future.

Eurohold Bulgaria AD has imposed a group policy for social responsibility in the holding structure, to which all companies of its economic group adhere.

Continuous efforts to improve the economic environment by encouraging responsible behaviour on the part of our employees, conducting open dialogue with stakeholders and enhancing the positive impact of Eurohold Group companies on society are the essence of Group Corporate Responsibility. The Group is convinced of the importance and benefits of corporate responsibility, which is linked to the protection of people, their well-being and health, as well as the protection of the environment.

All companies of the holding structure support the implementation of the principles of corporate social responsibility in their activities, realizing that their long-term development depends largely on it.

Corporate responsibility is implemented through the following actions:

- > Dialogue with stakeholders through actions and initiatives that identify problems and promote appropriate solutions;
- > Improve corporate governance to ensure transparency throughout the organisation. We value proactivity and innovation as a valuable resource to ensure group competitiveness;
- > Environmental care addressing climate change and contributing to sustainable growth. The wise use of the resources we are given is an important measure of our care for the environment;
- > Caring for employees as a valuable resource and the basis for achieving Eurohold's goals;
- > The Group strives to provide excellent working conditions, to stimulate active internal communication. Social benefits are part of the motivation program, which we try to ensure the care and recognition of people. Their safety and satisfaction are of great importance to us;
- > Strict adherence to legislation together with the implementation of standards, policies, internal rules and procedures.

9 / POLICIES

Eurohold has its own internal policies, standards and practices for sustainable business growth, for the creation of ethics, collegiality and good faith, which are accepted by the companies in the entire economic group and supplemented according to the sectoral themes and objectives of the subsidiary companies.

In its policies, the Group is committed to creating responsible social behaviour towards the company's employees and customers, the needs of society and care for the environment. Caring for the environment is at the heart of our purpose and mission. Reducing consumption of natural resources and waste are priorities and we are committed to setting targets to reduce our carbon footprint in line with the Paris Agreement.

Eurohold Bulgaria plc and its subsidiaries have developed a wide range of Code of Ethics and procedures, depending on the nature of the business and the regulatory requirements of the respective business groups.

Some of the policies and internal regulatory documents developed and implemented at group level are as follows:

⇒ Code of Conduct for Group Employees

Its purpose is to develop and promote standards of professional ethics. The document reflects the Group's principles of integrity, honesty and good faith as guiding ideas and fundamental principles, as well as the highest requirements in relation to the personal and professional ethics of employees. The Code also addresses the issue of the prohibition on accepting and offering improper payments and benefits.

The management of Eurohold Bulgaria and all companies of the holding structure respect the national legislation in the field of anti-corruption and in no way stimulate, support or encourage corrupt schemes and practices. The Group's ethical standards are applied by all companies and in every country in which the Group has an interest.

⇒ Policy to prevent conflicts of interest and to ensure confidentiality

Eurohold Group companies have adopted a policy for the identification and prevention of conflicts of interest.

The main purpose of this Policy is to define the general framework for the identification, prevention and avoidance of existing or potential conflicts of interest, thereby protecting both companies and employees from legal risks by avoiding possible conflicts of interest.

It regulates the criteria for identification of potential sources of conflict of interest, the principles for prevention of conflict of interest in the group companies, clarification of the nature of potential conflict of interest, declaration/information about the existence of conflict of interest by the persons specified in the policy in the particular company.

Eurohold Group companies take all reasonable measures to prevent and avoid conflicts of interest.

⇒ Information Security Policy

- » The Information Security Policy has the following main objectives:
- » ensuring the confidentiality of information by implementing approved restrictions on access and disclosure;
- » Ensuring business process continuity and preserving the integrity and availability of information during storage and processing;
- » minimising information security risks;
- » Providing the necessary resources to maintain the Information Security Management System (ISMS) and continuously improve and enhance its effectiveness;
- » Achieving accountability of information by introducing controls over access and rights to information resources;
- » Awareness of employees of their responsibilities and obligations in relation to information security.

⇒ Instruction on the conditions and methods of collection, processing, storage and protection of personal data

All companies shall organise and take measures to protect personal data from accidental or unlawful destruction, from unauthorised access, from alteration or dissemination and from other unlawful forms of processing.

All companies shall respect and uphold the rights of data subjects by applying the relevant legislation. The subholding entities and the holding company do not carry out intra-group international transfers of personal data or categories of personal data in connection with the exercise of the business activities. The measures taken are in line with current technological developments and the risks associated with the nature of the data to be protected.

⇒ Remuneration Policy

Eurohold Bulgaria AD, Euroins Insurance Group AD and the companies of the insurance group, as well as the public companies of the energy business have developed and approved Remuneration Policy approved by the relevant competent authority.

In 2020, on the basis of an amendment to the Financial Supervision Commission's Regulation No. 48 on the determination of remuneration, the Supervisory Board, as Remuneration Committee, prepared a new Eurohold Remuneration Policy. The General Meeting held on 30.09.2020 approved the Policy without any comments on the same.

Eurohold Bulgaria's current Remuneration Policy is available on the company's website www.eurohold.bg in the Corporate Governance section.

The most recently prepared Remuneration Report is for 2022 and is available on the Company's website www.eurohold.bg in the Investor Information section.

The Remuneration Policy is designed to establish a transparent and fair internal framework for the remuneration of certain employees that enables the attraction, retention and motivation of employees to work towards the achievement of the organisation's objectives, with a view to limiting excessive risk taking and prudent performance management.

The remuneration policy developed by the respective companies regulates the basic rules for determining the remuneration of individuals who hold positions such as:

- » Members of the Supervisory Board and the Management Board of Eurohold Bulgaria AD, valid also for the Company's Proxies
- » members of the Board of Directors in connection with the exercise of their powers in the exercise of managerial and supervisory functions in insurance companies, including persons holding a position as head of a key function within the meaning of the Insurance Code, as well as for the remuneration of persons holding managerial positions other than those provided for in Art. 1 of the Insurance Code
- » the members of the Supervisory Board and the Management Board of the energy public companies - Electrodistribution Grid West EAD and Electrohold Sales EAD.

The remuneration of the aforementioned persons shall be determined by the General Meeting of Shareholders.

According to the current Remuneration Policy of Eurohold Bulgaria AD, the members of the Supervisory Board, the Management Board and the Company's procurators receive only a fixed remuneration, which represents 100% of the agreed remuneration.

The fixed gross remuneration paid by Eurohold Bulgaria AD to the members of the Supervisory Board is in accordance with the arrangements in the respective member's control agreement, to the members of the Management Board is in accordance with the arrangements in the respective member's management assignment agreement and to the procurators in accordance with the procurator agreement.

The members of the management, control bodies and the procurators have no employment, civil and/or consultancy contracts with Eurohold Bulgaria AD and/or any of its subsidiaries.

Eurohold and its subsidiaries pay the members of the Supervisory Board, the Management Board and the Company's attorneys a fixed and agreed remuneration on a monthly basis, with no contingent or deferred compensation or benefits in kind.

Eurohold Bulgaria AD has adopted and applies the Remuneration Policy for the members of the Supervisory Board and the Management Board in connection with the performance of their responsibilities and duties in the control and management of the Company's activities and with a view to reliable and effective risk management and avoidance of conflicts of interest.

Under the Remuneration Policy, members of the Supervisory Board and the Management Board may receive different amounts of remuneration. Also, the AGM, respectively the Supervisory Board, may decide not to receive a permanent remuneration from a member of the Supervisory Board, respectively the Management Board, after the express consent of that member, and the same applies to the Company's attorneys. In this regard, some of the members of the management or supervisory bodies of Eurohold Bulgaria plc do not have an agreed remuneration and accordingly no such remuneration was paid to them in 2021.

In accordance with the remuneration policy, members of the supervisory and management boards, as well as procurators, may receive other remuneration, including fixed and variable remuneration, agreed by subsidiaries of Eurohold Bulgaria AD in which they perform management and/or control functions.

Eurohold does not have an arrangement for the payment of termination indemnities to members of the management and supervisory boards or to procurators, regardless of the reason for termination. In the year under review 2021, there were cases of early termination of a control contract with a member of the supervisory board and termination of a procurator contract with a procurator of the Company, and Eurohold Bulgaria plc did not pay any amounts for compensation upon termination of these contracts.

Eurohold Bulgaria AD or any of its subsidiaries has no contractual obligations towards the members of the Supervisory Board, the Management Board or the Company's procurators for the payment of additional (variable) performance-related remuneration in the form of profit distribution or in the form of shares and/or share options and/or other share-based incentive schemes or any other form of incentive.

Eurohold Bulgaria, as well as its subsidiaries, does not pay at its own expense contributions for additional voluntary pension insurance of the Executive Director, as well as members of the Supervisory Board, Management Board, including the procurators.

In the absence of the above arrangements, no such amounts have been paid or provided in kind to the members of the management and supervisory boards and to the procurators of either Eurohold or its subsidiaries.

⇒ Rules to control and prevent money laundering and terrorist financing

The AML/CFT rules are adopted to implement best practices. These rules set out the conditions and procedures for the collection, processing, storage and disclosure of information relating to the control and prevention of money laundering and terrorist financing activities, define precise criteria for identifying suspicious transactions, transactions or counterparties and regulate the actions and responsibilities of firms in relation to the customer transactions they service. The rules are intended to help establish and enforce a standard with respect to the refinement and uniformity of the forms and content of ongoing documentation for the identification of customers and/or counterparties and the collection, retention, monitoring and reporting of suspicious transaction and transaction information throughout the holding structure.

Within the scope of the obliged persons, according to the promulgated in 2018. Anti-Money Laundering Act 2018 and the subsequent promulgation of the implementing regulations in 2019, taking into account the amendments up to the date of this report, generally include companies in the insurance, leasing and investment firm sub-holdings.

At the level of an insurance subholding, according to the requirements of Article 4(5) of the IMIA, only the life insurance company - Euroins Life - is an obliged person. In the foreign jurisdictions, the obliged persons under local law are the companies in Ukraine and Georgia. As reported, legislation in these jurisdictions has also been amended in 2020, and insurers have taken compliance measures by updating their bylaws or planning their revision.

Depending on the internal organisation, insurers have organised a unit and/or appointed a person responsible for anti-money laundering measures.

⇒ Rules for internal review of reports submitted through the Ethics Hotline

The purpose of the Rules is to regulate and define the requirements for the activities of the Security Department, the document flow and the interaction between the companies and the individual organizational structures with the Security Department within Eurohold Group, on the process for conducting inspections of Ethics Hotline reports.

Incidents and allegations of Incidents are the subject of the Ethics Hotline's whistleblowing process.

Incidents, given their nature, are categorised as follows:

- » corruption (giving and accepting bribes or other benefits);
- » theft or fraud;
- » conflict of interest;
- » violation of the rules of fair and honest competition, restriction of competition in relation to the activities of Eurohold Group;
- » inappropriate behaviour at work (harassment, discrimination, inappropriate behaviour, etc.);
- » gender-based violence or harassment;
- » providing incorrect information to public institutions, customers or other entities/persons;
- » falsified or incorrect bookkeeping and tax records, accounting closings, improper conduct affecting audit results;
- » Violation of the requirements for occupational health and safety, as well as the requirements of environmental legislation;
- » other violations of Eurohold Group Code of Ethics.

All employees of Eurohold Group companies are obliged to provide full, timely, conscientious and professional assistance to the employees of the Security Department for the collection of the necessary information, documents, materials and evidence in the course of the inspection and thereafter when necessary.

⇒ Other policies developed by energy companies Electrohold

- » Policy for consumers - Rules for dealing with consumers of energy services, annex to the General Terms and Conditions of the contracts for the sale of electricity of the Company as a CS
- » Investment policy - business plan developed annually
- » Social Policy - Collective Labour Agreement / CLA/
- » Supplier Policy - Procedure for the selection of contractors for the supply of goods and services, including - Internal rules on the procedure and organisation for the award of public contracts and Contractor Control Policy - safe working conditions, environmental protection, biodiversity and waste management
- » Consumer Policy - Rules for dealing with consumers, approved by CEWR
- » Environmental Policy, Sustainable Water Management Procedure and Environmentally Sound Waste Management Policy.
- » Complaints Policy.

⇒ Other policies developed by Euroins Insurance companies

Consumer Policy - Product Control and Stewardship Policy. These rules formalise the control and management of insurance products and material adaptations to existing insurance products of the "Company before they are marketed and distributed to customers.

Complaints Policy - Procedure for the administration of complaints, applications, objections and notifications at Euroins. The procedure regulates the process of receiving, registering, distributing, examining and responding in due time to complaints addressed to the insurance company by users of insurance services. It guarantees the rights of the insured, helps to resolve complaints accurately, clearly and fairly, and limits the possibilities for conflicts of interest.

Investment Policy - Investment Risk Management Policy. Establishes and creates an environment for the operation of an effective investment risk management system to ensure the continuous identification, measurement, tracking, management and reporting of the sub-risks included in investment risk to which the Companies is or could be exposed.

Supplier Policy - Euroins AD's policy on outsourcing. Sets out the conditions, requirements, approach and processes for outsourcing individual activities, services, processes or functions, and to define the responsibilities and stages of the outsourcing process.

2.3. DISCLOSURES IN CONNECTION WITH ARTICLE 8 OF THE TAXONOMY REGULATION

1/ Regulatory basis

The adoption of the Taxonomy Regulation (Regulation (EU) 2020/852) aims to promote sustainable investment across the European Union by establishing a classification system to identify economic activities that are considered sustainable.

Regulation (EU) 2020/852) provides the regulatory basis for defining both a classification system and the requirements that an economic activity must fulfill in order to be classified as resistant. The European Taxonomy aims to create a basis for identifying sustainable activities across the European Union.

The taxonomy regulatory framework is complemented by delegated regulations and annexes that implement the provisions of the Taxonomy Regulation, such as:

- Delegated Regulation (EU) 2021/2139 establishing technical screening criteria for determining the conditions under which an economic activity qualifies as contributing significantly to climate change mitigation or adaptation to climate change.
- Delegated Regulation (EU) 2021/2178 determining the content and presentation of information to be disclosed by businesses.
- Delegated Regulation (EU) 2022/1214 amending Delegated Regulation (EU) 2021/2139 regarding economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 regarding the specific public disclosure of information about these economic activities.

Also in June 2023, two more Regulations were adopted, which will enter into force at a later stage, namely:

- Delegated Regulation (EU) 2023/2485 laying down additional activities and verification criteria.
- Delegated Regulation (EU) 2023/2486 establishing technical screening criteria for four additional environmental objectives: sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; and the conservation and restoration of biodiversity and ecosystems.

The requirement to provide sustainability indicators under Article 8 of the Taxonomy Regulation applies to companies that are required to publish non-financial declarations in accordance with Article 19a or Article 29a of the Accounting Directive 2013/34/EU. This requirement also applies to enterprises of public interest within the meaning of Directive 2013/34/EU, provided that their average number of employees in the financial year exceeds 500, regardless of the size of the book value of the assets and the net value of sales.

The taxonomy regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with the EU's climate goals, as the Taxonomy is a classification system for environmentally sustainable economic activities.

The Eurohold Bulgaria AD Group falls within the scope of Article 8 of the Taxonomy Regulation by including in its non-financial declaration information on how and to what extent the company's activities are related to economic activities that are classified as environmentally sustainable according to Articles 3 and 9 of the Regulation, by disclosing information about:

- a) the share of turnover that results from products or services related to economic activities that qualify as environmentally sustainable, according to Articles 3 and 9; and
- b) the share of capital costs and the share of operating costs in relation to assets or processes that are related to economic activities that qualify as environmentally sustainable, according to Articles 3 and 9.

2/ Definitions and management statements

Eligible economic activity for the taxonomy

According to Article 1, Item 5 of Delegated Regulation (EU) 2021/2178, an eligible economic activity from the point of view of the Taxonomy (Eligible Activity) is an economic activity that is described in Delegated Regulation (EU) 2021/2139 of June 4, 2021. , regardless of whether that economic activity meets some or all of the technical screening criteria set out in this delegated act, and a taxonomically ineligible economic activity is any economic activity not described in Delegated Regulation (EU) 2021/2139.

Taxonomy-compliant economic activity

An economic activity compliant with the taxonomy (Compliant Activity) is an economic activity that meets specific criteria for environmentally sustainable economic activities that economic activities must fulfill in order to be considered ecologically sustainable for the environment. According to Article 3 of Regulation (EU) 2020/852) an economic activity is environmentally sustainable when:

- » contributes substantially to one or more of the environmental objectives
- » does not significantly harm any of the environmental objectives
- » is carried out in accordance with the minimum guarantees
- » meets the technical verification criteria set out in Delegated Regulation (EU) 2021/2139.

Transitional economic activity

A transition economic activity is any economic activity for which there is no technologically and economically feasible low-carbon alternative, in which case it qualifies as contributing significantly to mitigating the effects of climate change if it supports the transition to a climate-neutral economy in accordance with measures to limit the temperature increase to 1.5°C above pre-industrial levels, including by phasing out greenhouse gas emissions, in particular emissions from solid fossil fuels, and where this activity:

- » has greenhouse gas emission levels that correspond to best practices in the sector or industry;
- » does not hinder the development or implementation of low-carbon alternatives; and
- » does not lead to a commitment to carbon-intensive assets given their economic life cycle.

Supporting economic activity

An economic activity qualifies as contributing significantly to one or more environmental objectives when that activity directly contributes to other activities contributing significantly to one or more such objectives, provided that that economic activity:

- » does not result in binding assets that undermine long-term environmental objectives given the economic life cycle of these assets; and
- » has a significant positive impact on the environment, based on life cycle considerations.

Substantial contribution

In order to determine whether an economic activity complies with the taxonomy, it must meet the first requirement as described in the Taxonomy Regulation, i.e. to contribute significantly to one or more of the environmental objectives. Some economic activities have a negative impact on the environment and by reducing this negative impact a significant contribution to one or more environmental goals can be achieved. To contribute to an environmental objective, an activity must meet specific technical verification criteria set out for that activity in Delegated Regulation (EU) 2021/2139.

Environmental goals

The Taxonomy Regulation sets out six environmental objectives:

- a) climate change mitigation;
- b) adaptation to climate change;
- c) sustainable use and protection of water and marine resources;
- d) transition to a circular economy;
- e) pollution prevention and control;
- f) protection and restoration of aquatic biodiversity and aquatic ecosystems.

A / Mitigation of climate change

Climate change mitigation means keeping the rise in global average temperature well below 2°C and continuing efforts to limit it to 1.5°C above pre-industrial levels, as set out in the Paris Agreement, by preventing or reducing emissions of greenhouse gases or increasing removals of greenhouse gases, including through production or product innovations.

B / Adaptation to climate change

Climate change adaptation means the process of adjusting to actual or expected climate change and its effects. An economic activity contributes substantially to adaptation to climate change when it: a) includes adaptation solutions that either significantly reduce the risk of a harmful impact of that economic activity, or b) offers adaptation solutions that, in addition to being defined as an enabling activity, they contribute significantly to preventing or reducing the risk of harmful effects of - current or expected future climate on people, nature or assets without increasing the risk of harmful effects on other people, nature or assets.

C / Sustainable use and protection of water and marine resources

Contributing significantly to the sustainable use and protection of water and marine resources is an economic activity that contributes significantly to the achievement of good status of water bodies, including surface and underground water bodies, or to the prevention of the deterioration of the status of water bodies that are already in good condition, or contributes substantially to the achievement of good environmental status of marine waters, or to the prevention of deterioration of marine waters already in good environmental status, by: protecting the environment from the adverse effects of the discharge of urban and industrial wastewater, including from pollutants; protection of human health from the harmful effects of any pollution of water intended for human consumption; improving water management and efficiency, including by protecting and improving the condition of aquatic ecosystems; ensuring the sustainable use of marine ecosystem services or contributing to the good environmental status of marine waters.

D / Transition to a circular economy

A given economic activity qualifies as significantly contributing to the transition to a circular economy, including the prevention of waste generation, its reuse and recycling, when with this activity: natural resources are used more efficiently in production; the durability, reparability, modernization or reuse of products increases; improve product recyclability; significantly reduce the content of hazardous substances and replace substances of serious concern in materials and products throughout their life cycle; extend the use of products, including through reuse, design for durability, repurposing, disassembly, remanufacturing, upgrading and repair, and the sharing of products; increasing the use of secondary raw materials and increasing their quality, including through high-quality waste recycling; waste generation is prevented and reduced; the preparation for the reuse and recycling of waste is increased; the development of waste management infrastructure is increased; minimizes waste disposal and incineration.

E / Prevention and control of pollution

Contributing significantly to the prevention of pollution and its control is an economic activity that significantly contributes to the protection of the environment from pollution by: preventing or reducing emissions of pollutants, other than greenhouse gases, into the air, water or land; improving the quality of air, water and soil in the areas where the economic activity takes place; prevent or minimize adverse effects on human health and the environment; as well as by cleaning up discarded waste and other pollution.

F / Protection and restoration of aquatic biodiversity and aquatic ecosystems

Contributing significantly to the protection and restoration of biological diversity and ecosystems is an economic activity that contributes significantly to the protection, preservation and restoration of biological diversity or to the achievement of a good state of ecosystems, or to the protection of those that are already in good condition condition, by: protecting nature and biological diversity, and by protecting and restoring terrestrial, marine and other aquatic ecosystems in order to improve their condition; sustainable land use and management, including adequate protection of soil biodiversity; sustainable agricultural practices, including those that contribute to increasing biological diversity or to halting or preventing the deterioration of soils and other ecosystems, deforestation and habitat loss; sustainable forest management, including those practices and uses of forests and forested lands that contribute to the enhancement of biological diversity or to the halting or prevention of ecosystem degradation, deforestation and habitat loss.

Do No Significant Harm (DNSH)

For all economic activities where we can demonstrate a significant contribution to climate change mitigation, we further analyze the DNSH criteria. This assessment usually starts with the relevant sites where we carry out the relevant economic activity. For activities carried out outside the EU, providing evidence of DNSH compliance was largely not possible. Therefore, the proportion of our turnover, CapEx and OpEx allocated to third parties is not aligned with the taxonomy.

Ecologically sustainable activities

Environmentally sustainable investments/activities means an investment in one or more economic activities that qualify as environmentally sustainable under this Regulation. Economic activities should qualify as environmentally sustainable only when they are carried out in compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work), the eight core conventions of the ILO and the International Charter of Human Rights.

Minimum safeguards

- » The final step to aligning the taxonomy is compliance with minimum safeguards. The minimum safeguards are procedures applied by the enterprise carrying out the economic activity to ensure compliance with:
 - > OECD Guidelines for Multinational Enterprises; and
 - > UN Guiding Principles on Business and Human Rights including the declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO), the eight fundamental conventions of the ILO and the International Bill of Human Rights.

The scope of the minimum guarantees covers the following four topics:

- » human rights (including labor and consumer rights);
- » corruption and bribery;
- » taxation; and
- » fair competition.

Annual training on our Code of Ethics is mandatory for all employees. With respect to our supply chains and business relationships, we expect the same ethical business behavior as for our own business entities.

Our supplier conducts policies aim to promote and enforce practices related to human rights, ethics, environmental protection and safety. We expect each of our suppliers to adhere to the Group's ethical principles and to ensure that this Code of Conduct is followed by all their employees and subcontractors. In addition, our supplier selection and evaluation processes include human rights, anti-corruption and anti-bribery due diligence. In addition to these preventive measures, we have introduced a group-wide complaints mechanism for complaints about harmful conduct in relation to various ethics, integrity and compliance issues (including the four topics covered by the Minimum safeguards). Complaints can be submitted anonymously, by both internal and external stakeholders, and are handled confidentially and in a timely manner.

Human rights (including labour and consumer rights)

In order to conduct due diligence for responsible business conduct, we have taken actions to identify, prevent and, where necessary, mitigate and address all actual and potential negative human rights impacts. Our Human Rights Code of Ethics is publicly available on our website. Our strategy to combat human rights violations is based on a thorough impact analysis that takes particular account of geographic and sector specificities. The impact analysis includes our own business units, subsidiaries and business partners as well as our value chain.

The effectiveness of our processes is regularly monitored through internal reviews. Any person who believes that their human rights have been violated by the activities of Eurohold Group or a participant in our value chain can contact us through our complaints mechanism.

In 2023, no reports of violations of labor legislation or human rights were filed against the companies of Eurohold Group.

Corruption and bribery

To prevent and fight against corrupt practices, Eurohold Group introduced guidelines for the prevention of corruption. Our controls to prevent corruption and bribery in our business structures and value chains are based on risk assessment, including geographic and sector criteria. The fight against corruption is an integral part of our Code of Ethics. The anti-corruption guidelines have been established and communicated to our employees, suppliers and business partners. Regular trainings of employees on anti-corruption rules and the application of these rules, as well as specific training of employees and other persons identified as specifically exposed to corruption risks, are mandatory.

No cases of corruption and bribery allegations were reported in Eurohold Group in 2023.

Taxation

In line with our ethical business values, tax management and tax compliance are important elements of our control system and we are committed to complying with all applicable tax laws and regulations in the countries in which we operate. Therefore, in line with the Group's strategy, our tax strategy is transparent, sustainable in the long term and in line with the Code of Ethics. Tax risk management is a core component of our governance framework and is embedded in our overall group risk management system.

In 2023, none of the companies in Eurohold Group was found to be in breach of tax laws.

Fair competition

Activities within Eurohold Group are conducted in a manner consistent with all applicable laws and regulations for competition in all jurisdictions where our activities may have anti-competitive effects. With our group's guidelines for fair competition and ethical business conduct, we pursue the goal of achieving and maintaining lively competition in a free market environment for the entire Group by establishing the appropriate corporate culture. The group's guidelines provide our employees with assistance in preventing, detecting and remedying any competition violations. Raising awareness and conducting training targeting the competition law risks of our business activities are of particular importance to ensure fair competition. In addition to annual training on our group's guidelines on fair competition and ethical business conduct, employees in relevant positions, especially our senior management, receive special training on fair competition to assist in preventing, detecting and remedying any competition violations.

In 2023, none of the companies of Eurohold Group committed a violation of the rules of fair and honest competition.

3/ Main activities of Eurohold group

Eurohold Bulgaria AD is a public holding company whose main activity is the acquisition and management of subsidiaries, mainly engaged in financial activities. Eurohold Bulgaria AD does not carry out independent commercial activities and does not provide financial services. The shares of Eurohold Bulgaria AD are traded on the Bulgarian and Warsaw Stock Exchanges.

The investment portfolio of Eurohold Bulgaria AD covers 3 economic sectors: energy, insurance and financial and investment activities.

The main activity of each of the companies from Eurohold Group is described in Note 1.2. "Types of activities" to the annual consolidated financial statements for 2023, as well as Section 1.5 "Business operations" from the Consolidated Activity Report.

We have defined some of the Group's activities in the energy and insurance sectors as eligible economic activities within the meaning of the Taxonomy (listed in Delegated Regulation 2021/2139 - Climate Delegated Act).

In calculating the taxonomy metrics, the performance of the finance and investment business has not been examined for its compliance with the taxonomy, due to the fact that under Delegated Regulation 2021/2178 on disclosures, the KPIs of investment firms are calculated based on the information provided by the investee firm. As at the date of calculation of the key performance indicators ("KPIs") provided in this section, Eurohold Group's investment firm, Euro-Finance AD, does not have the required information submitted by investee companies. For this reason, the activities carried out by the investment firm Euro-Finance AD are classified as ineligible for the taxonomy.

In the notes to the annual consolidated financial statements for 2023, the Group's activities are presented either in separate notes by type of activity or in a breakdown by type of activity of the relevant note, as follows:

- ⇒ Turnovers from the group's activities (Turnover) are presented by types of activities respectively in Annexes 3 "Income from energy activity", 5 "Income from insurance activity", "Income from financial investment activity" in the annual consolidated statement of profit or loss and the other comprehensive income for 2023 on the line "Income from brokerage commissions".
- ⇒ Capital expenditure (CapEx) is presented in the form of aggregated information at Group level in Note 24 "Property, plant and equipment" and in Note 25. "Intangible assets".
- ⇒ Operating expenses (OpEx) are presented in a summarized form in Note 12. "Administrative expenses", with the relevant breakdowns by types of activity in Annexes 12.1. "Material Costs by Segment" and 12.2. "External Service Costs by Segment."

4/ Accounting policy

The consolidated financial statements of Eurohold Bulgaria AD have been prepared in accordance with the International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS adopted by the EU). In the sense of paragraph 1, point 8 of the Additional provisions of the Accounting Law applicable in Bulgaria, the term "IFRS adopted by the EU" represents the International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and the Council.

In 2023, according to the requirements of the new IFRS 17 "Insurance contracts", the group changed its accounting policy in accordance with the rules for recognition, evaluation and reporting of insurance contracts. For more information on the change in accounting policy, see: Appendix 39 of the Annual Consolidated Financial Statements for 2023.

Eurohold Bulgaria AD, in its capacity as a parent company, prepares the Accounting Policy of the Eurohold Group, which is presented in detail in Appendix 2. "Main provisions of the accounting policy of the economic group" of the Annual Consolidated Financial Statement for 2023.

The current accounting policy as of 31.12.2023 discloses the method of calculating turnover, capital expenditure and operating expenditure, including any estimates used to attribute income or expenditure to the various economic activities in the Group.

5/ Assessment of compliance with the Taxonomy regulation (Regulation (EU) 2020/852)

In accordance with the Regulation on taxonomy (Regulation (EU) 2020/852) and the additional delegated acts to it, as part of this non-financial declaration, for the second time, the reporting of taxonomically adjusted turnover, capital expenditure and operating expenses of the economic group of Eurohold Bulgaria is included AD calculated for 2023.

For the reporting year 2023, enterprises covered by Article 19a or 29a of Directive 2013/34/EU, with regard to environmentally sustainable economic activities, and by determining the methodology for fulfilling this disclosure obligation, enterprises disclose their key performance indicators ("KPI") against the six environmental objectives of the Taxonomy Regulation.

Climate change mitigation is present when an economic activity that pursues the environmental objective of climate change mitigation should contribute substantially to the stabilization of greenhouse gas emissions by preventing or reducing emissions or increasing removals of greenhouse gases. This environmental objective should be interpreted in accordance with applicable Union law, including Directive 2009/31/EC of the European Parliament and of the Council.

An economic activity that pursues the environmental objective of adapting to climate change should contribute significantly to reducing or preventing the risk of a harmful impact of that economic activity on the current or expected future climate, or significantly reduce said harmful impact without increasing the risk of harm to people, nature or assets. This environmental objective should be interpreted in accordance with applicable Union law and the Sendai Framework for Disaster Risk Reduction 2015-2030.

A given economic activity qualifies as significantly contributing to the sustainable use and protection of water and marine resources, when the same activity contributes significantly to the achievement of a good state of water bodies, including surface and underground water bodies, or to the prevention of the deterioration of the state of water bodies sites that are already in good condition, or significantly contributes to the achievement of good environmental status of marine waters, or to preventing the deterioration of marine waters that are already in good environmental status.

An economic activity that pursues the ecological goal of transition to a circular economy should contribute significantly to the prevention of waste, its reuse and recycling.

An economic activity qualifies as contributing significantly to the prevention of pollution and its control when this activity significantly contributes to the protection of the environment from pollution by preventing or, when this is practically impossible, reducing emissions of pollutants other than greenhouse gases, in air, water or soil.

A given economic activity qualifies as contributing significantly to the protection and restoration of biological diversity and ecosystems when this activity contributes significantly to the protection, preservation and restoration of biological diversity or to the achievement of a good state of ecosystems, or to the protection of those of them that are already in good condition.

The technical screening criteria (DNSH) determine whether an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation by ensuring that the economic activity:

- > has a positive impact in relation to the achievement of the climate objective or leads to a reduction of the negative impact in relation to its achievement, and
- > does not have a significant negative impact on the environment.

The technical specification criteria must also ensure that the economic activity meeting the criteria complies with the following:

- > under Article 16 of Regulation (EU) 2020/852, namely not to lead to asset tying and to have a significant positive impact on the environment, and
- > under Article 10(2) of Regulation (EU) 2020/852, namely to have such greenhouse gas emissions that correspond to the best performance in the sector or industry, do not impede the development and implementation of other low-carbon solutions and to does not lead to a commitment to carbon-intensive assets.

The analysis of the activities of the companies of the Group identifies as the main eligible activities in the sense of the EU taxonomy and the Delegated Regulation 2021/2139 part of the activities of the energy group and part of the activities of the insurance group.

In the following section, we as a non-financial parent undertaking falling within the requirements of Article 19a or 29a of Directive 2013/34/EU present the shares of our group turnover, capital expenditure (CapEx) and operating expenditure (OpEx) for the reporting period 2023, which are related to taxonomically permissible economic activities, regarding the six environmental goals and taxonomically inadmissible economic activities in accordance with Art. 8 Ordinance on Taxonomy and Art. 10, para. 3 and para. 4 of Delegated Regulation (EU) 2021/2178. Regardless of whether the activities of Eurohold Group companies are in line with the EU's environmental objectives, in the event that they are not currently covered by the Taxonomy Regulation and Delegated Acts, these activities are considered ineligible under the Taxonomy and are reported as ineligible activities.

On the basis of the provisions described above, an assessment was made regarding the economic activities eligible for the taxonomy, within the framework of Eurohold Bulgaria AD and the companies of the group. We examined in detail the economic activities of all companies of Eurohold Group, both as independent economic activities and as separate activities included in the scope of the Group's consolidation in the context of the taxonomy-eligible activities.

Presentation of information

The content and presentation of information to be disclosed by companies regarding sustainable economic activities is defined in Delegated Regulation (EU) 2021/2178 of July 6, 2021 to supplement Regulation (EU) 2020/852.

Pursuant to Delegated Regulation (EU) 2021/2178, Eurohold Group prepares information in accordance with:

» regarding the activity of the parent company and the activity of the energy group, the information under Article 8, paragraph 1 of Regulation (EU) 2020/852 is disclosed according to Annexes I "CPR of non-financial enterprises" and Appendix II "Forms for CPR of non-financial enterprises";

» regarding the activities of the insurance group of insurers and reinsurers) the information under Article 8, paragraph 1 of Regulation (EU) 2020/852 is disclosed in accordance with Annexes IX "CPR of insurance and reinsurance undertakings", Annex X "Sample of CPR of insurance and reinsurance undertakings" and Annex XI 'Qualitative disclosures for asset managers, credit institutions, investment intermediaries and insurance and reinsurance undertakings'.

» regarding the activity of the Investment Intermediary, the information under Article 8, paragraph 1 of Regulation (EU) 2020/852 is disclosed in accordance with Annexes VII "Sample for CPR of investment intermediaries" and Annex XI "Qualitative information disclosed by asset managers, credit institutions, investment intermediaries and insurance and reinsurance undertakings"

In this disclosure, the Group presents comparative data of calculations for the previous period - 2022. It should be noted that the presented data for 2022 is related to the first two environmental objectives of the regulation - mitigation of climate change and adaptation to the change of the climate in accordance with Art. 8 of the Taxonomy Regulation and Art. 10, para. 2 of Art. 8 Delegated Regulation (EU) 2021/2178 (Delegated Act under Article 8 of the Taxonomy Regulation).

Overview of activities

During the review of the activities, several ancillary activities represented by the taxonomy were identified, which are inextricably linked to the main activity and could have an impact on the performance of the Company. The identified activities are:

- » Activity 4.9. Transmission and distribution of electricity - code 35.12; 35.13
- » Activity 10.1. General insurance: insurance against climate-related hazards, letter b) income protection insurance - code 65.12;
- » Activity 10.1. General insurance: insurance against climate-related hazards, letter d) civil liability insurance in relation to motor vehicles - code 65.12;
- » Activity 10.1. General insurance: insurance against climate-related hazards, letter f) marine, aviation and transport insurance - code 65.12;
- » Activity 10.1. General insurance: insurance against climate-related hazards, letter g) property insurance against fire and other disasters - code 65.12.

Data Collection Process

In order to report information on economic activities consistent with the taxonomy in 2023, we performed:

- > reviewed the Group's business activities and identified activities that could be eligible; and
- > analysis of the individual taxonomically permissible economic activities and the applicable technical screening criteria related to the specific activities and criteria.

The KPI specification is defined in accordance with Annex I; VII; IX to the Disclosure Delegated Act applicable to the particular activity as described above.

Data Collection process

In order to report information on economic activities consistent with the taxonomy in 2022, we performed:

- > reviewed the Group's business activities and identified activities that could be eligible; and
- > analysis of the separate taxonomy eligible economic activities and the applicable technical screening criteria related to the specific activities and criteria.

The KPI specification is defined in accordance with Annexes I, VII, and IX to the Disclosures Delegated Act applicable to the particular activity as described above.

Data analysis

Eligible economic activities are identified in some of the operations of the energy group and the insurance group.

Eurohold Group reports the following eligible activities:

- > transmission and distribution of electricity - eligible activities contributing to climate change mitigation; and
- > certain non-life insurance activities (described below) - eligible activities contributing to climate change adaptation.

Regarding Turnover KPI we identified the following Taxonomy-eligible turnover:

- ⇒ revenues from transmission and distribution of electricity in the total value of BGN 35,564 thousand (2022: BGN 32,034 thousand); and
- ⇒ revenues from Insurance activities that are admissible for the taxonomy, but are not ecologically sustainable (activities that do not comply with the taxonomy) for 2023, including revenues from general insurance with a total value of BGN 425,932 thousand (2022: BGN 322,920 thousand), including:
 - > General insurance: insurance against climate-related hazards - insurance in relation to medical expenses
 - > General insurance: insurance against climate-related hazards - income protection insurance
 - > General insurance: insurance against climate-related hazards - insurance related to workers' compensation
 - > General insurance: climate-related perils insurance - motor vehicle liability insurance
 - > General insurance: insurance against climate-related hazards - other insurance in relation to motor vehicles
 - > General insurance: insurance against climate-related hazards - marine, aviation and transport insurance
 - > General insurance: insurance against climate-related hazards - property insurance against fire and other disasters
 - > General insurance: insurance against climate-related hazards - travel assistance

With regard to Capital Expenditures KPI (CapEx), we have identified Taxonomy-non-eligible capital expenditures for 2023 of BGN 212 849 thousand (2022: 232 615 thousand).

The EU taxonomy's definition of operating expenditure (OpEx) differs significantly from the classical definitions of operating costs applied in financial statements.

According to the taxonomy, operating expenditures are direct non-capitalised costs related to the following activities:

- a) research and development activity,
- b) building renovation measures,

- c) short-term lease
- d) maintenance and repair, and
- e) any other direct costs related to the day-to-day servicing of property, plant and equipment assets that are necessary to ensure the continued and effective functioning of such assets.

During the analysis, Taxonomy-non-eligible operating expenditure of BGN 10 753 thousand for 2023 r. (2022: 15 045 thousand) were identified.

Eurohold Group declares that all minimum social safeguards regarding human rights, anti-corruption, obligations for safe and healthy working conditions and compliance with labor legislation have been observed. Given the above, it can be concluded that the principle of compliance with the minimum safeguards has been fulfilled.

The conclusions of the analysis of the key performance indicators are presented in the following table:

Proportion of taxonomy-eligible and taxonomy-ineligible economic activities in total turnover, capital and operating expenditure.			
Financial year 2023	Total amount (BGN thousand)	Percentage of taxonomy eligible but not environmentally sustainable economic activities (in %)	Percentage of economic activities ineligible under the taxonomy (in %)
Turnover	2 802 012	16.02%	83.98%
Capital expenditure (CapEx)	212 849	0	10%
Operating costs (OpEx)	10 753	0	100%

Key Performance Indicators ("KPIs") include Turnover, CapEx and OpEx. For the group presentation of taxonomy KPIs, we use the templates provided in Annex II to the Disclosures Delegated Act. As the KPIs must include an assessment of taxonomy alignment for the first time for 2022 reporting period, we do not present comparative data.

6/ Contextual information

In the Delegated Regulation (EU) 2021/2178, the key performance indicators (KPI) for turnover, capital expenditure (CapEx) and operating expenditure (OR) are defined, respectively specified Calculation methods in sections as follows:

- > Methodology for calculating the KPI under item 1.1.1, item 1.1.2 and item 1.1.3 of Appendix I for determining the KPI of non-financial enterprises;
- > Methodology for calculating the KPI according to item 1, item 2 and item 3 of Appendix VII for determining the CPR of investment intermediaries; and
- > Methodology for calculating the KPI under item 1 and item 2 of Appendix VII for determining the KPI of insurance and reinsurance enterprises.

The net turnover of the Eurohold group (DENOMINATOR) can be compared with Note 3 "Revenues from energy activity"; in Note 5 "Revenues from insurance activity"; in the 2023 Annual Consolidated Statement of Profit or Loss and Other Comprehensive Income of Brokerage Fee Income.

The share of Taxonomy-eligible economic activities in the Group's total turnover is calculated as the sum of the Taxonomy-eligible turnover from transmission and distribution of electricity and Taxonomy-eligible gross written premiums, as defined above (Numerator) is divided by the total turnover (Denominator).

Total capital expenditure (DENOMINATOR in the CapEx KPI) includes newly acquired tangible and intangible fixed assets in 2022 (including capitalized costs accrued thereon). All of these CapEx are before impairment, amortization and any additional valuations, including those arising from revaluations and impairments, and excluding changes in fair value. These capital expenditures of the Group can be reconciled with the sum of the items for newly acquired assets or their increase, in the following notes to the annual consolidated financial statements for 2022, namely: Note 24 "Property, plant and equipment" and Note 25. "Intangible assets".

The NUMERATOR for determining the CapEx KPI is equal to the portion of capital expenditures included in the denominator that is: related to assets or processes related to taxonomy-eligible economic activities. For the reporting year 2023, no such newly acquired assets have been identified in Eurohold Group.

Total operating costs (DENOMINATOR in KPI for OpEx) include direct non-capitalized costs, which for the specific reporting period refer to costs for repair and renovation of buildings (including investment properties), short-term leases, service and repair, as well as any other direct costs related to the day-to-day maintenance of property, plant and equipment, carried out independently by the companies in the Group themselves or outsourced, so as to ensure the continuous and efficient operation of these assets.

The DENOMINATOR for KPI for OpEx of Eurohold Group consists of some of the reported costs of materials and hired services expenses, as disclosed in summarized form in Note 12. "Other costs for the activity", with the corresponding breakdowns by types of activity respectively in Note 12.1. "Costs of materials by segment" and Note 12.2. "Hired services expenses by Segment" to the annual consolidated financial statements for 2023. These are costs of materials for repair and maintenance of non-current assets", "Repairs and Maintenance Services", "Rights of Use" and "Rents ".

In 2023 the Group does not report OpEx related to research and development activities. In addition, for the reporting period the Group does not report costs for personnel directly involved in the repair and maintenance.

The NUMERATOR for determining the OpEx KPI is equal to the portion of operational costs included in the denominator that are: related to assets or processes attributable to Taxonomy-eligible economic activities. For the accounting year 2023, no such operating expenses were determined in Eurohold Group.

Pursuant to Article 10, paragraph 2 of Delegated Regulation (EU) 2021/2178 in order to ensure reliability and consistency in the reporting of the three KPIs, the Group eliminated the double reporting of the same amounts when relating them to turnover, CapEx and OpEx, through the created detailed analytical accounting for the purposes of preparing its financial statements.

Annex 2 to the Non-Financial Declaration of Eurohold Group for 2023

Share of Turnover from products and services related to taxonomy-compliant economic activities - disclosure for the financial year 2023

Financial year N	year			Criteria for substantial contribution						Criteria for Do No Significant Harm (DNSH)						Share of taxonomy-compliant (A.1.) or taxonomy-compliant (A.2.) turnover, year 2022 2022 (18)	Category "helping activity" (19)	Category "transitional activity" (20)	
	Economic activities (1)	Code (a) (2)	Turnover (3)	Share of Turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Pollution (15)				Biodiversity (16)
Text		thousand BGN.	%	yes; no app.	yes; no app.	yes; no app.	yes; no app.	yes; no app.	yes; no app.	yes; no	yes; no	yes; no	yes; no	yes; no	yes; no	yes; no	%	E	Π
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. A.1. Environmentally sustainable activities (in line with the taxonomy)																			
Turnover from ecologically sustainable activities (according to the taxonomy) (A.1)		0	0%														0%		
Of which auxiliary		0	0%														0%		
Of which transitory		0	0%														0%		
A.2. Activities that are eligible for the taxonomy but are not ecologically sustainable (non-taxonomy activities) (g)																			
Activity 4.9	35.12; 35.13	35 564	1,27%	no	yes	n/a	yes	yes	yes								0,72%		
Permissible activity 10.1. (a)	65.12	21 467		yes	no	n/a	n/a	n/a	n/a										
Activity 10.1. (b)	65.12	7 860	0,28%	yes	no	n/a	n/a	n/a	n/a								0,87%		
Permissible activity 10.1. (c)	65.12	1 736		yes	no	n/a	n/a	n/a	n/a										
Activity 10.1. (d)	65.12	186 540	6,66%	yes	no	n/a	n/a	n/a	n/a								5,11%		
Permissible activity 10.1. (e)	65.12	47 819		yes	no	n/a	n/a	n/a	n/a										
Activity 10.1. (f)	65.12	42 188	1,51%	yes	no	n/a	n/a	n/a	n/a								0,87%		
Activity 10.1. (g)	65.12	29 556	1,05%	yes	no	n/a	n/a	n/a	n/a								5,11%		
Permissible activity 10.1. (h)	65.12	76 134	2,72%	yes	no	n/a	n/a	n/a	n/a								0,64%		
Turnover from activities that are eligible for the taxonomy but are not ecologically sustainable (non-taxonomy-compliant activities) (A.2)		448 864	16,02%														8,20%		
A. Turnover of activities that are eligible for the taxonomy (A.1+A.2)		448 864	16,02%														8,20%		
B. ACTIVITIES NOT ALLOWED FOR THE TAXONOMY																			
Turnover from taxonomy ineligible activities		2 353 148	83,98%														91.80%		
TOTAL		2 802 012	100%														100%		

Annex 2.2 to the Non-Financial Declaration of Eurohold Group for 2023

Share of CapEx from products and services related to taxonomy-compliant economic activities - disclosure for the financial year 2023

Financial year N	year			Criteria for substantial contribution						Criteria for Do No Significant Harm (DNSH)						Share of taxonomy-compliant (A.1.) or taxonomy-compliant (A.2.) turnover, year 2022 2022 (18)	Category "helping activity" (19)	Category "transitional activity" (20)	
	Economic activities (1)	Code (a) (2)	CapEx (3)	Share of CapEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Pollution (15)				Biodiversity (16)
Text		thousand BGN.	%	yes; no app.	yes; no app.	yes; no app.	yes; no app.	yes; no app.	yes; no app.	yes; no	yes; no	yes; no	yes; no	yes; no	yes; no	yes; no	%	E	Π
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (in line with the taxonomy)																			
CapEx from ecologically sustainable activities (according to the taxonomy) (A.1)		0	0%														0%		
Of which auxiliary		0	0%														0%	E	
Of which transitory		0	0%														0%		Π
A.2. Activities that are eligible for the taxonomy but are not ecologically sustainable (non-taxonomy activities) (g)																			
			0,00%																
			0,00%																
CapEx of activities that are eligible for the taxonomy, but are not ecologically sustainable (non-taxonomy-compliant activities) (A.2)			0,00%														0,00%		
A. CapEx for activities that are eligible for the taxonomy (A.1+A.2)			0,00%														0,00%		
B. ACTIVITIES NOT ALLOWED FOR THE TAXONOMY																			
CapEx for taxonomy ineligible activities		212 849	100,00%														100,00%		
Total		212 849	100,00%														100,00%		

Annex 2.3 to the Non-Financial Declaration of Eurohold Group for 2023

Share of OpEx from products and services related to taxonomy-compliant economic activities - disclosure for the financial year 2023

Financial year N	year		Criteria for substantial contribution							Criteria for Do No Significant Harm (DNSH)							Share of taxonomy-compliant (A.1.) or taxonomy-compliant (A.2.) turnover, year 2022 2022 (18)	Category "helping activity" (19)	Category "transitional activity" (20)
	Economic activities (1)	Code (a) (2)	OpEx (3)	Share of OpEx, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Pollution (15)	Biodiversity (16)			
Text		thousand BGN.	%	yes; no elig.	yes; no elig.	yes; no elig.	yes; no elig.	yes; no elig.	yes; no elig.	yes; no	yes; no	yes; no	yes; no	yes; no	yes; no	yes; no	%	E	Π
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (in line with the taxonomy)																			
OpEx from ecologically sustainable activities (according to the taxonomy) (A.1)		0	0%														0%		
Of which auxiliary		0	0%														0%	E	
Of which transitory		0	0%														0%		Π
A.2. Activities that are eligible for the taxonomy but are not ecologically sustainable (non-taxonomy activities) (f)																			
OpEx of activities that are eligible for the taxonomy, but are not ecologically sustainable (non-taxonomy-compliant activities) (A.2)		0	0,00%														0,00%		
A. OpEx for activities that are eligible for the taxonomy (A.1+A.2)		0	0,00%														0,00%		
B. ACTIVITIES NOT ALLOWED FOR THE TAXONOMY																			
OpEx for taxonomy ineligible activities		10 753	100%														100%		
TOTAL		10 753	100%														100%		

2.4. ENVIRONMENTAL RESPONSIBILITY

The impacts of climate change are becoming increasingly evident, affecting human activities and increasing the risk of physical loss. Efforts aimed at mitigating climate change by reducing air carbon emissions, managing the threats and opportunities facing societies, organisations and businesses as a result of a changing climate are becoming increasingly important and urgent.

Climate change and energy play a central role for our energy and insurance subsidiaries. Despite the small contribution of the companies' operational footprint to the bottom line, and the low reliance on the supply chain, climate change is having no small impact on their operations.

The Eurohold Group complies with the current domestic and international legislation in the field of sustainable development, ecology and environmental protection, in solidarity with the main goals and principles of environmental law. Concrete actions are taken and policies are followed with regard to sustainable development. Management is currently monitoring the emergence of risks and negative impacts of climate change on the activities of the Eurohold group and more deeply in the energy group, as well as the impact of our companies on climate change.

Impacts

The Eurohold Group operates in business activities that do not have a major direct impact on climate change, including in the upstream and downstream supply chain. This is because the group does not carry out production activities, including activities that generate large amounts of greenhouse gases and those related to coal, oil and gas. In addition, the operations of the companies in the group are not energy intensive.

Transition Plan for Climate Change Mitigation

The Eurohold Group is working on its transition plan, which will be adopted by the management and supervisory bodies of the parent company.

Although there is no formally adopted transition plan, all subsidiaries are aware of the objective of limiting global warming to 1.5°C in line with the Paris Agreement and the goal of achieving climate neutrality by 2050.

As part of the actions regarding our efforts to mitigate climate change, some of the companies of the energy group are continuously investing in improving technological equipment and renewing medium and low voltage facilities of the power transmission network, building communication infrastructure, digitizing switchboards and electricity meters etc. Annual investments in similar projects by our electricity distribution company "ERM West" EAD alone amount to about BGN 100 million. Investments and the implementation of new energy assets are necessary to meet the growing demand for electricity and to achieve more efficient sources with zero-carbon electricity transmission and distribution. All investments in improving the electricity distribution network are approved by the regulator - KEVR. Currently, projects are being implemented to modernize and digitize the electricity distribution network, introduce new modern technologies for automated and flexible management, build smart networks with high technical safety and zero carbon footprint, including smart meters and the necessary infrastructure for their operation. These investments aim to contribute to the overall efficiency of the electricity distribution network and the quality of the services provided. They are a driving force in the processes related to the decentralization and decarbonization of electricity production and distribution.

Also, the Eurohold group, in the process of digitizing the processes has invested BGN 3.4 million in software in 2023 (2022: BGN 2.7 million).

Emissions of greenhouse gases

This document does not present information on greenhouse gas emissions generated by the companies that are part of Eurohold Bulgaria.

Eurohold Group does not have any key assets and products that generate a significant amount of greenhouse gas emissions. For the first time the Group will disclose its emissions for the reporting year 2024, including a plan for their management and reduction.

IMPACTS, RISKS AND OPPORTUNITIES

In this part, the Eurohold Group discloses information on climate change at the Group level and climate-related specific impacts, risks and opportunities. Risks can be internal and external, and very often their manifestation is combined.

The group analyzes the potential climate-related risks and their impact on the companies' activities at the end of each calendar year, and so far, no specific climate risks have been identified. Potential identified risks would affect the entire population in the territory where the companies operate. The Eurohold Group does not own significant DMAs that would be affected by climatic phenomena.

Although the group is taking actions to identify potential climate-related risks, at the end of 2022 a Climate Corporate Governance project was launched, for which an international consultant with significant experience in the field was hired. The project envisages a comprehensive analysis and identification of climate-related risks and opportunities, analysis of short-term, medium-term and long-term scenarios, as well as their integration with the other risks in the company risk matrix. At the end of 2023, the consultant prepared the "first high-level specific analysis for climate-related risks" as well as an "Action plan" with specific recommendations for actions. An assessment of potential financial impacts and an overall climate management strategy have also been made.

The following information examines climate risks as currently assessed by us using a statistical database of companies. For the reporting year 2024, we will present on a consolidated basis full reporting on our climate risk management in accordance with TCFD recommendations.

In the regions in which the Group operates, through subsidiaries, specific existing and emerging regulatory requirements related to climate change (e.g. emission limitation, as well as other factors) are not implemented. No significant climate risks have been identified for the Eurohold group that are specific to the companies' activities and that differ from those relevant at the global level.

We note that identified climate-related issues may have an impact on operating and investment costs, which in turn may have a material financial impact on the group's business as a whole.

Climate change sensitivity assessment

The analysis shows that the insurance and energy (especially electricity distribution) activities have a greater sensitivity to climate changes compared to the other business activities in the group, which is why we will look at these two business sectors.

The Eurohold Group has made an initial assessment of the dangers that could be associated with its companies. The initial assessment is based on existing historical data. Given the different sectors in which the group operates, not all risks are relevant for different companies. Risks are assessed according to the location of business operations. In the event that a company has operations in more than one country and/or more than one business, the assessment is made for each country or business.

The initial analysis of climate-related risks is prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This initial analysis covers not only physical risks but also transition risks.

The energy group operates only on the territory of Bulgaria, with the electricity distribution networks located in the western part of the country and covering an area of 40,000 square km.

The insurance group operates throughout Bulgaria, including the markets of North Macedonia, Greece, Georgia, Ukraine, Poland, Italy, Spain, Germany, the Netherlands, Romania and Great Britain.

In the case of energy companies, the impact on operations would be the compromise of material and technical facilities, which would lead to the cost of remediation. Specific climate-related issues are those that can arise at any point in the horizon - short, medium and long term, and can have a financial impact on the energy business. These could include, for example: possible changes in weather conditions in the autumn-winter period which could pose a risk to the electricity distribution network and result in the transmission of electricity to end customers being disrupted. This is a risk of possible breach of the licence held by the electricity distribution company requiring continuity of electricity supply.

Climate change has an effect on the insurance companies of the Group in terms of the financial impact caused by the occurrence of damages under climate-related perils insurance products. In the event of extreme weather events (storms, floods, dam overflows, etc.) the insurance companies will suffer large losses from paying out claims.

It is therefore in our interest to work to mitigate (on the transmission and distribution side) and adapt (on the general insurance side) our business model and strategy in response to these changes.

Climate-related dangers

Dangers refers to any potential occurrence of a natural or man-made physical event that may cause damage to property, infrastructure, livelihoods, service provision, environmental resources, etc.

The sensitivity assessment of possible climate change hazards showed similar results in the electricity distribution company and the insurance companies, such as:

- » a higher sensitivity is assessed from the following possible hazards (physical risks) from climate changes:
 - > **chronic:** extreme rainfall and flooding; increase in average temperatures;
 - > **acute:** storms and cyclones; flood (river, rain, dam); heavy precipitation (rain, hail, snow/ice); lightning and thunder, accumulations of snow and icing, winter drought.
- » average sensitivity is estimated from the following possible hazards of climate change:
 - > **chronic:** prolonged summer heat; soil erosion;
 - > **acute:** forest fires; landslide.

The established climate-related risks of the transition and the opportunities in the companies' activities are analyzed on a short-term basis. The group has undertaken to analyze and identify mid- and long-term transition risks under various climate scenarios consistent with limiting global warming to 1.5°C.

Transition risks

Transition risks	Potential financial impacts of transitional risks
Political and legal risks:	
<ul style="list-style-type: none"> ▪ Risk associated with switching to a low carbon activity <p>For the most part, the associated risks stem from:</p> <ul style="list-style-type: none"> - Changes in policies and regulations as a result of the implementation of European climate regulations by the relevant regulatory authorities in Bulgaria and in the countries in which we operate. - Change the legislative framework in line with European climate documents and established policies; - Changes in distribution network technologies needed to move towards a carbon neutral society. <p>As a result, political and legal risks will lead to higher prices for greenhouse gas emissions.</p>	<ul style="list-style-type: none"> ▪ Increased operating costs (e.g. higher compliance costs, increased insurance premiums). It is expected that, as technologies change, the cost of investing in the transition to a carbon neutral society will be included in the prices set by the regulator.
Technological risk:	
<ul style="list-style-type: none"> ▪ Costs of transition to lower emission technology ▪ A new design of the electricity distribution network may be necessary to meet the EU and member state targets: ▪ the increased use of electric vehicles will require charging stations in multiple locations to be connected to the grid and supplemented with installations; ▪ reducing the use of fossil fuel heating power plants will require a different balancing of the grid, requiring investment in other assets; ▪ increased electricity costs and reductions in greenhouse gas emissions by companies may increase the number of grid-connected RES generation installations requiring new infrastructure; ▪ Unsuccessful investment in new technologies - an investment that did not lead to the desired result 	<ul style="list-style-type: none"> ▪ Capital investments in technological development ▪ Shifting to new technologies requires urgent investment in different and newer equipment that needs to be financed at short notice, this will increase the pressure to find financing that may not be available or at a high cost. ▪ Write-offs and early retirement of existing assets
Market risk from changes in supply and demand	
<ul style="list-style-type: none"> ▪ Changing customer behaviour ▪ Increased balancing costs for energy group companies 	<ul style="list-style-type: none"> ▪ Sudden and unexpected changes in energy costs ▪ Change in mix and sources of revenue resulting in reduced revenue ▪ Reduced demand for goods and services due to changes in consumer preferences ▪ More frequent occurrence of temperature peaks (-/+) will lead to peaks in electricity

	consumption that are difficult to predict, which may lead to increased balancing costs
Reputational risks associated with changing customer or community perceptions	
<ul style="list-style-type: none"> ▪ Changes in consumer preferences ▪ Increased stakeholder concern or negative stakeholder feedback 	<ul style="list-style-type: none"> ▪ Reduction in revenue from reduced demand for goods/services ▪ Reduction in the amount of equity ▪ Reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention)

The performed analysis of the assessment of the risks during the transition of the companies of the Eurohold group shows a higher sensitivity from the point of view of exposure of the assets and the economic activity of Electricity Distribution Company West EAD (the electricity distribution company), which is expressed in the following:

- » Increased network replacement and maintenance costs due to the increased number and severity of extreme weather events
- » Physical damage to assets:
 - > Damaged network / damaged power lines / destroyed assets due to accumulated snow (on all different assets, facilities and trees near the network), high winds (pylons, electrical equipment and trees) more frequent lightning (electrical equipment, trees);
 - > Direct mechanical damage to the electricity distribution infrastructure caused by short-circuiting of power lines;
 - > Indirect mechanical damage and short circuits from trees or debris blown onto overhead lines, physical damage including collapse of overhead lines or poles;
 - > Deterioration of SAIDI/SAIFI ratios due to increased number of events or due to difficult conditions for electricians to reach and repair damaged equipment.
- » Increased operating costs - for personnel and other related costs.
 - > Severe working conditions in extreme weather events will:
 - lead to a request by the staff for increased remuneration;
 - increased number of cases of staff injuries or other health-related problems.
 - > Increased insurance premiums and the potential for reduced risk exposure of insuring assets in "high risk" locations.

Potential financial impacts for climate-related opportunities

(Illustrative here are a few of the identified opportunities based on the preliminary review we conducted.)

Climate-related opportunities	Potential financial impacts
Resource efficiency	
<ul style="list-style-type: none"> ▪ Use but more efficient modes of transport (mainly for energy and insurance business) 	<ul style="list-style-type: none"> ▪ Reduced operating costs (increasing efficiency and reducing costs)
<ul style="list-style-type: none"> ▪ Using more efficient employee processes 	<ul style="list-style-type: none"> ▪ Benefits for workforce management and planning, improved health, employee satisfaction
<ul style="list-style-type: none"> ▪ Using recycled materials 	<ul style="list-style-type: none"> ▪ Lower material costs. ▪ Improved employee health and satisfaction.

<ul style="list-style-type: none"> ▪ Efficient use of natural resources, e.g. water use and consumption 	<ul style="list-style-type: none"> ▪ Reduced costs and increased profits
Source of energy	
<ul style="list-style-type: none"> ▪ Use of lower emission energy sources 	<ul style="list-style-type: none"> ▪ Energy efficiency, increasing competitiveness. ▪ More and more investors prefer producers with lower emissions.
<ul style="list-style-type: none"> ▪ Use of new technologies 	<ul style="list-style-type: none"> ▪ Increase competitiveness, reduce costs from exposure to future fossil fuel price increases
Products and services	
<ul style="list-style-type: none"> ▪ Opportunity to diversify business activities 	<ul style="list-style-type: none"> ▪ Better competitive position to reflect changing consumer preferences, leading to increased revenues
Markets	
<ul style="list-style-type: none"> ▪ Access to new markets 	<ul style="list-style-type: none"> ▪ Increased revenue through access to new and emerging markets, opportunity for organic business growth
Sustainability	
<ul style="list-style-type: none"> ▪ Participation in renewable energy programmes and adoption of energy efficiency measures 	<ul style="list-style-type: none"> ▪ Increased supply chain reliability, preferred supplier, increased revenue, ability to operate under different conditions
<ul style="list-style-type: none"> ▪ Substitutes/diversification of resources 	<ul style="list-style-type: none"> ▪ Increased revenues through new products and services related to sustainability

Potential financial impacts for climate-related opportunities are to be explored in depth for each Group company, after which a matrix of impacts will be compiled at Group level. As a large group of companies operating in different sectors of the economy, it is important for us to monitor, analyse and evaluate every material opportunity to improve our performance and financial stability.

Energy efficiency

In their activities, the energy companies of the Electrohold group are obliged entities under the Energy Efficiency Act (EEA).

For the needs of its customers on the open (liberalized) electricity market, the Group purchases the necessary energy from the Bulgarian Independent Energy Exchange (BNEB) or on the basis of direct contracts with other traders. Free market energy is a combination of energy produced from renewable and non-renewable energy sources (fossil fuels and nuclear energy).

At the express request of the customers, the energy to be supplied to them can be purchased only from renewable sources, in which case the customer accepts the price at which this energy is purchased plus the corresponding agreed surcharge.

For the needs of its customers on a regulated market, the Group purchases the necessary energy at the respective prices determined by the Energy and Water Regulatory Commission (KEVR) for each regulatory period.

Furthermore, the evolution of EU energy policy towards reducing electricity generation from fossil fuels and replacing them with green technologies with low emissions may lead to a significant increase in the price of electricity due to the necessary investments to renew the production sector. Accompanying mechanisms to promote green energy production, such as the obligation to purchase green certificates to exceed the level of flue gas emissions from electricity production from conventional coal-fired power plants, also affect the final price of the product. The implementation of these policies has a particular impact on the energy sector in Bulgaria, where over 40% of electricity is traditionally produced from high-emission lignite coal. The obligation to close and decommission existing thermal power plants in the country may pose a significant risk to the country's energy market, further complicated by the expected full liberalization of the market and

higher connectivity with EU energy markets, where electricity is traded at higher price levels. These risks are relevant in the medium and long term and their severity mainly depends on measures at national and European level and can be affected to a very small extent within the company.

In addition to the above, the Group has obligations within the EU policy in the field of energy efficiency and the current Energy Efficiency Obligation Scheme in the country and undertakes to apply measures to reduce energy consumption to end customers.

In carrying out its activity, the Group mainly strives to reduce operating costs and carbon footprint (purchase of recycled paper, recycling of used batteries, campaigns promoting the use of energy-saving light bulbs), as well as new and improved customer service that reduces time and costs associated with serving the end user. In this regard, the Group has undertaken campaigns to promote electronic invoices (instead of paper ones), the aim of which is to reduce paper costs and protect the environment by reducing the Group's carbon footprint. In addition, the Group offers services for electronic notifications of obligations, planned outages and other events aimed at informing users in advance and potentially reducing the workload of customer service centers.

In connection with the Group's corporate social responsibility, one of the criteria when choosing a supplier of company cars under operating lease contracts is that the cars provided meet a higher emission standard.

Indicators and targets

In Indicators and targets are used to measure and manage climate-related risks and opportunities. As part of the assessment of climate-related risks and opportunities in 2023, Electricity Distribution Networks West EAD has adopted 7 key indicators to monitor. A calculation and evaluation methodology is developed for each of them. Some of the key indicators (5 indicators) were also monitored in 2023. The remaining two key indicators are unmonitored, with initial calculations starting in 2024, with their follow-up being the next step.

Metrics Monitored

	Monitored metrics to 2023 r.	unit	2023	2022	Total to 31.12.2023	Comments
1	Energy consumption for the company's activities in general, of which:	GWh	6.5	7.1	-	For the distribution of consumption between production from RES and other types of producers, ERM West used official information for 2022 from ESO for the whole of Bulgaria for the percentage distribution of production from RES and others. As of the report date, no official information has yet been released for 2023.
	from RES	GWh	1.30	1.42	-	
	from Conventional manufacturers with incl. NPP	GWh	5.20	5.68	-	
2	Renewable capacities connected to the grid (GW)	number	1 917	870	5 098	
		GWh	0.226	0.076	0.775	
3	Charging stations connected to the network of ERM West	number	136	-	136	
4	Smart meters installed	number	127 642	123 957	626 688	By the end of 2023, more than 28% of the means of commercial measurement (electric meters) owned by ERM West are "smart" electric meters.

5	Climate-related network incidents	2023		2022		Comments	
		unit	%	number	%		number
	Snow accumulations		24%	2 087	12%	699	ERM West maintains a network incident registry, which allows tracking the impact of specific climate-related events. From the table below it is clear that about 68% of the registered incidents in 2023 are related to climate and/or meteorological events. Traditionally, storms, snowdrifts and lightning have the strongest impact.
	Storms and strong winds		24%	2 072	25%	1 520	
	Lightning bolts		14%	1 209	25%	1 472	
	Heavy rains		6%	527	7%	447	
	Floods		0%	21	0%	3	
	Landslides		0%	14	0%	-	
	Icing		0%	14	1%	50	
	Hail		0%	13	0%	18	
	Total		68%	5 957	70%	4 209	

Unmonitored metrics for 2023

- » Greenhouse gas emissions – Scope 1 (tCO₂e) incl. fuel consumption of the vehicle fleet; natural gas used in buildings; SF₆ emissions; diesel backup generators;
- » Greenhouse gas emissions – Scope 2 (tCO₂e) incl. electricity consumption, distribution losses.

Implemented projects related to the energy transition

- » [Data hub for the Creation of Energy communities at Local Level and to Advance Research on them \(DATA CELLAR\)](#)

Local Energy Communities (LECs) were identified by the EC as a key measure to promote the energy transition in the EU. At the same time, the digitalization of the EU energy system and the proper sharing of data between energy players seem crucial to foster the sharing of best practices and the creation of a community of knowledge to address one of our society's most urgent global crises: climate change. The DATA CELLAR project aims to create a public space for energy data that will support the creation, development and management of LECs in the EU. Within the project, DATA CELLAR and its services will be used by representatives of nine validation cases in the EU and at different levels of development, promoted by different types of actors such as public authorities, ERPs, aggregators, etc.

- » [ENabling FLeXibility provision by all Actors and sectors through markets and digital Techno \(ENFLATE\)](#)

Project ENFLATE builds on existing data management solutions in energy and non-energy services and will replicate them in different geographies, climates and customer needs. The project will propose workable, customer-oriented, flexible platforms and test them in Bulgaria, Greece, Spain, Sweden and Switzerland, engaging local customers, TSOs, DSOs, market operators, regulators, service providers, manufacturers and academia.

ENFLATE will provide innovative technologies for smart grids, customer market platforms, smart buildings and cross services for flexibility in local energy communities, integration of customer-oriented flexibility with pan-European markets. Effective business models combining energy services with health and mobility services will be developed and tested. ENFLATE will assess the impact of the proposed cross-flexibility services at local, regional and pan-European level.

- » [Demand Response - Residential Innovation for a Sustainable Energy system \(DR-RISE\)](#)

The main objective of the DR-RISE project is to demonstrate the benefits of demand response (DR) in the residential sector not only for end users, but also for the entire energy system and all stakeholders. It will offer a set of tools and services with a dual purpose: increasing energy efficiency through optimal management, as well as demonstrating the benefits (not only economic) of DR. The platform will be demonstrated in three different EU

countries, focusing on bringing together the most diverse environments (eg existing energy communities, smart villages, urban housing blocks, low-income households, etc.). The first iteration of the pilot projects will be rolled out to evaluate the benefits of DR, including the minimum required devices for it. Then, building on the previous results, a second iteration will be made and the results compared to the previous one. This two-phase methodology will allow us to take corrective measures if necessary and evaluate the potential benefits of multiple sensors and control devices. Therefore, the platform will reach TRL7/8 by the time the project is completed.

Indicators reported in relation to environmental management

Energy consumption and mix	2023	
	unit of measurement	quantity
Fuel consumption from coal and coal products (MWh)	MWh	-
Fuel consumption from crude oil and petroleum products (MWh)	MWh	9
Natural gas fuel consumption (MWh)	MWh	13
Fuel consumption from other non-renewable sources (MWh)	MWh	3 538
Consumption of purchased or acquired electricity, heat, steam and cooling from non-renewable sources (MWh)	MWh	8 325
Total non-renewable energy consumption (MWh) (calculated as the sum of rows 1 to 6)		11 884
Share of non-renewable sources in total energy consumption (%)		68%
Consumption from nuclear sources (MWh)	MWh	3 630
Share of consumption from nuclear sources in total energy consumption (%)		21%
Fuel consumption from renewable sources (including biomass, biogas, non-fossil fuel waste, renewable hydrogen, etc.) (MWh)	MWh	1852
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	MWh	199
The consumption of self-generated renewable energy without fuel (MWh)	MWh	-
Total renewable energy consumption (MWh) (calculated as the sum of rows 8 to 10)		2 051
Share of renewable sources in total energy consumption (%)		12%
Total energy consumption (MWh) (calculated as the sum of lines 6 and 11)	MWh	17 564

Water consumption	2023	
	unit of measurement	quantity
total water consumption in m3	m3	28 157
total water consumption in m3 in areas with significant water risk, including high water stress areas (if any)		-
total recycled and reused water in m3 (if there is water recycling)		-
total water stored and changes in storage in m3 compared to the beginning and end of the reporting period (if there is such water storage)		-

Energy efficiency

Implemented European projects related to energy efficiency by ERM West EAD

- > **Data Hub for the Creation of Energy Communities at the Local Level and to Advance Research on Them (DATA CELLAR)**

Local Energy Communities (LECs) have been identified by the European Commission as a key measure to promote energy transition in the EU. At the same time, digitalization of the EU's energy system and proper data sharing among energy players appear crucial to promote sharing of best practices and creating a knowledge community to address one of our society's most urgent global crises: climate change. The DATA CELLAR project aims to create a public space for energy data that will support the creation, development, and management of LECs in the EU. Within the DATA CELLAR project, its services will be used by representatives of nine validation cases in the EU with varying levels of development, encouraged by different types of participants such as public authorities, DSOs, aggregators, etc.

> **Enabling Flexibility Provision by all Actors and Sectors through Markets and Digital Techno (ENFLATE)**

The ENFLATE project builds upon existing data management solutions for energy and non-energy services and will replicate them in different geographical regions, climates, and client needs. The project will offer applicable, customer-oriented, flexible platforms and test them in Bulgaria, Greece, Spain, Sweden, and Switzerland, engaging local clients, DSOs, TSOs, market operators, regulatory authorities, service providers, manufacturers, and academic environments.

ENFLATE will provide innovative technologies for smart grids, market platforms for customers, smart buildings, and cross-sectoral flexibility services in local energy communities, integrating flexibility, customer-oriented with pan-European markets. Effective business models combining energy services with healthcare and mobility services will be developed and tested. ENFLATE will assess the impact of proposed cross-sectoral flexibility services at the local, regional, and pan-European levels.

> **Demand Response - Residential Innovation for a Sustainable Energy System (DR-RISE)**

The main goal of the DR-RISE project is to demonstrate the benefits of demand response (DR) in the residential sector not only for end-users but also for the overall energy system and all stakeholders. It will offer a set of tools and services with a dual purpose: to increase energy efficiency through optimal management and to demonstrate the benefits (not just economic) of DR. The platform will be demonstrated in three different EU countries, focusing on various environments (e.g., existing energy communities, smart villages, urban residential blocks, low-income households, etc.). The first iteration of pilot projects will be deployed to assess the benefits of DR, including the minimum necessary devices for this. Subsequently, building upon previous results, a second iteration will be made, and the results will be compared with the previous one. This two-phase methodology will allow us to take corrective measures if necessary and assess the potential benefits of multiple sensors and control devices. Therefore, the platform will reach TRL7/8 by the end of the project.

Waste

Total amount of waste of the Eurohold group

Отпадъци	2023	
	unit of measurement	quantity
The total amount of generated waste, including	t	845,75
> amount of non-hazardous (household) waste	t	386,38
> amount of hazardous waste	t	459,37
Amount of waste directed / handed over for recycling (preparation for reuse, recycling and other recovery operations), including:	t	818,06
> amount of non-hazardous (household) waste	t	358,69
> amount of hazardous waste	t	459,37
Amount of waste directed / handed over for disposal (incineration, landfilling, and other disposal operations), including:	t	27,69
> amount of non-hazardous (household) waste	t	27,69
> amount of hazardous waste	t	0
The total amount of non-recycled waste	t	27,69
Percentage of non-recycled waste	%	3,27%
The total amount and percentage of non-recycled waste	t	27,69
Composition of the waste		
> waste streams related to the sector of activity (e.g. waste for the enterprise in the mining sector, e-waste for the enterprise in the consumer electronics sector or food waste for the enterprise in the agricultural or hospitality sector)		Dismantled components of the power distribution network
> the materials present in the waste (e.g. biomass, metals, non-metallic minerals, plastics, textiles)		Ferrous and non-ferrous metals, mineral oil, ceramic and glass

	materials, biomass, plastics, rubber, inks
Waste management, incl. hazardous and non-hazardous waste	
Describe how you manage your hazardous and non-hazardous waste, process and contracts with companies	All waste generated in ERM West is classified and managed according to regulatory requirements. The company temporarily stores the generated waste until it is handed over to companies that have the necessary documents according to the Waste Management Act (WMA) and on the basis of concluded contracts.
Indicate the potential negative or beneficial other impacts of the waste generated by the company on the environment (climate change, water, pollution, biodiversity).	The effective management of the generated and classified waste from ERM West in accordance with the regulatory requirements and in particular the Environmental Protection Act does not imply the definition of potential negative impacts on the components of the environment.

The only enterprise that generates hazardous waste is the West EAD Electric Distribution Company. The company does not recycle or treat waste. ERM West has the obligation to temporarily store the generated waste at its own sites regulated for the purpose until it is handed over to a company for subsequent treatment (holding the relevant permits for activities with waste), with which the company has a contract. As of 31.12.2023, 10 storage sites and 20 types of generated waste are regulated on the territory of ERM West EAD.

In 2023, hazardous and industrial waste was handed over to companies holding the relevant permit to carry out activities with waste, as described below in the table. Thanks to the transfer of hazardous and production waste to licensed companies, the risks of environmental pollution are reduced to a minimum.

Waste code	quantity transferred, tone
08 03 17* "Waste printing toner containing hazardous substances"	0.075
13 03 07* "Non-chlorinated mineral-based insulating and heat transfer oils"	26.620
15 02 02* "Absorbents, filter materials (including oil filters not elsewhere specified), wiping cloths and protective clothing contaminated with dangerous substances"	0.213
16 01 03 "End-of-life tyres"	27.690
16 02 13* "End-of-life equipment containing hazardous components other than those mentioned in codes 16 02 09 to 16 02 12" (rejected transformers)	432.460
19 10 01 "Iron and steel waste"	6.500
19 10 02 "Waste of non-ferrous metals"	9.04
16 02 14 "End-of-life equipment, other than that mentioned in codes 16 02 09 to 16 02 13" - end-of-life electrical and electronic equipment	34.430
17 06 04 "Insulating materials other than those mentioned in 17 06 01 and 17 06 03" - rejected ceramic and glass insulators	188.620
16 02 16 "Components removed from end-of-life equipment, other than those specified in 16 02 15" - end-of-life meter panels and distribution boxes	1.100
20 02 01 "Biodegradable waste"	29.745
16 01 17 "Ferrous metals"	83.830
16 01 18 "Non-ferrous metals"	5.420

In 2023, the implementation of the Program for conducting own monitoring of groundwater continued, as well as the Plan for own monitoring of soils. Monitoring involves collecting, evaluating and summarizing information about

groundwater and soils through periodic monitoring and measurement of certain indicators. The purpose is to determine the presence of changes that occurred as a result of the impact of the Company's activities.

In 2023, no negative impacts on the components of the environment are expected from the operations of ERM West EAD.

ERM West EAD aims to protect the biological diversity of the Company's licensed territory. The company provides assistance to the Regional Environment and Water Inspections (RIOSV) in case of reports submitted by them. Most often, the signals are about stork nests hanging on the wires, which are a potential danger, both for the storks and for the security of the power distribution network, and create a danger of nest ignition incidents. Signals from control authorities can also be in relation to uninsulated wires causing death or injury to birds that use them for resting in flight.

In 2023, there were 7 (seven) prescriptions issued by control bodies for raising on metal platforms problematic stork nests. The activities were completed on time, in compliance with the requirements laid down in the prescriptions.

The company has no financial sanctions imposed by control bodies in the field of environmental protection.

ENVIRONMENTAL PROTECTION

Eurohold considers its support of policies related to environmental protection and development to be part of the Group's important activities. The aim is to contribute daily, monthly and annually to improving the world and the nature in which we live through various practices in this regard. All employees of the Company know and are involved in various activities in this direction and have the opportunity to propose new initiatives as well.

In relation to environmental policies, the Group has developed various systems to support them. Different practices related to environmental protection are implemented on a daily basis in the Group companies, such as:

- » Saving paper used in the office by using copiers that identify each employee and collect statistical information on their paper and toner consumption;
- » On each floor of the Eurohold business building, where the head offices of all companies are located, there are containers for separate paper collection;
- » The Group offers customers the option to opt out of a paper invoice.
- » Encourage the use of electronic means of communication in the Company's daily operations and minimize paper documents;
- » Eurohold's business building is equipped with drinking water purification machines that significantly reduce the consumption of plastic water bottles;
- » In order to minimize the waste of resources and reduce the consumption of gas and electricity, Eurohold maintains and regularly carries out preventive maintenance of all its heating, ventilation and air conditioning systems of the business building, and for better and professional management has contracted all maintenance activities of the building stock with a specialized company in the field of investment property management.

As companies operating in the service sector, the focus is on reducing the use of paper and its separate collection.

With these practices, the Group supports the negative effects of deforestation, which in turn leads to the extinction of various plant and animal species, followed by soil erosion and destruction, a drop in the level of groundwater, and pollution of the atmosphere with substances emitted during paper production.

Conservation of natural resources is important to Eurohold and its subsidiaries, so it encourages employees to reduce paper waste. To this end, in the short term, the idea is to introduce full separate waste collection, as well as to introduce rules to regulate it.

The Holding Company is committed to continuously monitor, evaluate and optimise its environmental performance and to strictly comply with all local, national and international legislation in the relevant area.

Biodiversity

ERM West EAD aims to protect the biodiversity of the Company's licence area. The Company provides assistance to the District Environmental and Water Inspectorates (DEIW) in the event of reports submitted by them. The most frequent signals are about stork nests overhanging the wires, which are a potential danger to both the storks and the safety of the electricity distribution network and create a risk of incidents with ignition of the nests. Alerts from control authorities may also be in relation to uninsulated wires causing death or harm to birds using them for resting in flight.

The company has no financial sanctions imposed by control bodies in the field of environmental protection.

Electricity Distribution Company West EAD is actively involved in environmental and biodiversity conservation projects, for example some of these projects are:

⇒ Biodiversity conservation

Electrodistribution Grid West EAD is implementing two large-scale projects under the EU LIFE program, within which it takes various measures to secure the network to prevent accidents and protect birds - "Life for Birds" (LIFE16 NAT/BG/000612) and "Safe Danube Bird Flight" (LIFE19 NAT/SK/001023). The main activities of the two projects are conducting field surveys, locating the risky pillars of the electricity distribution infrastructure and securing them. Among the most popular activities on these projects is the installation of platforms for stork nests, and by the end of 2023, Electricity Distribution Networks West has secured 940 nests. The projects are implemented jointly with the Bulgarian Society for the Protection of Birds and are co-financed by the EU under the LIFE program.

In October 2022, Electrodistribution Grid West EAD and the Bulgarian Society for the Protection of Birds (BSPB) presented their joint participation in the project "Transnational cooperation for bird conservation along the Danube" (short name "Safe flight for birds on the Danube"). It will start in 2020 and run until 2026. 15 organisations from seven countries along the Danube are partnering in the project. Danube. Its aim is to contribute to the conservation of protected bird species that inhabit the area near the Danube. The main activities are conducting field surveys, locating at-risk electricity infrastructure poles and securing them.

In 2022, a joint team of the Bulgarian Society for the Protection of Birds (BSPB) and Electrodistribution Grid West EAD successfully installed 50 artificial nesting boxes (houses) for the nesting of the Blue Tit.

In September 2022, the European Commission designated Life for Birds as a "Project of Public Importance".

In April 2022, the company was awarded first prize in the "Investor in the Environment" category of the prestigious Bulgarian Business Leaders Forum.

⇒ Participation in European projects in relation to biodiversity

In support of its social and community initiatives, Electrodistribution Grid West EAD participates in a number of European biodiversity projects, the most significant of which are:

> Project "Life for birds on power lines"

The company implements the "LIFE BIRDS ON POWER LINES" project, which is financed by the LIFE program of the European Union. The deadline for the implementation of the project is until 31.12.2022, and the same has been extended for another two years - until 31.12.2024. The main goal of the project is related to minimizing the risks to the environment and biological diversity. The activities are aimed at improving, modernizing and securing the electricity distribution network in order to provide a safer network for the birds.

> **Project "LIFE19NAT/SK/001023 Life Danube free sky"**

In 2023, the Company continued the implementation of a second large-scale project financed by the "LIFE" program of the European Commission - "Transnational protection of birds along the Danube". The deadline for the implementation of the project is until 28.02.2026. Its activities are carried out by fifteen partners in seven countries - Austria, Bulgaria, Croatia, Hungary, Romania, Slovakia and Serbia. The coordinator is the non-governmental organization Raptor Protection, Slovakia, and on the Bulgarian side, Electrodistribution Grid West EAD and the Bulgarian Society for the Protection of Birds (BDZP) participate. The aim of the project is to protect the bird species that inhabit the area near the Danube River.

2.5. SOCIAL RESPONSIBILITY

1 / EMPLOYEES

The business success of Eurohold and the Group depends on the diligence, motivation, commitment and professionalism of its employees, their knowledge, skills and ambition for development. Employees are the face of any company. The Group therefore continues to invest in the professional and personal development of its employees, striving to retain and attract highly qualified, competent and team-oriented employees.

Our aspiration regarding employees is to be an employer of choice and socially committed. To this end, principles relating to the selection, training, appraisal and remuneration of staff have been developed and adopted, to which the entire Group adheres:

- Selection of candidates for employment on the basis of their personal qualities, knowledge, experience and competence, based on a careful assessment of their knowledge and qualifications;
- Provide equal training and career development opportunities for all employees;
- Create a work environment that values, recognizes and rewards effort and achievement.

Diversity, inclusion and equal opportunities are tolerated throughout Eurohold Group and a social policy is pursued in accordance with the legislation of each country in which we operate, applying a non-discriminatory policy that seeks to ensure a working environment free from any form of harassment, extortion or discrimination (particularly on the grounds of ethnicity, gender, religion, membership of national minorities, trade unions, etc. Child labour is not used in any of the Group's structures and ethics and morals are of a very high standard.

The health and well-being of our employees is of the utmost importance to us because they are our most valuable asset. Their long-term commitment to us as an employer is important to us, so we closely monitor the potential risk of losing key staff, as well as any labour shortages. Workforce planning and succession planning measures are in place to ensure continued task performance and availability of expertise.

We offer secure jobs, transparent remuneration conditions, additional social benefits, in strict compliance with the Labour Code and legislation. Some of our companies have trade unions and worker representatives. We respect work-life balance. All employees are entitled to parental leave and parental leave.

An important prerequisite for achieving the Group's business objectives and prosperity is the availability of a sufficient number of qualified, motivated, committed and loyal staff.

Related to this is the not easy task of recruiting new staff, especially for more specialist and/or key positions, which has been very difficult over the last few years.

Recently, there has been a shortage of human capital and companies are finding it increasingly difficult to find the employees they need - both quantitatively and qualitatively, with the knowledge and skills they need.

That is why the focus should also be on efforts to retain good staff, especially in managerial and highly specialised expert positions, who have already acquired and proven their high professional qualifications, and who have fitted into the team and the overall company policy and culture.

Turnover is an indicator of the level of staff satisfaction, which is formed by several components:

- » Nature of work, proper organization and reasonable volume;
- » Atmosphere in the team and company, supervisor/subordinate relationships;
- » Pay adequate to the functions and competitive with the labour market;
- » Additional benefits and incentives;
- » Advancement in hierarchy and upgrade in skills;
- » Meetings and conversations to make them feel important and to know their problems, aspirations and intentions in time.

To eliminate the risk of headhunting, it is necessary to ensure optimal conditions related to the above components.

Solving the problem of turnover cannot be achieved through single actions or short-term initiatives, but by implementing a comprehensive mechanism (programme) to retain employees, especially key employees. The process of finding their replacements is time-consuming and costly, and it is uncertain whether it will be successful.

Career Development. Employee potential development

Eurohold Group is guided by the belief that attracting, valuing and engaging new employees sets the stage for a long-term mutually beneficial partnership. The Group therefore focuses on harnessing and developing the skills of talented young people who have demonstrated their energy and professionalism.

The recruitment procedure focuses on objectivity, personal merit and qualities of candidates, and is based on pre-developed criteria that are consistent with the Group's vision and values.

Eurohold Group strives to encourage its employees to engage in activities that will enable them to reach their full potential and fulfil their professional ambitions. Emphasis is also placed on developing the qualities that enable employees to grow throughout the organisation.

In identifying talent, we give them a chance to develop and grow in the hierarchy.

Eurohold Group provides career development opportunities for its employees, both vertically and horizontally. The focus is on providing development and success opportunities to talented professionals from all fields who have demonstrated their energy and professionalism.

When searching for a person for a particular position, including for a higher expert or managerial position, first the possibilities of offering the position to employees who are internal to the organization are reviewed and then, if no choice is reached, external candidates are sought.

The Group is guided by the belief that attracting, valuing and engaging new employees sets the stage for a long-term mutually beneficial partnership.

Training

Employee training and qualification is our priority. Eurohold's management and subsidiaries believe that they must continuously invest in the development of employees and in this regard plan to conduct various training programs in the short term to help employees enrich and update their knowledge. Most often, due to the nature of the business, such training is carried out in the energy and insurance groups. The trainings are available to all employees regardless of their position and allow employees to be continuously prepared on all matters directly related to their work. Depending on the topic, the training courses are organised internally by the organisation or externally by various professional organisations.

Separately, in 2023, we launched for some managers and unit heads specialized training, including university-level seminars, webinars and online resources on ESG topics, and this process continues in 2024. We have planned internal training for engaged employees in 2024 on ESG topics focused on their specific roles and responsibilities in their daily work.

Internal communication

Management bodies of an economic structure realize that internal communication is an important condition for effective work in any company. Holding and companies strive to create good internal communication between departments, employees and management to promote the general and social objectives of a company. 3 main forms of communication are encouraged: vertical - up, vertical - down and horizontal. Vertical - up communication aims to disclose the views and concerns of employees to management, vertical - down communication aims for management to inform employees of the company's vision, goals and plans, horizontal communication takes place between employees by encouraging the exchange of information.

The organisation of the management system, ensures direct reporting lines to key functions, as well as the right of access to the information resource and all staff to those performing key control functions.

At the moment, communication is carried out through emails to the concerned employees, informal meetings, team meetings, and when it concerns all staff, group emails are used.

Eurohold has a filing system with levels of access to employees. In this way, the necessary information reaches every interested employee.

Remuneration, social benefits and other motivating factors

One of the Group's main objectives is to retain quality employees, which is why we strive to implement adequate and timely appraisals. The Group employs workable tools to identify employees' expectations regarding the factors that motivate them, namely:

- » In addition to good remuneration for employees, the approval they receive from their supervisors for the work they do is of great importance. Companies try to maintain a feeling among employees that they are important and belong to a community with a common goal.
- » At all levels, work is continuously being done to improve working conditions, which includes opportunities for social contacts, understanding on the part of the employer regarding personal commitments and problems.
- » Companies provide additional benefits to their employees, some of which are common to all companies and others which are specific to a company at the discretion of management.

The social benefits that employees receive are in the form of:

- » food vouchers;
- » supplementary health insurance;
- » discounts on products and services offered by Group companies;
- » annual preventive check-ups organised in specialised medical centres;
- » organising summer activities for employees' children during the summer holidays;
- » et al.

Social benefits are an important tool for employee motivation, with which the Company supports its employees and their families.

Healthy and safe environment

Healthy and safe working conditions are a priority for the entire Group. We invest in quality office equipment, continuous improvement of a dynamic office culture and a healthy and safe working environment. All companies have contracts with specialised external companies that carry out inspections and provide guidance in accordance with the Occupational Health and Safety Act (OHSA).

The Group strives to provide the best and safest working conditions. To achieve this, the companies comply with all legal provisions relating to the protection of employee health and safety by maintaining procedures and policies to this end. Management encourages employees to be proactive about safety and maintaining a healthy working environment.

Important statistics that Group companies maintain and monitor regarding employees.

- » No employees were dismissed in 2023 at Group level due to corruption or other malpractices.
- » Recorded occupational accidents. Occupational accidents were registered only in the electricity distribution company ERM West EAD
 - > For 2023, 11 occupational accidents with minor injury were registered (2022: 15 occupational accidents, of which 10 with minor injury and 1 with serious bodily injury).

Cooperation with trade union partners

Relations with the trade unions represented in some of the Group companies are based on open dialogue, timely information and consultation and mutual cooperation regarding: improving working conditions and ensuring transparency in all activities concerning the company's employees. The human resources policy guarantees equal rights to all employees for equal access to training, career development and fair remuneration based on individual performance.

Key data about our employees (metrics)

At the end of 2023, Eurohold Group team includes a total of 4,522 employees compared to 4,526 at 31.12.2022 (restated for continuing operations only).

Staff structure

Staff	Total number	women	% of women	men	% of men
<u>2023 r.</u>	4 526	1 821	40.23%	2 705	59.77%
<i>including managers</i>	104	52	50%	52	50%
<u>2022 r.</u>	4 526	1 821	40.23%	2 705	59.77%
<i>including managers</i>	104	52	50%	52	50%

Distribution of own (employed) staff by type of contract and by sex	Staff - Eurohold Group 2022											
	Women			Total number of women	Men			Total number of men	Total			Total number of employees
	< 30	30 - 50	> 50		< 30	30 - 50	> 50		< 30	30 - 50	> 50	
Distribution of own (employed) staff by type of contract:												
Number of permanent full-time employees, including:	147	1010	525	1682	198	1397	976	2571	345	2407	1501	4253
<i>Managers ONE level below the GC /CM</i>	0	40	20	60	2	28	28	58	2	68	48	118
Number of permanent part-time employees	5	61	41	107	6	31	26	63	11	92	67	170
Number of full-time temporary agents	15	24	1	40	10	3	1	14	25	27	2	54
Number of temporary part-time staff	5	3	1	9	35	1	0	36	40	4	1	45
Number of employees with non-guaranteed hours (irregular working hours)	-	-	-	-	-	-	-	-	-	-	-	-
Total own employees by type of contract and by gender:	172	1098	568	1838	249	1432	1003	2684	421	2530	1571	4522
Distribution of employees by education and gender												
Higher - Master, including:	31	564	260	855	25	379	254	658	56	943	514	1513
<i>Managers ONE level below the GC /CM</i>	-	33	21	54	1	25	28	54	1	58	49	108
Bachelor, incl:	62	284	104	450	37	246	94	377	99	530	198	827
<i>Managers ONE level below the GC /CM</i>	0	7	1	8	1	5	0	6	1	12	1	14
Medium	79	249	204	532	185	800	651	1636	264	1049	855	2168
Mainly	-	1	1	1	2	7	4	13	2	8	4	14
Total own employees by education and gender:	172	1098	568	1838	249	1432	1003	2684	421	2530	1571	4522

Distribution of own (employed) staff by type of contract and by sex	Staff - Eurohold Group 2022											
	Women			Total number of women	Men			Total number of men	Total			Total number of employees
	< 30	30 - 50	> 50		< 30	30 - 50	> 50		< 30	30 - 50	> 50	
Distribution of own (employed) staff by type of contract:												
Number of permanent full-time employees, including:	159	987	509	1655	221	1422	984	2607	381	2493	1451	4262
<i>Managers ONE level below the GC /CM</i>	0	38	14	52	1	27	24	52	1	72	33	104
Number of permanent part-time employees	5	69	37	111	6	35	20	61	10	90	53	172
Number of full-time temporary agents	15	29	1	45	11	3	1	15	22	30	2	60
Number of temporary part-time staff	3	5	1	9	20	1	0	21	23	4	1	30
Number of employees with non-guaranteed hours (irregular working hours)	0	0	1	1	0	1	0	1	0	0	0	2
Total own employees by type of contract and by gender:	182	1090	549	1821	238	1462	1005	2705	435	2617	1507	4526
Distribution of employees by education and gender												
Higher - Master, including:	36	548	260	844	19	404	228	651	58	987	475	1495
<i>Managers ONE level below the GC /CM</i>	0	36	14	50	1	25	22	48	1	59	39	98
Bachelor, incl:	77	267	88	432	50	245	97	392	142	517	175	824
<i>Managers ONE level below the GC /CM</i>	0	2	0	2	0	2	2	4	0	4	2	6
Medium	67	274	201	542	158	807	675	1630	213	1107	851	2172
Mainly	2	1	0	3	21	6	5	32	23	7	5	35
Total own employees by education and gender:	182	1090	549	1821	238	1462	1005	2705	435	2617	1507	4526

Employees by business lines

The tables below show the distribution of personnel in 2023 and 2022 by business group. The largest number of employees are employed in the energy segment (77%), followed by the insurance segment (22%). In the financial and investment activity and the parent company (Eurohold Bulgaria AD), the number of employees compared to the total employed in the group is insignificant, 0.6% and 0.4%, respectively.

Recruited staff	Employees by business groups 2023						Total number of employees	% women	% men
	women			men					
	< 30	30 - 50	> 50	< 30	30 - 50	> 50			
Energy	81	700	360	207	1222	899	3469	33%	67%
Insurance	90	384	203	25	197	102	1012	67%	33%
Financial and investment activity	-	8	2	5	9	1	25	40%	60%
Parent company	1	6	3	1	4	1	16	63%	37%
Employees by business group by gender	172	1098	568	249	1432	1003	4522	41%	59%

Recruited staff	Employees by business groups 2022						Total number of employees	% women	% men
	women			men					
	< 30	30 - 50	> 50	< 30	30 - 50	> 50			
Energy	74	637	347	189	1218	888	3353	32%	68%
Insurance	106	438	200	39	228	115	1126	66%	34%
Financial and investment activity	1	8	1	5	8	1	24	42%	58%
Parent company	1	7	1	5	8	1	23	39%	61%
Employees by business group by gender	182	1 090	549	238	1 462	1 005	4 526	40%	60%

Equality

Equality between women and men is an important element of our human resources management policy in the group. Equity is important for achieving social justice and cohesion, sustainable and inclusive economic growth. It affects all areas of life, therefore the integration of the principle of gender equality in all policies of companies in the Eurohold group is a necessary condition and guarantee for good management and progress.

We implement a consistent policy on equality between women and men, which is in line with international policies.

A strategic objective of the policy is to promote equality between women and men, prevent and eliminate discrimination based on gender. The equality policy is based on the principles of:

- equal opportunities for women and men in all spheres of activity of the companies in the group;
- equal access of women and men to all company resources;
- equal treatment of women and men and non-admission of discrimination and violence;
- balanced representation of women and men in decision-making bodies;
- overcoming the stereotypes imposed in the past.

In the energy companies, a program has been launched for the inclusion of women in the electricity sector, their attraction as employees, development and retention in the company.

In confirmation of the group's policy for equality between women and men, the tables presented above (regarding Employees by business groups for 2023 and 2022) show that more than 40% of employees in the Eurohold group are women. The representation of women in individual businesses is different, and this also depends on the specifics of work, for example, in the electricity distribution company, which has the largest number of employees (nearly 2,500 people for 2023), men predominate (81%), who in more most of them are engaged in technical and repair work on the power grid.

Cooperation with trade union partners and collective labour agreement

Collective labour agreement and social dialogue	Eurohold Group		EEES		EIG	
	2023	2022	2023	2022	2023	2022
Number of own employees covered by collective agreements	2023	2022	2023	2022	2023	2022
Percentage of total employees covered by collective agreements	1613	1713	1520	1618	93	95
Number of collective agreements in the enterprise	36%	38%	44%	48%	8%	8%
The existence of any agreement with employees for representation by a works council	1. NATIONAL ENERGY FEDERATION - KNSB 2. INDEPENDENT TRADE UNION FEDERATION OF ENERGY WORKERS IN BULGARIA 3. UNION OF ENERGY WORKERS IN BULGARIA 4. FEDERATION OF ENERGY TO KC SUPPORT		1. NATIONAL ENERGY FEDERATION - KNSB 2. INDEPENDENT TRADE UNION FEDERATION OF ENERGY WORKERS IN BULGARIA 3. UNION OF ENERGY WORKERS IN BULGARIA 4. FEDERATION OF ENERGY TO KC SUPPORT			

Number of employees covered at enterprise level by workers' representatives	1613	1713	1520	1618	93	95
Percentage of total staff covered by representation	36%	38%	44%	48%	8%	8%

The relations with the four trade unions, which are represented in Elektroprasadetelni nets West EAD, are based on open dialogue, timely information and consultation, and mutual cooperation in terms of:

- improvement of working conditions; and
- ensuring transparency in all activities concerning the company's employees.

In 2023, a new Collective Labor Agreement was signed for the period 2024-2025.

In addition, the insurance company in North Macedonia also has a collective labor agreement.

Employees with disabilities

Employees with disabilities	Employees with disabilities - Eurohold Group 2023						Total number of disabled employees
	women			men			
	< 30	30 - 50	> 50	< 30	30 - 50	> 50	
Number of employees with disabilities	1	19	51	-	51	92	214
the percentage of people with disabilities in your own workforce, broken down by gender	0.6%	2%	9%	-	4%	9%	4.7%

Employees with disabilities	Employees with disabilities - Eurohold Group 2022						Total number of disabled employees
	women			men			
	< 30	30 - 50	> 50	< 30	30 - 50	> 50	
Number of employees with disabilities	0	11	35	0	39	76	161
the percentage of people with disabilities in your own workforce, broken down by gender	0	1%	6%	0 %	3%	8%	4%

Work-life balance

All employees (own employees) in Eurohold Group are entitled to family leave under the Labour Code, the Social Security Code and the Regulation on the Payment of Cash Benefits and Allowances from the Social Security Fund.

Complaints mechanisms for employees in the company

The Employees in Eurohold's Group have the opportunity to report - in writing and verbally to the Company's management or to the hotline, in accordance with the Code of Ethics.

On 02.02.2023, the Law on the Protection of Whistleblowers or Whistleblowers (the Law) adopted by the National Assembly was promulgated in the Official Gazette.

It implements the requirements of Directive (EU) 2019/1937 on the protection of whistleblowers and aims to provide protection to public and private sector whistleblowers who report or publicly disclose information about breaches of Bulgarian law or European Union acts that have come to their attention in a work context.

"Eurohold Bulgaria AD, as an obliged entity under Article 12, paragraph 2 of the Whistleblower Protection Act, has taken the following actions in the whole Group as of the date of this annual consolidated report for 2023:

- » Established an internal whistleblowing channel that meets the requirements of the Act;
- » Adopted internal whistleblowing and follow-up rules to be reviewed and updated periodically;

- » Designated staff responsible for handling alerts;
- » Maintains a register of alerts;
- » Established a mechanism for the regular submission of the necessary statistical information to the national external reporting body in accordance with its established procedures.

Alerts can be submitted by:

- » Written alert - by filling in a form and sending it to a specially created e-mail address, which is used only for this purpose;
- » Verbal whistleblowing - through a face-to-face meeting with the officer(s) responsible for dealing with whistleblowing under the Act at a mutually agreeable time.

The complaints that can be filed may be related to violations of Bulgarian legislation or of European Union acts in certain areas.

Most subsidiaries of Eurohold Bulgaria are also obliged to comply with the Whistleblower Protection Act by implementing the same actions.

As of the date of this document, no Eurohold Group companies have incurred material fines, penalties or damages as a result of social and human rights violations.

All companies in the Eurohold group also have adopted whistleblowing policies and rules, the Ethics Hotline.

There is a whistleblowing channel on the websites of all subsidiaries, which allows all employees and stakeholders to report, anonymously or in person, any form of harassment or discrimination they have experienced.

In 2023, there were reports of irregularities received in relation to human resources matters at a power group company, ERM West EAD.

complaints / signals	2023	2022
Number of registered complaints/reports of irregularities submitted by the staff in matters related to human resources	5	3

ERM West EAD undertook all legal measures in connection with the examination and familiarization with each of the reported reports, promptly organizing a commission with the participation of trade union representatives for an objective clarification of the facts and circumstances, as well as providing information to the Management Authorities and feedback to the employee who submitted the report. All received complaints were considered within the time limits according to the Procedure for submitting and considering complaints.

Workers covered by the health and safety management system

All Eurohold Group's own employees are covered by the company's health and safety management system based on legal requirements and/or recognised standards or guidelines.

Employees are subject to health and safety management system training once a year.

The health and safety management system of certain group companies is subject to ISO standard certification for such audits/certifications as:

The companies of the energy holding are certified according to ISO 9001:2015. An internal process audit and a surveillance audit by an independent auditing organization, Bureau Veritas, are performed annually according to a pre-developed plan. Some of the companies are in the process of certification audit as per ISO 45001:2018 "Occupational Health and Safety Management Systems" by Sema-M Ltd.

Training and skills development

External trainings conducted	The topic is chosen by the team responsible for staff training according to the issues of the moment.
Number of staff present	More than 90% of the staff of a particular company attends external trainings with general topics. External trainings with more specific topics are attended by all employees directly interested in the training.
Internal trainings	
Internal trainings conducted	Internal training in each of the companies is conducted at different intervals, which depends on their activities and the need, for example, when introducing a new product, new procedures and rules, change in the organization, change in legislation and/or regulatory requirements, etc.
Number of staff present	Internal training sessions are attended by all interested employees.

Training and Skills Development 2023	Number of trainings by number of topics	Number of teaching hours	Total number of participants by gender			Number of participants by job category							
			Total number	total women	total men	Management employees				expert staff		non-management employees	
						senior management - board members		middle management - managers					
						women	men	women	men	women	men	women	men
Total external training:	254	3016	1589	1015	609	218	111	284	196	308	182	256	145
Total internal training:	305	3285	4598	2838	1760	149	77	255	351	722	465	1868	991
Total training of brokers and agents:	25	555	1918	1014	904	60	30	60	30	798	790	96	54
Employees who have participated in regular performance and career development reviews			8105	4867	3273								

Training and Skills Development 2022	Number of trainings by number of topics	Number of teaching hours	Total number of participants by gender			Number of participants by job category							
			Total number	total women	total men	Management employees				expert staff		non-management employees	
						senior management - board members		middle management - managers					
						women	men	women	men	women	men	women	men
Total external training:	190	9432	1132	575	557	21	36	63	69	129	165	358	296
Total internal training:	206	6012	3307	2032	1275	16	15	101	107	273	131	1642	1022
Total training of brokers and agents:	13	528	2579	1607	972	0	0	0	0	0	2	1607	970
Employees who have participated in regular performance and career development reviews			2635	534	2101								

At Eurohold Group, we believe in continuously investing in the development of our employees and, in this regard, we conduct various internal training programs to help employees upgrade and develop their knowledge and skills. The training is available to all employees and enables them to improve their professional and personal knowledge and skills that are directly related to their work. During the reporting period, an in-depth analysis of training needs

was carried out with management staff and the training topics updated. Depending on the topic, training courses are delivered with internal resources or through external speakers. Trainings are planned on an annual basis as well as when an exceptional need arises during the year.

Training Centre

"Electrodistribution Grid West EAD also has a modern Technical Training Centre, the purpose of which is to support the development of professional skills and specific know-how of operational staff through the development of training programmes and the opportunity for practical application of knowledge.

In 2023, a total of 104 internal trainings were held at the TUC of Electrodistribution Grid West EAD. They are aimed entirely at increasing the professional competence of our employees and are presented in the table below:

Internal trainings	2023	2022
Number of internal trainings conducted	104	127
Number of topics / modules	71	63
Number of company employees	1 522	1 556
Total number of study hours	1 483	1 682

During the year, the programs created for newly appointed and current employees, as well as those specific to the company and necessary to increase the qualifications of employees, were continued and developed.

On the basis of the license obtained from the National Agency for Vocational Education and Training (NAPEO), 120 employees and subcontractors of the company, distributed in 8 groups, were trained in the professional fields of "Electrical Engineering and Energy", "Mechanical Engineering, Metalworking and Metallurgy" and " Motor Vehicles, Ships and Aircraft". Every year, employees holding technical positions go through mandatory training programs on safe working conditions, which end with exams to acquire a qualification group. During the reporting year, 23 trainings with 299 employees were held at the TUC.

Every year the curricula are enriched with new ones, the old ones undergo improvement, upgrading and updating. In 2023, a workshop for training in the Zavarchik profession was opened in the training center. During this period, 36 employees from the "Operation and Maintenance Directorate" were trained.

The training programs are led by internal trainers who are managers, experts and specialists from the various structural units of the company.

According to the company's strategic priorities and human resources policy, in 2023, the 2nd and 3rd Modules of the "Managerial Academy" - for advanced line managers - were launched. This edition involved 30 employees from the Operations and Maintenance and Data Measurement and Management Directorates. The training was conducted face-to-face, and after this module the participants underwent additional training in an "E-learning" platform. In the same year, the implementation of 2 development programs was resumed - "Succession Planning" and "Program Your Success". The first is aimed at training potential substitutes for managerial positions (level M-1 and M-2), and the second at developing young specialists who have proven their motivation and commitment to the company. 55 employees from the company took part in them.

And in 2023, the use of the internal E-learning platform continued as a complementary training channel. Through it, trainings were realized on 5 topics and for a total of 23 of the interns in the Company.

As part of the concern for people development, the company encourages and supports employees to continue improving their qualifications, through its partnership with leading higher education institutions in the country. The company encourages and helps outstanding specialists to continue their development. For the year 2023, the Company has 43 contracts for increasing the qualifications between ERM West and employees, 18 of which were concluded in the same year.

Training on topics related to sustainability (ESG – Environmental Social Governance)

ESG and climate protection topics are an integral part of the agenda of the Group's management meetings. Board members and managers were personally involved in the project to prepare the Corporate Climate Action Plan in 2023 and this process continues in 2024. In this way, their awareness and knowledge regarding climate change has significantly improved in preparation of the Corporate Climate Management Action Plan.

In addition, the ESG topic was brought to the attention of the governing bodies during the annual meeting, which took place in November 2023. The presentation was made to 120 managers, senior and middle management representatives for the entire group.

Part of the Company's management participated in the training ESG Academy "Certification program for specialists in sustainable management" of SU "St. Kliment Ohridski" and "Association of Sustainability Specialists". Four experts from companies in the Eurohold group completed the entire ESG Academy, and another seven experts passed several thematic modules from it.

Human rights

All companies in the Eurohold group respect human rights and this is included in their ethical codes and policies. The group does not allow manifestations of any form of behavior infringing on human dignity and individual rights. Any form of discrimination based on gender, race, nationality, ethnic origin, age, political, personal or social affiliation, nationality, religion and belief, citizenship, origin, disability, marital status and any other characteristics will not be tolerated.

The group is guided by these rules, including towards workers and employees, applying the principle of equality and treating all job applicants in the same way.

Eurohold Bulgaria AD has taken steps to prepare a group human rights policy to guarantee respect for economic and cultural human rights.

COMMUNITIES

The Eurohold Group is firmly convinced that the growth and long-term sustainability of the business is strongly related to the overall well-being and development of the community in which it operates. The strategy for corporate social responsibility and sustainable development reflects our mission, vision and values.

All companies of the Group support various social causes. The most active in the field of corporate social responsibility are the companies from the energy and insurance group, supporting - employees, partners and the surrounding society. The companies continue their long-term projects and constantly launch new initiatives to improve the welfare of society and the future of the country. Companies actively participate in local and foreign initiatives related to increasing financial culture, more road safety, sports events and activities for a healthier lifestyle and others.

Some of the initiatives of the energy group:

The Electrohold Group works as a responsible investor and corporate citizen, maintaining and developing partnership relations and dialogue with local communities and supporting various socially significant projects, causes and initiatives. The green transition poses challenges to the electricity distribution network, which must be flexible enough to accommodate the connection of multiple RES installations.

» **Cooperation with local authorities**

Electrohold Group develops long-term partnership relations with local authorities and consumer organizations. Every year, the management of Electrohold Group holds a series of meetings with local authorities under the auspices of the district governors of the 10 districts in which the company operates. At these meetings, the plans for the development of the network in the respective regions, the challenges in this process and the ways to improve the dialogue and cooperation are discussed. The feedback received at these meetings is critical for the company to change and improve its business processes. In addition, meetings are held at the request of local authorities and opinion leaders to discuss current issues affecting local communities and the company's operations. In 2023, over 30 meetings were held with local authorities and opinion leaders.

» **Work with users and user organizations**

Within the Electrohold Consumer Council, regular contacts are maintained and joint meetings are held between representatives of the Electrohold Group and consumer and expert organizations to discuss topical topics for consumers, analyze processes and find specific solutions to consumer cases. In 2023, one meeting was held with user organizations and more than 10 online meetings were held.

» **Environmental care**

An important element of the community partnership is the "Colorful Streets" initiative for painting objects from the electricity distribution network in populated areas. This makes the urban environment more welcoming, aesthetic and contributes to its preservation. When issuing a permit for painting objects from the electricity distribution network in populated areas, it is mandatory to depict socially significant and significant topics related to history,

society, environmental protection, etc. In 2023, 10 elements are depicted (distribution street cabinets and substations). painted.

Through its programs to protect biodiversity (including projects under the LIFE program), not only works to protect endangered species, but also encourages community members to contribute to the preservation of nature and the environment.

In 2023, Elektrohold stopped the mass issuance of paper invoices and completely switched to the issuance and delivery of electronic electricity invoices. The use of electronic invoices allows each user to contribute to the protection of the environment by reducing the consumption of paper, saving natural and energy resources necessary for its production (wood, water, oxygen, electricity), as well as means and fuels, used to deliver it to a specific address. Besides the undeniable environmental benefits, electronic invoices are much more convenient, reliable and secure than their paper counterparts. They are completely free, protect the client's personal data and allow easy and practical cost management.

The effects of stopping paper invoices are permanent and cumulative, with approximately one year leading to:



If one tree provides oxygen for 10 people for 1 year, then the trees saved from felling, thanks to the electronic invoice from Elektrohold, will provide oxygen for 70,200 people for 1 year, and in five years all saved (accumulated) trees will provide oxygen for over 1 million people.

The company is investing in electric cars. Two electric cars were purchased.

Paper, batteries and other items are collected separately.

The Elektrohold Group perceives energy efficiency as one of the pillars of its ESG (Environmental, Social, Governance) directions. The group's initiatives aim not only to contribute to sustainable development and environmental protection, but also to encourage a whole new attitude towards electricity consumption. It implements a long-term campaign to promote the reasonable and responsible consumption of electricity. The campaign includes educational talks in primary schools in Western Bulgaria, as well as promotion of measures to reduce consumption in various segments of society, publication of brochures, publication of advice on the Elektrohold website and social media, participation in expert discussions, etc.

In 2023, Elektrohold started offering photovoltaic roof systems to households and businesses for their own needs. This new service contributes to the goals of the energy transition and ensures energy independence for electricity consumers. It is in line with the mission of Elektrohold Group companies to introduce innovations that increase energy efficiency and are an integral part of the strategy to reduce the carbon footprint of the company's customers.

» **Power Purchase Agreement (PPA)**

In June 2023, a photovoltaic plant "Verila" with a capacity of 123 MW was put into operation on the licensed territory of Electric Distribution Networks West AD. Through it, Elektrohold Trade (part of the Elektrohold group) will supply consumers with green energy for a certain period of time. In addition, PPA customers receive guarantees of origin

with a unique number certifying that the energy was produced by a specific green facility. Electrohold's strategy is to offer ecological and sustainable solutions to its industrial and business customers over time.

A new substation was built to connect the "Verila" photovoltaic park to the power transmission network, which was donated to the Electricity System Operator (ESO) AD.

In recent years, the load on the electricity transmission network in the municipalities of Dupnitsa and Sapareva Banya has increased significantly, which has led to higher incidents. After the connection of the new substation, a higher stability of the network has been ensured in Krainitsi, Cherven Bryag, Yahinovo and Sapareva Banya. The road to the substation has been repaired, with investments and other infrastructural improvements in the area totaling BGN 200,000 planned.

In addition to environmental benefits, renewable energy businesses have a beneficial social effect on local communities. In 2023, Electrohold supported the construction of the local church (St. Petka) and made a donation in the form of two substations worth BGN 23 million, for the benefit of local municipalities.

» **Partnerships with professional organizations and educational institutions**

Education is an integral part of our partnership with society to bridge the gap between vocational education and business in the energy sector. Electrohold Group develops long-term and successful cooperation with technical high schools and universities, which serve as incubators for future specialists. The purpose of this cooperation is to contribute to the establishment, development and retention of personnel in a key sector for the economy, such as energy. This goal is achieved through the following programs: internship program, dual training program, scholarship program, Opportunity Week, Energy for the Future Academy, production of a newsletter and a dedicated website in support of professional education (as described above).

Electrohold Group partners with over 30 technical high schools in Western Bulgaria, as well as with the following higher education institutions: Technical University - Sofia, Higher Transport School "Todor Kableshkov", University of Mining and Geology, College of Energy and Electronics, Military Academy, Faculty of Economics of SU, UNSS.

In 2023, a total of 11 theoretical and practical trainings were held at the Technical Training Center of EDG West, in which 143 students from electrical engineering majors participated.

Thanks to this cooperation, educational programs are updated to meet the needs of real business in energy, Electrohold scholarship holders have the opportunity to apply with the rating from the "Energy for the Future" competition for admission to higher education institutions. In addition, Electrohold Group annually sends letters of support to vocational high schools' admission plans.

The group implements a long-term policy in support of Bulgarian professional education and the development of young specialists in the field of energy. For recruitment, training and development of future personnel, the Group implements the following long-term programs: internship, scholarship, dual training, "Energy for the Future" Academy, Week of Opportunities, maintains the first specialized "Energy for the Future" website and regularly publishes the first corporate newsletter in Bulgaria, aimed at professional education. The information in it is aimed at popularizing the professions in the Company and assisting with enrollment in vocational high schools and higher technical schools.

In 2023, EDG West provided practice for 31 students from electrical engineering majors, appointed 40 students in a dual form of education (from Professional Technical High School "Ichko Boychev" in Blagoevgrad, Professional High School "Prof. Dr. Asen Zlatarov" in Vidin, Vocational High School of Mechatronics in Pleven and Vocational High School of Mechatronics "Nikola Y. Vaptsarov" in Sofia), awarded 6 scholarships for the second semester to students of the XII grade, provided another year-long scholarship to a student who is a semi-orphan, organized a Week of the opportunities for 70 students and teachers from profiled high schools in Western Bulgaria. In 2023, 4 newsletters were issued and two videos were made to attract new employees.

» **Partnerships with expert and industrial organizations**

"Electrodistribution Grid West" EAD is a member of the Chamber of Builders in Bulgaria, ORSES (EU DSO Entity), Bulgarian Energy Chamber, Bulgarian Institute for Standardization (BIS), "Bulgarian Accreditation Service" National Association for Health and Safety at Work.

At the group level, Electrohold is a member of the Association of Industrial Capital, the Bulgarian Forum of Business Leaders, the Industrial Cluster "Electromobility", the Institute of Energy Management, the Institute of Internal Auditors in Bulgaria, the Confederation of Employers and Industrialists in Bulgaria, the National Energy Chamber, the Council of women in business in Bulgaria, Bulgarian Association for Human Resource Management, Bulgarian Society for Public Relations. Membership in these organizations contributes to establishing the image of "Electrodistribution Grid West" EAD and Electrohold as respected professionals who adhere to high professional and ethical standards.

» Donations

Electrohold Group and its employees support important causes and organizations. In 2023, donations totaling BGN 30,400 were made to the foundations "For Our Children", "Maria's World" and the organization "Hope and Homes for Children - Bulgaria branch". These donations supported children in need, young people, families and communities. In 2023, an electrical engineering laboratory was equipped at Asen Zlatarov Vocational High School in Vidin. Lighting for the courtyard of the "Ivan Vazov" Unified School in Aldomirovtsi was donated.

» Volunteering

Electrohold Group employees actively participate in volunteer initiatives to help people in need, causes and organizations.

» Awards

For its contribution to society and the environment, EDG West was awarded first place in the B2B Media contest "The Greenest Companies in Bulgaria" for 2023.

In 2023, EDG West received the Silver Award for "Responsible Company - Responsible Employees" presented by the BeCause Foundation.

Part of the insurance group's initiatives:

The insurance group is also very active in social initiatives towards society, and this activity is primarily directed by IC Euroins AD.

"IC Euroins AD, in its capacity as a socially responsible Company, annually supports the holding of numerous social, sports, cultural and business events, as well as supports a number of charitable initiatives.

The company maintains long-term fruitful cooperation and supports sports clubs:

- The association "Vitosha Alpine Club", organizer of the competition "Tour of Vitosha - 100 km";
- "Science for Nature" Foundation, organizer of a charity ultramarathon under the title "Race in the Eastern Rhodopes", which is organized and held within the framework of a project to protect and maintain the populations of nine species of endangered bats in the Eastern Rhodopes region;
- Volleyball club "Marek Union Ivkoni", town of Dupnitsa;
- Athletics Sports Club "Levski" 2016;
- The young hope in karting Boris Denkov for participation in the "Eco 8 Hours of Bulgaria" competition;
- Youth Sports Club "Sofia - Europe", organizer of "Sofia Ekiden Marathon";
- "Bulgarian Rhythmic Gymnastics Federation";
- "Bulgarian Basketball Federation";
- "Bulgarian Athletics Federation";
- The "Crazy Race" charity car race under the title "Stop the aggression on the roads"
- "National Karting Association" - organizer of the international karting competitions "Eco 8 hours of Bulgaria", "Eco 12 hours of Bulgaria" and "Eco 24 hours of Bulgaria"
- "Automotive Federation of Bulgaria" - organizer of the "Rally Bulgaria" and "Rally Pista Sofia" competitions;
- SKHG "Vihren" - organizer of the international rhythmic gymnastics competition for children in the town of Sandanski;
- "Mamut" sports club - organizer of the cycling tour "Murgash Cup";
- "Bulgarian Federation of Sports Dance Clubs";
- The "Friendship Marathon" charity race in Pleven and the "FUN RUN KIDS" charity marathon for children and parents, in which children with disabilities who show a strong spirit and desire to participate in the sports event take part, and their inclusion is "FUN RUN KIDS" mission. The event is organized by one of the largest and most active non-governmental organizations (NGOs), associations and social enterprises in the country: JAMBA (Social Future Foundation), Maria's World Foundation,
- "Ice-Open" EOOD, National Alliance for Social Responsibility in partnership with "Autism Today" Association, BALIZ - Bulgarian Association for Persons with Intellectual Disabilities and with the support of the Pleven Municipality.
- IC Euroins JSC continues to cooperate over the years and support a number of foundations and organizations such as:
 - "Music Play School" - organizer of "Art Vacation on Vitosha" - summer art camp for children;
 - The traditional folklore festivals "Orphic Mysteries" in the village of Trigrad and "Rila vi glada" - the town of Dupnitsa;
 - "The Greek Business Council in Bulgaria";

- "Practicum" Foundation for the "Village Doctors" project and others.

"IC Euroins" AD annually donates funds to the national fund "St. Nicholas" to help children with physical disabilities, deprived of parental care, housed in social homes throughout the country. In 2023, the Society donated funds for the traditional summer camp for disadvantaged and physically disabled children housed in the social home in the village of Ravda.

The company maintains a long-term, fruitful cooperation with the Benefactor Foundation and has been working successfully, for two years now, on the scholarship program "Achieving Higher Success", which aims to stimulate the efforts and pursuit of knowledge of students deprived of parental care, with high GPA from 8th to 12th grade and 1st year students.

"IC Euroins" JSC cooperates fruitfully with the "World of Mary" foundation. The foundation aims to support the labor and social integration of people with mild and moderate intellectual disabilities by providing individual and group activities in the day center "Worlds" and the teaching kitchen "Nadezhda".

In 2023, the Company donated funds to the following foundations:

- "Hope and Homes for Children" - implementation of an active policy on prevention of abandonment and non-admission of placement of children in specialized institutions in Bulgaria, as well as support to biological families, in the reintegration of children from institutions, through the "Active Family Care" program.
- "BCause" Foundation - donation of funds for the affected population of Turkey and Syria from the devastating earthquake in both countries.
- "Maiko Mila" Foundation - donation of funds for the purchase of a monitor for patients with an IBP module and a wireless module for the needs of the intensive care unit at SBAL for Children's Diseases "Prof. Ivan Mitev".
- In 2023, the Company supported a number of charitable initiatives and public events, such as:
- 23rd edition of the "PR Prize 2023" competition: "Provocateurs of PR Changes!", which traditionally distinguishes the achievements of PR specialists in Bulgaria;
- Science youth festival "Hello, Cosmos! Speak Bulgaria!" organized by the Atlantic Club and the American Embassy in Bulgaria, under the auspices of NASA;
- The "Opera of the Peaks" festival - Belogradchiski rocks;
- "A Proper night with Conor McGregor" - a sports event held in "Arena Armeets" and with the participation of the world-famous athlete Conor McGregor;
- Celebration of the 75th anniversary of the founding of the "Iskar" cultural center, Druzhba district in the city of Sofia;
- The charity competition in athletics in the city of Sliven in memory of Mihail Zhelev;
- The folklore festival "Orphic Mysteries";
- The cycling competition "Etape Bulgaria by Tour de France";
- "Sofia Moto Fest" charity race and car show.

Awards:

- On May 23, 2023, at a solemn ceremony in the "Intercontinental" hotel in the city of Sofia, the winners of the national competition "Young Philanthropist" 2023 were announced. During the ceremony, "IC Euroins" JSC received a certificate of appreciation for the support of the scholarship program "I achieve higher success" and "Euroins Insurance Group" AD received a certificate of appreciation for the support of the "Young Philanthropist" competition.
- "IC Euroins" AD received high recognition for its social responsibility and sustainability towards society during the 9th edition of the "b2b Media Awards 2023" competition.
- The company was awarded two first places in the competition, in the categories "Charitable Initiative of the Year" and "Social Project of the Year", and third place in the category "Charitable Initiative of the Year".
- The company won first place in the "Social Project of the Year" category for supporting the "Friendship Marathon" charity competition in the city of Pleven, in which over 600 people from 16 nationalities took part, distributed by age groups in an extremely wide age range - children from 3-year-old to 86-year-old marathon runner. The charity marathon is held for the ninth year in a row and is organized by leading foundations and social enterprises in Bulgaria, whose main mission is to support people in a disadvantaged position and various needs, such as Ice-Open, Maria's World Foundation, Social Foundation Future - Jamba", "BCause" Foundation, "Autism Today" and many others. "IC Euroins" JSC supports the competition for the third year in a row.

- First place in the "Charity initiative of the year" category was awarded to the Company for donating funds to support the victims of the earthquakes in Turkey and Syria. The donation was made with the assistance of the "Bcause" foundation, through its partners on the ground in both countries, who delivered food, water and clothing to the affected population, as well as worked on the ground to rescue people from the ruins and provide the necessary support to the families of the dead. In the same category, the company also won third place for providing funds for a summer rehabilitation camp for children deprived of parental care, residing in the Center for Children's Care and Residential Care for Children in the city of Blagoevgrad. The summer camp takes place with the support of the "National Saint Nicholas Fund" foundation, with which the Society has been partnering in various initiatives for more than eight years.
- "IC Euroins" AD - Greece branch is committed to supporting social programs and initiatives that contribute to a better urban environment and development of society.

The active social responsibility programs in Greece in 2023:

- Chamogelo tou Paidiou" (The smile of the child):
- Annual donation to improve the technological infrastructure and equipment of the Operational Center for Immediate Social and Medical Assistance in Agia Paraskevi, Athens, Greece.
- Donation of car insurance policies to the Organization. The Organization has a fleet of about 150 vehicles, which include mobile medical intensive care vehicles for newborns and children, emergency vehicles for on-site interventions, vans and buses for transporting the children who grow up in the Organization's 11 houses, refrigerated trucks for safe transportation of goods, mobile medical center "Pediatric care" and others.
- Donation to a special fundraising event to support child victims of violence.
- "MERIMNA" - therapeutic center for children with mental disorders in the city of Patras. Sponsorship in the form of insurance policies of buses for the transfer of children with mental disorders. The center mainly educates and accommodates children with mental retardation.
- Sponsorship of a marathon "Kallithea Run" with a charitable cause for children.
- Sponsorship of the half-marathon "KALLITHEA HALF MARATHON & NIGHT RUN", in which more than 3,000 competitors took part.
- Donation to the organization "GREEK Schools & Organizations" - two 55" Toshiba TVs were donated to the high school in Sofiko in Corinthia, which are for the needs of their lessons, and one video projector to the school in Elindion.
- Donations to the Greek Police in Nafplio in the form of equipment and clothing. The goal of "IC Euroins" AD - Greece branch is to stand by the local communities in which it operates, using all possible means to support public services and structures.
- Sponsorship of the football team "Doxa Melissiou" in Pella.
- Sponsorship of the basketball team "Panakaiki" in Achaia.
- Sponsorship of the women's basketball team of "Afitos Pirgou" in Ilia.
- Sponsorship of the football team "Sevastiana 2018" in Skidra Palace.
- Donation of financial resources for the victims of the devastating earthquake in Turkey and Syria.
- Donation of funds for the victims of the devastating flood in the region of Thessaly, Greece.
- Sponsorship of "ACROPOLIS RALLY 2023", the competitor Mr. Efthimios Halkias and his team.
- "IC Euroins" AD - Greece branch is the official sponsor of the Olympic track cycling champion Christos Volikakis.
- Annual sponsorship of the Greek running champion (100m) Ioannis Niphantopoulos.
- Participation in the 87th international fair in Thessaloniki under the auspices of Bulgaria.

CUSTOMERS

The Company's clients are both private individuals and corporate entities. Users rely on our experience, knowledge, capabilities and flexibility to offer them solutions that meet the demands of modern society.

Energy Group:

The activity of "Electrodistribution Grid West" EAD is licensed and regulated by the regulations. For this reason, it is important to implement several key indicators of product compliance, which are also key indicators of process efficiency. These indicators are laid down in the Methodology for reporting the implementation of the target indicators and control of the indicators for the quality of service of the network operators, public suppliers and final suppliers, adopted by protocol decision No. 87 of 17.06.2010 of the State Environmental Protection Agency. They are in accordance with the regulatory requirements.

A unique consumer institution for Bulgaria was created - the Energy Ombudsman, which examines cases and reports on which the companies of the group have decided, but the client is not satisfied with the answer. The opinion of the Energy Ombudsman is final for the structures of Electrohold. In 2023, the Energy Ombudsman received and examined 177 signals/cases for Electricity Distribution Networks West EAD, of which only 21 were justified.

Measuring service quality

"Electrodistribution Grid West" EAD provides quality service to its customers and strives to fulfil the service targets set in the Quality Methodology. For the past year 2023, all indicators for measuring quality are within the framework of the normatively determined by the regulator.

Nº	Name of the metric	Name of the metric	2023
1	Time to receive a reasoned response to a complaint, request, complaint in writing, inquiry from a user	Average number of days for verification to prepare a reasoned written response	11.24
2	Time to check STIs at the request of a user	Average time to complete the check	3.42
3	Time to replace STI	Average time to replace STI	2.70
4	Time to correct STI reporting error	Average time to complete the check	2.29
5	Time to check for a deviation in the quality of the supplied electrical energy at the request of a user	Average time to complete the check	8.18
6	Time required to prepare a preliminary contract and a written opinion on the conditions for joining a user	Average time required to prepare a preliminary contract and a written opinion on the conditions for joining a user	9.29

In the past year 2023, the total number of complaints received was 6,954. (2022 - 5,808 units), of which 850 units (2022 - 533 units) are reasonably satisfied.

Energy quality indicators

The main directions for the improvement of the indicators for the continuity of the supply of electrical energy are aimed at:

- > reducing the number of interruptions;
- > reduce the number of users affected by interruptions;
- > reducing the time to restore the supply of electricity.

According to the Methodology, the indicators for continuity of electricity supply are:

- > System Average Interruption Duration Index - SAIDI - reports the average duration of interruptions per customer over a period of one year (in minutes per year).
- > Index of the average number of interruptions for the system - System Annual Interruption Frequency Index - SAIFI - reports the average number of interruptions per customer over a period of one year.

When determining the index of the average number of outages with a longer duration than short-term outages, KEVR takes values of the indicators for:

- > planned outages for a year, for which customers are informed in advance by Electrodistribution Grid West EAD;
- > unplanned outages for which customers are not notified in advance.

METRIC	SAIDI - 2023	SAIDI - 2022
	Minutes	
Unplanned interruptions	167.8	136.1
Planned outages	179.1	165.5

METRIC	SAIFI - 2023	SAIFI - 2022
	Number of outages per customer	
Unplanned interruptions	2.80	2.30
Planned outages	1.39	1.26

In 2023, the SAIFI and SAIDI energy quality indicators are within the KEVR approved values. In 2023, severe weather conditions in the months of November and December put the electricity distribution network in Western Bulgaria to serious tests - the heavy snow brought down many trees, broke poles, and snapped wires. Icing and impassable roads made it difficult for the operational teams of "Electrodistribution Grid West" EAD, but thanks to the created organization, power supply was gradually restored to all affected consumers on the territory of Western Bulgaria.

ISO standards certification

↳ Energy group

"Electrodistribution Grid West" EAD recertified. This, in turn, provides an additional guarantee for the availability, quality and compliance with established internal procedures and work rules.

Electrohold Trade EAD

- > The company is certified according to the following standards:
- > Recertification audit according to Standard ISO 9001:2015 - Quality management;
- > Recertification audit according to Standard ISO 14001:2015 Environmental Management;
- > Recertification audit according to Standard ISO 45001:2018 - Health and safety management at work;
- > Certification audit according to Standard ISO 50001:2018 – Energy Management;
- > Internal audit according to Group policy.

Electrohold Sales EAD

- > Certificate according to ISO 9001:2008, as in 2018 and 2021 the Company successfully re-certified the Quality Management System according to the new version of the ISO 9001:2015 standard

Electrohold ICT EAD

- > The company has implemented a quality management system and information security, which is certified according to ISO 9001:2015 with the validity of the certificate until 21.08.2025 and according to ISO 27001:2013 with the validity of the certificate until 18.09.2024.

Elektrohold IPS EOOD

- > The company has implemented a quality management system and information security, which is certified according to ISO 9001:2015 with the validity of the certificate until 20.09.2026.

Electrohold Bulgaria EOOD

- > In 2012, "Electrohold Bulgaria" EOOD successfully certified the implemented Quality Management System, according to the ISO 9001:2008 standard for the processes that are managed in the "Delivery and Logistics" department and the "Customer Service" department, which are key to the quality performance of the licensing activities of the companies of the Electrohold Group. In 2018, the Company successfully re-

certified the Quality Management System, according to the new version of the ISO 9001:2015 standard for the processes that are managed in the "Tender Procedures" Directorate (from 2022 in Elektrohold IPS) and the "Customer Service" Directorate".

These certificates guarantee that all structures and employees of the certified companies of the Electrohold group apply uniform and strict quality management mechanisms, to control and measure the effectiveness of all processes, adequately maintain and secure the infrastructure and work to increase the satisfaction of customers and partners of the company.

Insurance group

Quality customer service in the event of an insurance event is an essential focus in the development of the insurance group. Through good service, process management and joint work with the underwriting teams, the aim is to achieve a reduction in the damage quota while complying with the commitments made under insurance contracts and regulations.

Customer service remains a priority, as well as creating and maintaining stable and loyal partnerships with intermediaries and customers.

IC Euroins AD has implemented a standard for working with customers in the Company's international relations, including a monitoring and control mechanism for compliance/subsequent creation of a procedure for application or integration to existing procedures.

2.7. MANAGEMENT

MANAGEMENT AND CONTROL BODIES OF EUROHOLD BULGARIA

SUPERVISORY BOARD	MANAGEMENT BOARD	PROCURATOR
<p>Assen Hristov <i>Chairman of the Supervisory Board</i></p>	<p>Kiril Boshov <i>Chairman of the Management Board and representing the company</i></p>	<p>Milena Gencheva <i>Prosecutor</i></p>
<p>Dimitar Dimitrov <i>Deputy President of the National Assembly</i></p>	<p>Assen Minchev <i>Executive Board Member</i></p>	
<p>Radi Georgiev <i>Member of the SC</i></p>	<p>Veleslav Hristov <i>Member of the Management Board</i></p>	
<p>Kustaa Aima <i>Independent Member of the National Assembly</i></p>	<p>Razvan Lefter <i>Member of the Management Board</i></p>	
<p>Ivaylo Angarsky <i>Independent Member of the National Assembly</i></p>		
<p>Louise Roman <i>Member of the SC</i></p>		

Eurohold Bulgaria AD shall be represented jointly by the two Executive Directors or by one Executive Director and a Procurator.

Information on the qualifications, experience and competence of the members of the Supervisory and Management Boards of Eurohold Bulgaria is available in section 1.4 Corporate Governance.

Information on the holdings of the management and supervisory bodies and the procurator in other companies is provided in section 1.10.1. Information under commercial law

2/ MANAGEMENT SYSTEM

The management system is specific to each sub-holding in Eurohold Group and is built in accordance with the nature, scale and complexity of the risks associated with the business, applying the principles of legality, appropriateness and efficiency.

The management system is adequate, it is built in accordance with the regulatory requirements for each business line, and the following summary can be made valid for all Eurohold Group companies:

- ✓ There is an adequate and transparent organisational structure in line with the regulatory requirements for the specific business;
- ✓ Responsibilities are clearly and appropriately allocated;
- ✓ An effective system is in place to provide information;
- ✓ The management system meets the requirements of the specific regulations applicable to the company concerned, including taking into account the guidelines for management systems of the European Insurance and Occupational Pensions Authority (EIOPA) (valid for the insurance companies of Euroins Insurance Group);
- ✓ The management system shall be periodically reviewed;
- ✓ Eurohold Bulgaria as a public company has adopted, complies with and is guided by internationally accepted and applied corporate governance principles. The Holding has imposed these principles throughout its economic structure. The managements of the subsidiaries and operating companies understand and share the principles of good corporate governance, and have a policy of achieving an optimal balance between the Company's practices and its internal regulations.

The management system of each company in Eurohold's economic structure is the primary responsibility of its governing bodies. The necessary internal organisational structure is in place to ensure that all processes, as well as the services and products provided by the companies, are in compliance with current regulations.

The Management Board of Eurohold is the competent body to monitor the adequacy of the management system and to take necessary measures in case of identified weaknesses or inefficiencies of elements of the system.

Eurohold Group encourages direct and immediate communication between management and employees, including the timely reporting of events and risks that may materially affect the operations of the respective company. Communication takes place through various channels, reaching management at subholding level and corporate management of the parent company.

The Group's management system generally comprises:

- » Reliability and professional management and control over the activities of the group companies through the members of the Board of Directors, their qualifications, professional experience and reliability
- » Organisation and performance of the duties of the key functions - in the insurance and energy group
- » A system of internal acts - policies, rules and procedures approved by the competent authority, subject to periodic review and evaluation and tailored to the activities and internal organisation of the processes of the subsidiaries regarding the requirements for the operation of each business group

Key functions, where statutorily mandated, together with audit committees, are essential in building second and third lines of defence, and in protecting interests, building effective mechanisms and channels for adequate, timely and accurate provision of quantitative and qualitative information to different stakeholder groups.

Eurohold Group recognises the importance of disclosures to stakeholders as essential, not only to protect the interests of investors, clients, intermediaries, supervisors and other stakeholders, but also to enhance market discipline.

Subsidiaries that do not have a regulatory obligation to prepare interim reports at the individual/consolidated level covering the nature of the information required under the legislation applicable to Eurohold Bulgaria AD prepare and report the same internally for group purposes.

In each business unit, part of the group has created a risk management system, it is the basis of all activities carried out by the companies.

The risk management model is tailored to the specifics, regulations and requirements of the given economic activity in which the subsidiaries operate. The risk strategy is a model that focuses on identifying, managing and monitoring the material risks to which subsidiaries and the group as a whole are exposed.

The group maintains processes for risk management and internal control related to financial reporting, appropriate application of accounting policies and compliance with relevant legal provisions, transparency and presentation of timely financial reporting of the group.

The management systems of the subsidiaries depends on the specifics of the business activity and the regulatory requirements and regulations applicable to this activity. Also, the management system is tailored to the nature, scale and complexity of the risks associated with the activity of each company when applying the principles of legality, expediency and efficiency.

In general, the management system in the Eurohold group is adequate and meets the following criteria:

- There is an adequate and transparent organizational structure, consistent with the regulatory requirements for the specific business;
- Responsibilities are clearly and appropriately distributed;
- An effective system for providing information has been built;
- The management system meets the requirements of the specific regulations relevant to the company's business;
- The management system is periodically reviewed;
- All companies in the group have accepted, respect and are guided by the accepted and applied principles of corporate governance, which Eurohold Bulgaria, in its capacity as a company whose shares are traded on a regulated market, requires from all companies of its economic structure.

The Management Board (MB) is the competent authority that monitors the adequacy of the management system and takes the necessary measures in case of identified weaknesses or ineffectiveness of elements of the system.

The activities of the energy, insurance companies and the investment intermediary, as well as the parent company, are subject to special regulation by the relevant regulatory authorities. This further contributes to compliance and development of good and transparent corporate governance and building an adequate and effective management system in the Eurohold group.

3/ GOOD GOVERNANCE

Good corporate governance means ensuring that the Eurohold Group is managed sustainably, responsibly and as efficiently as possible. Maintaining the confidence and trust of our stakeholders is vital to the continued success of our subsidiaries and the group as a whole.

The periodic review of the management system shall monitor and track its adequacy by applying the following model:

Management system evaluation model	
Main criteria	Additional criteria
Compliance of the management system with regulatory requirements - completeness of internal documents submitted	The management system meets the requirements of the management system guidelines of the relevant regulator
Availability of an adequate and transparent organisational structure	The system is subject to periodic review
Clear allocation and appropriate division of responsibilities	Eurohold Bulgaria's management understands and shares the principles of good corporate governance, pursuing a policy of achieving optimal ratios between the effectiveness of practices in the individual business groups and their internal regulations.
An effective information delivery system	Eurohold Group employees know, understand and share the importance of the governance system

Eurohold Group encourages direct and immediate communication between management and employees, including the timely reporting of events and risks that may materially affect the operations of the respective company. Communication takes place through various channels, reaching the management of each subholding group and the management of the parent company.

Code of Good Corporate Governance

Eurohold Group, through its parent company Eurohold Bulgaria AD, complies, as appropriate, with the National Corporate Governance Code (NCGC) adopted by the National Corporate Governance Commission (last amended in July 2021) and approved as the Corporate Governance Code pursuant to Article 100n(8)(1) in conjunction with Par. 7, item 1 of the Public Offering of Securities Act (POSA) by the Financial Supervision Commission by Resolution No. 850-KKU dated 25.11.2021 and carries out its activities in full compliance with the principles and provisions of the Code.

Eurohold Bulgaria AD adheres to the recommendations set out in the National Corporate Governance Code and is guided by the best practices in corporate governance.

Eurohold Bulgaria AD does not implement any significant additional practices beyond those set out in the National Corporate Governance Code.

All companies in Eurohold's economic group also comply with the principles set out in the National Corporate Governance Code, although some of them are not explicitly required to do so by regulation.

In addition, the insurance and energy groups, as highly regulated sectors, comply with the principles set out in the National Corporate Governance Code, also taking into account the size, status, complexity of the business and volumes at company level, as well as - for insurance companies - the requirements of specific local legislation and the guidelines of the European Supervisory Authority.

The management system in place in the individual insurers and the Group as a whole covers a substantial part of the principles, but is applied in accordance with the relevant regulations for the company. As public interest entities, Bulgarian insurers disclose a corporate governance statement with the annual financial statements, subject to the "comply or explain" principle.

The management of Eurohold Bulgaria S.A. guarantees equal treatment of all shareholders, including minority and foreign shareholders. The management undertakes to protect their rights and to facilitate their exercise within the limits permitted by the applicable law and in accordance with the provisions of the Company's constitutive acts. Management shall ensure that all shareholders are informed of their rights in a timely manner.

The strategic objectives of corporate governance are:

- » equal treatment of all shareholders, guaranteeing and protecting their rights;
- » improving the level of shareholder information and transparency;
- » achieving transparency and publicity of the Company's information processes;
- » ensuring a mechanism for good governance of the Company by the governing bodies and
- » the possibility of effective management oversight by shareholders and regulators.

As a result of the application of the principles of corporate governance is the balanced interaction between shareholders, management and stakeholders.

The Corporate Governance Statement of Eurohold Bulgaria AD is governed by the "comply or explain" principle.

More information on compliance with the Corporate Governance Principles is available in the Corporate Governance Statement section of this document.

4/ AUDIT COMMITTEES

Eurohold Bulgaria AD; as well as Euroins Insurance Group AD and the companies from the insurance subholding and the companies from the energy subholding have established audit committees.

A characteristic of all audit committees is:

- » An independent body of the Company consisting of at least 3 members
- » In determining the members, the principle of ensuring a minimum of one independent member shall be respected

- » The members of the Committee shall be elected by the AGM, which shall also approve its status and rules

The main functions of the Audit Committees are:

- » Oversees financial reporting processes
- » Oversee effectiveness of internal control systems
- » Oversee effectiveness of risk management systems
- » Oversee the independent financial audit
- » Review the independence of the Company's registered auditor.

5/ DIVERSITY POLICY

Eurohold Bulgaria plc has not adopted an explicit policy on diversity of Supervisory and Management Board members, managers and employees.

However, Eurohold Bulgaria, as well as the companies of the Eurohold economic group, adhere to the principles of:

- » level playing field,
- » impartiality,
- » avoid any form of discrimination and
- » providing equal opportunities,

The internal regulations of the Eurohold companies do not discriminate on the basis of gender, age, nationality, race, ethnicity, religion, disadvantaged people or any other form of unlawful and unfair discrimination.

The main criteria and principles applied in the selection and evaluation of the members of the management and supervisory bodies of Eurohold Bulgaria S.A. regarding natural persons without any restrictions related to age, gender, nationality and education are:

- » to be competent;
- » have appropriate qualifications and education, management skills, professional experience, and competence;
- » have knowledge of the regulations and requirements of the specific sector segment in which the Company operates;
- » have a good reputation;
- » be independent and objective in expressing opinions and making decisions.

The management structure is defined in the company's articles of association. The members of the Supervisory Board are elected by the General Meeting of Shareholders and this is the right and prerogative of the shareholders. Accordingly, the Supervisory Board appoints the members of the Management Board. The remuneration of the members of the Supervisory Board and the Management Board is determined by the General Meeting of Shareholders and is paid only in accordance with the Company's adopted Remuneration Policy. The determination of the remuneration of the members of the Supervisory Board and the Management Board is consistent with the size, internal organisation, as well as the nature, scope and complexity of the activities carried out in the Company and the Eurohold Bulgaria AD Group. Members of the Management Board and Supervisory Board are eligible for re-election without limitation.

6/ IMPLEMENTATION OF THE DIVERSITY POLICY

Key data for Management and Supervisory Boards / Boards of Directors (metrics)

At the end of 2023, senior management represented through the respective boards of the Eurohold Group comprises a total of 100 board members (2022: 100 members).

Structure of the Boards in Eurohold Group

Board Members	Total number	women	% of women	men	% of men
2023 г.	100	19	19%	81	81%
2022 г.	100	19	19%	81	81%

Distribution of board members by business line

Board members	Employees by business groups 2023						Total number of members	% women	% men
	women			men					
	< 30	30 - 50	> 50	< 30	30 - 50	> 50			
Energy	-	4	1	7	13	18	43	12%	88%
Insurance	-	5	5	-	16	14	40	25%	75%
Financial and investment activity	-	3	-	-	3	1	7	43%	57%
Parent company	-	1	-	-	1	8	10	10%	90%
Board members by gender	-	13	6	7	33	41	100	19%	81%

Board members	Employees by business groups 2022						Total number of members	% women	% men
	women			men					
	< 30	30 - 50	> 50	< 30	30 - 50	> 50			
Energy	-	3	1	1	17	19	41	10%	90%
Insurance	-	4	7	-	11	20	42	26%	74%
Financial and investment activity	-	3	-	-	4	-	7	43%	57%
Parent company	-	-	1	-	1	8	10	10%	90%
Board members by gender	-	10	9	1	33	47	100	19%	81%

Diversity

At Eurohold, we understand that having a diverse board is crucial to ensure that the board can do its job well and has the necessary knowledge and experience to navigate the different social, business and cultural conditions of the markets, which works and the activities in which the group is involved.

In the Eurohold group, by the end of 2023, 19% of board members were women (2022: 19%).

A total of 26 board members (26% of all members) are foreigners, of which:

- » in the foreign insurance companies in which we operate, 18 board members, including the executive directors, are local persons who know the local culture, traditions, market, competition, regulatory and legal requirements, etc.
- » in the Bulgarian companies from the energy group, there are 8 board members who are foreign.

In terms of age distribution:

- » 7% of all members are under 30 years old.
- » 46% of all members are between 30 and 50 years old.
- » 47% of all members are over 50 years old.

All this confirms that the corporate management of Eurohold Bulgaria values diversity in the strategic management of the group.

Risk management and control systems

In each business unit, part of the group has created a risk management system, it is the basis of all activities carried out by the companies.

The risk management model is tailored to the specifics, regulations and requirements of the given economic activity in which the subsidiaries operate. The risk strategy is a model that focuses on identifying, managing and monitoring the material risks to which subsidiaries and the group as a whole are exposed.

The group maintains processes for risk management and internal control related to financial reporting, appropriate application of accounting policies and compliance with relevant legal provisions, transparency and presentation of timely financial reporting of the group.

In the next section, information about the corporate governance of Eurohold Bulgaria AD is available.

7/ SUPPLIERS

The companies in the structure of Eurohold carry out business operations with a large number and variety of suppliers, and this mainly applies to the companies in the field of energy, the other business structures are not dependent to a large extent on their suppliers.

The partner selection procedures that the Group applies are guided by its basic principles of honesty, transparency and, of course, objective evaluation criteria such as price, quality, regular deliveries, previous experience, etc.

In the companies, Rules for evaluation, conclusion, registration, storage and control of contracts have been adopted and followed. These rules define the terms and conditions for concluding, the manner of registration, storage, control over the implementation and evaluation of contracts for the supply of external services for their qualification as contracts for the transfer of activities, with a view to complying with and applying the "Policy for the transfer of activities of external contractors".

The procedures for the selection and evaluation of suppliers are carried out with full transparency and objective criteria - price, quality, regular deliveries, previous experience, etc., in compliance with local and European regulations regarding the transfer of activity.

In addition, the procedures for the selection of partners applied by the electricity distribution company are in accordance with the Public Procurement Act (PPA). Electricity distribution networks West EAD has adopted and complies with the Rules for the selection of suppliers under the PPA, registration, storage and control of contracts. All suppliers with whom the company works have declared a commitment to implement and comply with the environmental and social responsibility regulations laid down in the company's internal documents, including: labor issues, child/forced labor, health and safety, privacy and security.

In the process of selecting suppliers in the Eurohold group, priority is given to those who comply with the principles adopted by the Group regarding the environment and social responsibility.

3

CONSOLIDATED CORPORATE GOVERNANCE STATEMENT

CONSOLIDATED CORPORATE GOVERNANCE STATEMENT OF

EUROHOLD BULGARIA AD FOR 2023

(pursuant to the provisions of Article 100n, paragraph 8 of the Securities Act)

I. Information on Eurohold Bulgaria AD's compliance, as appropriate, with the Corporate Governance Code approved by the Commission or any other corporate governance code (Article 100n(8)(1)(a), (b) and (c) of the Securities Act)

Eurohold Group, through its parent company Eurohold Bulgaria AD, complies, as appropriate, with the National Corporate Governance Code (NCGC) adopted by the National Corporate Governance Commission (last amended in July 2021) and approved as the Corporate Governance Code pursuant to Article 100n(8)(1) in conjunction with Par. 7, item 1 of the Public Offering of Securities Act (POSA) by the Financial Supervision Commission by Resolution No. 850-KKU dated 25.11.2021 and carries out its activities in full compliance with the principles and provisions of the Code.

Eurohold Bulgaria AD adheres to the recommendations set out in the National Corporate Governance Code and is guided by the best practices in corporate governance.

Eurohold Bulgaria AD does not implement any significant additional practices beyond those set out in the National Corporate Governance Code.

II. Explanation by Eurohold Bulgaria S.A. which parts of the corporate governance code under item 1, letter "a" or letter "b" it does not comply with and what are the reasons for this, respectively when the issuer has decided not to refer to any of the rules of the corporate governance code - reasons for this (Article 100n, paragraph 8, item 2 of the Securities Act)

1 / CORPORATE MANUALS

In 2023, the activities of the Management Board and Supervisory Board of the parent company Eurohold Bulgaria AD were carried out in full compliance with the National Corporate Governance Code. The corporate management believes that there are no parts of the National Corporate Governance Code that the company does not comply with.

The Code is applied on a "comply or explain" basis. This means that the company complies with the Code, and in the event of deviation, management should clarify the reasons for this. (NCGC, Preamble).

The Group's corporate management respects the rights of shareholders and ensures the equal treatment of all shareholders, including minority and foreign shareholders. The management is committed to protecting their rights and facilitating their exercise to the extent permitted by the applicable law and in accordance with the provisions of the Company's articles of association. Management shall ensure that all shareholders are informed of their rights in a timely manner. Each member of the Supervisory Board and the Management Board shall be guided by the principles of transparency, independence and accountability in carrying out their activities and in accordance with the Company's objectives and strategies and in the interests of the shareholders. The rights of stakeholders are recognised and timely and accurate disclosure of information is ensured on all matters relating to the Company, its performance, investments in businesses, financial position and management.

Eurohold Bulgaria AD has a two-tier management system. The management bodies are the Management Board (MB) and the Supervisory Board (SB). The Company's Articles of Association define the management structure, the composition and the functions of the members of the Supervisory Board and the Management Board.

MANAGEMENT BOARD

The Management Board of Eurohold Bulgaria AD consists of four individuals.

⇒ Functions and duties

The functions and tasks of the members of the Management Board of Eurohold Bulgaria AD in the context of the National Corporate Governance Code are as follows:

- manage the company in accordance with the established vision, objectives and strategies of the company and the interests of the shareholders.
- monitors the performance of the company and, if necessary, initiates changes in the management of the business.
- treats all shareholders equally, acts in their best interests and with the care of a good trader.
- are guided by generally accepted principles of integrity, managerial and professional competence in the conduct of their business. The Board has adopted and adheres to a Code of Ethics.
- strives to achieve the Sustainable Development Goals by developing and implementing a stakeholder engagement policy approved by the Supervisory Board.
- has ensured and supervised the establishment and functioning of the risk management system, including internal control and internal audit, and has duly informed the Supervisory Board of its actions in a timely manner.
- promotes the implementation of and ensures compliance by subsidiaries with sustainability principles at group level.
- has established the Company's financial information system in accordance with the guidelines given by the Supervisory Board and ensures its reliable functioning.
- coordinate its actions with the Supervisory Board with respect to the Company's business plan, transactions of a material nature and all other operations and activities set forth in the Company's bylaws.
- inform and report on its activities to the Supervisory Board. For this purpose, it shall provide the information required in the relevant timeframes and format.

⇒ Structure and competence

The main powers and functions of the Board are regulated in the Articles of Association of the Company and in the adopted Rules of Procedure of the Board, which are in accordance with the National Code of Corporate Governance. The members of the Board are elected for a term of 5 years and may be re-elected without limit.

The structure and the number of the members of the Management Board of Eurohold Bulgaria AD ensure the efficient operation of the company.

When proposing the election of new members of the Management Board of Eurohold Bulgaria AD, the principles of compliance of the competence of the candidates with the nature of the company's business shall be observed.

The management contracts concluded with the members of the Management Board of Eurohold Bulgaria AD define their duties and tasks, the criteria for the amount of their remuneration, their obligations of loyalty to the company and the grounds for dismissal.

The competences, rights and obligations of the members of the Management Board of Eurohold Bulgaria AD follow the requirements of the law, the constitutive acts and the standards of good professional and management practice.

⇒ Remuneration

In accordance with legal requirements and good corporate governance practice, the amount and structure of the remuneration of the members of the Management Board of Eurohold Bulgaria AD take into account:

- a) The duties and contribution of each member of the Management Board of Eurohold Bulgaria AD to the company's activities and results;
- b) The ability to recruit and retain qualified and loyal managers;
- c) The need to align the interests of the members of the Management Board of Eurohold Bulgaria AD and the long-term interests of the company.

The additional incentives are specifically defined or determinable and are linked to clear and specific criteria and indicators in terms of the company's performance and/or the achievement of targets set in advance by the Supervisory Board of Eurohold Bulgaria AD, in accordance with the adopted Remuneration Policy.

Eurohold Bulgaria AD may grant shares, stock options and other appropriate financial instruments as additional incentives to the members of the Management Board.

The disclosure of information on the remuneration of the members of the Management Board of Eurohold Bulgaria AD is in accordance with the legal norms and the company's constitutive acts. Shareholders have easy access to the adopted company policy for determining the remuneration and benefits of the members of the Management Board of Eurohold Bulgaria AD, as well as to information on the annual remuneration received by them and additional incentives, if any.

⇒ Conflict of interest

The members of the Management Board of Eurohold Bulgaria AD shall avoid and avoid any real or potential conflict of interest.

The procedures for avoiding and disclosing conflicts of interest are regulated in the Company's bylaws.

Members of the Management Board of Eurohold Bulgaria AD shall immediately disclose conflicts of interest and provide shareholders with access to information on transactions between the company and members of the Management Board of Eurohold Bulgaria AD and persons related to it by submitting a declaration under Article 114b of the Securities Act.

The Management Board of Eurohold Bulgaria AD ensures that all transactions with related parties are approved and carried out in a manner that ensures reliable management of conflicts of interest and protects the interests of the company and its shareholders.

Any conflict of interest shall be disclosed to the Supervisory Board of Eurohold Bulgaria AD. The members of the Management Board of Eurohold Bulgaria AD shall inform the Supervisory Board whether they have a material interest, directly, indirectly or on behalf of third parties, in any transactions or matters that directly affect the company.

SUPERVISORY BOARD

The Supervisory Board of Eurohold Bulgaria AD consists of six individuals.

⇒ Functions and duties

The functions and tasks of the members of the Supervisory Board of Eurohold Bulgaria in the context of the National Corporate Governance Code are as follows:

- appoint, provide guidance and supervise the Management Board of Eurohold Bulgaria AD in accordance with the division of functions within the two-tier structure.
- provides guidance to the Board in setting the vision, objectives and strategy of the company and the interests of shareholders and stakeholders, including in the context of sustainable development, and monitors their implementation in line with the company's economic, social and environmental priorities.

- provides guidance to the Management Board of Eurohold Bulgaria AD in the development of the risk management system, including internal control and internal audit, the financial information system and monitors their functioning.
- once a year evaluate the activities of the Board and the work of each of its members.
- treat all shareholders and stakeholders equally, act fairly in their interests and with the care of a good trader
- in the performance of their duties, members of the Supervisory Board must have access to the necessary information about the company's activities
- supervise compliance with the laws and rules laid down in the company's articles of association.
- carry out its activities in an effective exchange of information with the Board of Directors of the Company.

⇒ Appointment and dismissal of the members of the Management Board

The Supervisory Board of Eurohold Bulgaria AD appoints and dismisses the members of the Company's Management Board in accordance with the legal requirements, the Company's constitutive acts, the principles of continuity and sustainability of the Management Board's work and the standards of good corporate governance practice.

The remuneration policy of the Supervisory Board of Eurohold Bulgaria AD ensures effective management of the company in the interest of the shareholders.

⇒ Structure and competence

The composition of the Supervisory Board of Eurohold Bulgaria AD guarantees the independence and impartiality of the decisions and actions of its members.

The number of members of the Supervisory Board, including the number of independent members and the division of tasks between them is regulated in the company's articles of association.

The independent members act in the best interests of Eurohold Bulgaria AD and the shareholders impartially and without bias. The number of consecutive terms is limited.

The members of the Supervisory Board shall have appropriate knowledge and experience required by the position they hold, at least one of whom shall have financial competence. They should also be informed about new developments and the field of corporate governance and sustainable development.

After the election of new members of the Supervisory Board of Eurohold Bulgaria AD, they are acquainted with the main legal and financial issues related to the company's activities. The training of the members of the Supervisory Board of Eurohold Bulgaria AD is their permanent commitment.

The members of the Supervisory Board of Eurohold Bulgaria S.A. must have the necessary time to perform their tasks and duties. Members of the Supervisory Board may hold management positions in other companies, the number of companies in which the members may participate should be specified in the company's articles of association.

The procedures for the election of new members of the Supervisory Board of Eurohold Bulgaria AD take into account the requirements for continuity and sustainability of the functioning of the Supervisory Board.

⇒ Remuneration of members of the Supervisory Board

The Supervisory Board, acting as the Remuneration Committee, develops a clear and specific remuneration policy for the members of the Board and the SB, which is approved by the AGM. The policy shall set out the principles for determining the amount and structure of remuneration and shall comply with regulatory requirements in terms of structure and content.

The General Meeting of Shareholders determines the remuneration of the members of the Supervisory Board.

The remuneration of the members of the Supervisory Board corresponds to their activities and duties and is not linked to the company's performance.

The remuneration of the independent members is only basic without additional incentives and reflects their participation in meetings as well as the performance of their tasks to supervise the actions of the executive management of Eurohold Bulgaria AD and to participate effectively in the work of the company.

Members of the Supervisory Board are not compensated for their service with shares or options and other additional incentives.

The disclosure of information on the remuneration of the members of the Supervisory Board is in accordance with the legal norms and the company's articles of association. Shareholders have easy access to remuneration information.

⇒ Conflict of interest

The members of the Supervisory Board shall avoid and avoid any actual or potential conflict of interest.

The procedures for avoiding and disclosing conflicts of interest are regulated in the Company's bylaws.

Members of the Supervisory Board shall promptly disclose conflicts of interest and provide shareholders with access to information on transactions between Eurohold Bulgaria AD and members of the Supervisory Board or persons related to it by submitting a declaration under Article 114b of the Securities Act.

The Supervisory Board of Eurohold Bulgaria AD ensures that all transactions with related parties are approved and carried out in a manner that ensures reliable management of conflicts of interest and protects the interests of the company and its shareholders.

COMMITTEES

The work of the Supervisory Board of Eurohold Bulgaria AD may be supported by committees, the Supervisory Board determining the need for their establishment.

Committees shall be established on the basis of a written structure, scope and terms of reference, mode of operation and reporting procedures.

In accordance with the requirements of the current legislation and based on the criteria set by the Supervisory Board, the Supervisory Board of Eurohold Bulgaria AD approves the proposal of the Management Board to the General Meeting of Shareholders of the Company for the election of an Audit Committee with a composition that meets the legal requirements and the specific needs of Eurohold Bulgaria AD.

In 2009, the first Audit Committee of Eurohold Bulgaria AD was established, elected by the General Meeting of Shareholders of the Company on 26 May 2009. Its activities are in accordance with the Audit Committee Charter approved by the General Meeting. The Audit Committee reports annually to the General Meeting of Shareholders on the results of its activities.

2 / AUDIT AND INTERNAL CONTROL

The corporate management of Eurohold Bulgaria AD, on the basis of a written recommendation from the Audit Committee, proposes to the General Meeting its proposal for the selection of the auditor, guided by the established requirements for professionalism.

The corporate management of Eurohold Bulgaria AD, with the assistance of the Audit Committee, ensures compliance with the applicable law regarding independent financial audit.

A rotation principle shall apply to the proposal and selection of the external auditor.

The Audit Committee provides oversight of internal audit activities and monitors the overall relationship with the external auditor, including approving non-audit services provided by the Company's auditor, if any.

Eurohold Bulgaria AD has an internal control system that identifies the risks inherent in the company's activities and supports their effective management. The internal control system ensures the effective functioning of reporting and disclosure systems.

3 / PROTECTION OF SHAREHOLDERS' RIGHTS

The corporate management of Eurohold Bulgaria AD ensures equal treatment of all shareholders, including minority and foreign shareholders. It protects their rights and facilitates their exercise within the limits permitted by the applicable legislation and in accordance with the provisions of the company's constitutive acts. The corporate management of Eurohold Bulgaria AD ensures that all shareholders are informed of their rights, financial results and corporate events through the information disclosure system and the company's website.

GENERAL MEETING OF SHAREHOLDERS

In connection with the holding of a general meeting of bondholders, the corporate management:

- inform all shareholders of the rules under which general meetings of shareholders are convened and held, including voting procedures.
- provide sufficient and timely information on the date and place of the general meeting and full information on the matters to be considered and decided at the meeting.
- maintains a database of contacts of its shareholders holding 5% or more of the company's capital.
- ensures the right of all shareholders to express their opinions and to ask questions during a general meeting.
- enables shareholders with voting rights to exercise their voting rights at the General Meeting of Shareholders in person or by Procurator. Eurohold Bulgaria S.A. receives and accepts as valid proxies by electronic means at the following e-mail address: investors@eurohold.bg and the electronic messages must be signed with a universal electronic signature (UES) or qualified electronic signature (QES) by the authorizing person and must be accompanied by an electronic document (electronic image) of the Procurator with notarized signature, which must also be signed with a universal electronic signature (UES) or qualified electronic signature (QES) by the authorizing person.
- shall exercise effective control by making the necessary arrangements for the voting of proxies in accordance with shareholders' instructions or in the manner permitted by law.
- ensure the equal treatment of all shareholders and the right of each shareholder to express its opinion on the items on the agenda of the General Meeting by strictly following the rules for the organization and conduct of the General Meeting.
- organise the procedures and arrangements for the General Meeting of Shareholders in a manner that does not unduly impede or make unnecessarily expensive the voting.
- take action to encourage shareholder participation in the general meeting, including, if necessary, providing the possibility of remote attendance.
- make every effort to ensure that all members of management attend general meetings, except in cases of demonstrable excuse.

MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

The texts in the written materials relating to the agenda of the General Meeting shall always be specific and clear, without misleading the shareholders. All proposals concerning major corporate events are presented as separate items on the agenda of the General Meeting, including the proposal for profit distribution.

The Company maintains on its website a special section on shareholders' rights and participation in the General Meeting of Shareholders.

The corporate management shall assist the shareholders entitled under the applicable law to include additional matters and to propose resolutions on matters already on the agenda of the General Meeting.

The corporate management guarantees the shareholders' right to be informed of the decisions taken at the General Shareholders' Meeting by publishing full minutes of the meetings held.

The corporate management of Eurohold Bulgaria S.A. guarantees the equal treatment of shareholders of the same class.

At the date of this declaration, all shares of Eurohold Bulgaria AD are of one class - ordinary, registered, dematerialised, with voting rights. Each share carries the right to 1 vote at the General Meeting of Shareholders, the right to a dividend and the right to a liquidation share proportionate to the nominal value of the share. The issuer's capital does not include securities that are not admitted to trading on a regulated market.

The corporate management of Eurohold Bulgaria AD shall ensure that sufficient information is provided to investors regarding the rights attached to all shares of each class in the event that the company issues shares of another class prior to their acquisition.

Within the limits permitted by the applicable law and in accordance with the provisions of the company's articles of incorporation, the corporate management of Eurohold Bulgaria AD does not prevent shareholders, including institutional shareholders, from consulting each other on matters relating to their fundamental shareholder rights in a manner that prevents abuse.

The corporate management of Eurohold Bulgaria AD does not allow transactions with controlling shareholders that violate the rights and/or legal interests of other shareholders, including under the terms of negotiation with itself. In this type of transaction, an explicit resolution of the Board of Directors is required, as interested parties are excluded from voting. In the event of indications that the statutory thresholds under Article 114, Paragraph 1 of the Securities Act are crossed, the Management Board shall prepare a reasoned report and initiate the convening and holding of a General Meeting of Shareholders at which the transactions shall be put to a vote.

4 / DISCLOSURE OF INFORMATION

In the disclosure process, corporate management:

- Establishes a disclosure policy in accordance with legal requirements and governing instruments.
- in accordance with the established disclosure policy, establish and maintain a disclosure system for financial and non-financial information that ensures equality of information recipients (shareholders, stakeholders, investment community) and prevents insider abuse.
- ensure that the disclosure system provides complete, timely, accurate and understandable information that enables objective and informed decisions and assessments.
- disclose in a timely manner the company's capital structure and agreements that result in the exercise of control in accordance with established disclosure rules.
- has established and monitors compliance with internal rules for the preparation of annual and interim reports and the procedure for disclosure of information.
- has adopted internal rules to ensure the timely disclosure of all material periodic and incidental information concerning the Company, its management, its operating activities, its shareholding structure.
- Adopt rules that ensure the disclosure of non-financial information on an annual basis on a consolidated basis in accordance with national and applicable European law. Corporate management shall include in its annual reports non-financial reporting disclosing: how and to what extent the

company's activities qualify as environmentally sustainable, including what proportion of its turnover is the result of products and services that are associated with economic activities that qualify as environmentally sustainable, while what proportion of its capital expenditure and operating expenditure is associated with assets and processes that are associated with economic activities that qualify as environmentally sustainable.

- As part of the information disclosure system, the management of Eurohold Bulgaria AD maintains a bilingual company website www.eurohold.bg - in Bulgarian and English, with established content, scope and frequency of information disclosed through it. The content of the website fully complies with the recommendations of the National Corporate Governance Code.
- Ensure periodic disclosure of corporate governance information in accordance with the "comply or explain" principle.
- ensure the disclosure of all material periodic and incidental information about the company through channels that provide users with equal and timely access to relevant information. Eurohold Bulgaria plc uses a single point for disclosure of information by electronic means, thus the information reaches the public, the Financial Supervision Commission and the regulated securities market simultaneously and in uncorrected form.

5 / STAKEHOLDERS. SUSTAINABLE DEVELOPMENT

To achieve sustainable development and interaction with stakeholders, the corporate management of Eurohold Bulgaria AD:

- is committed to establishing specific actions and policies regarding the sustainability of the company, including the disclosure of information related to climate and social aspects of their operations.
- Ensures effective stakeholder engagement, provides guidance approves and monitors stakeholder engagement policy. Stakeholders are groups of people who are directly affected by the company and who may in turn influence its activities, including suppliers, customers, employees, creditors, public pressure groups and others. The company identifies who its stakeholders are in relation to its operations based on their degree and spheres of influence, role and relationship to its sustainable development.
- In its stakeholder policy it complies with legal requirements, ensures respect for the rights of stakeholders established by law or by mutual agreements with the company. The management of Eurohold Bulgaria AD, in compliance with good corporate governance practices, complies with the principles of transparency, accountability and business ethics and protection of human rights.
- The management of Eurohold Bulgaria S.A. shall ensure that all stakeholders are sufficiently informed about their statutory rights.
- In accordance with the established stakeholder policy, the Company shall prepare and approve rules for taking into account the interests of stakeholders, which ensure their involvement in the resolution of certain issues requiring their position, and which ensure the balance between the development of the Company and the economic, social and environmental development of the environment in which it operates.
- Maintains effective stakeholder relations by communicating economic, social and environmental issues of concern to stakeholders, including anti-corruption, dealing with employees, suppliers and customers, corporate social responsibility, environmental protection and human rights abuses, in accordance with legal standards and good international practice for disclosure of non-financial information.
- Ensure the right to timely and regular access to relevant, sufficient and reliable information about the company when stakeholders are involved in the corporate governance process.

III. Description of the main features of the internal control and risk management systems of Eurohold Bulgaria AD in relation to the financial reporting process (Article 100n, paragraph 8, item 3 of the Securities Act)

Eurohold Bulgaria AD has an established and functioning risk management and internal control system that ensures the effective functioning of the accounting and financial reporting and disclosure systems. The internal control system is also established and operated with a view to identifying the risks inherent in the Company's activities and supporting their effective management.

Internal controls and risk management are designed to provide a reasonable degree of assurance regarding the achievement of the holding company's strategic objectives of achieving efficiency and effectiveness of operations, reliability of financial reporting, compliance with and enforcement of existing legal and regulatory frameworks. Internal control and risk management is exercised by the management and supervisory bodies as well as by the heads of the holding company's structural divisions and the executive directors of the subsidiaries.

Eurohold Bulgaria AD has adopted and implemented rules and procedures governing the effective functioning of the accounting and financial reporting systems and the disclosure of information by the company. The rules describe in detail the different types of information created and disclosed by the company, the processes of internal document flow, the different levels of access to the types of information by the responsible persons and the timelines for processing and managing information flows.

The established risk management system ensures the effective implementation of internal controls in the creation and management of all company documents, including financial statements and other regulated information that the Company is required to disclose in accordance with legal provisions.

One of the main objectives of the internal control and risk management system in place is to assist management and other stakeholders in assessing the reliability of the Company's financial statements.

The annual individual financial statements and the annual consolidated financial statements of Eurohold Bulgaria AD are subject to an independent financial audit, which provides an objective external opinion on the way they are prepared and presented. The Company prepares and maintains its accounts in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

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 Eurohold Bulgaria AD.

A detailed description of the risks specific to the activities of Eurohold Bulgaria AD is contained in the Annual Report 2022.

IV. Information pursuant to Article 10(1)(c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids (Article 100n(8)(4) of the Securities Act)

The members of the Supervisory Board and the Management Board of Eurohold Bulgaria AD shall provide information pursuant to Article 10(1)(c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids:

Par.1, b. "B"	Significant direct or indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC.	Eurohold Bulgaria AD holds significant direct or indirect shareholdings, which are detailed in the Business Operations section of the Company's 2023 MD&A.
Par.1, b. "r"	Holders of any securities with special control rights and a description of those rights	There are no shares that give special rights of control.

Par.1, b. "e"	Any restrictions on voting rights, such as restrictions on the voting rights of holders of a certain percentage or number of votes, deadlines for the exercise of voting rights or systems whereby, through cooperation with the company, the financial rights attached to the securities are separated from the holding of the securities;	There are no restrictions on the voting rights of holders of a certain percentage or number of votes, deadlines for the exercise of voting rights or systems whereby, through cooperation with the company, the financial rights attached to the securities are separated from the ownership of the securities.
Par.1, b. "з"	The rules governing the appointment or replacement of members of the board and the amendment of the articles of incorporation	The rules regulating the appointment or replacement of members of the Management Board and the Supervisory Board and the introduction of amendments to the Articles of Association are set out in the articles of association of Eurohold Bulgaria S.A., the adopted regulations for the work of both bodies.
Par.1, b. "и"	The powers of board members, in particular the right to issue or redeem shares;	The powers of the members of the Management Board and the Supervisory Board are regulated in the Articles of Association of Eurohold Bulgaria AD and the adopted regulations for the work of both bodies.

V. Composition and functioning of the administrative, management and supervisory bodies and their committees (Article 100n(8)(5) of the Securities Act)

Eurohold Bulgaria AD has a two-tier management system. The Supervisory Board and the Management Board act jointly for the benefit of the shareholders and take stakeholders into account.

By 31.12.2023. The Company is represented and managed by Kiril Ivanov Boshov and Assen Minchev Minchev, Executive Members of the Board of Directors, and Milena Gencheva - Prokurist, jointly by the two Executive Directors or by one Executive Director and one Prokurist.

MANAGEMENT BOARD

The Management Board of Eurohold Bulgaria AD consists of four individuals, namely:

- Kiril Ivanov Boshov - Chairman, Executive Member;
- Assen Minchev Minchev - Executive Member;
- Velislav Milkov Hristov - Member;
- Razvan Stefan Lefter - Member.

SUPERVISORY BOARD

The Supervisory Board of Eurohold Bulgaria AD consists of six individuals, namely:

- Assen Milkov Hristov - Chairman;
- Dimitar Stoyanov Dimitrov - Deputy Chairman;
- Luis Gabriel Roman - Member
- Radi Georgiev Georgiev - Member;
- Ivaylo Angarsky - Independent member;
- Kustaa Lauri Aima - Independent Member.

The Management Board and the Supervisory Board of Eurohold Bulgaria AD have adopted and apply rules for the work of the two bodies, which define their powers and the manner of their work in order to ensure their effective activity within the two-tier management system of the company, in accordance with the internal constitutional acts, the requirements of the law and the protection of the interests of the shareholders.

COMMITTEES

Audit Committee

In 2009, the first Audit Committee of Eurohold Bulgaria AD was established, elected by the General Meeting of Shareholders of the Company on 26 May 2009. Its activities are in accordance with the Audit Committee Charter approved by the General Meeting. The Audit Committee reports annually to the General Meeting of Shareholders on the results of its activities.

The Audit Committee consist of three individuals:

- Ivan Georgiev Mankov - Chairman;
- Dimitar Stoyanov Dimitrov - Member;
- Rositsa Mihaylova Pencheva - Member.

Remuneration Committee

The function of the Remuneration Committee is performed by the Supervisory Board of the Company in accordance with the new Remuneration Policy adopted on 30 September 2020 by the General Meeting of Shareholders of Eurohold Bulgaria AD. The Supervisory Board reports on the exercise of its functions as Remuneration Committee to the General Meeting of Shareholders.

VI. A description of the diversity policy applied to the administrative, management and supervisory bodies of the issuer in relation to aspects such as age, gender or education and professional experience, the objectives of this diversity policy, the manner in which it has been applied and the results during the reporting period; where no such policy is applied, the statement shall contain an explanation of the reasons for this (Article 100n(8)(6) of the Securities Act)

DIVERSITY POLICY

Eurohold Bulgaria plc has not adopted an explicit policy on diversity of Supervisory and Management Board members, managers and employees.

However, Eurohold Bulgaria, as well as the companies of the Eurohold economic group, adhere to the principles of:

- » level playing field,
- » impartiality,
- » avoid any form of discrimination and
- » providing equal opportunities,

The internal regulations of the Eurohold companies do not discriminate on the basis of gender, age, nationality, race, ethnicity, religion, disadvantaged people or any other form of unlawful and unfair discrimination.

The main criteria and principles applied in the selection and evaluation of the members of the management and supervisory bodies of Eurohold Bulgaria S.A. regarding natural persons without any restrictions related to age, gender, nationality and education are:

- » to be competent;
- » have appropriate qualifications and education, management skills, professional experience, and competence;
- » have knowledge of the regulations and requirements of the specific sector segment in which the

Company operates;

- » have a good reputation;
- » be independent and objective in expressing opinions and making decisions.

The management structure is defined in the company's articles of association. The members of the Supervisory Board are elected by the General Meeting of Shareholders and this is the right and prerogative of the shareholders. Accordingly, the Supervisory Board appoints the members of the Management Board. The remuneration of the members of the Supervisory Board and the Management Board is determined by the General Meeting of Shareholders and is paid only in accordance with the Company's adopted Remuneration Policy. The determination of the remuneration of the members of the Supervisory Board and the Management Board is consistent with the size, internal organisation, as well as the nature, scope and complexity of the activities carried out in the Company and the Eurohold Bulgaria AD Group. Members of the Management Board and Supervisory Board are eligible for re-election without limitation.

This Corporate Governance Statement of Eurohold Bulgaria AD is an irrevocable part of the Annual Report for 2023, which has been approved by the Company's Board of Directors.

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OTHER INFORMATION

OTHER INFORMATION

1./ Information disclosure channels

All the financial statements and the accompanying materials provided to the Financial Supervision Commission and the Bulgarian Stock Exchange can be found in full on the website of Eurohold Bulgaria AD www.eurohold.bg, където internal information is available at the following link: <https://www.eurohold.bg/internal-information-645.html>,

as well as on the website of the selected information media "Serviz Finansovaya rynka" Ltd. at the following internet address: www.x3news.com, where the internal information is available at the following link: <http://www.x3news.com/?page=News&uniqid=62440eab53bbd>

The management of Eurohold Bulgaria AD considers that there is no other information that has not been publicly disclosed by it and that would be important for shareholders and investors in making an investment decision.

2. /Details of the Investor Relations Director

Galya Alexandrova Georgieva

Sofia, 1592, №43, Chrristofor Columbus Blvd.

Tel: (+359 2) 965 15 63; +359 89 999 2394.

E-mail: investors@eurohold.bg

g_georgieva@eurohold.bg

3 / APPROVAL OF THE CONSOLIDATED ANNUAL REPORT FOR 2023

This consolidated annual activity report with contents:

- § **Address to all shareholders and stakeholders**
- 1 **Business overview and performance**
- 2 **Consolidated non-financial declaration**
- 3 **Consolidated corporate governance statement**
- 4 **Other Information,**

was approved by the Management Board of Eurohold Bulgaria AD on 19.07.2024.

19 July 2024

Eurohold Bulgaria AD, Sofia

ASEN MINCHEV
Executive Director

**ASEN
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ASEN MINCHEV
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Milena Guentcheva,
Procurator

**MILENA
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GUENTCHEVA**

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B

CONSOLIDATED FINANCIAL
STATEMENTS 2023

Consolidated statement of profit or loss and other comprehensive income for 2023

<i>In thousand BGN</i>	Note	2023	2022 Restated
Continuing operations			
Revenue from energy business	3	2 320 144	3 575 907
Expenses for energy business	4	(1 791 493)	(3 117 374)
Gross profit from energy business		528 651	458 533
Insurance revenue	5	466 142	457 028
Insurance expenses	6	(454 242)	(465 923)
Net result from reinsurance contracts held	7	(73 235)	2 059
Net finance and investment income/(expenses) from insurance	8	(12 771)	14 263
Gross (loss)/profit from insurance business		(74 106)	7 427
Commission income from asset management and brokerage		1 573	1 818
Expenses for asset management and brokerage		(198)	(249)
Gross profit from asset management and brokerage		1 375	1 569
Gross profit		455 920	467 529
Dividend income	9	123	260
Other operating income	10	37 658	22 669
Profit/(loss) from transactions with financial instruments	11	752	(1 901)
Administrative expenses	12	(255 178)	(224 123)
Reintegration /(expenses for) impairment of financial assets, net	13	579	(11 096)
Other operating expenses	14	(30 715)	(12 756)
EBITDA		209 139	240 582
Depreciation and amortization expenses	15	(111 850)	(110 444)
EBIT		97 289	130 138
Finance income	16	3 702	1 880
Finance costs	17	(126 154)	(100 888)
Net loss on foreign exchange differences	18	(32)	(716)
EBT		(25 195)	30 414
Income tax expenses	19	(20 633)	(17 190)
Net (loss)/profit for the year from continuing operations		(45 828)	13 224
Discontinued operations			
Net profit/(loss) for the year from discontinued operations	38	125 757	(204 937)
Net profit /(loss) for the year		79 929	(191 713)
Net profit/(loss), attributable to:			
Owners of the parent		77 242	(170 037)
Non-controlling interest		2 687	(21 676)
<i>Earnings/(loss) per share, in BGN</i>	36.2	<i>0.307</i>	<i>(0.736)</i>
<i>Earnings/(loss) per share from continuing operations, in BGN</i>	36.2	<i>(0.176)</i>	<i>0.051</i>
<i>Earnings/(loss) per share from discontinued operations, in BGN</i>	36.2	<i>0.483</i>	<i>(0.787)</i>

Prepared by: TSVETELINA RAYCHEVA
CHERESHAROVA-DOYCHEVA
/Tsvetelina Cheresharova-Doycheva/
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/Milena Guentcheva, Procurator/

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These consolidated financial statements were approved by the Management Board of Eurohold Bulgaria AD on 19.07.2024.

Auditor's report issued by:
Grant Thornton OOD, audit firm, registration № 032
Mariy Apostolov, managing partner
Silvia Dinova, registered auditor responsible for the audit

MARIY GEORGIEV APOSTOLOV
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Consolidated statement of profit or loss and other comprehensive income for 2023 (continued)

<i>In thousand BGN</i>	<i>Note</i>	<i>2023</i>	<i>2022 Restated</i>
Net profit/(loss) for the year		79 929	(191 713)
Other comprehensive income/(loss)			
<i>Items that will be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		-	(11 989)
<i>Items that will not be reclassified to profit or loss:</i>			
Change in fair value of non-financial assets		1 373	678
Net loss from revaluations of defined benefit plans		-	(819)
Other comprehensive income/(loss) for the year, net of taxes		1 373	(12 130)
Total comprehensive income/(loss) for the year, net of taxes		81 302	(203 843)
Other comprehensive income/(loss) for the year attributable to:			
Owners of the parent		78 054	(181 062)
Non-controlling interest		3 248	(22 781)
		81 302	(203 843)

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/Tsvetelina Cheresharova-Doycheva/
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/Asen Minchev, Executive Director/

/Milena Guentcheva, Procurator/

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Silvia Dinova, registered auditor responsible for the audit

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Consolidated statement of financial position as at 31.12.2023

<i>In thousand BGN</i>	Note	31.12.2023	31.12.2022 Restated
ASSETS			
Cash and cash equivalents	20	226 779	214 012
Fixed-term deposits at banks	21	30 505	53 189
Reinsurance contract assets held	22	200 970	302 636
Reinsurance contract assets issued	22	9 273	3 277
Insurance contract assets	22	248	247
Trade and other receivables	23	461 404	521 923
Financial assets	27	419 676	241 259
Inventories	26	23 975	33 080
Property, plant and equipment	24	869 827	867 647
Intangible assets	25	93 916	100 514
Investments accounted for using the equity method	29	12 657	-
Goodwill	30	116 883	116 883
Deferred tax assets	28	8 908	9 508
TOTAL ASSETS		2 475 021	2 464 175

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**Consolidated statement of financial position as at 31.12.2023
(continued)**

<i>In thousand BGN</i>	Note	31.12.2023	31.12.2022 Restated
EQUITY AND LIABILITIES			
Equity			
Share capital	36.1	260 500	260 500
Treasury shares	36.1	(77)	(77)
Share premium reserve		144 030	144 030
General reserves		7 641	7 641
Revaluation and other reserves		846	(309)
Accumulated loss		(384 999)	(207 385)
Profit/(loss) for the current year		77 242	(170 037)
Equity attributable to owners of the parent		105 183	34 363
Non-controlling interest		19 907	17 226
Total equity		125 090	51 589
Subordinated loans	31	55 265	48 459
LIABILITIES			
Bank and non-bank loans	32	1 034 043	1 116 931
Obligations on bond issues	33	217 588	228 891
Trade and other payables	34	571 433	555 922
Insurance contracts liabilities issued	35	438 113	433 616
Reinsurance contracts liabilities held	35	15 408	8 187
Deferred tax liabilities	28	18 081	20 580
Total liabilities		2 294 666	2 364 127
Total liabilities and subordinated loans		2 349 931	2 412 586
TOTAL EQUITY AND LIABILITIES		2 475 021	2 464 175

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Date: 12.07.2024

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Consolidated statement of cash flows for 2023

<i>In thousand BGN</i>	Note	2023	2022 Restated
Operating activities			
(Loss)/profit for the year before tax from continuing operations:		(25 195)	30 414
Profit for the year before tax from discontinued operations:		125 757	77 650
Adjustments for:			
Depreciation and amortisation	15	111 961	118 751
Foreign exchange gain/(loss)		477	11 093
Dividend income		(123)	(299)
Increase/(decrease) of insurance and reinsurance assets and liabilities		107 387	(171 680)
Change in associate participation		(12 657)	988
Goodwill impairment		-	55 840
Gain/(loss) on sale of investments		4 109	(22 289)
Net investment income (interest income and expense)		112 410	72 677
Other non-cash adjustments		24 635	39 735
Operating profit before change in working capital		448 761	212 880
Change in trade and other receivables		(60 519)	841 750
Change in inventories		(9 105)	88
Change in trade and other payables and other adjustments		50 399	(731 175)
Cash generated from operating activities		429 536	323 543
Interest received		4 471	4 314
Income tax paid		(23 394)	(25 930)
Net cash flows from operating activities		410 613	301 927
Investing activities			
Payments for property, plant and equipment		(102 909)	(113 264)
Proceeds from sale of property, plant and equipment		186	1 103
Loans granted		(154 101)	(56 984)
Repayment of loans granted, including net investment in finance lease		144 228	53 843
Interest received on loans granted		10 927	1 816
Payment for purchased of financial assets		(364 171)	(115 949)
Proceeds from sale of financial assets		183 558	199 442
Loss of control of subsidiaries		(796)	(193 471)
Dividends received		-	3 700
Effect of exchange rate changes		(45)	(190)
Other proceeds from investing activities, net		70 389	2 103
Net cash flows from investing activities		(212 734)	(217 851)

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These consolidated financial statements were approved by the Management Board of Eurohold Bulgaria AD on 19.07.2024.

Auditor's report issued by:
Grant Thornton OOD, audit firm, registration N° 032
Mariy Apostolov, managing partner
Silvia Dinova, registered auditor responsible for the audit

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**Consolidated statement of cash flows for 2023
(continued)**

<i>In thousand BGN</i>	<i>Note</i>	2023	2022 Restated
Financing activities			
Proceeds from loans	42	36 321	304 761
Repayment of loans	42	(206 249)	(204 634)
Transactions with non-controlling interests		-	(108 180)
Lease repayments		(10 394)	(14 681)
Other payments/(proceeds) from financing activities, net		(4 790)	187
Net cash flows from financing activities		(185 112)	(22 547)
Net increase in cash and cash equivalents		12 767	61 529
Cash and cash equivalents at the beginning of the year	20	214 012	152 483
Cash and cash equivalents at the end of the year	20	226 779	214 012

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These consolidated financial statements were approved by the Management Board of Eurohold Bulgaria AD on 16.07.2024.

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Consolidated statement of changes in equity for 2023

<i>In thousand BGN</i>	Share capital	Share premium	General reserves	Revaluation and other reserves	Retained earnings/ (losses)	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
At 1 January 2022	260 423	144 030	7 641	(16 033)	(212 970)	183 091	187 415	370 506
Effect on initial application of IFRS 17 (Note 39)	-	-	-	-	5 382	5 382	184	5 566
At 1 January 2022 (restated)	260 423	144 030	7 641	(16 033)	(207 588)	188 473	187 599	376 072
Change in non-controlling interest due to transactions with change of control	-	-	-	5 596	-	5 596	(1 642)	3 954
Acquisition of non-controlling interest without change of control	-	-	-	-	33 407	33 407	(145 329)	(111 922)
Transactions with owners	-	-	-	5 596	33 407	39 003	(146 971)	(107 968)
Loss for the year	-	-	-	-	(170 037)	(170 037)	(21 676)	(191 713)
Other comprehensive loss	-	-	-	(11 025)	-	(11 025)	(1 105)	(12 130)
Total comprehensive loss	-	-	-	(11 025)	(170 037)	(181 062)	(22 781)	(203 843)
Written-off reserve on remeasurement of defined benefit liabilities	-	-	-	451	(451)	-	-	-
Other changes	-	-	-	20 702	(32 753)	(12 051)	(621)	(12 672)
At 31 December 2022 (restated)	260 423	144 030	7 641	(309)	(377 422)	34 363	17 226	51 589
At 1 January 2023 (restated)	260 423	144 030	7 641	(309)	(377 422)	34 363	17 226	51 589
Profit for the year	-	-	-	-	77 242	77 242	2 687	79 929
Other comprehensive income	-	-	-	812	-	812	561	1 373
Total comprehensive income	-	-	-	812	77 242	78 054	3 248	81 302
Other changes	-	-	-	343	(7 577)	(7 234)	(567)	(7 801)
At 31 December 2023	260 423	144 030	7 641	846	(307 757)	105 183	19 907	125 090

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These consolidated financial statements were approved by the Management Board of Eurohold Bulgaria AD on 19.07.2024.

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Consolidated statement of profit or loss by business segments for 2023

		2023	2023	2023	2023	2023	2023
	Note	Consolidated	Energy business	Insurance business	Finance-investment activity	Parent company	Eliminations
In thousand BGN							
Continuing operations							
Revenue from energy business	3	2 320 144	2 320 207	-	-	-	(63)
Expenses for energy business	4	(1 791 493)	(1 791 493)	-	-	-	-
Gross profit from energy business		528 651	528 714	-	-	-	(63)
Insurance revenue	5	466 142	-	470 774	-	-	(4 632)
Insurance expenses	6	(454 242)	-	(454 242)	-	-	-
Net result from reinsurance contracts held	7	(73 235)	-	(73 235)	-	-	-
Net finance and investment income/(expenses) from insurance	8	(12 771)	-	(12 292)	-	-	(479)
Gross (loss)/profit from insurance business		(74 106)	-	(68 995)	-	-	(5 111)
Commission income from asset management and brokerage		1 573	-	-	2 442	-	(869)
Expenses for asset management and brokerage		(198)	-	-	(198)	-	-
Gross profit from asset management and brokerage		1 375	-	-	2 244	-	(869)
Gross profit		455 920	528 714	(68 995)	2 244	-	(6 043)
Dividend income	9	123	-	-	123	1 306	(1 306)
Other operating income	10	37 658	35 002	-	82	2 730	(156)
Profit/(loss) from transactions with financial instruments	11	752	(615)	-	183	749	435
Administrative expenses	12	(255 178)	(245 738)	(7 542)	(2 364)	(7 107)	7 573
Reintegration /(expenses for) impairment of financial assets, net	13	579	(1 459)	-	50	1 988	-
Other operating expenses	14	(30 715)	(21 777)	(8 938)	-	-	-
EBITDA		209 139	294 127	(85 475)	318	(334)	503
Depreciation and amortisation expenses	15	(111 850)	(105 756)	(5 601)	(286)	(207)	-
EBIT		97 289	188 371	(91 076)	32	(541)	503
Finance income	16	3 702	3 084	-	619	705	(706)
Finance costs	17	(126 154)	(94 390)	(9 800)	(198)	(24 054)	2 288
Net loss on foreign exchange differences	18	(32)	-	(242)	215	(5)	-
EBT		(25 195)	97 065	(101 118)	668	(23 895)	2 085
Income tax expenses	19	(20 633)	(18 956)	(1 626)	(51)	-	-
Net (loss)/profit for the year from continuing operations		(45 828)	78 109	(102 744)	617	(23 895)	2 085
Discontinued operations							
Net profit for the year from discontinued operations	38	125 757	-	125 459	-	-	298
Net profit/(loss), attributable to:		79 929	78 109	22 715	617	(23 895)	2 383
Owners of the parent		77 242	78 109	22 276	617	(23 895)	135
Non-controlling interest		2 687	-	439	-	-	2 248

Consolidated assets and liabilities by business segments as at 31.12.2023

Total assets	2 475 021	2 207 076	789 961	29 314	631 830	(1 183 160)
Total liabilities and subordinated loans	2 349 931	1 346 244	638 154	6 603	413 123	(54 193)

Consolidated statement of profit or loss by business segments for 2022

		2022	2022	2022	2022	2022	2022	2022	2022
	Note	Consolidated Restated	Energy business	Insurance business Restated	Automotive business	Leasing business	Finance-investment activity	Parent company	Eliminations
In thousand BGN									
Continuing operations									
Revenue from energy business	3	3 575 907	3 576 115	-	-	-	-	-	(208)
Expenses for energy business	4	(3 117 374)	(3 117 374)	-	-	-	-	-	-
Gross profit from energy business		458 533	458 741	-	-	-	-	-	(208)
Insurance revenue	5	457 028	-	463 951	-	-	-	-	(6 923)
Insurance expenses	6	(465 923)	-	(474 409)	-	-	-	-	8 486
Net result from reinsurance contracts held	7	2 059	-	2 059	-	-	-	-	-
Net finance and investment income/(expenses) from insurance	8	14 263	-	14 352	-	-	-	-	(89)
Gross (loss)/profit from insurance business		7 427	-	5 953	-	-	-	-	1 474
Commission income from asset management and brokerage		1 818	-	-	-	-	3 214	-	(1 396)
Expenses for asset management and brokerage		(249)	-	-	-	-	(249)	-	-
Gross profit from asset management and brokerage		1 569	-	-	-	-	2 965	-	(1 396)
Gross profit		467 529	458 741	5 953	-	-	2 965	-	(130)
Dividend income	9	260	-	-	-	-	260	2 102	(2 102)
Other operating income	10	22 669	22 698	386	-	-	51	251	(717)
Profit/(loss) from transactions with financial instruments	11	(1 901)	(123)	-	-	-	(174)	(67 826)	66 222
Administrative expenses	12	(224 123)	(213 315)	(3 340)	-	-	(2 042)	(6 489)	1 063
Reintegration /(expenses for) impairment of financial assets, net	13	(11 096)	(8 787)	-	-	-	1	(2 310)	-
Other operating expenses	14	(12 756)	(13 387)	-	-	-	-	-	631
EBITDA		240 582	245 827	2 999	-	-	1 061	(74 272)	64 967
Depreciation and amortisation expenses	15	(110 444)	(105 398)	(4 499)	-	-	(264)	(295)	12
EBIT		130 138	140 429	(1 500)	-	-	797	(74 567)	64 979
Finance income	16	1 880	1 308	-	-	-	602	359	(389)
Finance costs	17	(100 888)	(66 876)	(7 638)	-	-	(128)	(27 925)	1 679
Net loss on foreign exchange differences	18	(716)	-	(701)	-	-	155	(14)	(156)
EBT		30 414	74 861	(9 839)	-	-	1 426	(102 147)	66 113
Income tax expenses	19	(17 190)	(13 456)	(3 614)	-	-	(120)	-	-
Net profit/(loss) for the year from continuing operations		13 224	61 405	(13 453)	-	-	1 306	(102 147)	66 113
Discontinued operations									
Net (loss)/profit for the year from discontinued operations	38	(204 937)	-	(195 211)	12 668	362	-	-	(22 756)
Net (loss)/profit, attributable to:		(191 713)	61 405	(208 664)	12 668	362	1 306	(102 147)	43 357
Owners of the parent		(170 037)	61 405	(207 601)	12 668	362	1 306	(102 147)	63 970
Non-controlling interest		(21 676)	-	(1 063)	-	-	-	-	(20 613)

Consolidated assets and liabilities by business segments as at 31.12.2022

Total assets		2 464 175	2 426 465	754 517	-	-	29 018	695 612	(1 441 437)
Total liabilities and subordinated loans		2 412 586	1 383 942	621 499	-	-	5 624	453 010	(51 489)

**Notes to the annual consolidated financial statements
for 2023**

Notes to the annual consolidated financial statements for 2023

1. GENERAL INFORMATION ABOUT THE GROUP

1.1. Scope of activity

The main activity of Eurohold Bulgaria AD (Parent Company) and its subsidiaries (the Group) consists of energy, insurance, financial and investment activities.

Eurohold Bulgaria AD has UIC 175187337 and is headquartered in Bulgaria Sofia, Iskar region, 43 Christopher Columbus Blvd.

The Parent company has the following scope of activity: acquisition, management, assessment and sale of shares in Bulgarian and foreign companies, acquisition, management and sale of bonds, acquisition valuation and sale of patents, assignment of licenses for use of company patents, in which the Parent Company participates, as well as financing of companies in which the Parent Company participates.

Founded in 1996, Eurohold Bulgaria AD is a public joint-stock company, established pursuant to Article 122 of the Law on Public Offering of Securities and Article 261 of the Commercial Law.

Eurohold Bulgaria AD operates in Bulgaria, Romania, North Macedonia, Ukraine, Georgia and Greece. The company is the owner of a large number of subsidiary companies in the Insurance, Energy and Financial-investment sectors.

The company was registered in the Sofia City Court under corporate file 14436/2006 and was formed through the merger of Eurohold AD registered under corporate file № 13770/1996 as per the registry of Sofia City Court, and Starcom Holding AD, registered under corporate file № 6333/1995 as per the registry of Sofia City Court. During 2023 the name of the Parent company has not been changed.

The governing bodies of the company are the General meeting of shareholders, the Supervisory Board /two-tier system/ and the Management Board comprising the following members as at 31.12.2023:

Supervisory Board:

Asen Milkov Christov, Bulgaria – Chairman;
Dimitar Stoyanov Dimitrov, Bulgaria – Deputy Chairman;
Radi Georgiev Georgiev, Bulgaria – Member;
Kustaa Lauri Ayma, Finland – Independent Member;
Ivaylo Krasimirov Angarski, Country: Bulgaria - Independent member;
Louis Gabriel Roman, USA – Independent Member.

Management Board:

Kiril Ivanov Boshov, Bulgaria - Chairman, Executive Member;
Asen Mintchev Mintchev, Bulgaria – Executive Member;
Velislav Milkov Hristov, Bulgaria – Member;
Razvan Stefan Lefter, Romania – Member.

As of 31.12.2023 Eurohold Bulgaria AD is represented and managed by Kiril Ivanov Boshov and Asen Minchev Minchev, Executive Directors, and Milena Milchova Guentcheva - Procurator, only jointly by the two executive directors or by one executive director and the procurator.

The Audit Committee supports the work of the Management board and plays the role of those charged with governance who monitor and supervise the Parent company's internal control, risk management and financial reporting system.

As of 31.12.2023, the Audit Committee of the Parent company comprises the following members:
Ivan Georgiev Mankov, Bulgaria– Chairman;
Dimitar Stoyanov Dimitrov, Bulgaria – Member;
Rositsa Mihaylova Pencheva, Bulgaria – Member.

The number of employees in the Group as of 31.12.2023 is 4 605 (31.12.2022 – 4 526).

1.2. Structure of the economic group

Eurohold Bulgaria AD is controlled by Starcom AD, the ultimate parent company and a public company. The shares of Eurohold Bulgaria AD are traded on the Bulgarian and Warsaw Stock Exchanges.

The investment portfolio of Eurohold Bulgaria AD comprises of 3 economic sectors: energy, insurance and Asset management and brokerage.

Companies involved in the consolidation and percentage of participation in equity:

Energy sector

Company	% of participation in the share capital 31.12.2023	% of participation in the share capital 31.12.2022
ELECTROHOLD GREEN EOOD, Bulgaria*	100.00%	100.00%
*Eastern European Electric Company II B.V., The Netherlands	100.00%	100.00%
Indirect participation through Eastern European Electric Company II B.V.:		
Eastern European Electric Company III B.V., The Netherlands, owned by Eastern European Electric Company II B.V., The Netherlands	100.00%	100.00%
Eastern European Electric Company B.V. (EEEC B.V.), The Netherlands, owned by Eastern European Electric Company III B.V. III, The Netherlands	100.00%	100.00%
Electrodistribution Grid West EAD and/or Electrorazpredelitelni mreji Zapad EAD, Bulgaria, owned by EEEC B.V., the Netherlands	100.00%	100.00%
Electrohold ICT EAD, Bulgaria through Electrodistribution Grid West EAD	100.00%	100.00%
Electrohold Sales EAD, owned by EEEC B.V., the Netherlands	100.00%	100.00%
Electrohold Bulgaria EOOD, Bulgaria owned by EEEC B.V., the Netherlands	100.00%	100.00%
Electrohold EPC EOOD, Bulgaria through Electrohold Bulgaria EOOD	100.00%	100.00%
Electrohold Trade EAD, Bulgaria owned by EEEC B.V., the Netherlands	100.00%	100.00%
Free Energy Project Oreshets EOOD, Bulgaria, owned by EEEC B.V., the Netherlands	100.00%	100.00%
Bara Group EOOD, Bulgaria, owned by EEEC B.V., the Netherlands	100.00%	100.00%

*direct participation

Insurance Sector

Company	% of participation in the share capital 31.12.2023	% of participation in the share capital 31.12.2022
Euroins Insurance Group AD (EIG AD) *	90.10%	90.10%
Indirect participation through EIG AD:		
Insurance Company Euroins AD, Bulgaria	98.63%	98.63%
Euroins Romania Asigurare-Reasigurare S.A., Romania – <i>loss of control as at 31.12.2023. Note 2.31 Material management judgements and accounting estimates</i>	98.57%	98.57%
Euroins Osiguruvanje AD, North Macedonia	93.36%	93.36%
Insurance Company Euroins Life EAD, Bulgaria	100.00%	100.00%
Euroins Ukraine PrAT, Ukraine	92.73%	92.73%
ECLAIM - Sole Proprietorship for Claims Settlement Services PC, Greece (former name Euroins Claims M.I.K.E., Greece)	100.00%	100.00%

Insurance Company Euroins Georgia AD, Georgia	50.04%	50.04%
Shardeni 2017 Ltd., Georgia with the activity of renting and operating own real estate	100.00%	-
PHOENIX MGA SERVICES S.R.L., Romania – established on 12.06.2023 – consulting services for insurance	100.00%	-
European Travel Insurance PrAT, Ukraine	99.99%	99.99%
Insurance Company EIG Re EAD, Bulgaria – associate as at 31.12.2023 – <i>Notes 29. Investment in associates and 38. Disposals and discontinued operations in 2023</i>	-	100.00%
*direct participation		

Finance Sector - Asset management and brokerage

Company	% of participation in the share capital 31.12.2023	% of participation in the share capital 31.12.2022
Euro-Finance AD, Bulgaria*	99.99%	99.99%
*direct participation		

Automotive sector

On 30.6.2022, Eurohold Bulgaria AD sold Auto Union AD, thus it disposed of its investments in the automotive business.

Lease sector

On 30.6.2022, Eurohold Bulgaria AD sold Eurolease Group EAD, thus it disposed of its investments in the leasing business.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Statement of compliance with IFRS, as adopted by the EU

The consolidated financial statements of Eurohold Bulgaria AD have been prepared in compliance with the International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board, as adopted by the European Union. For the purposes of paragraph 1, point 8 of the Supplementary Provisions of the Accounting Act, applicable in Bulgaria, the term "IFRS adopted by the EU" means International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and the Council.

The Parent company also prepares individual financial statements in which its investments in subsidiaries are presented at cost in accordance with IAS 27 "Separate Financial Statements". The individual financial statements of Eurohold Bulgaria AD were approved for issue on 29.03.2024.

The annual consolidated financial statements have been prepared in Bulgarian leva (BGN), which is the functional currency of the Group. All amounts are presented in thousand Bulgarian leva (BGN '000) (including the comparative information for 2022), unless otherwise stated.

Going concern principle

The consolidated financial statements have been prepared in compliance with the going concern principle. As of the date of preparation of these annual consolidated financial statements, management has analyzed the indebtedness of the Group and the possibilities for its servicing. The forecasts made for the future development of the Group include the continued financial support from the majority shareholder and take into account the expected return from each company in the Group's structure, as well as redistribution of free financial resources in the Eurohold Group. The management has also analyzed, as additional options, the stated continued financial support from external investors and partners, as well as the possibilities to refinance part of the Group's short-term obligations. Based on the above, management is confident that the Group will continue its activities and repay its obligations without undertaking any significant changes in its activities.

2.2 New standards, interpretations and amendments

2.2.1 New standards, interpretations and amendments effective 1 January 2023

The Group has adopted the following new standards, amendments and interpretations to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning 1 January 2023:

- **IFRS 17 "Insurance Contracts" effective from 1 January 2023, adopted by the EU**
IFRS 17 replaces for IFRS 4 "Insurance Contracts". It requires a current measurement model where estimates are remeasured each reporting period. Contracts are measured using the building blocks of:
 - discounted probability-weighted cash flows;
 - an explicit risk adjustment, and
 - a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts.

The new material accounting policy information related to insurance contracts is set out in *Note 2.9 Insurance contracts and insurance income and expenses*.

The effect of changes in accounting policies due to the new standard is disclosed in *Note 39. Changes in accounting policies*.

- **Amendments to IFRS 17 „Insurance contracts: Initial Application of IFRS 17 and IFRS 9”– Comparative Information, effective from 1 January 2023, adopted by the EU**

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time.

The amendment helps insurers to avoid these temporary accounting mismatches and, therefore, improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.

No material changes in Group's accounting policies were made as a result of these amendments.

- **Amendments to IAS 1 „Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies" effective from 1 January 2023, adopted by the EU**

The entity is required to disclose its material accounting policy information instead of its significant accounting policies, the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if the entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

- **Amendments to IAS 8 „Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates“ effective from 1 January 2023, adopted by the EU**
The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments help companies to improve the quality of accounting policy disclosures so that the information is more useful to investors and other primary users of financial statements.
- **Amendments to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction", effective from 1 January 2023, adopted by the EU**
An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.
- **Amendments to IAS 12 "Income taxes: International Tax Reform – Pillar Two Model Rules", effective from 1 January 2023, adopted by the EU**
In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules to reform international corporate taxation. Pillar Two aims to ensure that applicable multinationals (global turnover exceeding €750 million) pay a minimum effective corporate tax rate of 15%. The amendments in International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) are:
 - an exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes. An entity has to disclose that it has applied the exception.
 - a disclosure requirement that an entity has to disclose separately its current tax expense (income) related to pillar two income taxes.
 - a disclosure requirement that state that in periods in which pillar two legislation is enacted or substantively enacted, but not yet in effect, an entity discloses known or reasonably estimable information that helps users of financial statements understand the entity's exposure to pillar two income taxes arising from that legislation.
 - the requirement that an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments and retrospectively in accordance with IAS 8.

Due to the scope of the economic activity of the Starcom Holding AD Group, to which Group Eurohold Bulgaria AD belongs, it is expected that the subsidiaries within the group to be subject to additional corporate tax in accordance with the changes in Bulgarian Corporate Income Tax Act, which are in force from 1 January 2024. The group is in the process of analyzing the new requirements issued by the Organization for Economic Co-operation and Development (OECD) and accepted by national governments. Therefore, the exception for the recognition of deferred tax assets and liabilities related to income taxes from the second pillar (paragraph 4A of IAS 12) and for the disclosure of information about them in the annual consolidated financial statements for 2023 has been applied. With the new rules in Corporate Income Tax Act introduces the following types of taxation:

- Taxation with additional tax, and namely:
 - primary taxation with an additional tax on parent companies, and
 - secondary taxation with additional tax.
- Taxation with national additional tax.

2.2.2 Standards, amendments and clarifications not yet effective and not applied from an earlier date by the Group

At the date of approval of the consolidated financial statements, certain new standards, amendments and clarifications to existing standards have been issued but have not entered into force or have not yet entered into force or have not been adopted by the EU for the financial year beginning on 1 January 2023, and have not been previously implemented by the Group. They are not expected to have a material impact on the Group's consolidated financial statements, except for IFRS 18, which will influence the presentation and disclosures of the information in the consolidated financial statements. Management expects all standards and amendments to be adopted in the Group's accounting policy in the first period beginning after the date of their entry into force. Below is a list of changes to the standards:

- *Amendments to IAS 1 "Presentation of financial statements: Classification of liabilities as current or non-current", effective from 1 January 2024, adopted by the EU*
- *Amendments to IAS 1 "Presentation of financial statements: Non-current liabilities with covenants", effective from 1 January 2024, adopted by the EU*
- *Amendments to IFRS 16 "Leases: Lease Liability in a Sale and Leaseback", effective not earlier than 1 January 2024, adopted by the EU*
- *Amendments to IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: Disclosures: supplier finance arrangements", effective from 1 January 2024, adopted by the EU*
- *Amendments to IAS 21 "The effects of changes in foreign exchange rates: Lack of exchangeability", effective from 1 January 2025, not yet adopted by the EU*
- *Amendments to IFRS 9 and IFRS 7 Changes in the classification and measurement of financial instruments, effective from 1 January 2026, not yet adopted by the EU*
- *IFRS 18 Presentation and disclosure in financial statements, effective from 1 January 2027, not yet adopted by the EU*
- *IFRS 19 Subsidiaries without public accountability: Disclosures, effective from 1 January 2027, not yet adopted by the EU.*

2.3 Comparative information

The consolidated financial statements have been presented in accordance with IAS 1 "Presentation of Financial Statements". The Group agreed to present the consolidated statement of profit or loss and other comprehensive income in a single statement.

The consolidated statement of financial position presents two comparative periods when the Group:

- a) applies accounting policies retrospectively;
- b) retrospectively recalculates items in the consolidated financial statement; or
- c) reclassifies items in the consolidated financial statement.

and this has a *material effect* on the information in the consolidated statement of financial position at the beginning of the prior period.

When presenting the comparative information in these annual consolidated financial statements, the Group has referred to the requirements of par. B25 of IFRS 17, according to which the Group is not required to present adjusted comparative information for all earlier periods presented. An analysis of the effects at the date of the transition to IFRS 17 (01.01.2023) and its comparable period 1.01.2022 is presented in *Note 40. Restatement disclosure*. Therefore, the Group has not presented two comparative periods and accordingly does not present adjusted comparative information for early periods (01.01.2022) in the sense of "the beginning of the earliest adjusted comparative period that is presented".

Some of the items in the consolidated financial statements have been reclassified for the comparative period 2022 in order to better understand those business activities and segments from which the Group is disposing of during the current period, as well as due to the presentation of discontinued operations according to IFRS 5 Non-current assets, held for sale, and discontinued operations. *Note 38. Disposals and discontinued operations*.

2.4 Basis for consolidation

The Group's consolidated financial statements include those of the parent company and all of its subsidiaries as of 31 December 2023. Subsidiaries are all entities that are under the control of the parent company. Control exists when the parent is exposed to, or has rights to, variable returns from its interest in the investee and has the ability to influence those returns through its power over the investee.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit and loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

When the Group ceases to have control of a subsidiary, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value of any investment retained in the former subsidiary at the date of loss of control is considered fair value on initial recognition of a financial asset in accordance with IFRS 9 Financial Instruments or, where applicable, at cost on initial recognition of an investment in an associate or jointly controlled entity. In addition, any amounts recognized in other comprehensive income in respect of that subsidiary are reported on the same basis as would be necessary if the Group had directly disposed of the related assets or liabilities (eg reclassified to profit or loss or carried away directly in retained earnings in accordance with the requirements of the relevant IFRS).

The profit or loss on disposal is calculated as the difference between i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and ii) the previous carrying amount of the assets including goodwill and liabilities of the subsidiary and any non-controlling interest.

2.5 Business combinations

Business combinations are accounted for using the acquisition method, including business combinations involving entities or businesses under common control that are currently outside the scope of IFRS 3 and do not contain guidance on them in existing IFRSs. According to IAS 8, in the absence of a standard or interpretation that is specifically applicable to an operation, other event or condition, management uses its own judgment to develop and implement an accounting policy.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree that is present ownership interests and entitles their holders to a proportionate share of the entity's net assets in the event of liquidation either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) in business combination achieved in stages on acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair value of any identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in profit or loss immediately.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if the interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period which cannot exceed one year from the acquisition date or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Any contingent consideration to be transferred by the acquirer is measured at fair value at the acquisition date and included as part of the consideration transferred in a business combination. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognized in accordance with IFRS 9 "Financial Instruments" either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

The self-recognised goodwill of the acquisition of subsidiaries shall be compulsorily tested for impairment at least once a year. Losses on goodwill impairments are not recovered in the aftermath. Gains or losses on sale (disposal) of a subsidiary of the Group shall also include the carrying amount of goodwill deducted for the company sold (exempted).

Each recognised goodwill is determined to belong to an entity generating cash receipts as early as a business combination is realised, and this entity is applied in carrying out the impairment tests. In determining cash-generating entities, account shall be taken of the sites from which future economic benefits were expected in the acquisition in the business combination and in the case of which the goodwill itself arose.

2.6 Transactions with non-controlling interest

Non-controlling operations are treated by the Group as transactions with entities owning the equity instrument of the Group. The effects of the sale of units of the Parent Company without loss of control to non-controlling interests are not treated as components of the Group's current profit or loss but as movements in the components of its equity. Conversely, in the case of purchases by the Parent Company of non-controlling interests of any non-controlling interests, any difference between the amount paid and the corresponding share of the net book value of the subsidiary's net assets is recognized directly in the consolidated statement of changes in equity, usually to the "unallocated profit / (uncovered loss)" line.

When the Group ceases to have control and significant influence, any remaining minority investment as a share in the capital of the company concerned is remeasured at fair value, the difference to carrying amount being recognized in current profit or loss, respectively all amounts previously recognized in other components of comprehensive income are accounted for, as in the case of a direct exemption operation, of all those associated with the initial investment (in the subsidiary or associate).

2.7 Investments in associates

Entities in which the Group holds between 20% and 50% of the voting rights and can exercise significant influence but not exercise control functions are considered to be associates.

Investments in associates are accounted for using the equity method. Under the equity method, the investment in an associate is reported in the consolidated statement of financial position at cost, plus changes in the Group's share of the net assets of the associate after the acquisition. Goodwill related to the associate is included in the carrying amount of the investment and is not depreciated.

The consolidated income statement and other comprehensive income shall reflect the proportion of the results of operations of the associate. The Group recognizes a dividend from an associate in profit or loss in its separate financial statements when its right to receive the dividend is established.

2.8 Functional and reporting currency

Transactions in foreign currency are reported in the functional currency of the respective company by the Group at the official exchange rate as of the date of the transaction (announced fixing of the Bulgarian National Bank). Foreign exchange gains and losses arising from the settlement of these transactions and the revaluation of foreign currency positions at the end of the reporting period are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the transactions (not revalued). Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate at the date that the fair value was determined.

The functional currency of the individual companies of the Group has not changed during the reporting period.

In the consolidated financial statements, all assets and liabilities are translated into Bulgarian levs at the closing rate as of the date of the consolidated financial statements. Income and expenses are translated into the presentation currency of the Group at the average exchange rate for the reporting period. Foreign exchange differences lead to an increase or decrease in other comprehensive income and are recognized in the allowance for translation into equity. In case of disposal of a net investment in a foreign operation, the accumulated foreign exchange differences from restatements recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on the sale. Goodwill and adjustments related to the determination of fair values at the acquisition date are treated as assets and liabilities of the foreign enterprise and are translated into BGN at the closing rate.

2.9 Insurance contracts and insurance income and expenses

2.9.1 Insurance contracts – recognition and measurement

Classification of insurance contracts

Contracts where the Group assumes a significant insurance risk from another insured party by way of compensation to the insured party or another beneficiary, in the event of a specific uncertain future event (insurance event) that adversely affects the insured party or the beneficiary, are classified as insurance contracts.

Any risk that is not financial is insurance risk. Financial risk is the risk associated with a possible future change in one or more of the following: interest rate, security price, market prices, foreign exchange prices, price index, credit rating, credit index or other variable, provided that in the case of non-financial variables, the variable is not specific to the parties to the contract. Insurance contracts can also transfer some of the financial risk.

Contracts where the transfer of insurance risk to the Group from the insured party is not significant are classified as investment contracts.

Identification of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and insurance contracts with an investment component.

When identifying contracts within the scope of IFRS 17, in some cases the Group should consider whether a group or sequence of contracts should be treated as a single contract and whether embedded derivatives, investment components and goods and services components should be separated and reported using a different standard. For insurance and reinsurance contracts, the Group does not expect significant changes resulting from the application of these requirements.

Contracts with discretionary participation features (DPF)

A clause for discretionary participation features can be existent in both insurance and investment contracts. A contract with a clause for discretionary participation features is a contractual right of the insured party to receive additional payments in addition to the guaranteed minimum payments.

The discretionary participation features may be a substantial part of the entire agreed payment, the amount and time of which is agreed upon by the issuer's decision, and which, according to the terms of the contract, are based on:

- the outcome of a specific group of contracts or a specific type of contract;
- realized and/or unrealized investment income of a specific group of assets held by the publisher or;
- the profit or loss of the company issuing the contract.

The clause for discretionary participation features at the discretion of the insurer in these contracts is accounted for as a liability for future distribution of income (part of the liability for remaining coverage).

Level of aggregation

Under IFRS 17, insurance contracts and insurance contracts with an investment component are grouped together for valuation purposes. Contract groups are defined by first identifying portfolios of contracts, each of which includes contracts subject to similar risks and managed together. Contracts issued in a different product aggregate groups, in different currencies and in different countries of operations will be grouped and valued separately. Each portfolio is then divided into annual cohorts (i.e. by year of issue), and each annual cohort into three groups:

- any contracts that are onerous upon initial recognition;
- all contracts which, upon initial recognition, are not likely to become onerous subsequently; and
- all remaining contracts in the annual cohort.

When a contract is recognized, it is added to an existing group of contracts or, if the contract does not meet the conditions for inclusion in an existing group, it forms a new group to which future contracts can be added.

Groups of reinsurance contracts are created so that one contract is only included in one group.

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all future cash flows within each contract in the group. The period covered by the premiums within the contract limits is the "Coverage Period".

Boundaries of issued (re) insurance contracts

For insurance (reinsurance) contracts issued, cash flows are within the boundaries of the contract if they arise from material rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a material obligation to provide services (including insurance coverage and investments services). The material obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- The Group has the practical opportunity to reassess the risks of the portfolio that contains the contract and can determine a price or level of benefits that fully reflect the risks of this portfolio, and the pricing up to the date of the reassessment does not take into account the risks that refer to periods after the revaluation date.

Some of the Group's issued short-term contracts have annual terms that are guaranteed to be renewable each year for a limited period (up to three years). Currently, the Group accounts for these contracts as annual contracts because there is no practical ability to assess the risks of policyholders on an individual contract or portfolio level at their renewal.

Boundaries of purchased/held reinsurance contracts

For reinsurance contracts, cash flows are within the boundaries of the contract if they arise from material rights and obligations that exist during the reporting period in which the Group is obligated to pay amounts to the reinsurer or has a material right to receive services from the reinsurer.

The purchased/held reinsurance contracts of the Group cover the risk under (re)insurance contracts issued within one year on the basis of the risk-attachment principle, and provide rights to both the Group and the reinsurer to terminate the cover on new contracts in certain limited circumstances with appropriate notice. Currently, the valuation of these reinsurance contracts is generally consistent with that of issued (re)insured contracts and covers only those contracts already issued and reinsured at the valuation date. According to IFRS 17, however, the cash flows arising from the (re)insured (underlying) contracts, which are expected to be issued and the risk on them to be transferred after the reporting date, may be within the limits of the purchased reinsurance contracts and are taken into account at the assessment.

Evaluation of contracts

IFRS 17 introduces a valuation model based on the present value of future cash flows expected to occur when the Group fulfills the contracts, a risk adjustment and a contractual service margin.

All the Group's insurance contracts and all reinsurance contracts are classified as contracts without direct participation characteristics.

A general assessment model

On initial recognition, the Group measures a group of contracts (mostly related to the insurance products Loans and Guarantees) as the total amount of:

- (a) fulfilment cash flows, which include estimates of future cash flows adjusted to reflect the value of money in time and associated financial risks and adjustment for non-financial risk; and
- (b) contractual service margin. Fulfilment cash flows do not reflect the Group's default risk.

The Group's objective in estimating future cash flows is to determine the expected value. Cash flows are discounted to derive an expected present value. All cash flows are discounted using risk-free yield curves published by EIOPA, without additional liquidity adjustments.

The non-financial risk adjustment for a group of contracts, determined separately from other estimates, is the compensation that the Group would require to assume a certain level of uncertainty about the amount and timing of cash flows that arise from non-financial risk.

Contractual service margin on a group of contracts represents the unearned profit that the Group will recognize as it provides services under those contracts.

The carrying amount of a group of contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The liability for remaining coverage includes:

- (a) the fulfilment cash flows that relate to services to be provided under the contracts in future periods and
- (b) any remaining contractual service margin at that date.

The liability for incurred claims includes the cash flows to settlement of claims incurred and expenses that have not yet been paid, including claims that have been incurred but not yet reported to the Group.

Cash flows from performance of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the non-financial risk adjustment. Changes in cash flows from performance are recognized as follows:

- Changes that relate to future service – adjustments in contract service margin or reported in insurance result in profit or loss if the group is onerous;
- Changes related to current or past services – recognition in the result of insurance services in profit and loss;
- Effects of changes in the value of money over time, financial risk and/or changes in cash flows – recognized as financial income or expenses related to the insurance activity.

The contractual service margin is subsequently adjusted only for changes in fulfilment cash flows that relate to future services. Contractual service margin at each reporting date represents the profit in the group of contracts not yet recognized in profit or loss, as it relates to future servicing of the contracts.

A simplified assessment model

On initial recognition of each group of non-life insurance contracts, the carrying amount of the liability for remaining coverage is measured at the premiums earned on initial recognition. The Group has elected to recognize insurance acquisitions cash flows as expenses when incurred.

Subsequently, the carrying amount of the remaining coverage liability is increased by any discretionary participation features received and it is reduced by the amount recognized as insurance revenue for services rendered and additionally takes into account the effect of the time value of money.

If at any time, before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognizes a loss in profit or loss and will increase the liability for the remaining coverage to the extent that current estimates of the performance cash flows that relate to the remaining coverage exceed the carrying amount of the remaining coverage liability.

Premium allocation method (simplified model) is a simplified valuation model in IFRS 17 that is applicable to insurance and reinsurance contracts that meet the eligibility criteria:

- a term of up to one year or as a result of a test of the reserves under a common model and under a simplified model it is clear that the reserves estimated under both models are approximately the same and;
- not to be onerous.

The Group applies the simplified model to the main part of its insurance portfolio, excluding groups of onerous contracts.

2.9.2 Reinsurance contracts

In the ordinary course of business, the Group cedes risk to reinsurers in order to reduce net losses by diversifying its risk. The reinsurance activity does not cancel the direct obligation of the Group to the insured party.

Ceding commissions and claims recovered are presented in the statement of profit or loss and other comprehensive income and the statement of financial position at their gross value.

Contracts where a substantial insurance risk is transferred are accounted for as insurance contracts. The amounts recoverable under them are recognized in the same year in which the corresponding indemnity arose.

The recoverable amount of receivables under reinsurance contracts is assessed for impairment at each balance sheet date. These assets are impaired if there is objective evidence as a result of an event occurring after its initial recognition that the Group will not be able to recover all amounts owed, and that the effect of the event on the amount the Group should receive from the reinsurer may be reliably measured.

The Group applies the same accounting policies for valuing a group of reinsurance contracts by applying the simplified model. The effect of the reinsurer's default risk is assessed at each reporting date and the effect of changes in default risk is assessed in the expected cash flows.

The non-financial risk adjustment will represent the amount of risk transferred by the Group to the reinsurer.

Held reinsurance contracts

Assets under held/purchased reinsurance contracts include balances owed by reinsurance companies for ceded insurance liabilities. Reimbursements from reinsurers are assessed in a manner that follows the liability assessment methods for unpaid or paid claims relating to the reinsured policies.

The assets under held/bought reinsurance contracts corresponding to the liability for claims made is based on the Group's statistics and assumptions about the shares of these assets in outstanding and paid claims for the last eight years.

The valuation of purchased reinsurance contracts is generally consistent with that of issued (re)insurance contracts and covers only direct insurance contracts that have already been issued and reinsured at the valuation date. According to IFRS 17, however, the cash flows arising from the reinsurance (underlying) contracts, which are expected to be issued and the risk on them to be transferred after the reporting date, may be within the limits of the purchased reinsurance contracts and are taken into account in the valuation.

2.9.3 Liability for remaining coverage

Remaining coverage liability represents liabilities under existing insurance contracts for insured events that have not yet occurred, i.e. the liability relates to the unexpired portion of the coverage period. In view of the above, by its nature the liability for remaining coverage corresponds to an unearned premium reserve and the reserve for unexpired risks under IFRS 4 or the Best estimate of the premium reserve - under the Solvency II Directive.

To estimate the remaining coverage liability, the Group has chosen to use:

- Premium allocation approach - for contracts with a coverage period of one year or less;
- General model – for groups of contracts identified as losing.

For issued contracts to which the premium allocation approach is applied, the Group assumes that there are no onerous contracts in the portfolio at initial recognition.

The liability for remaining coverage estimated under the common model is composed of the following elements:

- present value of future cash flows;
- adjustment for non-financial risk, and;
- contract service margin - represents the unrealized contract profit that will be recognized in the future.

Performance cash flows include the following items:

- current assessment of expected future cash inflows and outflows;
- an adjustment reflecting the time value of money and other financial risks, such as liquidity and currency risk and an explicit risk adjustment for non-financial risk.

For issued contracts to which the premium allocation approach is applied, the Group assumes that there are no onerous contracts in the portfolio at initial recognition.

Furthermore, the Group does not expect significant variability in performance cash flows that would affect the measurement of the remaining coverage liability in the pre-claiming period under the insurance contracts that have been issued.

Considering the above, the Group expects that the simplification will result in a valuation of the remaining coverage liability for the group that will not differ materially from the valuation that would be achieved by applying the requirements of the Common Model.

The book value of a group of contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC).

The liability for incurred claims includes the fulfilment cash flows and expenses that have not yet been paid, including claims that have been incurred but not yet presented to the Group.

The Remaining coverage liability includes: (a) fulfilment cash flows related to services, that would be provided under future periods and (b) each remaining service margin at that date. The liability for incurred claims includes the cash flows to settle incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported to the Group.

The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the non-financial risk adjustment. Changes in fulfilment cash flows are recognized as follows:

- Changes related to future services - adjustments in the service margin or reported in the insurance result in profit or loss if the group is onerous;
- Changes related to current or past services – recognition in the result of insurance services in profit and loss;
- Effects of the change in the value of money over time, financial risk and/or changes in cash flows – recognized as financial income/or expenses related to the insurance activity.

The contractual service margin is subsequently adjusted only for changes in fulfilment cash flows that relate to future services. Contract servicing margin at each reporting date represents the profit in the group of contracts not yet recognized in profit or loss as it relates to future servicing of the contracts.

On initial recognition of each group of non-life insurance contracts, the carrying amount of the remaining coverage obligation is measured at the premiums earned on initial recognition. The Group has elected to recognize cash flows from insurance acquisitions as expenses when incurred.

Subsequently, the carrying amount of the remaining coverage obligation is increased by any additional premiums received and reduced by the amount recognized as insurance revenue for services rendered and additionally takes into account the effect of the time value of money.

If at any time before and during the coverage period facts and circumstances indicate that a group of contracts is onerous, then the Group will recognize a loss in the current result and increase the liability for the remaining coverage to the extent that the current estimates of the performance cash flows that relate to the remaining coverage exceed the carrying amount of the remaining coverage liability.

The Group recognizes the obligation for incurred claims on a group of contracts to the extent of the cash flows from servicing the insurance contracts related to incurred claims. Future cash flows are discounted.

2.9.4 Liability for incurred claims (LIC)

Claims incurred in respect of non-life insurance include claims and handling costs incurred during the financial year together with the change in the claims liability.

Liabilities for incurred claims represent liabilities in relation to claims for insured events that have already occurred, including those for which no claim has yet been made, as well as the related insurance costs.

The reinsurance activity does not cancel the direct obligations of the Group to the insured persons.

Assets under purchased reinsurance contracts (reinsurance assets) include the balance owed by reinsurance companies for ceded insurance liabilities.

Recoveries from reinsurers are estimated in a manner similar to that for claims liabilities associated with reinsured policies.

The group applies the same accounting policies for valuing a group of reinsurance contracts by applying the simplified model. The effect of the reinsurer's default risk is assessed at each reporting date and the effect of changes in default risk is assessed in the expected cash flows.

The non-financial risk adjustment represents the amount of risk transferred to the reinsurer.

2.9.5 Insurance revenues

The application of International Financial Reporting Standard 17 (IFRS 17) is essential for an insurance company. It regulates the way in which the income from insurance contracts must be reported and disclosed.

When the Group applies the premium allocation approach, insurance income for the period represents the amount of expected premium income that has been allocated to the period. The Group allocates expected premium receipts to each service period under an insurance contract on the basis of elapsed time. In the event that the expected pattern of release of risk during the coverage period differs significantly from the pattern of the elapsed time, then the Group allocates the expected income from premiums based on the expected time parameters of the costs incurred for insurance services. If there is a change in the facts and circumstances, the Group changes the allocation base as appropriate.

2.9.6 Insurance services result

Costs that are directly attributable to the fulfilment of the contracts will be recognized in profit or loss as insurance service costs, generally when incurred. The costs that are not directly related to the fulfilment of the contracts will be presented outside the insurance service result.

The Group does not separate the changes in the adjustment for non-financial risk between the insurance service result and the insurance finance income or expense. Any changes in the adjustment for non-financial risk recognized in profit or loss are included in the insurance service result.

2.9.7 Insurance finance income and expenses

Under IFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes in these will normally be presented as insurance finance income or expense and will be presented as part of the statement of profit and loss.

2.10 Revenue of energy segment and other income

Revenue from contracts with customers is recognized when the control of the goods or services is transferred to the client in an amount that reflects the remuneration the Group expects to be entitled to in exchange for those goods or services.

The Group recognizes revenue when (or is) satisfied the obligation to perform, under the terms of the contract, by transferring the promised product or service to the client. An asset (product or service) is transferred when (or as) a customer has control over that asset.

Sales are made under contracts with clients. Sales contracts with customers meet the criteria set out in IFRS 15. Typically, the Group expects to collect the remuneration for contracts with clients.

The transaction price is the amount of consideration the Group expects to be entitled to in exchange for the customer's transfer of the promised goods or services, except for amounts collected on behalf of third parties (eg value added tax). The consideration promised in the contract with the client may include fixed amounts, variable amounts, or both.

The Group examines whether there are other promises in client contracts that are separate performance obligations for which part of the transaction price should be allocated.

When determining the transaction price, the account is taken of the impact of variable remuneration, including price discounts, the existence of significant components of funding, non-monetary remuneration and remuneration payable to the client (if any).

In the contracts of the Group companies, there are discounts that the client receives at the sale and which are reported as a reduction of the total price. In accordance with the requirement of IFRS 15, all discounts are reported as a reduction in sales revenue, at the same time as recognizing the sale proceeds of the goods for which the respective discounts are due.

Services revenue

Services revenue are recognized in the period in which the services are provided. The group transfers control over the service over time and therefore satisfies the obligation to execute and recognizes revenue over time. If by the end of the reporting period, the service contract has not been fully implemented, revenue is recognized using the inputs method based on actual time spent on work, over the total expected service delivery time.

In cases where the services provided by the Group exceed the payment, an asset is recognized under the contract. If payments exceed the services provided, a liability under a contract is recognized.

Revenue from sale of current assets

Revenue from sale of short-term assets and material are recognized when the control of the assets sold is transferred. Delivery occurs when the assets have been shipped to the customer, the risks of potential losses are transferred to the buyer and/or he has accepted the assets in accordance with the sale contract.

Revenue of energy segment

Revenue of energy business comes from:

- Services for access to and transmission along the electricity distribution grid.
- Services for the connection of new customers to the electricity distribution grid.
- Services for survey, repair and maintenance of the electricity distribution grid and commercial metering devices.
- Revenue from the sale of electricity on open and regulated markets
- Balancing services.
- Revenue from construction services for building energy installations.

Services for access to and transmission along the electricity distribution grid

Upon the sale of services for access to and transmission along the electricity distribution grid, control over the services is transferred over the period of their rendering, since the customer received and consumes the rewards simultaneously with receiving the service. Sales revenue is recognised over time, and the contract progress (stage of completion) is measured based on the quantity consumed over a period (on a monthly basis). This method has been determined as the most appropriate one to measure progress, since services are provided on a monthly basis according to customers' expectations and requirements according to an established practice in the sector and constitute part of a series, therefore, it best describes the Group's activity with respect to the transfer of control and satisfaction of performance obligations. Prices are regulated by the state.

Services for the connection of new customers to the electricity distribution grid

Upon the sale services for the connection of new customers to the electricity distribution grid, certain investments are carried out in connection to expanding the network to the connection point. Connection services are performed based on two types of contracts. In the first case, investments are realised by the Group and in the second case – by the customers (users). In both types of contracts, customers owe an access fee for connection.

The Group has analysed the criteria for recognition of revenue and has concluded that control over the service for connection to the electricity distribution grid is transferred to the customer at a point in time, when the construction of assets for the purpose of connection is completed and the assets are commissioned. Therefore, revenue from the access fee is recognised at this point in time. Prices are regulated by the state.

Services for survey, repair and maintenance of the electricity distribution grid and commercial metering devices

For these services, control is transferred to the customer over time, in the period of their provision, since the customer simultaneously obtains and consumes the rewards from the Group's activity. Sales revenue is recognised over time, by measuring the fulfilment of the Group's performance obligations (stage of completion). In order to measure progress (stage of completion), the Group uses the output approach based on the volume of works performed.

Balancing services

As of June 1, 2014, the balancing market in the country was launched. From that date, Group companies in their capacity as "coordinator of a special balancing group", "coordinator of a standard balancing group" and "coordinator of a combined balancing group" submit daily schedules to the Energy System Operator EAD (ESO EAD) for estimated amounts of electricity for sale under its various licenses, as well as daily schedules to NEK EAD for estimated quantities for the purchase of electrical energy from producers.

Revenue is recognized over time, with contract progress (stage of completion) measured based on the quantity consumed over time (on a monthly basis).

Revenue from construction services for building energy installations

A company from the Group offers services for the construction of standard projects for 5KW, 10KW and 15 KW photovoltaic systems for own consumption.

In the case of contracts for construction services, the Group identified different goods and services that need to be provided in order for the contract to be fulfilled. The goods and services however are not distinct in the context of the contract, since the Group's promise to transfer separate goods and services is not distinct from the other promises in the contract. The Group provides a significant service of integration of separate goods and services within a single installation for which the contract has been concluded. The Group accounts for a single obligation under each contract.

The Group is usually entitled to consideration for the work performed to date, which should at least compensate it for the costs incurred, plus a reasonable profit if the contract is determinate due to reasons other than the Group's default (legally enforceable right to payment). The transfer of control and recognition of revenue from construction services is recognised over time by measuring the stage of performance by the Group (stage of completion). In order to measure progress (stage of completion), the Group uses the output method based on bills of quantities/performance protocols for work performed to date and/or key stage completed (portion of the actual contract fulfilment). This method has been determined as the most appropriate one, since the customer controls the asset while it is being created/improved. The customer controls assets in progress, the completed outcome stays with the customer upon contract termination, and the customer may amend the project specifications during the contract.

Revenue from the sale of electricity on open and regulated markets

The Group sells electricity to corporate and household customers at regulated and freely negotiated prices. As from 1 October 2020, the electricity to household customers is at regulated prices (End Supplier license) only. The Group sells electricity to other Traders in accordance with the Energy Act and the Electricity Trading Rules.

Electricity sales constitute uninterrupted supplies (series) with constant and repetitive character and constitute a single performance obligation, since:

1. the integrated supply includes multiple distinct time periods (usually a month);
2. the goods (electricity) are essentially the same, because the customer obtains constant reward therefrom for each separate time period (each month); and
3. control is transferred over time, since the customer receives and consumes the goods simultaneously with their provision.

Revenue is recognized over time, and the contract's progress (stage of completion) is measured based on the volume consumed over time (on a monthly basis). This method has been determined as most suitable to measure progress, since the good – electricity, is provided on a monthly basis according to customers' expectations and requirements based on the practice established in the country's sector and form part of a series, therefore, it best describes the Group's activity of transfer of control and satisfaction of obligations.

Principal vs. agent, net or gross presentation

The Group is the principal when controlling the promised product or service before transferring it to the customer. The Group is an agent if the Group's obligation to perform is to arrange the delivery of the goods or services from a third party.

The signs that it is the principal includes:

- The Group has the primary responsibility for implementing the promise to provide a particular good or service;
- There is a risk to the Group's inventory before the specific good or service is transferred to the customer or after the transfer of the client's control;
- The Group has discretion in determining the price of the particular good or service.

The distribution company from the Group provides services for access to the high-voltage electricity grid (HV) and transmission along the high-voltage electricity grid (HV), as well as the services for collecting a fee for access to the electricity distribution grid for producers of energy from renewable sources, which is payable by solar and wind energy producers connected to the electricity transmission and electricity distribution grid.

With respect to these services, the subsidiary has concluded that it does not control the services before, during and after their provision to the customers and its obligation is rather to collect the amounts due by customers on behalf of a third party (the Electricity System Operator – ESO), which is legislatively regulated. Therefore, the Group has decided to present the revenue and costs from these transactions net in the consolidated statement of comprehensive income.

○As of 01.07.2021 a change in the legislation has been made and Group companies have the obligation is to purchase electricity from RES producers with capacity up to 0.5 MW.

For these sales, the Group has determined that it does not control the commodity before it is transferred to the NEC and is unable to direct the use or obtain the benefit of the commodity. Therefore, the Group has determined that it is acting as an agent in these transactions.

As of 01.07.2021, Renewable energy producers with a capacity greater than or equal to 0.5 MW are obliged to sell the electricity they produce on the Bulgarian National Energy Exchange (IBEX). Within the Group there are two types of contracts with such RES producers. Normally, it sells on their behalf to the IBEX the quantities according to a daily schedule of electricity produced. The Group buys the same monthly quantity of electricity produced, at the average selling price reached on the exchange, from the RES producers. Remuneration is received in the form of a commission, which is calculated on the basis of the quantities of energy sold for the past period (on a monthly basis) on behalf of the relevant RES producers on the IBEX. Also, as of 01.10.2019, there is another type of contracts with RES producers, whereby it sells the electricity generated by them to the IBEX and buys the energy generated by them at a fixed price. For these sales, the Group bears the price risk of the sale of electricity. The other obligations and conditions of the second type of contracts are identical to the first type of contracts.

The Group has determined that it typically does not control the commodity before it is transferred to the IBEX and is unable to direct the use or obtain the benefit of the commodity, particularly under the first type of RES contract, because:

- it does not have primary (overriding) responsibility for meeting performance obligations;
- it cannot determine the amount of energy produced;
- it has no discretion in price negotiations.

Due to the above, the Group has determined that in the performance of these contracts it acts as an agent.

The sales revenue under these contracts is recognized at the amount of the fee (net remuneration) that the Group retains after paying to the other party the consideration received for the electricity volumes sold on the IBEX.

Under the Electricity Trading Rules and EWRC's price decisions, through the sales of electricity, the Group collects from its customers amounts due to third parties in relation to:

- grid service fees determined at EWRC prices in favour of the distribution companies;
- the "Obligation to Society" component at a price set by the EWRC in favour of the Energy System Security Fund (ESSF); According to the current price decisions of the EWRC in 2023 the price of the "Obligation to Society" component is BGN zero;
- fees for electricity supply disconnection and re-connection to customers under the Trader license in favour of distribution companies.

The Group does not exercise control and cannot control or determine the amounts described hereinabove, nor does it receive consideration for these sales, since it pays to third parties the full amount of the payment collected from customers. Therefore, the Group has determined that its obligation is rather to collect the amounts due by customers on behalf of third parties, which is a statutory obligation.

Therefore, it has elected to present revenue and expenses related to these transactions net in the statement of profit or loss and other comprehensive income.

Other income

Other income includes operations that are incidental to the Group's core activities and are income or income that are recognized under other standards and are outside the scope of IFRS 15.

The following table provides information about the material conditions and related policies for recognizing other earnings.

Income	IFRS / IAS - Applicable to Recognition of Revenue (Income)	Recognition approach
Net gain on the sale of property, plant and equipment and intangible assets	IAS 16 IAS 38	Gains or losses arising on the disposal of property, plant, equipment or intangible asset as a result of a sale are included in profit or loss when the asset is derecognised. The asset is derecognised at the time the control is transferred to the sold asset.
Rental income	IFRS 16	Lease income from operating leases is recognized as income on a straight-line basis over the lease term unless the Group's management considers that another systematic basis reflects the timing model in which the lessor's benefit is reduced leased asset.
Surplus assets and asset liquidation	Conceptual framework	Revenue from surplus assets are recognized when surpluses are established.
Income from insurance events	Conceptual framework	Revenue is recognized when the Group's right to receive the payment is established.
Income from penalties		Revenue is recognized when the Group's right to receive the payment is established.
Income from write-off of liabilities	IFRS 9	Revenue from write-offs is recognized when the liability expires or the creditor waives its rights.
Government Grants	IAS 20	Grants awarded by the State are recognized when there is reasonable assurance that they will be received and that all applicable conditions are met. Government grants are recognized in profit or loss on a systematic basis during the periods in which the Group

Income	IFRS / IAS - Applicable to Recognition of Revenue (Income)	Recognition approach
		recognizes as an expense the related costs that the grant is intended to offset. <i>Note 10. Other operating revenue</i>

Interest income

Interest income is accounted for using the effective interest method, which is the percentage that accurately discounts the expected future cash payments for the expected term of the financial instrument or for a shorter period, where appropriate, to the carrying amount of the financial asset. Interest income is included in the financial income in the consolidated statement of profit or loss and other comprehensive income.

Dividend income shall be recognized when the right to receive them is established. In the consolidated statement of profit or loss and other comprehensive income, the dividends declared for the financial year by the subsidiaries are recognized as internal estimates and eliminated and therefore do not participate in the formation of the financial result.

The financial revenue generated by Eurohold Group generated stems from:

- investment operations;
- positive differences from operations with financial instruments and currency exchange operations;
- fee and commission income;
- dividends;
- interest on loans granted.

2.11 Expenses

Expenses in the Group are recognized at the time they are incurred and based on the principles of accrual and comparability.

Administrative expenses are recognized as expenses incurred during the year that are related to the management and administration of the Group companies, including expenses related to administrative staff, management staff, office and other external services.

Finance costs include costs arising from investment operations, negative financial operations and currency exchange rate differences, interest expense on bank and commercial loans and debt securities, and charges for fees and commissions.

Prepayments (deferred expenses) are deferred for recognition as current expense over the period in which the contracts to which they relate are met.

Other operating revenue and other operating expenses include items of a minor nature in respect of the core business of the Group companies.

2.12 Interest

Interest income and expense are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest method. The effective interest rate is the one that accurately discounts the expected future cash payments and proceeds over the life of the financial asset or liability to the carrying amount of the asset or liability. The effective interest rate is determined at the initial recognition of the financial asset or liability and is not subsequently adjusted.

The calculation of the effective interest rate includes all commissions received or paid, transaction costs, as well as discounts or premiums that are an integral part of the effective interest rate.

Transaction costs are intrinsic costs directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the annual consolidated statement of profit or loss and other comprehensive income includes: Interest recognized on an effective interest rate basis on financial assets and liabilities measured at amortized cost.

Unearned financial income (interest) represents the difference between the gross and net investment in the lease, the gross investment in the lease being the amount of the minimum lease payments and the unguaranteed residual value accrued to the lessor. Interest income from lease transactions (financial income) is allocated over the term of the lease and is recognized on a constant periodic rate of return on the lessor's net investment.

2.13 Fees and commissions

Fees and commissions income and expense that are an integral part of the effective interest rate for a financial asset or liability are included in the calculation of the effective interest rate.

Other fee and commission income, including fees for logistics services, insurance and other intermediation, are recognized through the performance of the related services.

Other charges for fees and commissions related mainly to banking services are recognized on receipt of the related services.

2.14 Financial intermediation activities

Financial intermediation is related to transactions with financial instruments. They are classified as financial assets as part of an investment portfolio or as part of a trading portfolio.

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not have a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs that are reported as current expenses.

Financial assets at fair value through profit or loss

Financial assets for which a business model "held for contractual cash flows" or a business model "held for collection and sale" is not applicable, as well as financial assets whose contractual cash flows are not only principal and interest payments are reported at fair value through profit or loss. All derivative financial instruments are reported in this category except for those that are designated and effective as hedging instruments and for which hedge accounting requirements apply.

Changes in the fair value of assets in this category are reflected in profit or loss. The fair value of financial assets in this category is determined using either quoted market prices or using valuation techniques in the absence of an active market. This category classifies the securities from the trading portfolio and the equity instruments of the investment portfolio of the firm.

According to the Risk Management Rules of the investment intermediary, subsequent valuation of financial instruments from the trading book is made on a daily basis, at easily accessible closing prices from an independent source such as stock prices or prices from market information systems, quotes from independent brokers with good reputation. In the market valuation, the more conservative of the Buy and Sell rates is used unless the investment intermediary is significant to the market participant for the respective financial instrument and can close its position at an average market price.

When market valuation is not possible, the company uses a model to evaluate its positions and portfolios.

A subsequent valuation of its assets in the trading book under the following procedures:

/1/ For Bulgarian and foreign shares and rights admitted to trading on a regulated securities market in the Republic of Bulgaria as well as Bulgarian shares and rights admitted for trading on a regulated market in Member States:

a/ at the last price of a transaction concluded with them, announced in the stock exchange bulletin, if the volume of the transactions concluded with them for the day is not less than 0.02 per cent of the volume of the respective issue or reaches the estimated volume.

b/ if a price can not be determined under (a) - the arithmetic mean of the highest bid price or short selling respectively of the orders that are valid at the time of closing the regulated market on the estimated day, and the last price of a transaction concluded with the relevant securities for the same day.

c/ in the event that for the valuation day there are no deals with securities of the respective issue, the average of the highest bid or short selling offer respectively, valid at the moment of closing the regulated market for the assessed day, and the weighted average price of the last prices of the transactions concluded with the relevant securities and the traded volumes within the last 30-day period.

d/ If it is not possible to apply the valuation methods in a-c as well as for the non-traded shares, the post evaluation shall be based on the net book value of the assets.

/2/ For units of collective investment undertakings not traded on a regulated market, including in cases of temporary suspension of redemption:

a/ at the last announced redemption price.

b/ at the last designated and announced issue value per unit, less the amount of the unit-redemption and redemption costs provided for under the fund rules, in cases where the collective investment scheme has not reached the minimum amount of the net asset value

/3/ for derivative financial instruments - in the order indicated in /1/, and in case of impossibility to apply this method of valuation - by an appropriate model for valuation of derivative financial instruments.

/4/ for Bulgarian and foreign bonds, as well as government securities issued pursuant to BNB Ordinance No. 5 - by the method of discounted future net cash flows with a discount factor consisting of a risk-free rate and a risk premium.

/5/ for foreign securities admitted for trading on internationally recognized and liquid regulated securities markets abroad:

a/ at the last price of a transaction concluded with them on the relevant market on the day of valuation;

b/ if it is not possible to apply the valuation method under "a", the valuation shall be made at the "buy" or "sell" price, upon closing of the market on the day of the valuation announced in the electronic securities price information system;

c/ if it is impossible to apply the assessment method under letter b) the valuation shall be made at the last price of a transaction concluded with them within the last 30-day period;

/6/ In cases where there is no trading on a regulated market in working days for the country, the valuation valid for the day of the last trading session shall be accepted. In the subsequent assessment of bonds under the first sentence, the accrued interest for the respective days shall also be reported.

Price sources are regulated securities markets - the Bulgarian Stock Exchange and foreign regulated markets where the relevant securities are traded.

Quotation sources can be recognized by world news agencies such as REUTERS, BLOOMBERG, and so on.

2.15 Segment reporting

An operating segment is a component of the Group that engages in revenue-generating activities and costs, including income and expense, that relate to transactions with each other of the Group's other components.

For management purposes, the Group is organized into business units based on the products and services they provide and includes the following reportable segments:

Energy:

- Sales of electricity;
- Electricity transmission;
- Electricity generation;
- Information, communication, technological and other services.

Insurance:

- Insurance Services

Financial services:

- Asset management and brokerage

Lease (until 30.06.2022):

- Lease services

Automobile (until 30.06.2022):

- Sale of new cars
- Auto services
- Car rental services

The essential policies regarding energy business are set out in *Note 2.10 Revenue of energy segment and other income*.

The essential policies regarding insurance business are set out in *Note 2.9 Insurance contracts and insurance income and expenses*.

The essential policies regarding the investment intermediary are set out in *Note 2.14 Financial intermediation services*.

2.16 Non-current assets and liabilities classified as held for sale and discontinued operations

When the Group intends to sell a non-current asset or a group of assets (a disposal group), and if sale within 12 months is highly probable, the asset or disposal group is classified as 'held for sale' and presented separately in the consolidated statement of financial position.

Liabilities are classified as "held for sale" and presented as such in the consolidated statement of financial position if they are directly associated with a disposal group.

Assets classified as "held for sale" are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some 'held for sale' assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's accounting policy for those assets. Once classified as 'held for sale', the assets are not subject to depreciation or amortization.

Gain or loss from discontinued operations

A discontinued operation is a component of the Group that has either been disposed of or is classified as held for sale and:

- represents a certain type of main activity or covers activities from a certain geographical area;

- is part of a separate agreed plan for the sale of a certain type of main activity or of activities from a certain geographical area; or
- represents a subsidiary acquired for the purpose of subsequent sale.

Profit or loss from discontinued operations, as well as components of profit or loss from prior periods, are presented as a single amount in the consolidated statement of profit or loss/statement of profit or loss and other comprehensive income. This amount, which includes the profit or loss after tax from discontinued operations and the profit or loss after tax resulting from the valuation and write-off of assets classified as held for sale, is analyzed in *Note 38 Disposals and discontinued operations*.

The disclosure of discontinued operations from the previous year relates to all operations that have been discontinued as of the date of the consolidated financial statements for the most recently presented period. In the event that activities that were presented as discontinued in a previous period are resumed in the current year, the relevant disclosures for the previous period should be amended.

2.17 Tax

Corporate income tax

Current tax comprises the amount of tax to be paid on the expected taxable profit for the period based on the effective tax rate applicable at the date of preparation of the consolidated statement of financial position and any adjustments to past tax payable.

Current taxes on profits of Bulgarian companies in the Group are determined in accordance with the requirements of Bulgarian tax legislation - the Corporate Income Tax Act. The nominal tax rate for Bulgaria in 2023 is 10% (2022: 10%).

Subsidiaries abroad are taxed according to the requirements of the relevant tax laws by country at the following tax rates:

Country	Tax rate	
	2023	2022
Bulgaria	10%	10%
Romania	16%	16%
North Macedonia	10%	10%
Ukraine	18%	18%
Georgia	15%	15%
Greece	22%	24%
Netherlands	25%	25%

Deferred tax assets and liabilities are also measured at these rates.

Deferred tax

Deferred tax is calculated by applying the balance sheet method to all temporary differences between the carrying amount of the financial statements and the amounts for tax purposes.

Deferred tax is calculated on the basis of the tax rate that is expected to be incurred when the asset is realized or the liability is settled. The effect on deferred tax on change in tax rates is recognized in the consolidated statement of profit or loss and other comprehensive income except when it relates to amounts previously accrued or accounted for directly in equity.

A deferred tax asset is recognized only to the extent that it is probable that future profits will be available against which unused tax losses or tax credit can be utilized. Deferred tax assets are reduced in line with the decrease in probability of tax benefits.

2.18 Property, plant and equipment

Items of property, plant and equipment are measured at cost less the amount of accrued depreciation and any impairment losses.

The Group has set a materiality threshold of BGN 700 below which the assets acquired, despite having the characteristics of a fixed asset, are reported as current period expense at the time they are acquired.

Initial acquisition

Initial valuation of items of property, plant and equipment is carried out:

- At acquisition cost, which includes: the purchase price (including customs duties and non-recoverable taxes), all direct costs of bringing an asset into working condition in accordance with its intended purpose - for assets acquired from external sources;
- At fair value: for those received as a result of a free transaction;
- Under assessment: accepted by the court, and all direct costs of bringing an asset into working condition in accordance with its purpose - for assets received as an in-kind contribution.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included in the acquisition cost (cost) of that asset. All other borrowing costs are reported as current expenses in profit or loss for the period.

Subsequent measurement

The Group's approach to subsequent measurement of property, plant and equipment is the cost model under IAS 16, the historical cost of acquisition, less accumulated depreciation and accumulated impairment losses.

Subsequent costs

Subsequent repair and maintenance costs are recognized in the consolidated statement of profit or loss and other comprehensive income at the time they are performed unless there is clear evidence that their performance will result in increased economic benefits from the use of the asset. Then these costs are capitalized at the asset's carrying amount.

Gains and losses on sale

In the case of a sale of tangible fixed assets, the difference between the carrying amount and the sale price of the asset is recognized as a gain or loss in the consolidated statement of profit or loss and other comprehensive income.

Write-off of tangible fixed assets on the balance sheet is at the time of sale or when the asset is definitively disposed of and after the write-off the asset is not expected to have any other economic benefits.

2.19 Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and recognized separately. For the purposes of the impairment test, goodwill is allocated to each cash-generating unit of the Group (or group of cash-generating units) that is expected to benefit from the business combination, whether or not other assets or liabilities of the acquired company is allocated to these units. Goodwill is measured at cost less accumulated impairment losses.

When a cash-generating unit is written off, the relevant portion of goodwill is included in determining the gain or loss on write-off.

2.20 Intangible assets

Intangible assets are stated at cost, including all duties paid, non-refundable taxes and direct costs incurred in preparing the asset for use.

Subsequent measurement is performed at cost less accumulated amortisation and impairment losses.

Subsequent expenditures in respect of other intangible assets after their initial recognition are recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred unless due to them the asset can generate more than originally intended future economic benefits and these expenditures can be reliably measured and assigned to the asset. If these conditions are met, the amount of the expenditures made is added to the cost of the asset.

A materiality threshold of BGN 700 is applied, below which the acquired assets, despite having the characteristics of a fixed asset, are reported as a current expense at the time of their acquisition.

The carrying amount of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not exceed their recoverable amount.

The gain or loss on disposal of the the intangible asset is determined as the difference between the disposal proceeds, and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income in line "Other operating income / costs", net.

2.21 Depreciation and amortisation methods

The Group applies a straight-line depreciation method. Depreciation of assets begins in the month following the month of acquisition. The land and assets under construction are not depreciated. Useful life by group of assets is consistent with: physical wear and tear, specifics of the equipment, future intentions for use, and the assumed obsolescence.

Asset group	Useful life in years
<i>Property, plant and equipment</i>	
Buildings	25-50
Machinery and equipment	2-25
Vehicles	2-6
Business inventory	3-25
Computers	2-5
<i>Intangible assets</i>	
Software	2
Other intangible assets	5-7
<i>Rights of use</i>	over the shorter of the asset's life and the lease term on a straight-line basis

2.22 Investment property

The Group accounts for investment property held for rental income and / or for capital increases using the fair value model.

Investment property is initially measured at cost, including the purchase price and any costs that are directly attributable to the investment property, such as legal fees, property transfer taxes and other transaction costs.

Investment property is revalued on annual basis and are included in the consolidated statement of financial position at their market values. Valuation is determined by independent appraisers with professional qualifications and significant professional experience depending on the nature and location of the investment properties, based on evidence of market conditions.

Any gain or loss on a change in the fair value or sale of an investment property is recognized immediately in profit or loss and presented in the consolidated statement of profit or loss and other comprehensive income.

2.23 Impairment tests on goodwill, other intangible assets and property, plant and equipment

In calculating the amount of impairment, the Group defines the smallest identifiable group of assets for which separate cash flows (unit generating cash flows) can be determined. As a result, some of the assets are subject to an impairment test on an individual basis and others on a cash-generating unit basis. Goodwill refers to the cash-generating units that are likely to benefit from the business combination and which represent the lowest level in the Group at which management monitors goodwill.

Cash-generating units to which goodwill is attributed are tested for impairment at least annually. All other separate assets or cash-generating units are tested for impairment when events or changes in circumstances indicate that their carrying amount can not be restored.

An impairment loss is the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. To determine the value in use, the Group's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. The data used in the impairment testing are based on the last approved budget of the Group, adjusted if necessary to eliminate the effect of future reorganizations and significant asset improvements. The discount factors are determined for each individual cash-generating unit and reflect their respective risk profile, assessed by the Group's management.

Impairment losses on a cash-generating unit are allocated to the reduction of the carrying amount first of the goodwill attributable to that unit and then to the other assets of the unit in proportion to their carrying amount. With the exception of goodwill for all of the Group's assets, management subsequently assesses whether there is any indication that an impairment loss recognized in prior years may no longer exist or be reduced. An impairment loss recognized in a prior period is reversed if the recoverable amount of the cash-generating unit exceeds its carrying amount.

2.24 Lease

The Group as a lessee

The Group assesses whether the contract represents or contains elements of a Lease if, under this agreement, the right to control the use of an asset for a specified period of time is transferred for consideration. If it is established that the lease agreement recognizes the Group as an asset with a right of use and a corresponding obligation at the date on which the leasing asset is available for use.

A reassessment of whether a contract represents or contains elements of a lease is made only if the terms and conditions of the contract change.

Leasing assets and liabilities are initially measured at present value.

Leasing liabilities include the net present value of the following lease payments:

- fixed payments (including substantially fixed payments) minus any lease incentive receivables;
- variable lease based on an index or interest initially measured by the index or rate at the commencement date;
- amounts expected to be paid by the Group under guarantees of residual value;
- the cost of exercising a purchase option if the Group has reason to exercise that option, and
- payments of penalties for termination of the lease if the lease term reflects the fact that the Group exercises this option

Lease payments that are made under reasonably defined extension options are also included in the liability measurement. The valuation of a lease contract with an option to extend the lease term should be taken plus 1 year to the fixed period. The Group acknowledges that this is the minimum for which there is assurance that an option contract may be extended.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Group applies a three-step approach in determining the incremental borrowing rate based on:

- Yield of 10-years Government Bonds calculated as an average for the the last 3 years;
- financing spread adjustment - loans to new enterprises, non-financial corporations in local currency, to determine the initial initial interest rate for a period of 3 years (for real estate) or the average interest rate on financial leasing to unrelated persons for the last 3 years (for vehicles);
- specific lease adjustment related to the specific asset (at the discretion of each individual asset).

Applicable differential rates in the Group:

	Buildings - Bulgaria	Buildings - Greece	Buildings- Georgia	Buildings – North Macedonia	Vehicles - Bulgaria	Vehicles – North Macedonia
Incremental borrowing rate	Up to 4.05 %	4.54 %	7.03 %	5.81%	5.34 %	6.17 %

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The Group adopts the threshold for recognition right-of-use assets of BGN 10,000.00, taking the price of the asset as new.

2.25 Pension and other obligations to staff under labor and social legislation

The employment and social security relations with the employees of the Group are based on the provisions of the Labor Code and the provisions of the current insurance legislation for the companies operating in Bulgaria, the Romanian Code - for the companies in Romania, the labor legislation for the companies in Ukraine , of labor law for companies in Northern Macedonia.

Short-term employee benefits

Liabilities for short-term employee benefits are measured on an undiscounted basis and are recognized as an expense when the related service is provided. Liabilities are recognized for the amount expected to be paid on a short-term cash bonus or profit-sharing plan if the Group has a legal or constructive obligation to pay that amount as a result of past service provided by an employee and the liability may be evaluate reliably.

The Group recognizes as an obligation the undiscounted amount of estimated expense paid annual leave expected to be paid to employees in exchange for their work for the past reporting period.

Defined contribution plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net liability for defined benefit plans is calculated by forecasting the amount of future benefits that employees have earned in return for their services in the current and prior periods, and this income is discounted to determine its present value.

A defined contribution plan is a post-employment benefit plan under which the Group pays contributions to another person and has no legal or constructive obligation to pay additional amounts thereafter. The Government of Bulgaria is responsible for providing pensions under defined contribution plans.

Expenses on the Group's commitment to pay installments under defined contribution plans are recognized in profit or loss on an ongoing basis.

Termination benefits

Termination benefits are recognized as an expense when the Group has committed itself clearly, without any real possibility of withdrawal, with a formal detailed plan either to terminate a business relationship before the normal retirement date or to provide termination benefits as a result of a proposal, made to encourage voluntary departure.

Termination benefits for voluntary departure are recognized as an expense if the Group has made a formal offer for voluntary termination, and it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are due more than 12 months after the end of the reporting period, they are discounted to their present value.

2.26 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current bank accounts, demand deposits and deposits up to 3 months, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows

The consolidated cash flow statement shows the Group's cash flows for operating, investing and financing activities during the year, changes in cash and cash equivalents for the year, cash and cash equivalents at beginning and end of the year.

Operating cash flows are calculated as a result for the year, adjusted for non-monetary operating positions, changes in net working capital and corporate tax.

Cash flows from investing activities include payments in connection with the purchase and sale of fixed assets and cash flows associated with the purchase and sale of businesses and activities. Purchase and sale of other securities that are not cash and cash equivalents are also included in investing activities.

Cash flows from financing activities include changes in the size or composition of share capital and related costs, borrowing and repayment of interest-bearing loans, purchase and sale of own shares and payment of dividends.

2.27 Financial assets and liabilities

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and substantially all the risks and rewards are transferred.

Financial liabilities are derecognized when the obligation specified in the contract is fulfilled or expires.

Classification and initial measurement of financial assets

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not have a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs that are reported as current expenses.

The initial measurement of trade receivables that do not have a significant financial component represents the transaction price under IFRS 15.

Depending on the method of subsequent reporting, financial assets are classified into one of the following categories:

- debt instruments at amortized cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income, with or without reclassification in profit or loss, whether they are debt or equity instruments.

The classification of financial assets is determined on the basis of the following two conditions:

- the business model of the Financial Assets Management Group;
- the characteristics of the contractual cash flows of the financial asset.

All income and expenses relating to financial assets recognized in profit or loss are included in financial expenses, financial income or other financial items, except for impairment of trade receivables, which is presented in line with other expenses in the consolidated statement of profit or loss and other comprehensive income.

Subsequent valuation of financial assets

Debt instruments at amortized cost

Financial assets are measured at amortized cost if the assets meet the following criteria and are not designated for fair value through profit or loss:

- The Group manages the assets within a business model that aims to hold the financial assets and to collect their contractual cash flows;
- According to the contractual terms of the financial asset at specific dates, cash flows arise, which are only principal payments and interest on the outstanding amount of the principal.

This category includes non-derivative financial assets such as loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method. Discarding is not done when its effect is insignificant. The Group classifies in this category the cash and cash equivalents, trade and other receivables as well as listed bonds.

Financial assets at fair value through profit or loss

Financial assets for which a business model "held for contractual cash flows" or a business model "held for collection and sale" is not applicable, as well as financial assets whose contractual cash flows are not only principal and interest payments are reported at fair value through profit or loss. All derivative financial instruments are reported in this category except for those that are designated and effective as hedging instruments and for which hedge accounting requirements apply (see below).

Changes in the fair value of assets in this category are reflected in profit or loss. The fair value of financial assets in this category is determined by quoted prices in an active market or by using valuation techniques in the absence of an active market.

Financial assets at fair value through other comprehensive income

The Group recognizes financial assets at fair value in other comprehensive income if the assets meet the following conditions:

- The Group manages assets within a business model that aims to hold the financial assets to collect contractual cash flows and sell them; and
- According to the contractual terms of the financial asset at specific dates, cash flows arise, which are only principal payments and interest on the outstanding amount of the principal.

Financial assets at fair value through other comprehensive income include:

- Equity securities that are not held for trading and which the Group irrevocably has chosen at initial

recognition to recognize in this category.

- Debt securities where the contractual cash flows are only principal and interest and the Group's business model is aimed at both the collection of contractual cash flows and the sale of financial assets.

In case of disposal of equity instruments in this category, any value reported in the revaluation reserve of the instruments is reclassified to retained earnings.

In case of disposal of debt instruments in this category, any value reported in the revaluation reserve of the instruments is reclassified to retained earnings.

Classification and measurement of financial liabilities

The financial liabilities of the Group include borrowings, liabilities under finance leases, trade and other financial liabilities.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Group has designated a financial liability as measured at fair value through profit or loss.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for derivatives and financial liabilities that are designated for measurement at fair value through profit or loss (except for derivative financial instruments that are designated and effective as hedging tool).

All interest-related expenses and, if applicable, changes in the fair value of the instrument that are recognized in profit or loss are included in financial expenses or financial income.

Derivative financial instruments and hedge accounting

Derivatives are off-balance sheet financial instruments the value of which is determined on the basis of interest rates, exchange rates or other market prices. Derivatives are an effective tool for managing market risk and limiting exposure to a counterparty.

The most commonly used derivatives are:

- foreign exchange swap;
- interest rate swap;
- forward foreign exchange and interest rate contracts;
- futures;
- options.

Derivatives are held for trading purposes as well as hedging instruments used to manage interest rate and currency risk.

Derivatives held for trading are measured at fair value and gains and losses are reported in the consolidated statement of profit or loss and other comprehensive income as a result of financial operations.

Derivative financial instruments are measured at fair value through profit or loss except for derivatives designated as hedging instruments for cash flow hedges that require specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic link between the hedged item and the hedging instrument;
- the effect of credit risk is not an essential part of the changes in value that result from this economic relationship;
- the hedging relationship's hedge ratio is the same as the one resulting from the amount of the hedged item that the Group actually hedges and the amount of the hedging instrument that the Group actually uses to hedge this amount of hedged items.

All derivative financial instruments used for hedge accounting are initially recognized at fair value and are reported at fair value in the consolidated statement of financial position.

To the extent that hedging is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognized in other comprehensive income and included in the hedge of the cash flow in equity. Any inefficiency in the hedging relationship is recognized immediately in profit or loss.

At the moment when the hedged item affects profit or loss, the gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as a reclassification adjustment to other comprehensive income. However, if a non-financial asset or liability is recognized as a result of the hedged transaction, gains or losses previously recognized in other comprehensive income are included in the initial measurement of the hedged item.

If the forecast transaction is no longer expected to occur, any related gain or loss recognized in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to be effective, hedge accounting is discontinued and the related gain or loss is recognized as a reserve in equity until the estimated transaction.

Impairment of financial assets

IFRS 9 requires the Group to recognize a provision for expected credit losses for all debt instruments that are not carried at fair value through profit or loss and for contract assets.

Instruments under the requirements include loans and other financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, trade receivables, contract assets recognized and measured under IFRS 15, and credit commitments and some financial guarantee contracts (with the issuer) that are not reported at fair value through profit or loss.

Recognition of credit losses does not depend on the occurrence of a credit loss event. Instead, the Group considers a wider range of information in assessing credit risk and assessing expected credit losses, including past events, current conditions, reasonable and supportive forecasts that affect the expected future cash flow of the instrument.

In implementing this forward-looking approach, a distinction is made between:

- financial instruments whose credit quality has not significantly deteriorated since the initial recognition or have low credit risk (Phase 1);
- financial instruments whose credit quality has deteriorated significantly since the time of initial recognition or where the credit risk is not low (Phase 2);
- "Phase 3" covers financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognized for the first category, while the expected losses over the life of the financial instruments are recognized for the second category. Expected credit losses are determined as the difference between all contractual cash flows attributable to the Group and the cash flows it is actually expected to receive ("cash deficit"). This difference is discounted at the original effective interest rate (or the effective interest rate corrected to the credit).

The calculation of expected credit losses is determined on the basis of the probability-weighted estimate of credit losses over the expected period of the financial instruments.

- **Cash**

The Group categorizes the banks in which it holds cash on the basis of a rating assigned to them by rating agencies (Moody's, Fitch, S&P, BACR) and, depending on it, applies a different percentage to the expected credit losses for 12 months.

- **Receivables on loans**

The Group has receivables from loans granted, which are categorized according to whether the borrower has a rating and depending on whether the receivables from such loans are overdue.

- **Trade and other receivables, contracted assets**

The Group uses a simplified approach to accounting for trade and other receivables as well as contract assets and recognizes impairment losses as expected credit losses over the entire period. They represent the expected shortfall in contractual cash flows, given the possibility of default at any time during the term of the financial instrument. The Group uses its accumulated experience, external indicators and

long-term information to calculate the expected credit losses through customer allocation by industry and time structure of receivables and using a maturity of provisions.

- **Court and awarded receivables**

The Group's court and adjudicated receivables are categorized in Phase 3, respectively as such they are individually considered by the management and each such receivable is assigned an individual impairment percentage.

2.28 Inventory

Materials and goods are valued at shipping cost. Their value is the sum of all purchase costs and other costs incurred in delivering them to their current location and status.

The write-off of materials and commodities upon their consumption is based on a specific or weighted average value depending on the segments.

The net realizable value of the inventories is stated at the sale price, less the completion costs and costs incurred to realize the sale and is determined with respect to marketing, obsolescence and development at expected sales prices.

When the inventory value of inventories is higher than the net realizable value, it is reduced to the net realizable value. The decrease is recorded as other current expenses.

2.29 Provisions, contingent liabilities and contingent assets

Provisions are recognized when it is probable that current liabilities resulting from a past event will result in an outflow of resources from the Group and a reliable estimate of the amount of the liability can be made. The timing or amount of cash outflow may be uncertain. A present obligation arises from the existence of a legal or constructive obligation as a result of past events, such as guarantees, legal disputes or burdensome contracts. Restructuring provisions are recognized only if a detailed formal restructuring plan has been developed and implemented or management has announced the main points of the restructuring plan to those who would be affected. Provisions for future operating losses are not recognized.

The amount recognized as a provision is calculated on the basis of the most reliable estimate of the costs required to settle a current liability at the end of the reporting period, taking into account the risks and uncertainties associated with the current liability. Where there are a number of similar obligations, the probable need for an outflow to settle the obligation is determined taking into account the group of liabilities as a whole. Provisions are discounted when the effect of time differences in the value of money is significant.

Third party benefits in respect of a liability that the Group is certain to receive are recognized as a separate asset. This asset may not exceed the value of the provision in question.

Provisions are revised at the end of each reporting period and adjusted to reflect the best estimate.

In cases where it is considered that an outflow of economic resources is unlikely to occur as a result of a current liability, a liability is not recognized unless it is a business combination. In a business combination, contingent liabilities are recognized when the cost of acquisition is allocated to the assets and liabilities acquired in the business combination. Contingent liabilities should be subsequently measured at the higher of the comparable provision described above and the amount initially recognized less accumulated depreciation.

Possible inflows of economic benefits that do not yet meet the criteria for recognition of an asset are considered contingent assets.

2.30 Equity and earnings per share

2.30.1 Equity

Equity includes share capital, premium reserves and other reserves, as well as retained earnings/accumulated loss and current year financial result.

The share capital is presented at its nominal value according to the court decisions for its registration.

The premium reserve includes premiums earned on the initial equity issue. All costs related to the issue of shares are deducted from the paid-in capital, net of tax relief.

Other reserves include statutory reserves and general reserves.

In accordance with the requirements of the Commerce Act and the Articles of Association, the Parent company is obliged to establish a Reserve Fund and the sources of such fund may be as follows:

- At least one-tenth of the profit being allocated until the fund amount reaches one tenth or bigger part of the capital as set out in the Articles of Association;
- The received funds exceeding the nominal value of shares upon issue thereof (premium reserve);
- Other sources as set out by resolution of the General meeting.

The funds may be used for covering annual losses or losses from previous years only. When the fund reaches the minimum amount as set out in the Articles of Association, the excess may be used for capital increase.

Retained earnings include current financial results and accumulated profits and uncovered losses from previous years.

Dividend payment obligations to shareholders are included in the line Trade and other liabilities in the statement of financial position when the dividends are approved for distribution by the general meeting of shareholders before the end of the reporting period.

All transactions with the owners of the Company are presented separately in the consolidated statement of changes in equity.

Equity that does not belong to the economic group / non-controlling interest / represents part of the net assets, including the net result for the year of the subsidiaries, which can be attributed to participations that are not directly or indirectly owned by the Group.

2.30.2 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to shareholders, holders of ordinary shares by the weighted average number of ordinary shares outstanding for the period.

The weighted average number of shares is the number of ordinary shares outstanding at beginning of period, adjusted by the number of repurchased ordinary shares issued during the period multiplied by the average time factor. This factor expresses the number of days the specific shares were held in relation to the total number of days during the period.

In capitalization, bonus issue or split, the number of ordinary shares that are outstanding at the date of this event is adjusted to reflect the proportional change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the submitted the earliest period. Reduced earnings per share are not calculated as there are no dilutive potential issued shares.

2.31 Significant management judgements in applying accounting policies

Management's significant judgements in the implementation of the Group's accounting policies, which have the most material impact on the consolidated financial statements, are described below. The main sources of estimation uncertainty are described in *Note 2.32 Uncertainty of accounting estimates*.

2.31.1 Deferred tax assets

The assessment of the probability of future taxable income for the use of deferred tax assets is based on the last approved estimate, adjusted for significant non-taxable income and expense, and specific restrictions on the transfer of unused tax losses or loans. If a reliable estimate of taxable income implies the probable use of a deferred tax asset, particularly in cases where the asset can be used without a time limit, the deferred tax asset is recognized as a whole. Recognition of deferred tax assets that are subject to certain legal or economic constraints or uncertainties is judged by the management on a case-by-case basis based on the specific facts and circumstances. Based on this approach, the Management of the Group has decided not to recognise deferred tax assets in the annual consolidated financial statements for 2023 and 2022 as follows:

Parent company

- Thin capitalization under art.43a as 31.12.2023 in the amount of BGN 9 229 thousand (as at 31.12.2022 – BGN 6 961 thousand).
- Tax loss as of 31.12.2023 in the amount of BGN 6 446 thousand (31.12.2022 – BGN 7 573 thousand).
- Impairment of receivables as of 31.12.2023 in the amount of BGN 94 thousand (as at 31.12.2022 – BGN 296 thousand).
- Lease contracts as at 31.12.2023 in the amount of BGN 9 thousand (as at 31.12.2022 – BGN 8 thousand).
- Accumulating unused (compensatable) leave as of 31.12.2023 in the amount of BGN 3 thousand (31.12.2022 – BGN 3 thousand).

See *Note 28. Deferred tax assets and liabilities*

2.31.2 Revenue from contracts with customers

In recognizing revenue under contracts with customers, the management makes various judgments, estimates and assumptions that affect the reported revenue, expense, assets and liabilities under contracts.

The key judgments and assumptions that have a material impact on the amount and timing of revenue recognition from contracts with customers related to electricity trading are disclosed in details in the accounting policy in *Note 2.10* and are as follows:

- Determination of the moment in time of fulfillment of performance obligations in the sale of electricity, services provided in the field of electricity trade and in contracts for the construction of energy facilities - the Company has made an analysis and determined that control is transferred during of time.
- Method for approximate evaluation of the variable remuneration - penalties for non-fulfillment of the obligations of any of the parties, including for quality performance by the Company.
- Assessment of a significant component of financing in case of deferred payment over one year in contracts for the construction of energy facilities.
- Considerations related to the principal versus agent relationship regarding the collection of access and transmission charges to the electricity distribution network and the "Obligations to the public" component - net presentation.

2.31.3 Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at the end of each reporting period. Management determines the useful life of the assets, which represents the expected period of use of the assets by the Group. The carrying values of the assets as of December 31, 2023 and 2022 are analyzed in *Notes 24. Property, plant and equipment and 25. Intangible assets*. The actual useful life may differ from the estimate due to technical and moral obsolescence, primarily of software products and computer equipment.

2.31.4 Uninvoiced energy

Revenue from the sale of electricity is recognized in the statement of profit or loss and other comprehensive income on a monthly basis for the period to which the consumption relates. Invoicing is based on a 1-month rolling billing of electrical energy and therefore makes an estimate of the unreported energy consumed at the end of the month. The difference in estimates for the periods is recognized as income or expense in the statement of profit or loss and other comprehensive income. This estimate is based on historical consumption information and trends. Due to the nature of the factors and assumptions involved in the methodology, estimates may differ from actual results. The amount of unbilled energy is adjusted upwards or downwards depending on seasonal fluctuations. Charged uninvoiced energy is recognized as assets under contracts with customers and presented in the statement of financial position as receivables from customers and suppliers. Assets recognized under contracts with customers are reclassified as a trade receivable when the right to remuneration becomes unconditional. The right to remuneration is considered unconditional if the only condition for payment of remuneration to become due is the expiry of a certain period of time.

As at 31.12.2023 the uninvoiced energy amounts to BGN 77 188 thousand (31.12.2022: BGN 121 551 thousand), net from credit impairment losses (*Note 23. Trade receivables and other receivables.*)

2.31.5 Process for determining the main assumptions related to the assessment of liabilities under insurance and reinsurance contracts

The assumption determination process is designed to calculate neutral estimates of the most likely or expected outcome of insurance events. The sources of information used for the assumptions are internally prepared using in-depth analyses that are conducted annually. Assumptions are reviewed for consistency with observed market prices or other published information. For assumptions, information for current trends is mostly used, and in cases where there is insufficient information to make a reliable assessment of claims progress, more cautious assumptions are made.

Each claim is reviewed against the circumstances of the claims, information available from liquidation professionals and historical evidence of the amount of such damages. Damage estimates are reviewed regularly and updated as new information becomes available. Liabilities for incurred claims (LIC) are accrued based on current information available. The difficulties in determining differ between different lines of business depending on the insurance contracts, the complexity of the benefits, the volume and the significance of the benefits.

The primary method or combination of methods used varies by the year of occurrence of the insurance claim, the class of business and the observed historical development of the loss.

The assumptions made regarding the loss quotas in the future are based on historical loss information and the expected future development of the portfolio for the various types of insurance. There are reasons not to use historical information, which in turn affects the modification of methods. Such reasons could be:

- Changes in business processes that have an impact on the progress and recording of incurred and paid indemnities;
- Economic, legal, political and social trends (resulting in different than expected levels of inflation);
- Changes in the structure of the business;
- Random fluctuations, incl. the impact of material losses.

The amount of incurred but not reported (IBNR) claims is initially calculated on a gross basis and then a separate calculation is made to assess the reinsurers' share. The Group covers insurance risks through an excess loss insurance program for a small number of material losses to be covered by the reinsurer. The method used by the Group is based on historical data, gross expected amount of incurred but unclaimed claims and data on the reinsurance program to determine the amount of receivables from reinsurers.

The changes resulting from the adoption of IFRS 17 effective from 1.1.2022 have been applied using the "Fair Value Approach". The Group identifies, recognizes and measures each group of insurance contracts as if IFRS 17 became applicable on 31.12.2021, at which point the fair value of Liabilities for Remaining Coverage (LRC) and Liabilities for incurred claims (LIC) is determined.

2.31.5.1. Information required for the purposes of actuarial models

Actuarial models under IFRS 17 require, as a minimum, the following data:

For the liability for remaining coverage (LCR) – a list of all policies in force during the current period with the following data:

- date of execution of the policy;
- start and end of coverage under the policy;
- annual cohort;
- accrued premium income – the entire amount of the premium due under the policy, reduced by the premiums written off and returned under early terminated contracts;
- premium received for the period;
- accrued commissions;
- commissions paid.

For the liability for incurred claims (LIC) – a list of all paid claims, for which the progress of damages and claims made, outstanding as of the valuation date is considered, with details of:

- date of event;
- policy under which the damage is claimed with the following information: policy number, policy coverage period /beginning and end of coverage/ and cohort;
- date of submission of the claim;
- claimed amount;
- formed a reserve for incurred, unpaid claims;
- date of payment;
- Paid amount;
- incurred expenses for the liquidation of claims - direct and indirect.

The assumptions having the most material effect in estimating the liability for claims made are the expected loss quotas for the most recent loss periods for the individual insurance types. These metrics are used to estimate the amount of incurred but unclaimed claims.

Actual future results may differ from the assumptions made. The Group's management reviews applied assumptions to ensure that the available information is fully and appropriately reflected.

2.31.5.2 Aggregation of issued (re) insurance contracts and purchased reinsurance contracts

Under IFRS 17, insurance contracts are grouped for measurement purposes.

Contract groups are defined on the basis of individual contracts issued in different product groups, in different currencies and in different countries of operations, being grouped and valued separately at the group level. Each portfolio is then divided into annual cohorts (ie year of issue). When a contract is recognized, it is added to an existing group of contracts or, if the contract does not meet the conditions for inclusion in an existing group, it forms a new group to which future contracts can be added.

Groups of reinsurance contracts are created to be comparable to the groups of direct business and active reinsurance (reinsurance contracts issued). Under IFRS 17, the measurement of a group of contracts includes all future cash flows within each contract in the group. The period covered by premiums within the contract limits is the 'coverage period' which is applicable when applying a number of requirements in IFRS 17.

Insurance contracts

For insurance contracts, cash flows are within the boundaries of the contract if they arise from material rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a material obligation to provide services (including insurance coverage and investments services).

Issued reinsurance contracts

Currently, the valuation of these reinsurance contracts is generally consistent with that of issued insurance contracts and covers only direct insurance contracts that have already been issued and reinsured at the valuation date. According to IFRS 17, however, the cash flows arising from the reinsurance (underlying) contracts, which are expected to be issued and the risk on them to be transferred after the reporting date, may be within the limits of the reinsurance contracts and are taken into account in the valuation.

Purchased reinsurance contracts

For reinsurance contracts, cash flows are within the limits of the contract if they arise from material rights and obligations that exist during the accounting period in which the Group is obligated to pay amounts to the reinsurer or has a material right to receive services from the reinsurer.

Contracts measurement – general overview

IFRS 17 introduces a valuation model based on the present value of future cash flows expected to occur when the Group fulfills the contracts, a risk adjustment and a contract service margin. All insurance contracts of the Group and all reinsurance contracts are classified as contracts without direct participation characteristics.

2.31.5.3 Measurement of (re) insurance contracts and purchased reinsurance contracts

A simplified assessment model

Premium allocation method (simplified model) is an optional simplified valuation model in IFRS 17, that is available for insurance and reinsurance contracts that meet the eligibility criteria.

The Group applies the simplified model to part of its insurance portfolio with the exception of groups of contracts identified as onerous.

A general assessment model

On initial recognition, the Group measures a group of contracts (mostly related to the insurance products Loans and Guarantees) as the total amount of (a) fulfilment cash flows, which include estimates of future cash flows adjusted to reflect the value of money in time and associated financial risks and adjustment for non-financial risk; and (b) contractual service margin. Fulfilment cash flows do not reflect the Group's default risk.

- The Group's objective in estimating future cash flows is to determine the expected value of a set of scenarios that reflect the full range of possible outcomes. The cash flows from each scenario will be discounted and weighted by the expected probability of that outcome to derive an expected present value.
- All cash flows will be discounted using risk-free yield curves, published by EIOPA, without additional adjustments for liquidity.
- The non-financial risk adjustment for a group of contracts, determined separately from other estimates, is the compensation that the Group would require to assume a certain level of uncertainty about the amount and timing of cash flows that arise from non-financial risk.
- Contractual service margin on a group of contracts represents the unearned profit that the Group will recognize as it provides services under those contracts.

The assessment of Liabilities for incurred claims (LIC) is always carried out under the General assessment model.

Onerous contracts

The assessment of whether a set of contracts has a significant risk of subsequently becoming onerous is based on valuation information provided by internal reporting and is based on the likelihood of changes in assumptions that, if they occurred, would cause the contracts to become onerous.

2.31.6 Lack of control over subsidiaries

Loss of control over the subsidiary Euroins Romania Asigurare-Reasigurare S.A. as of 31 December 2022

On 17 March 2023 the Romanian financial regulator ASF decided to revoke the insurance business license of Euroins Romania, part of Euroins Insurance Group S.A. (EIG), to open insolvency proceedings and to appoint the Insurance Guarantee Fund (FGA) as interim administrator of the company. On 9 June 2023 On June 9, 2023, the court in Bucharest filed a petition for the insolvency of "Euroins Romania Asigurare - Reasigurare" S.A. (Euroins Romania), with no final court decision yet. On 22 May 2024 Eurohold Bulgaria AD and Euroins Insurance Group AD filed an international arbitrary court claim against Romanian government at the International Centre for Settlement of Investment Disputes in Washington. The claim is for the amount of more than EUR 500 million.

Based on the available information, facts, and circumstances during the first half of 2023, the Group's management has assessed that, in accordance with the requirements of IFRS 10 'Consolidated Financial Statements' and IAS 10 'Events after the Reporting Period', it should recognize a loss of control over Euroins Romania Asigurare-Reasigurare S.A. with respect to the comparative information as of 31 December 2022. Therefore, the assets, liabilities, and consequently the net assets, components of other comprehensive income, and non-controlling interest have been derecognized in the consolidated financial statements for 2022. Information regarding the financial impact of the derecognition is presented in [Note 35.3](#) of the audited annual consolidated financial statements for 2022, as well as these consolidated financial statements for 2023 in [Note 38 Disposals and discontinued operations](#). The result related to the component in Romania is profit from discontinued operations for 2022 amounting to BGN 69,464 thousand and loss of control of the subsidiary amounting to BGN 247 484 thousand, represented as part of the (Loss)/Profit for the year from discontinued operations for 2022. Management believes that this accounting treatment provides the most accurate and reliable information for users of the consolidated financial statements. It is based on various judgements and assumptions made by management based on the most reliable information available as of the date of the accounting estimates.

Loss of control over the subsidiary EIG Re EAD and reclassification of the remaining investment as investment in associate

IC EIG Re EAD is an associated enterprise of the Group, since at the end of the year there was an effective transfer of control over part of its shares, namely 59.94%. When making an assessment that there is no control over "ZD EIG Re" EAD, the management took into account the following circumstances:

- existence of validly concluded and valid preliminary contracts for the purchase and sale of shares from the capital of "ZD EIG Re" EAD to 6 legal entities;
- a review and analysis of the preliminary contracts for the purchase and sale of shares of "ZD EIG Re" EAD was carried out, which established compliance with the current legislation and the principles of law.
- compliance with the relevant regulatory requirements provided for in the Insurance Code when selling a non-qualified participation in an insurance company, i.e. the principle of a notification regime and not a permit regime by the regulatory authority is applicable;
- in each of the preliminary agreements for the purchase and sale of shares, the parties have agreed that starting from the date of its entry into force, namely 29.12.2023, EIG transfers the effective control over the minority package of shares to the buyer, regardless of the moment, in which the factual and legal actions to transfer the ownership of the shares were carried out, according to the applicable legislation. Under the terms of the contracts, the accounting treatment conforms to the accounting principles for loss of control.

2.32 Uncertainty of accounting estimates

In preparation of consolidated financial statements, management makes a number of assumptions, estimates and assumptions regarding the recognition and measurement of assets, liabilities, income and expenses.

Actual results may differ from management's assumptions, estimates and assumptions and in rare cases will be completely consistent with previously estimated results.

Information about the material assumptions, estimates and assumptions that have the most significant impact on the recognition and measurement of assets, liabilities, income and expenses is presented below.

Impairment of inventories

At the end of the reporting period, management reviews the available inventories – materials and goods to determine whether their net realizable value has fallen below their carrying amount. In this review as at 31 December 2023, the Group did not recognise impairment of inventories. (as of 31 December 2022 – no impairment) *Note 26. Inventory by segments.*

Impairment of property, plant and equipment

In accordance with IAS 36, at the end of the reporting period, an estimate is made as to whether there is any indication that the value of an asset in property, plant and equipment is impaired. In the case of such indications, the recoverable amount of the asset is calculated and the impairment loss is determined. As of 31 December 2023 and 31 December 2022, no impairment of property, plant and equipment was recorded. *Note 24. Property, plant and equipment and 25. Intangible assets.*

Actuarial assessments

In determining the present value of long-term employee retirement liabilities, calculations of certified actuaries based on mortality assumptions, staff turnover rates, future salary levels, and discount factors have been used, which assumptions have been judged by management to be reasonable and relevant for the Group.

Impairment of goodwill

The Group performs an impairment test of goodwill at least once a year. The recoverable amounts of the units that generate cash are determined based on the value in use or the fair value, net of the cost of the sale. In 2023, the Group has not reported a goodwill impairment loss.

During 2022 as a result of loss of control of the subsidiary Euroins Romania Asigurare-Reasigurare S.A., base din Romania, a goodwill of BGN 55 840 thousand has been written off. *Note 30. Goodwill.*

Impairment of cash and cash equivalents, loans and receivables

o Cash and cash equivalents

The Group categorizes the banks in which it holds cash on the basis of their rating agencies (Moody's, Fitch, S & P, BCRA) and, depending on it, apply a different percentage for the expected credit losses for 12 months.

o Loans receivables

The Group has loan receivables that are categorized depending on whether the borrower has a rating, and whether or not the receivables from such loans are overdue.

o Litigation and claims

The Group's court and assignment receivables are categorized in Group 3, respectively as such, they are individually reviewed by the management and each such receivable is assigned an individual impairment.

Defined benefit obligations

Management evaluates once a year in cooperation with an independent actuary the obligation to pay defined benefits. The actual value of the obligation may differ from the preliminary estimate due to its uncertainty. The estimate of the defined benefit obligation is based on statistical indicators of inflation, health care costs and mortality. Another influencing factor is the Group's anticipated future salary increases. The discount factors are determined at the end of each year relative to the interest rates of high-quality corporate bonds that are denominated in the currency in which the defined benefits will be paid and that have a maturity corresponding approximately to the maturity of the relevant pension obligations. Estimation uncertainty exists with respect to actuarial assumptions, which can vary and have a significant effect on the value of defined benefit obligations and related costs.

Fair value of financial instruments

Management uses techniques to measure the fair value of financial instruments in the absence of quoted prices in an active market. Details of the assumptions used are presented in the notes on financial assets and liabilities. In applying valuation techniques, management uses the market data and assumptions that market participants would use when evaluating a financial instrument. When no applicable market data is available, management uses its best estimate of the assumptions that market participants would make. These estimates may differ from the actual prices that would have been determined in a fair market transaction between informed and willing parties at the end of the reporting period.

Estimates of future cash flows in relation to insurance and reinsurance contracts

In estimating future cash flows, the Group incorporates, in an unbiased manner, all reasonable and factually supported information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical claims data, other expectations, updated to reflect current expectations of future events.

Cash flows for the acquisition of insurance and other costs that are incurred in the performance of contracts include both direct costs and allocations of fixed and variable overheads.

The Group allocates cash flows from insurance acquisitions to groups of contracts based on total premiums for each group, claims processing costs based on claims paid and administrative expenses based on total premiums for each group using a combination of different techniques.

The Group recognizes the liability for incurred claims on a group of contracts to the extent of the cash flows from servicing the insurance contracts related to incurred claims. Future cash flows are discounted.

Discount rates

The company uses risk-free yield curves of the countries in which it operates, analogous to the Solvency II guidelines, and uses the curves published by EIOPA without additional adjustments (including for liquidity).

Adjustments for non-financial risk

Adjustments for non-financial risk are determined to reflect the compensation the Group would require for assuming non-financial risk and its degree of risk aversion.

The adjustments for non-financial risk is determined by the cost of capital method for non-financial risks, according to the Solvency II model.

2.33 Categories of financial assets and liabilities

The balance sheet values of the Group's financial assets and liabilities can be presented in the following categories:

Financial assets	<i>Note</i>	31.12.2023	31.12.2022
		BGN'000	BGN'000
Debt instruments at amortized cost:			
Cash and cash equivalents	20	226 779	214 012
Term deposits in banks	21	30 505	53 189
Reinsurance contract assets held	22	200 970	302 636
Reinsurance contract assets issued	22	9 273	3 277
Insurance contract assets	22	248	247
Trade and other receivables	23	339 807	484 693
Government securities	27	-	3 519
Corporate bonds	27	-	326
Other financial assets	27	54 883	97 243
		862 465	1 159 142
Financial assets at fair value through profit or loss:			
Government securities	27	26 002	780
Corporate bonds	27	108 207	25 169
Open-end investment funds	27	190 958	62 172
Equity investments	27	39 626	52 050
		364 793	140 171
		1 227 258	1 299 313

Financial liabilities		31.12.2023	31.12.2022
	<i>Note</i>	<i>BGN'000</i>	<i>BGN'000</i>
Financial liabilities reported at amortized cost:			
Subordinated debts	31	55 265	48 459
Bank and non-bank loans	32	1 034 043	1 116 931
Obligations on bond issues	33	217 588	228 891
Trade and other payables	34	310 217	253 284
Insurance contracts liabilities issued	35	438 113	433 616
Reinsurance contracts liabilities held	35	15 408	8 187
		2 070 634	2 089 368

A description of the Group's risk management policy and objectives regarding financial instruments is presented in [Note 2.34](#).

2.34 Risks Related to Financial Instruments

In carrying out its activities, the Group is exposed to a variety of financial risks:

- credit risk;
- liquidity risk;
- operational risk;
- insurance risk;
- reinsurance risk;
- capital risk;
- other risks.

The overall risk management program focuses on the unpredictability of financial markets and aims to reduce any adverse effects on the Group's financial performance.

2.34.1 Currency risk

Liabilities denominated in foreign currency. Foreign currency exposures result in gains or losses that are recognized in the consolidated statement of profit or loss and other comprehensive income. These exposures comprise the Group's monetary assets that are not denominated in the currency used in the financial statements of local companies.

With the exception of the Insurance Business, the Group operates mainly in Bulgarian levs and in euro. Management believes that with the Bulgarian Currency Board operating in Bulgaria and the fixed exchange rate of the Bulgarian lev to the euro, the Group is not exposed to significant adverse effects of changes in the exchange rate.

The Group has no significant investments in countries other than the countries in which it operates - Bulgaria, Romania, Macedonia, Ukraine and Georgia. In cases where the local currency is exposed to significant currency risk, its management is achieved by investing in assets denominated in Euro.

The distribution of significant financial assets and liabilities exposed to currency risk by currency as of **31 December 2023** is as follows:

<i>In BGN '000</i>	BGN/ EUR	MKD	RON	Other currencies	Total
Cash and cash equivalents	225 192	46	208	1 333	226 779
Term deposits in banks	25 386	5 119	-	-	30 505
Government securities at fair value through profit or loss	21 939	-	-	4 063	26 002
Government securities at amortized cost	-	-	-	-	-
Corporate bonds at amortized cost	-	-	-	-	-
Corporate bonds at fair value through profit or loss	108 207	-	-	-	108 207
Open-end investment funds	190 958	-	-	-	190 958
Equity investments at fair value through profit or loss	38 765	635	-	226	39 626
Other financial assets	54 378	505	-	-	54 883
Reinsurance contract assets held	138 184	808	-	61 978	200 970
Reinsurance contract assets issued	9 273	-	-	-	9 273
Insurance contract assets	248	-	-	-	248
TOTAL:	812 530	7 113	208	67 600	887 451
Subordinated debts	55 265	-	-	-	55 265
Bank and non-bank loans	1 033 791	-	-	252	1 034 043
Obligations on bond issues	217 588	-	-	-	217 588
Insurance contracts liabilities issued	314 738	18 966	391	104 018	438 113
Reinsurance contracts liabilities held	14 648	152	-	608	15 408
TOTAL:	1 636 030	19 118	391	104 878	1 760 417

The distribution of significant financial assets and liabilities exposed to currency risk by currency as of **31 December 2022** is as follows:

<i>In BGN '000</i>	BGN/ EUR	MKD	RON	Other currencies	Total
Cash and cash equivalents	202 736	675	-	10 601	214 012
Term deposits in banks	37 771	9 301	-	6 117	53 189
Government securities at fair value through profit or loss	780	-	-	-	780
Government securities at amortized cost	-	351	-	3 168	3 519
Corporate bonds at amortized cost	-	326	-	-	326
Corporate bonds at fair value through profit or loss	25 169	-	-	-	25 169
Open-end investment funds	57 779	4 393	-	-	62 172
Equity investments at fair value through profit or loss	48 583	845	-	2 622	52 050
Other financial assets	97 243	-	-	-	97 243
Reinsurance contract assets held	198 577	579	33 059	70 421	302 636
Reinsurance contract assets issued	3 277	-	-	-	3 277
Insurance contract assets	247	-	-	-	247
TOTAL:	672 162	16 470	33 059	92 929	814 620
Subordinated debts	48 459	-	-	-	48 459
Bank and non-bank loans	1 116 630	-	-	301	1 116 931
Obligations on bond issues	228 891	-	-	-	228 891
Insurance contracts liabilities issued	286 404	14 353	39 997	92 862	433 616
Reinsurance contracts liabilities held	8 048	139	-	-	8 187
TOTAL:	1 688 432	14 492	39 997	93 163	1 836 084

2.34.2 Interest rate risk

The Group is exposed to the risk of changes in market interest rates, mainly with respect to its short-term and long-term financial liabilities with variable (floating) interest rates. The Group's policy is to manage interest expenses by using financial instruments with both fixed and floating interest rates. The Group's policy is to manage interest costs by using financial instruments, both with fixed and floating interest rates. Interest on the majority of the Group's loans to banking institutions is based on one-month and/or three-month and/or six-month EURIBOR.

The Group's exposure to interest rate risk is concentrated mainly in its investment portfolio. The Group controls this exposure through periodic review of its active positions. Cash flow assumptions as well as the impact of interest rate fluctuations on the investment portfolio are reviewed every six months. The purpose of these strategies is to limit large changes in assets related to changes in interest rates. The Group is also exposed to the risk of changes in future cash flows from fixed income securities resulting from changes in market interest rates.

The tables presented below show the sensitivity of the annual net financial result after tax and equity to a likely change in the interest rates on the EURIBOR-based floating rate loans. These changes are determined to be probable based on observations of current market conditions. The calculations are based on the change in the average market interest rate and on the financial instruments held by the Group at the end of the reporting period, which are sensitive to interest rate changes. All other parameters are assumed to be constant.

The distribution of financial assets according to their sensitivity to interest rate risk as of **31 December 2023** is as follows:

In BGN '000	Variable interest rate	Fixed interest rate	Interest-free	Total
Cash and cash equivalents	-	18 567	208 212	226 779
Term deposits in banks	-	30 505	-	30 505
Government securities at fair value through profit or loss	-	26 002	-	26 002
Government securities at amortized cost	-	-	-	-
Corporate bonds at amortized cost	-	-	-	-
Corporate bonds at fair value through profit or loss	-	108 207	-	108 207
Open-end investment funds	-	-	190 958	190 958
Equity investments at fair value through profit or loss	-	-	39 626	39 626
Other financial assets	-	54 883	-	54 883
TOTAL:	-	238 164	438 796	676 960
In BGN '000				
Subordinated debt	386	54 879	-	55 265
Loans from banks and non-bank financial institutions	799 093	234 950	-	1 034 043
Bond liabilities	-	217 588	-	217 588
TOTAL:	799 479	507 417	-	1 306 896

The distribution of financial assets according to their sensitivity to interest rate risk as of **31 December 2022** is as follows:

In BGN '000	Variable interest rate	Fixed interest rate	Interest-free	Total
Cash and cash equivalents	-	19 499	194 513	214 012
Term deposits in banks	-	53 189	-	53 189
Government securities at fair value through profit or loss	-	780	-	780
Government securities at amortized cost	-	3 519	-	3 519
Corporate bonds at amortized cost	-	326	-	326
Corporate bonds at fair value through profit or loss	-	25 169	-	25 169
Open-end investment funds	-	-	79 622	79 622
Equity investments at fair value through profit or loss	-	-	34 600	34 600
Other financial assets	-	97 243	-	97 243
TOTAL:	-	199 725	308 735	508 460
In BGN '000				
Subordinated debt	8 214	40 245	-	48 459
Loans from banks and non-bank financial institutions	162 578	954 353	-	1 116 931
Bond liabilities	-	228 891	-	228 891
TOTAL:	170 792	1 223 489	-	1 394 281

2.34.3 Price risk

The Group's exposure to price risk is related to financial assets at fair value, which include shares and bonds traded on EU stock exchanges.

Under these instruments, there is a risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those related to interest rate and currency risk), whether or not these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting the market.

Price risk is managed by analyzing the companies in which investments are made on the basis of their operating activities.

2.34.4 Credit risk

The Group's credit risk is mainly related to trade and other financial receivables.

The amounts presented in the consolidated statement of financial position are on a net basis, excluding provisions for uncollectible receivables, assessed as such by management, based on previous experience and current economic conditions.

The Group holds assets in a trading portfolio in order to manage credit risk. Credit risk is the risk that one party to a financial instrument will incur a financial loss for the other party to it by failing to meet an obligation. The Group has implemented policies and procedures to mitigate the exposure of the credit risk group.

The Group's investment policy requires strict application of the diversification rules on exposure limits for each type of instrument and for an individual counterparty, set out in the insurance legislation of each country. The Group does not conduct derivative transactions.

The Group invests its own funds mainly in bank deposits, securities issued by Member States of the European Union, bonds issued by financial institutions or other companies. In order to implement its investment policy, the Group uses professional services of investment intermediaries that have received permission to conduct transactions in the country and abroad.

Type of investment and rating
In BGN '000

	31.12.2023	31.12.2022
Government securities		
Rating AAA	323	311
Rating AA	88	-
Rating BBB	12 446	468
Rating BB	6 401	3 519
Rating CC	6 744	-
Corporate bonds		
Rating BBB	-	13 663
Rating BB	319	469
Rating B	13 361	578
No rating	94 527	10 786
Shares		
Rating BBB	28 939	21 672
Rating BB	131	46
No rating	201 514	92 504
TOTAL:	364 793	144 016

The Group has exposures to government securities as follows:

Portfolio as of 31.12.2023 In BGN '000												Total
	Ukraine	Germany	Italy	France	Slovakia	Croatia	Poland	Bulgaria	Romania	North Macedonia	USA	
Reported at fair value	6 744	2 296	4 062	3 999	1 954	1 988	3 975	274	271	351	88	26 002
Reported at amortized cost	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL:	6 744	2 296	4 062	3 999	1 954	1 988	3 975	274	271	351	88	26 002

Portfolio as of 31.12.2023 In BGN '000												Total
	Ukraine	Germany	Italy	France	Slovakia	Croatia	Poland	Bulgaria	Romania	North Macedonia	USA	
Reported at fair value	-	312	-	-	-	-	-	188	280	-	-	780
Reported at amortized cost	3 169	-	-	-	-	-	-	-	-	350	-	3 519
TOTAL:	3 169	312	-	-	-	-	-	188	280	350	-	4 299

2.34.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they become due. The policy in this area is aimed at ensuring that sufficient liquidity is available to service the obligations when they become due, including in extraordinary and unforeseen situations. The objective of the management is to maintain a constant balance between the continuity and flexibility of financial resources through the use of adequate forms of funding.

Liquidity risk management is the responsibility of the Group's management and includes maintaining sufficient cash, negotiating adequate credit lines, preparing analysis and updating cash flow projections.

The table below presents an analysis of the consolidated liabilities of Eurohold Group by maturity, based on the remaining period from the date of the consolidated statement of financial position to the date of realization of the liabilities based on the agreed undiscounted payments:

Consolidated liabilities by residual term

At 31 December 2023 In BGN '000	Maturity			
	Up to 1 year	1-5 years	Over 5 years	Total
Subordinated debt	-	386	54 879	55 265
Loans from banks and non-bank financial institutions	231 886	802 157	-	1 034 043
Bond liabilities	1 324	161 594	54 670	217 588
Trade and other liabilities	141 816	120 919	47 482	310 217
Insurance contracts liabilities issued	227 845	168 178	42 090	438 113
Reinsurance contracts liabilities held	15 408	-	-	15 408
TOTAL:	618 279	1 253 234	199 121	2 070 634

At 31 December 2022 In BGN '000	Maturity			
	Up to 1 year	1-5 years	Over 5 years	Total
Subordinated debt	-	8 580	39 879	48 459
Loans from banks and non-bank financial institutions	119 774	995 051	2 106	1 116 931
Bond liabilities	1 571	149 115	78 205	228 891
Trade and other liabilities	198 569	33 781	20 934	253 284
Insurance contracts liabilities issued	232 411	174 867	26 338	433 616
Reinsurance contracts liabilities held	8 187	-	-	8 187
TOTAL:	560 512	1 361 394	167 462	2 089 368

2.34.6 Operational risk

Operational risk is the risk of direct and indirect losses to the Group caused by various internal factors related to the Group's operations, personnel, technology and infrastructure, as well as external factors other than credit, market and liquidity risks and arising of legal requirements and generally accepted rules of corporate ethics.

The Group defines operational risk as: the risk of incurring losses or not realizing profits, which is caused by non-functioning or non-implemented internal control systems or by factors external to the Group, such as economic condition, changes in insurance environment, technical progress and others. Legal risk is part of operational risk and arises as a result of non-compliance or misapplication of legal and contractual commitments that would have an adverse effect on operations. The definition does not include strategic risk and reputation and goodwill risk.

The aim of the Group is to manage operational risk in such a way as to prevent financial losses and in the most effective way, while maintaining its good reputation and at the same time not hindering initiative and creativity in its actions.

2.34.7 Insurance risk

The objective probability of damage to property or non-property goods, the realization of which is uncertain, unknown and regardless of the will of the insured person represents an insurance risk.

An insurance contract is a contract under which the Group assumes significant insurance risk on the other hand (insured person) by agreeing to compensate the insured person or other beneficiary in the event of a specific unexpected future event (the insured event) that adversely affects the insured person or beneficiary.

The property is subject to a number of risks, including theft, fire, business disruption and weather conditions. Compensation for phenomena such as storms, floods, landslides, fires, explosions, and rising crime rates occur on a regional scale, which means that each company manages the distribution of its geographical risk very carefully. In the event of an earthquake, each company expects the real estate portfolio to include high claims for structural real estate claims and large claims due to business disruptions, while transportation links are down and the property is closed due to renovations. Each company accepts the total risk exposure, which is ready to take in certain areas for a number of events such as natural disasters.

The current aggregate position is monitored during the signing of a risk and monthly reports are prepared, which show the key concentrations to which each of the Group companies is exposed. Each of the insurance companies uses different modeling tools to control concentration and simulate catastrophe losses to measure the effectiveness of reinsurance programs and their net risk exposure. During the year, "stress" and "scenario" tests are conducted using these models.

The greatest probability of significant losses for any insurance company arises from catastrophic events such as floods, damage, claims from storms or earthquakes. Each company manages its risk by concluding reinsurance contracts.

The opinion of the management regarding the concentration of risk is that efforts have been made for equal territorial distribution of the insured property. The risk is systematically assessed by the Reinsurance Director of the respective company and the accumulation of insurance amounts by regions is monitored.

The Management does not consider that at the end of the reporting period there are significant concentrations of insurance risk in the portfolio of each insurance company, part of the Group. The opinion of the Management regarding the concentration of the insurance risk is that efforts have been made for a relatively even distribution of the insured property and cars. A systematic risk assessment is performed and the accumulation of insurance amounts is monitored both by groups of clients and by regions.

2.34.8 Reinsurance risk

The companies of the Group cede insurance risk to limit exposure to underwriting losses under various agreements that cover individual risks, group risks or defined lines of business, on co-insurance, on yearly renewable term. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on Company's assessment of specific risk, which under certain circumstances reaches limits based on characteristics of coverage. In the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in case claim is paid. Each company, however, remains liable to its policyholders in respect to ceded insurance in case reinsurer fails to meet the obligations he assumes. In non-life business, the predominant use of reinsurance is intended to manage exposure to weather-related events, natural catastrophes, events involving multiple casualties, catastrophic fires and liabilities (general and motor third party liability). When selecting a reinsurer each company of the Group considers its relative reliability. Assessment of reinsurer's reliability is based on public rating information and internal researches.

2.35 Capital management policies and procedures

With capital management, the Group aims to create and maintain opportunities for it to continue to operate as a going concern and to ensure the appropriate return on investment of shareholders and economic benefits of other stakeholders and participants in its business, as well as to maintain optimal capital structure.

The Group currently monitors the security and capital structure based on the debt ratio, namely the net debt capital to the total amount of capital.

In 2016, a number of regulatory changes entered into force, which have a significant effect on the insurance market in the region and in particular on the Group, including Directive 2009/138 / EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and others.

Net debt includes all liabilities, loans, debenture, trade and other payables less the carrying amount of cash and cash equivalents. For capital risk calculation, subordinated debt instruments are treated as equity.

The capital for the presented reporting periods can be analyzed as follows:

<i>In BGN '000</i>	31.12.2023	31.12.2022
Equity (net assets and subordinated debt instruments)	180 355	100 048
Total liabilities (excluding subordinated debt instruments and (re)insurance contracts liabilities)	2 294 666	1 922 324
Cash and cash equivalents, and time deposits with banks	(257 284)	(267 201)
Net debt	1 583 861	1 655 123
Total Equity and net debt	1 764 216	1 755 171
Indebtedness ratio % (Net debt to Equity and net debt)	90%	94%

The decrease in the debt ratio in 2023 is mainly due to the fully and partially repaid loans to financial and non-financial institutions in the Parent Company. The regulatory authorities for the various companies in the Group establish rules for determining the solvency requirements and the amount of own funds and monitor their compliance. The policy of the companies in the Group is to maintain stable levels of capital requirement coverage, as well as to balance high returns and risk. Management is continuously analyzing the effect of the new regulatory framework on the Group's capital position and operations.

During the period, the Group has complied with all externally imposed capital requirements to which it is subject.

2.36 Fair value measurement

Fair value is the price that would have been obtained on the sale of an asset or paid on the transfer of an obligation in a typical transaction between market participants at the valuation date.

Fair value measurement implies that the transaction for the sale of the asset or the transfer of the liability is carried out:

- the underlying market for that asset or liability;
or
- in the absence of a major market - the most profitable market for that asset or liability.

The main or most advantageous market should be available to the Group.

In measuring the fair value of a non-financial asset, the ability of a market participant to generate economic benefits by using the asset to maximize its value or by selling it to another market participant that will use it in such a way is taken into account. The Group uses cost-appropriate valuation methods, for which there is sufficient available fair value measurement data, using as much as possible the relevant observable hypotheses and minimizing the use of non-observable ones.

All assets or liabilities that are measured at fair value or disclosed in the consolidated financial statements are categorized according to a fair value hierarchy described as follows and based on the lowest rank of observable assumptions that are significant for the fair value measurement as a whole:

- Level 1 - Adjusted (unadjusted) active market prices for identical assets or liabilities to which the Group may have access at the measurement date;
- Level 2 - Valuation techniques for which observable lower rank hypotheses that are relevant for fair value measurement are directly or indirectly observable;
- Level 3 - Valuation techniques for which observable lower case scenarios that are relevant for fair value measurement are unobservable.

The Group uses external appraisers to measure the fair value of significant assets, such as goodwill and investment property at the end of the financial year.

For the purpose of disclosing fair value, the Group has determined asset and liability classes based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Disclosures related to fair value for financial instruments and non-financial assets that are measured at fair value or when fair values are disclosed are summarized in the following notes:

The table below presents an analysis of the financial instruments at fair value through consolidated profit or loss according to the valuation methods used:

As of 31 December 2023

<i>In BGN '000</i>	<i>Note</i>	Level 1	Level 2	Level 3
Government securities carried at fair value through profit or loss	27	26 002	-	-
Government securities reported at amortised cost		-	-	-
Corporate bonds at fair value through profit or loss	27	40 911	66 914	382
Equity investments at fair value through profit or loss	27	41 079	189 032	473
TOTAL:		107 992	255 946	855

During the period there were no transfers between level 1, level 2 and level 3 of assets measured at fair value.

As of 31 December 2022

<i>In BGN '000</i>	<i>Note</i>	Level 1	Level 2	Level 3
Government securities carried at fair value through profit or loss	27	780	-	-
Government securities reported at amortised cost	27	3 519	-	-
Corporate bonds at fair value through profit or loss	27	6 739	16 820	1 936
Equity investments at fair value through profit or loss	27	41 356	72 496	370
TOTAL:		52 394	89 316	2 306

During the period there were no transfers between different levels of assets measured at fair value.

Bond liabilities are stated at amortized cost, net of repurchased own bonds, which are subsequently measured at fair value based on information from Bloomberg / Eurobank and other sources, reflecting the effect on profit or loss for the period.

2.37 Macroeconomic, geopolitical and ecology factors, which may influence the Group

The economic consequences of the military conflict in Ukraine and the unprecedented increase in the price of energy resources in 2023 have had serious price effects on the overall global economy, a substantial rise in inflation and a difficulty in the supply of energy resources. Other manifested effects of the beginning of the hostilities are: a decline in economic growth, an uncertain international environment, problems with gas supplies and a significant increase in gas prices, a surge in prices for trading in electricity, fuels and other petroleum products, difficulties in the supply chain, due to restrictive and logistical problems, strong volatility in stock markets under the pressure of fluctuations in fuel and other basic resource markets, increased interest rates, a shaky banking system, etc.

The Group has analyzed, on the basis of the currently available data, the potential effect on its consolidated financial position and, in particular, on the models used, according to IFRS 9.

Macroeconomic forecast

According to the annual report of ECB for 2023 (<https://www.ecb.europa.eu/press/annual-reports-financial-statements/annual/html/ecb.ar2023~d033c21ac2.bg.html>) the global economy fared better in 2023 than initially expected, continuing to expand at a moderate pace. The expansion was driven mainly by economic growth in emerging market economies and the United States, while most other advanced economies were more strongly affected by tight financing conditions and considerable geopolitical uncertainty. Global inflation declined markedly as energy commodity prices fell, while underlying price pressures remained elevated. The euro strengthened in nominal effective terms and against the US dollar.

In the euro area economic growth weakened in 2023. The industrial sector was particularly affected by tighter financing conditions, high input costs and weak global demand, whereas the services sector was initially still supported by lingering effects from the post-pandemic reopening of the economy. While the ECB's interest rate tightening was transmitted forcefully to economic activity, the labour market remained fairly resilient. Euro area governments continued to wind down support measures adopted in response to the pandemic, energy price and inflation shocks, reversing part of the previous fiscal loosening. Headline inflation declined sharply in the euro area, helped particularly by energy inflation dropping into negative territory as the strong energy price surges of 2022 unwound. Underlying inflation also started to moderate, underpinning a general disinflationary process and reflecting the fading impact of past shocks and the increasing effects of tighter monetary policy. However, domestic price pressures replaced external pressures as the most important inflation drivers, as the labour market supported strong nominal wage developments, with workers seeking compensation for past inflation-induced losses in purchasing power.

In the Macroeconomic forecast of the BNB from March 2024 (https://www.bnb.bg/ResearchAndPublications/PubPeriodical/PubP_MacroeconomicForecast/index.htm) the expectations for the growth of the real GDP in Bulgaria will amount to 2.2% (compared to 1.8% in

2023). The main contributors to higher real GDP growth in 2024 will be the lack of negative contribution by inventory changes, continued growth in domestic demand at a pace similar to the previous year, and a shift in exports of goods and services from decline in 2023 to growth in 2024. The number of employed persons is expected to rise by 0.4% in 2024 and by 0.2% in 2025, and the scope for growth to be severely limited from 2026 onwards due to the ongoing unfavorable demographic trends in the country, leading to a decrease in the population of working age. Annual inflation is expected to average 3.0% in 2024 and slow to 2.3% at the end of the year.

Source: www.bnb.bg

Eurohold Bulgaria AD strives to monitor the probability of the manifestation of the macroeconomic risk and develops group measures to mitigate as much as possible the impact of the effects that the presence of this risk may have. However, the Holding cannot completely exclude and limit its influence on the business, financial position, profits and cash flows at the group level. There is also the possibility that the occurrence of this risk may exacerbate other risks or a combination of risks.

The table below presents information on the economic growth expectations of the Republic of Bulgaria according to the data of the International Monetary Fund (April 2024: <https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024>) including forecast data after the onset of the pandemic situation related to Covid-19 (Coronavirus) and the war in Ukraine

	Historical data					Forecast	
	2019	2020	2021	2022	2023	2024	2025
Economic growth of Bulgaria	4.0%	(4.0)%	7.7 %	3.9 %	1.8%	2.7%	2.9%

The table below provides information on the economic growth expectations of the euro area countries (representing the main foreign market of the Republic of Bulgaria), according to the International Monetary Fund, including forecast data from April, 2024:

	Historical data					Forecast	
	2019	2020	2021	2022	2023	2024	2025
Economic growth GDP	1.6%	(6.1)%	5.9%	3.4%	0.5%	0.8%	1.5%

The Group's Management has also analyzed the expected economic development of the countries where it operates, as the historical and forecast data from the International Monetary Fund (April 2024) are presented in the table below:

	Historical data					Forecast	
	2019	2020	2021	2022	2023	2024	2025
North Macedonia	3.9%	(4.7)%	4.5	2.2%	1.0%	2.7%	3.7%
Ukraine	3.2%	(3.8)%	3.4%	(29.1)%	5.0%	3.2%	6.5%
Georgia	6.4%	(6.3)%	10.6%	11.0%	7.5%	5.7%	5.2%
Greece	1.9%	(9.3)%	8.4%	5.6%	2.0%	2.0%	1.9%
Poland	4.4%	(2.0)%	6.9%	5.3%	0.2%	3.1%	3.5%
Italy	0.5%	(9.0)%	8.3%	4.0%	0.9%	0.7%	0.7%
Spain	2.0%	(11.2)%	6.4%	5.8%	2.5%	1.9%	2.1%

The management continues to monitor the development of credit risk in relation to the countries in which the Group operates, as well as in relation to the main investments (subject to both markets and credit risk).

Effect on credit ratings

As a result of the expected economic effects of the slowdown in overall activity, some rating agencies worsened their forecast on long-term debt positions, both in terms of government debt and in terms of corporate debt positions. The table below provides information on the change in the credit rating (including forecast) assigned by Fitch to the Republic of Bulgaria and to the Parent company of the Group.

	Rating	Outlook
Republic of Bulgaria (April, 2024)	BBB+	Positive
Eurohold Bulgaria AD (June, 2024)	B	Stable

The following is information on the change in the credit rating (including forecast) assigned by Fitch to the countries where the Group operates:

	Rating	Outlook	Data
North Macedonia	BB+	Stable	05/04/2024
Ukraine	CC	n/a	07/06/2024
Georgia	BB	Positive	12/01/2024
Greece	BBB-	Stable	31/05/2024
Poland	A-	Stable	10/05/2024
Italy	BBB	Stable	03/05/2024
Spain	A-	Stable	17/05/2024

Management continues to monitor the development of the credit risk in relation to the countries where the Group operates, as well as the main investments (subject to both markets and credit risk) of the Group companies.

Analysis of the expected effect on the IFRS model 9

The Company's management has analysed the expected effect on the overall model of IFRS 9, the results of which are presented in detail below. The focus of the analysis includes:

- The assessment of the deterioration of the credit quality of the counterparties.
- The assessment of the potential effect on the expected credit losses from the exposures to the counterparties.

The general conclusion of the Management of the Group is that at the time of issuing this consolidated financial statement in short term, no significant deterioration of the credit quality of the counterparties is expected.

With regard to the model (including the complete and simplified one) for calculating the expected credit losses, the Management Board considers that it is not necessary to make a change in the general model.

Military conflict between Ukraine and Russia

There are force majeure circumstances that can affect business activities in all spheres worldwide. This was caused by the military actions taken by Russia and its invasion of the territory of Ukraine.

As a result of the war that started, a number of countries from around the world, including countries from the European Union, took drastic sanctions against Russia, and partially against Belarus, which supports it.

The war between Russia and Ukraine had a negative impact on the Group through investments in insurance companies in Ukraine, Russia and Belarus. At the end of 2022, in connection with the ongoing military actions on the territory of Ukraine, the insurance companies operating in Belarus (100% participation) and in Russia (associated participation of 48.61%) were sold. Business in both countries was insignificant, forming less than 1% of the insurance segment's 2022 revenue.

Subsidiaries in Ukraine continue to operate. Potential effects on the collectability and credit quality of the accounts are subject to constant monitoring and updating by the Management. In the short term, there are no indications of a deterioration in the credit quality of counterparties, and that there are currently no grounds for changing the model for calculating expected credit losses.

The group also has obligations under bank loans with a book value of BGN 21, 069 thousand as of 31.12.2023, which were received from the International Investment Bank, Russia and the International Bank for Economic Cooperation, Russia. There has been no change in the terms of the loan agreements since the start of the war and the imposition of international sanctions against Russia.

The management of Eurohold Bulgaria AD actively monitors and analyzes the macroeconomic, political, legal and other significant risks in the countries where it operates, assesses their impact on the group's results and makes decisions on their mitigation.

Climate - related matters

The management is currently monitoring the emergence of risks and negative consequences of climate change on the activities of the Group, as well as its impact on climate change.

For the most part, the risks associated with climate change are arising from:

- Change in the policies and regulations as a result of the implementation of the European normative documents in the field of climate by the respective regulatory bodies in the Republic of Bulgaria
- Change in the legislation framework in accordance with the European documents related to climate and approved policies;
- Change in the distribution network technologies needed to move to a carbon-neutral society
- Negative effects on suppliers or customers related with climate that affect the Company:
 - Negative effects on the Company's suppliers are possible due to effects in the chain of climate change, which would lead to a refusal to fulfil commitments directly related to the investment program of the Company. This would lead to non-implementation or delayed implementation of this program.
 - It is possible to increase the energy prices of end customers, which may lead to a reduction in the amount of energy transferred, both due to savings and due to bankruptcies and business closures. This would reduce the amount of profit. At the same time, newly opened businesses would offset this decline.

Consistent with the previous year, as of 31 December 2023, the Company has not identified significant risks caused by climate change that could have a negative and material impact on the Company's consolidated financial statements of the Group. Management continually assesses the impact of climate-related issues.

Assumptions could change in the future in response to upcoming environmental regulations, new commitments made and changing consumer demand. These changes, if not foreseen, could have an impact on the future cash flows, financial results and financial condition of the Company.

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3. Expenses for energy business

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Open market customers	1 240 880	2 314 396
Household consumers	841 909	780 072
Business consumers	163 274	416 477
Access fees	26 962	21 727
Penalties for late payments	-	5 104
Revenue from services for research, repair and maintenance of electricity distribution network, and commercial metering devices	8 602	10 307
Revenue from information, communication, technological services	1 641	3 905
Revenue from the Power System Security Fund	824	939
Other revenue	36 052	22 980
	2 320 144	3 575 907

Changes in stock market prices have a major impact on reducing revenues in the energy sector. This trend is also reflected in the cost of purchasing electricity.

4. Expenses for energy business

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Costs for purchased electricity	(1 604 644)	(2 839 319)
Technological costs for electricity transmission	(151 851)	(199 492)
Balancing energy	(32 215)	(74 677)
Costs for transmission and access services	(2 310)	(3 765)
Other expenses	(473)	(121)
	(1 791 493)	(3 117 374)

5. Revenue from insurance business

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Contracts not measured under general model	151 212	111 120
Amounts relating to the changes in the LRC incl.	101 076	63 17
<i>Expected cash flows - incurred claims and other directly attributable expenses recovery</i>	<i>81 847</i>	<i>51 300</i>
<i>CSM recognised for the services provided</i>	<i>19 229</i>	<i>12 017</i>
Insurance acquisition cash flows recovery	50 136	47 803
Insurance revenue from contracts measured under the the premium allocation approach (PAA)	314 930	345 908
Direct insurance	314 930	345 908
	466 142	457 028

6. Expenses for insurance business

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Incurring claims and other directly attributable expenses	(273 409)	(302 768)
Changes related to past service	2 267	13 976
Total incurred claims and insurance service expenses	(271 142)	(288 792)
Insurance acquisition cash flows	(155 465)	(168 144)
Administrative expenses	(30 756)	(27 986)
Losses on onerous contracts and allocation of the loss component of the liability for remaining coverage	4 173	18 999
Changes related to past services	(1 052)	-
Total insurance service expenses	(183 100)	(177 131)
	(454 242)	(465 923)

7. Net result from reinsurance contracts held

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Transferred cash flows for acquiring insurance	30 641	94 202
Incurred claims and change in the liability for reported claims, recovered from reinsurers	21 034	185 032
Insurance revenue ceded to reinsurers	(124 910)	(277 175)
	(73 235)	2 059

8. Net finance and investment income/(expenses) from insurance

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Gain from impairment of financial assets	3 604	2 960
Interest income using the effective interest method	6 093	4 794
Other investment income	505	917
Net finance expenses from insurance	(15 237)	-
Net finance income from insurance	108	11 883
Loss from impairment of financial assets	(6 184)	(4 188)
Other investment expenses	(1 660)	(2 103)
	(12 771)	14 263

9. Dividend income

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Finance-vestment activity	123	260
	123	260

10. Other operating income

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Energy business	35 002	22 038
Insurance business	-	386
Asset management and brokerage	82	51
Parent company	2 574	194
	37 658	22 669

11. Profit/(Loss) from operations with financial instruments

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Profit from operations with financial instruments	15 228	10 163
Loss from operations with financial instruments	(14 476)	(12 064)
	752	(1 901)

11.1. Profit from operations with financial instruments

	2023 BGN'000	2022 BGN'000
Energy business	3 373	1 202
Finance-investment activity	10 661	7 856
Parent company	1 194	1 105
	15 228	10 163

11.2. Loss from operations with financial instruments

	2023 BGN'000	2022 BGN'000
Energy business	(3 988)	(1 325)
Asset management and brokerage	(10 478)	(8 030)
Parent company	(10)	(2 709)
	(14 476)	(12 064)

12. Administrative expenses

	2023 BGN'000	2022 BGN'000
Expenses for materials (<i>Note 12.1</i>)	(16 062)	(15 432)
Hired services expenses (<i>Note 12.2</i>)	(64 729)	(61 916)
Employee benefits expenses (<i>Note 12.3</i>)	(160 537)	(127 960)
Other administrative expenses (<i>Note 12.4</i>)	(13 850)	(18 815)
	(255 178)	(224 123)

12.1 Expenses for materials by segments

	2023 BGN'000	2022 BGN'000
Energy business	(15 932)	(15 296)
Insurance business	(56)	(48)
Asset management and brokerage	(52)	(74)
Parent company	(22)	(14)
	(16 062)	(15 432)

The expenses for materials include mainly consumable costs BGN 2 104 thousand (2022 – BGN 1 149 thousand), fuel costs BGN 3 640 thousand (2022 - BGN 3 826 thousand), spare parts for cars BGN 2 006 thousand (2022 – BGN 1 707 thousand) and materials for repair and maintenance BGN 5 511 thousand (2022 – BGN 2 771 thousand) of Energy business.

12.2 Hired services expenses by segments

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Energy business	(54 597)	(54 484)
Insurance business	(4 636)	(2 269)
Asset management and brokerage	(708)	(578)
Parent company	(4 788)	(4 585)
	(64 729)	(61 916)

In relation to the implementation of Article 30 of the Accounting Act, the costs for the independent auditors are BGN 2 374 thousand for 2023 and are for the commitments for independent financial audit of the annual reports, review of the interim reports and other permitted services according to the Code of insurance. No tax or other advice is provided.

12.3 Employee benefits expenses by segments

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Energy business	(155 856)	(124 803)
Insurance business	(2 312)	(1 023)
Asset management and brokerage	(1 353)	(1 154)
Parent company	(1 016)	(980)
	(160 537)	(127 960)

12.4 Other administrative expenses by segments

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Energy business	(13 043)	(17 836)
Insurance business	(120)	-
Asset management and brokerage	(240)	(220)
Parent company	(447)	(759)
	(13 850)	(18 815)

13. Reintegration /(expenses for) impairment of financial assets, net

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Accrued impairment loss on financial assets	(2 404)	(11 966)
Recovered impairment loss on financial assets	2 983	870
	579	(11 096)

13.1 Accrued impairment loss on financial assets by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(1 459)	(8 787)
Asset management and brokerage	(36)	(68)
Parent company	(909)	(3 111)
	(2 404)	(11 966)

13.2 Recovered impairment loss on financial assets by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Finance-vestment activity	86	69
Parent company	2 897	801
	2 983	870

14. Other operating expenses

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(21 777)	(12 756)
Insurance business	(8 938)	-
	(30 715)	(12 756)

15. Depreciation and amortisation by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business incl.	(105 756)	(105 398)
<i>Right of use assets</i>	(6 067)	(5 425)
Insurance business incl.	(5 601)	(4 487)
<i>Right of use assets</i>	(3 396)	(2 954)
Asset management and brokerage incl.	(286)	(264)
<i>Right of use assets</i>	(218)	(198)
Parent company incl.	(207)	(295)
<i>Right of use assets</i>	(176)	(249)
	(111 850)	(110 444)

16. Finance income

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Interest income	3 702	1 880
	3 702	1 880

16.1 Interest income by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	3 084	1 308
Asset management and brokerage	618	572
	3 702	1 880

17. Finance costs

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Interest expenses on loans	(115 006)	(88 095)
Interest expenses – Right of use assets	(1 106)	(904)
Other finance costs	(10 042)	(11 889)
	(126 154)	(100 888)

17.1 Interest expenses on loans by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(84 629)	(64 011)
Insurance business	(8 001)	(3 587)
Asset management and brokerage	(155)	(84)
Parent company	(22 221)	(20 413)
	(115 006)	(88 095)

17.2 Interest expenses – Right of use assets by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(479)	(225)
Insurance business	(538)	(588)
Asset management and brokerage	(43)	(44)
Parent company	(46)	(47)
	(1 106)	(904)

17.3 Other finance costs by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(9 184)	(2 640)
Insurance business	(237)	(3 091)
Parent company	(621)	(6 158)
	(10 042)	(11 889)

18. Net foreign exchange difference

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Gain on foreign exchange difference	7 337	2 009
Loss on foreign exchange difference	(7 369)	(2 725)
	(32)	(716)

18.1 Gain on foreign exchange difference by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	822	1 988
Asset management and brokerage	6 496	-
Parent company	19	21
	7 337	2 009

18.2 Loss on foreign exchange difference by segments

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	(1 064)	(2 689)
Asset management and brokerage	(6 281)	-
Parent company	(24)	(36)
	(7 369)	(2 725)

19. Income tax expenses

	2023	2022
	<i>BGN'000</i>	<i>BGN'000</i>
Current tax expense	(24 012)	(20 103)
Deferred tax income	3 379	2 913
	(20 633)	(17 190)

19.1 Income tax expenses by segments, net

	2023 <i>BGN'000</i>	2022 <i>BGN'000</i>
Energy business	(18 956)	(13 456)
Insurance business	(1 625)	(3 614)
Asset management and brokerage	(52)	(120)
	(20 633)	(17 190)

20. Cash and cash equivalents

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Cash in hand	1 121	1 127
Deposits up to 3 months	223 983	207 142
Restricted cash	343	5 487
Cash equivalents	1 742	724
<i>Expected credit loss</i>	(410)	(468)
	226 779	214 012

20.1 Cash and cash equivalents by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	203 707	177 883
Insurance business	18 567	28 457
Asset management and brokerage	4 412	5 434
Parent company	93	2 238
	226 779	214 012

21. Fixed-term deposits at banks by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Insurance business	30 787	53 784
<i>Expected credit loss</i>	(282)	(595)
	30 505	53 189

22. Insurance contract assets, reinsurance contract assets held and issued

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Assets for remaining coverage for reinsurance contracts held	37 456	81 474
Assets for reported claims for reinsurance contracts held	162 579	219 518
Other reinsurance contract assets held	935	1 644
Total reinsurance contract assets held	200 970	302 636
Other reinsurance contract assets issued	9 273	3 277
Insurance contract assets	248	247
	210 491	306 160

23. Trade and other receivables

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Non-current trade receivables (<i>Note 23.1</i>)	6 992	5 517
Current trade receivables (<i>Note 23.2</i>)	382 459	345 495
Other receivables (<i>Note 23.3</i>)	71 953	170 911
	461 404	521 923

23.1 Non-current trade receivables by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	6 964	5 501
Asset management and brokerage	28	16
	6 992	5 517

23.2 Current trade receivables

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Trade receivables incl.	343 802	383 996
<i>Impairment</i>	<i>(68 810)</i>	<i>(67 683)</i>
Advances paid	107 467	29 182
	382 459	345 495

23.2.1 Trade receivables by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	330 930	383 631
<i>Impairment</i>	(68 294)	(67 669)
Insurance business	11 398	130
Parent company	1 474	235
<i>Impairment</i>	(516)	(14)
	274 992	316 313

23.2.2 Advances paid by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	98 839	4 999
Insurance business	8 628	24 183
	107 467	29 182

23.3 Other receivables

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	47 330	142 743
<i>Impairment</i>	(12 178)	(12 366)
Insurance business	23 415	14 950
<i>Impairment</i>	(4 672)	(1 716)
Asset management and brokerage	147	240
Parent company	5	18 005
<i>Impairment</i>	-	(2 700)
Prepaid expenses (<i>Note 23.3.1.</i>)	6 169	4 783
Court and awarded receivables (<i>Note 23.3.2.</i>)	41 932	42 474
<i>Impairment</i>	(38 156)	(38 767)
Tax receivables (<i>Note 23.3.3.</i>)	7 961	3 265
	71 953	170 911

23.3.1 Prepaid expenses by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	5 701	4 632
Insurance business	355	29
Parent company	113	122
	6 169	4 783

23.3.2 Court and awarded receivables by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	41 932	42 404
<i>Impairment</i>	<i>(38 156)</i>	<i>(38 767)</i>
Insurance business	-	70
<i>Impairment</i>	<i>-</i>	<i>-</i>
	3 776	3 707

23.3.3 Tax receivables by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	7 929	3 009
Insurance business	32	39
Parent company	-	217
	7 961	3 265

24. Property, plant and equipment

	Land, plots	Land, plots- rights of use	Buildings	Buildings- rights of use	Machinery and equipment	Machinery and equipmen- right of use	Vehicles	Vehicles- rights of use	Furniture and fittings	Assets under construction	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cost												
As of 1 January 2022	37 876	173	177 619	70 288	1 747 422	8 049	107 181	993	11 479	39 432	8 598	2 209 110
Additions	-	-	1 498	21 156	97 232	8	4 901	680	182	94 580	402	220 639
Write-offs	-	(95)	(117)	(6 786)	(4 145)	(2 473)	(14 351)	(863)	(1 220)	(98 075)	(143)	(128 268)
Write-offs on the sale to subsidiaries	(512)	(78)	(5 658)	(34 553)	(4 831)	-	(28 059)	(183)	(3 711)	(85)	(2 533)	(80 203)
As of 31 December 2022	37 364	-	173 342	50 105	1 835 678	5 584	69 672	627	6 730	35 852	6 324	2 221 278
Additions	-	-	2 419	2 269	95 681	334	4 171	2 861	-	98 544	234	206 513
Write-offs	(41)	-	(234)	(3 631)	(2 506)	(52)	(1 610)	(180)	(125)	(100 950)	-	(109 329)
Write-offs for sale to subsidiaries	-	-	-	(967)	(67)	-	(309)	-	(8)	-	-	(1 351)
As of 31 December 2023	37 364	-	173 342	50 105	1 835 678	5 584	69 672	627	6 730	35 852	6 324	2 221 278
Depreciation												
As of 1 January 2022	-	126	97 468	25 869	1 078 608	3 464	67 698	757	8 460	(8)	5 877	1 288 319
Depreciation for the year	-	23	6 874	10 360	77 968	1 038	7 973	835	474	-	422	105 967
Write-offs	-	(85)	(19)	(9 086)	(1 994)	-	(1 688)	(481)	(451)	-	(246)	(14 050)
Write-offs for sale to subsidiaries	-	(64)	(3 390)	(4 171)	(3 871)	-	(10 222)	(922)	(2 658)	-	(1 315)	(26 613)
Other changes	-	-	-	-	-	-	-	-	-	8	-	8
As of 31 December 2022	-	-	100 933	22 972	1 150 711	4 502	63 761	189	5 825	-	4 738	1 353 631
Depreciation for the year	-	-	4 426	8 045	84 073	1 357	2 524	545	201	-	421	101 592
Write-offs	-	-	(130)	(3 173)	(1 763)	(19)	(1 615)	(350)	(134)	-	-	(7 184)
Write-offs for sale to subsidiaries	-	-	-	(380)	(59)	-	(309)	-	-	-	(7)	(755)
As of 31 December 2023	-	-	105 229	27 464	1 232 962	5 840	64 361	384	5 892	-	5 152	1 447 284
Net book value:												
As of 1 January 2022	37 876	47	80 151	44 419	668 814	4 585	39 483	236	3 019	39 440	2 721	920 791
As of 31 December 2022	37 364	-	72 409	27 133	684 967	1 082	5 911	438	905	35 852	1 586	867 647
As of 31 December 2023	37 323	-	70 298	20 312	695 824	26	7 563	2 924	705	33 446	1 406	869 827

In 2023 and 2022, the Group did not recognize an impairment loss on machinery, plant and equipment because, based on the review of impairment of property, plant and equipment, the Group's management has not identified any indications that the carrying amount of assets exceeds their recoverable amount.

24.1 Land and buildings by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	104 080	107 482
Insurance business	3 541	2 291
	107 621	109 773

24.2 Land and buildings by segments – Rights of use

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	7 677	10 473
Insurance business	10 891	14 593
Asset management and brokerage	793	940
Parent company	951	1 127
	20 312	27 133

24.3 Machinery and equipment by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	694 257	683 098
Insurance business	1 567	1 869
	695 824	684 967

24.4 Machinery and equipment by segments – Rights of use

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	26	1 082
	26	1 082

24.5 Vehicles by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	7 195	5 252
Insurance business	287	583
Parent company	81	76
	7 563	5 911

24.6 Vehicles by segments – rights of use

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	2 120	21
Insurance business	671	213
Asset management and brokerage	133	204
	2 924	438

24.7 Furniture and fittings and other assets by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	1 837	2 085
Insurance business	239	367
Asset management and brokerage	19	38
Parent company	16	1
	2 111	2 491

24.8 Assets under construction by segments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	33 431	35 829
Insurance business	15	23
	33 446	35 852

25. Intangible assets

	Software	Rights of use	Other	Total
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>
Cost				
As of 1 January 2022	32 432	30 211	99 741	162 384
Additions	2 670	6 694	2 612	11 976
Written-off	(2 911)	(12 784)	(3 709)	(19 404)
Write-offs for sale to subsidiaries	(2 463)	(98)	(2 459)	(5 020)
Reclassification	(1 128)	43 270	(42 142)	-
As of 31 December 2022	28 600	67 293	54 043	149 936
Additions	3 412	259	2 665	6 336
Written-off	(49)	(19)	(2 438)	(2 506)
Write-offs for sale to subsidiaries	(1 002)	-	(1)	(1 003)
Reclassification	-	-	-	-
As of 31 December 2023	30 961	67 533	54 269	152 763
Amortization				
As of 1 January 2022	17 540	19 700	8 693	45 933
Amortization for the period	2 625	6 421	3 738	12 784
Written-off	(465)	(6 480)	-	(6 945)
Write-offs for sale to subsidiaries	(1 458)	(98)	(794)	(2 350)
As of 31 December 2022	18 242	19 543	11 637	49 422
Amortization for the period	2 513	4 205	3 665	10 383
Written-off	(9)	-	(2)	(11)
Write-offs for sale to subsidiaries	(947)	-	-	(947)
As of 31 December 2023	19 799	23 748	15 300	58 847
Net book value:				
As of 1 January 2022	14 892	10 511	91 048	116 451
As of 31 December 2022	10 358	47 750	42 406	100 514
As of 31 December 2023	11 162	43 785	38 969	93 916

The Group has reviewed for impairment of intangible assets as of 31 December 2023 and 31 December 2022. No indicators have been identified that the carrying amount of assets exceeds their recoverable amount, as a result, no impairment loss is recognized in the consolidated financial statements.

25.1 Intangible assets by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	90 622	98 184
Insurance business	3 169	2 267
Asset management and brokerage	125	62
Parent company	-	1
	93 916	100 514

26. Inventories by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	23 790	32 787
Insurance business	185	293
	23 975	33 080

At the end of the reporting period, the management reviews the available inventories - materials, goods to determine whether there are those whose net realizable value is lower than their carrying amount. In this review as of 31 December 2023, the Group has not recognized an impairment of its inventories.

27. Financial assets by segments

	31.12.2023	31.12.2022
	<i>BGN'000</i>	<i>BGN'000</i>
Government bonds measured at FVTPL, incl.:	26 002	780
<i>Insurance business</i>	25 046	-
<i>Asset management and brokerage</i>	956	780
Government bonds measured at amortised cost, incl.:	-	3 845
<i>Insurance business</i>	-	3 845
Total government bonds:	26 002	4 625
Corporate bonds measured at FVTPL, incl.:	108 207	25 169
<i>Energy business</i>	36 464	1 995
<i>Insurance business</i>	70 389	21 166
<i>Asset management and brokerage</i>	1 347	2 001
<i>Parent company</i>	7	7
Total corporate bonds:	108 207	25 169
Capital investments measured at FVTPL, incl.:	230 584	114 222
<i>Energy business</i>	8 114	17 450
<i>Insurance business</i>	215 271	89 451
<i>Asset management and brokerage</i>	7 199	7 321
<i>Parent company</i>	9	9
<i>Impairment</i>	(9)	(9)
Total capital investments:	230 584	114 222
Other financial assets measured at amortised cost, incl.:	54 883	97 243
<i>Energy business</i>	44 671	37 189
<i>Insurance business</i>	1 639	51 773
<i>Impairment</i>	(115)	(534)
<i>Asset management and brokerage</i>	8 798	8 914
<i>Impairment</i>	(110)	(99)
Total other financial assets:	54 883	97 243
	419 676	241 259

28. Deferred tax assets by segments

The deferred tax assets and liabilities have risen as a result of:

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Property, plant and equipment	(18 262)	(17 906)
Right of use assets	573	-
Impairment of receivables and other financial assets	1 547	1 080
Impairment of materials	314	181
Employee benefit obligations	1 943	1 708
Unused vacations	982	862
Provisions for staff bonuses	906	334
Other provisions and liabilities	11 213	10 051
Business combinations	(8 389)	(9 166)
Loss	-	1 804
Other	-	(20)
Deferred tax liabilities	(9 173)	(11 072)
Recognized as:		
Deferred tax assets	8 908	9 508
Deferred tax liabilities	(18 081)	(20 580)
	(9 173)	(11 072)

Deferred tax assets and liabilities by segments:

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Energy business	8 078	7 584
Insurance business	824	1 924
Asset management and brokerage	6	-
Deferred tax assets	8 908	9 508
Energy business	(18 081)	(20 558)
Insurance business	-	(22)
Deferred tax liabilities	(18 081)	(20 580)

29. Equity accounted investments

	31.12.2023 <i>BGN'000</i>	31.12.2022 <i>BGN'000</i>
Insurance business – IC EIG RE EAD	12 657	-
	12 657	-

29.1 Sale of 59.94% of the subsidiary EIG Re EAD in 2023 and reclassification of the remaining investment as associate

The investment in the insurance business represents an associated participation in 'EIG Re' EAD, located in Sofia, Bulgaria, with a registered capital of BGN 12 500 thousand. The company is licensed to conduct general insurance activities, as per Decision No. 100/20.11.2000 of the National Insurance Board, and is a member of both the Association of Bulgarian Insurers and the National Bureau of Bulgarian Automobile Insurers.

At the end of 2023, the Group transferred its control, as defined by IFRS 10 'Consolidated Financial Statements', over 'EIG Re' EAD to third parties and reclassified its investment in the company from subsidiary to associate. (Note 38.1 Disposals and discontinued operations in 2023). Shares amounting to 9.99% were sold to six entities. The effect of the sale is detailed below:

	BGN'000
1. Fair value of consideration	25 099
2. Cost of retained interest (40,06%)	18 938
3. Equity method 31.12.2023 (net assets)	(31 595)
4. Group financial result (1-2)	6 161

Summary of the statement of financial position

31.12.2023
BGN'000

Total assets	307 541
Total liabilities	275 946
Net assets	31 595

Equition of book value

Net assets at January 01	-
Movement	31 595
Net assets at December 31	31 595
Share %	40.06%
Share BGN thousands acc.to Equity method	12 657

Summary of the statement of profil or loss and other comprehensive income

2023
BGN '000

Insurance revenue	519 420
Insurance service expenses	(431 316)
Net expenses from reinsurance contracts held	(54 342)
Insurance service result	33 762
Finance expenses	(22 462)
Finance income	25 919
Other income,expenses (net)	(18 522)
Profit before income tax	18 697
Income tax expense	(1 386)
Profit for the year	17 311
Total comprehensive income for the year	17 311

	2023 BGN '000
Statement of cash flows	
A. Operating activities	
Proceeds from reinsurance contracts	100 141
Payments under reinsurance contracts	(11 284)
Compensations and amounts paid	(9 084)
Payments to insurance parties	(381)
Payments related to personnel expenses	(597)
Payments to suppliers	(758)
Other payments/proceeds from operating activities	(314)
Net cash flows from operating activities	77 723
B. Investing activities	
Purchase of property, plant and equipment	(11)
Interest proceeds	1 492
Purchase of investments	(188 176)
Sales of investments	58 505
Other receipts/payments from operating activities	50 210
Net cash flows from investing activities	(77 980)
C. Financing activities	
Lease payments	(114)
Net cash flows from investing activities	(114)
Net change in cash and cash equivalents (A+B+C):	(371)
Cash and cash equivalents at the beginning of the year	1 167
Cash and cash equivalents at the end of the year	796

29.2 Sale of associate RCO Euroins OOD

The investment of the insurance business (an associated participation in RCO Euroins Ltd.) was sold on 30.12.2022. The financial effect from the deal is presented below:

	BGN'000
1. Fair value of consideration	900
2. Equity method 31.12.2021	988
3. Equity method movement during 2022	355
4. Equity method 31.12.2022	1 341
5. Group financial result (1+3-4)	(86)

RCO Euroins Ltd. was established on April 13, 2003 with the place of establishment of the Russian Federation (Registration Certificate PSRN 1037714037426 / 08.05.2003). The company started insurance activity in 2003 and operates under insurance license SL 3954 (personal insurance), SI 3954 (property insurance) and OS 3954-03 (Civil Liability Insurance) issued by the Central Bank of the Russian Federation on 07 July 2015. Registration number in the insurance register 3954.

The table below provides summary financial information about the associate. The disclosed information presents the amounts as stated in the report of RCO Euroins Ltd, and not the Group's share in these amounts.

Summary of the statement of financial position	31.12.2022 BGN '000
Total assets	98 021
Total liabilities	70 425
Net assets	27 596
Equition of book value	

Net assets at January 01	20 300
Movement	7 303
Net assets at December 31	27 603
Share %	48.6
Share BGN thousands acc.to Equity method	13 415
Impairment	(12 074)
Share BGN thousands after repairment	1 341

Summary of the statement of profit or loss and other comprehensive income 2022
BGN '000

Gross Written Premiums	109 760
Interest income	3 098
Depreciation	(1 014)
Profit from continuing activities after taxes	4 912
Profit from continuing activities after taxes	4 912
Other comprehensive income	-
Total comprehensive income	4 912

30. Goodwill

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Euroins Insurance Group AD	111 763	111 763
Euro-Finance AD	2 620	2 620
Electrohold Trade EAD	2 500	2 500
	116 883	116 883

The management of the Group has made the necessary procedures to carry out an impairment test of the recognized goodwill upon the acquisition of the subsidiaries, for which purpose external appraisers have been hired. The valuations are carried out according to generally recognized international appraiser standards. In the test, it is assumed that each individual company appears as a "cash flow generating entity" (CFO). Financial budgets, as well as other medium and long-term plans and intentions for the development and restructuring of activities within the Group, were used as a basis for cash flow forecasts (before taxes). The recoverable amount of each object generating cash flows is determined on a "value in use" basis. The key assumptions used in the calculations are determined specifically for each reputable company treated as a separate unit generating cash flows and according to its specific activity, business environment and risks.

The result of the test shows that the recoverable amount of the positive goodwill exceeds the carrying amount and there are no indications of impairment of the goodwill.

In 2022, as a result of loss of control, goodwill in the amount of BGN 55,840 thousand related to the subsidiary in Romania, Euroins Romania Insurance-Reinsurance S.A., was written off – [Note 38.2.1](#).

31. Subordinated debt instruments

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Subordinated debt instruments – loan received	55 265	48 459
<i>Insurance business</i>	54 879	39 879
<i>Parent company</i>	386	8 580
	55 265	48 459

31.1 Insurance business

Subordinated debts of the insurance business as of December 31, 2023 include:

- subordinated debt to Starcom Holding AD in the amount of BGN 14,879 thousand. The debt to Starcom Holding AD has a limit of EUR 12.6 million, an interest rate of 6% and a repayment term no earlier than 5 years from the date of crediting of the last tranche under the granted loan (31.12.2022 - BGN 14,879 thousand).
- subordinated debt to Starcom Holding AD, concluded on February 18, 2023 in the amount of BGN 15 million, annual interest rate 5% and repayment term no earlier than 5 years from the granting of the loan under the contract. The loan is unsecured.
- Subordinated debt to Starcom Finance EAD in the amount of BGN 25,000 thousand. In June 2022, an agreement was signed to receive a cash loan in the form of a subordinated term debt in the amount of BGN 25 million from Starcom Finance AD, a wholly owned subsidiary a company of Starcom Holding AD, with an annual interest rate of 6%, maturity date 06.28.2032. The funds were provided at the end of September 2022 (31.12.2022 – BGN 25,000 thousand).

31.2 Parent company

The subordinated debt has no fixed maturity and the lender - Starcom Holding AD cannot demand its repayment, regardless of whether there is a case of default under the agreement. Eurohold Bulgaria AD has the right (but is not obliged) to pay amounts from the loan principal corresponding to each consecutively received tranche after the expiration of 5 (five) years from the date of receipt of the respective tranche. Early repayment of the principal of the subordinated debt is not allowed, except in cases of liquidation or bankruptcy, after payment of the amounts due to all privileged creditors, as well as to all other unsecured creditors. The interest due is in the amount of 5% (five percent) on an annual basis on the attracted sums of money for the period of their actual use.

32. Bank and non-bank loans by segments

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Energy business	982 054	992 336
Insurance business	252	301
Parent company	51 737	124 294
	1 034 043	1 116 931

32.1 Bank and non-bank loans by segments – long term

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Energy business, incl.	780 886	980 602
<i>Bank loans</i>	546 181	722 018
<i>Loans from non-bank financial institutions</i>	234 705	258 584
Parent company, incl.:	21 271	16 555
<i>Bank loans</i>	21 271	16 555
	802 157	997 157

32.2 Bank and non-bank loans by segments – short term

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Energy business, incl.	201 168	11 734
<i>Bank loans</i>	201 168	11 734
<i>Loans from non-bank financial institutions</i>	-	-
Insurance business, incl.	252	301
<i>Bank loans</i>	252	301
<i>Loans from non-bank financial institutions</i>	-	-
Parent company, incl.:	30 466	107 739
<i>Bank loans</i>	30 466	107 739
	231 886	119 774

32.3. Information on liabilities to banking and non-banking financial institutions

BGN'000	Limit	Original currency	Interest rate	Maturity	31.12.2023	31.12.2023 Incl.Principal	31.12.2022	31.12.2022 Incl.Principal
Insurance business								
Bank creditor 4	400	GEL	13%	13.1.2023	252	252	245	245
Bank creditor 5	80	GEL	13%	15.9.2023	-	-	56	56
Energy business								
Syndicated loan	360 000	EUR	6M EURIBOR+ 3.00 %	21.06.2026	703 326	704 099	695 468	704 099
Creditor 1	113 990	EUR	13%	26.01.2027	234 671	228 916	258 584	222 945
Bank creditor 1	116 000	EUR	6M EURIBOR+ 1. 80%	30.04.2027	33 403	33 071	38 284	38 032
Bank creditor 2	4 380	BGN	2.20% + Average Deposit Index	30.04.2024	10 627	10 620	-	-
Bank creditor 2	43 031	BGN	2.20% + Average Deposit Index	30.04.2024	27	-	-	-
Parent company								
Bank creditor 1	10 000	EUR	6 0%+ 3m EURIBOR	18.03.2025	8 058	7 530	9 187	9 036
Bank creditor 1	7 000	EUR	5,0 %+ 3m EURIBOR	28.01.2029	13 011	12 111	12 747	12 637
Bank creditor 2	20 000	EUR	6,5%	28.07.2023	-	-	23 728	23 470
Bank creditor 3	40 000	EUR	8,75+ 3m EURIBOR	11.06.2025	30 668	29 503	78 632	78 233
TOTAL:					1 034 043	1 026 102	1 116 931	1 088 753

33. Bond liabilities by segments

	31.12.2023 BGN '000	31.12.2022 BGN '000
Parent company, incl.:	217 588	228 891
Short-term	1 324	1 571
Long-term	216 264	227 320
	217 588	228 891

33.1 Information on bond issues

	Original Coupon currency Maturity	31.12.2023 Book value* BGN'000	31.12.2023 Face value in'000 original curr.	31.12.2022 Book value* BGN'000	31.12.2022 Face value in'000 original curr.
Parent company					
EMTN Programme with ISIN XS1731768302	6.50% EUR 12.2022	85 902	70 000	76 432	70 000
EMTN Programme with ISIN: XS1542984288	8.00% EUR 12.2026	19 567	10 000	19 567	10 000
Corporate bonds with ISIN:BG2100013205	3.25% EUR 11.2027	56 895	30 000	56 896	30 000
Corporate bonds with ISIN:BG2100002224	3.25% EUR 3.2029	55 224	40 000	75 996	40 000
	TOTAL:	217 588	150 000	228 891	150 000

* Presented net of own bonds held in the Group.

Parent company

Information about the terms of the EMTN programs is publicly available on the Irish Stock Exchange Bonds page.

As of 31.12.2022, the EMTN program with ISIN XS1731768302 is an extended EMTN program with a maturity date of 07.06.2026, a fixed interest rate of 6.5% (six and a half percent) per annum and an interest payment frequency of once a year in arrears. At the end of 2022, the Parent Group received consent to extend by 42 months the maturity date of European Medium Term Bonds issued under the European Medium Term Bond Program (EMTN Programme) and admitted to trading on the Irish Stock Exchange.

The EMTN program with ISIN: XS1542984288 has a maturity date of 29.12.2026, a fixed interest rate of 8.0% (eight percent) per annum and an interest payment frequency of once a year in arrears.

The bond with ISIN: BG2100013205 in the amount of EUR 30,000,000 was registered by Central Depository AD on November 26, 2020. The issue is the second in a row of ordinary, registered, dematerialized, interest-bearing, secured, non-convertible, freely transferable bonds under the terms of primary private placement within the meaning of Art. 205, para. 2 of the CA. The nominal and issue value of each bond is EUR 1,000 (thousand). The maturity date of the issue is November 26, 2027, and the principal is repaid once at maturity. The interest payments are every six months, starting from the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis. The debenture loan is secured by an insurance contract "Debenture loan" concluded between the issuer Eurohold Bulgaria AD, as an insurer and ZD Euroins AD as an insurer. The trustee of the bondholders in the issue is Ever Financial House AD.

The bond with ISIN:BG2100002224 in the value of EUR 40,000,000 was registered by the Central Depository AD on 8.3.2022. The issue is the third in a row of ordinary registered non-current interest-bearing secured non-convertible freely transferable bonds under the conditions of primary private (non-public) placement within the meaning of Art. 205 para. 2 of the CA. The nominal and issue value of each bond is 1,000 (one thousand) EUR. The maturity date of the issue is March 8, 2029, with the principal being repaid once upon maturity. Interest payments are made every six months from the date of issue registration (March 8, 2022) at a fixed nominal interest rate of 3.25% per annum. The bond loan is secured by an insurance contract "Bond Loan" concluded

between the issuer Eurohold Bulgaria AD as insurer and ZD Euroins AD as insurer. Trustee of the bondholders under the issue is "TBI Bank" EAD.

34. Trade and other liabilities

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Non-current trade and other liabilities (<i>Note 34.1</i>)	132 928	64 547
Current trade liabilities (<i>Note 34.2</i>)	192 461	190 168
Current other liabilities(<i>Note 34.3</i>)	221 010	270 784
Lease liabilities (<i>Note 34.4</i>)	132 928	64 547
	571 433	555 922

34.1 Non-current trade and other liabilities

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Other non-current liabilities	92 722	32 325
Employee retirement benefit obligations	20 802	19 510
Deferred income	19 404	12 712
	132 928	64 547

34.1.1 Non-current trade and other liabilities by segments

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Energy business	89	89
Insurance business	33 925	18 404
Parent company	58 708	13 832
	92 722	32 325

34.1.2 Employee retirement benefit obligations by segments

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Energy business	20 802	19 510
	20 802	19 510

34.1.3 Deferred income by segments

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Energy business	19 404	12 712
	19 404	12 712

34.2 Current trade liabilities by segments

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Energy business	180 981	187 470
Insurance business	63	1 280
Asset management and brokerage	50	44
Parent company	11 367	1 374
	192 461	190 168

34.3 Current other liabilities

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Provisions	43 637	38 731
Tax liabilities	16 555	16 125
Payables to employees	41 343	31 532
Deferred income	7 875	17 297
Social-security liabilities	7 639	6 024
Other current liabilities	103 961	161 075
	221 010	270 784

34.3.1 Provisions by segment

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Energy business	41 744	37 239
Insurance business	1 893	1 324
Asset management and brokerage	-	168
	43 637	38 731

34.3.2 Tax liabilities by segments

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Energy business	5 289	6 544
Insurance business	9 533	9 241
Asset management and brokerage	58	128
Parent company	1 675	212
	16 555	16 125

34.2.3 Payables to employees by segment

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Energy business	36 277	28 084
Insurance business	4 926	3 266
Asset management and brokerage	9	4
Parent company	131	178
	41 343	31 532

34.2.4 Deferred current income by segments

	31.12.2023 BGN '000	31.12.2022 BGN '000
Energy business	7 875	17 297
	7 875	17 297

34.2.5 Social-security liabilities by segments

	31.12.2023 BGN '000	31.12.2022 BGN '000
Energy business	6 270	4 654
Insurance business	1 330	1 344
Parent company	39	26
	7 639	6 024

34.2.6 Other current liabilities by segments

	31.12.2023 BGN '000	31.12.2022 BGN '000
Energy business	14 081	41 891
Insurance business	45 096	61 913
Asset management and brokerage	244	919
Parent company	44 540	56 352
	103 961	161 075

The more significant amounts of the other current liabilities of the energy business represent the cash guarantees from customers under energy sales contracts, to secure their obligations to the Group.

In the insurance segment, other liabilities include liabilities to related parties (*Note 41*).

34.3. Lease liabilities – Rights of use by segments

	31.12.2023 BGN '000	31.12.2022 BGN '000
Energy business incl.	10 843	12 465
<i>Non-current</i>	5 722	7 431
<i>Current</i>	5 121	5 034
Insurance business incl.	11 994	15 470
<i>Non-current</i>	8 675	12 170
<i>Current</i>	3 319	3 300
Asset management and brokerage incl.	1 011	1 180
<i>Non-current</i>	836	1 011
<i>Current</i>	175	169
Parent company incl.	1 186	1 308
<i>Non-current</i>	917	1 106
<i>Current</i>	269	202
	25 034	30 423

35. Insurance contracts liabilities

	31.12.2023 <i>BGN '000</i>	31.12.2022 <i>BGN '000</i>
Insurance contracts liabilities, incl:	436 976	425 626
<i>Liability for claims made</i>	<i>346 637</i>	<i>202</i>
<i>Liability for remaining coverage</i>	<i>90 339</i>	<i>54 424</i>
Other insurance contracts liabilities issued	1 137	7 990
Total insurance contracts liabilities issued	438 113	433 616
Reinsurance contracts liabilities held	6 148	5 422
Other reinsurance contracts liabilities	9 260	2 765
Total reinsurance contracts liabilities held	15 408	8 187
Total insurance contracts liabilities	453 521	441 803

36. Share capital and earnings per share

36.1. Share capital

	31.12.2023 <i>Numbers of shares</i>	31.12.2022 <i>Numbers of shares</i>
Issued shares	260 500 000	260 500 000
Treasury shares	(77 277)	(77 277)
Number of shares with voting rights	260 422 723	260 422 723

The registered share capital of Eurohold Bulgaria AD consists of 260,500,000 ordinary shares with a nominal value of BGN 1 per share. All shares have the right to receive a dividend and a liquidation share and represent one vote at the general meeting of the Company's shareholders.

As of 31.12.2023, 77 227 numbers of voting shares of Eurohold Bulgaria AD are held by companies in the (as of 31.12.2022 – 77 227 voting shares).

Shareholders	%	Voting rights	Par value BGN
Starcom Holding AD	50.08%	130 454 157	130 454 157
KJK Fund II SICAV-SIF - Balkan Discovery	10.79%	28 116 873	28 116 873
Boston Management and Research, through the following funds managed by it, namely: Global Opportunities Portfolio, Global Macro Portfolio, Global Macro Absolute Return Advantage Portfolio, Global Macro Capital Opportunities Portfolio.	8.63%	22 482 578	22 482 578
SLS Holding AD	8.68%	22 606 273	22 606 273
PENSION ASSURANCE COMPANY-FUTURE through the following funds managed by him: UPF-Future PPF-Future DPF-Future	5.06%	13 179 398	13 179 398
Other legal entities	15.06%	39 223 015	39 223 015
Other individuals	1.70%	4 437 706	4 437 706
Total:	100.00%	260 500 000	260 500 000

36.2 Earnings per share

Net earnings per share are calculated by dividing the earnings for the year attributable to ordinary holders of shares by the Group by the weighted average number of ordinary shares outstanding during the year. The calculation is based on the consolidated report of Eurohold Bulgaria AD.

Basic earnings per share are calculated by dividing the earnings for the year attributable to ordinary holders of shares of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the data on earnings and shares used in the calculation of basic earnings per share

	2023	2022
Weighted average number of share, (pcs)	260 422 773	260 422 773
Net profit / (loss) for the year (BGN `000)	79 929	(191 713)
Net profit / (loss) for the year – continuing operations (BGN `000)	(45 828)	13 224
Net profit / (loss) for the year – discontinued operations (BGN `000)	125 757	(204 937)
Earnings/(loss) per share, in BGN	0,307	(0,736)
Earnings/(loss) per share from continuing operations, in BGN	(0,176)	0,051
Earnings/(loss) per share from discontinued operations, in BGN	0,483	(0,787)

37. Acquisitions

37.1 Acquisitions in 2023

Insurance business

In 2023 The Group acquired two companies through its subsidiary EIG AD:

- Phoenix MGA Services S.R.L., Romania
- Shardeni 2017 Ltd., Georgia

37.1.1 PHOENIX MGA SERVICES S.R.L. was established on 12.6.2023 with headquarter in Romania, Bucharest, sector 1, Aviation Popisteanu St. No. 54A, Expo Business Park, building 2, floor 3/301 with the main activity of business and management consulting. PHOENIX MGA SERVICES S.R.L. is wholly owned by EIG AD, Bulgaria, a subsidiary of Eurohold Bulgaria AD. The share capital is in the amount of RON 100 thousand or BGN 39 thousand.

37.1.2 In February 2023, a company in Georgia, **Shardeni 2017 Ltd.**, was acquired through a purchase and sale agreement. Its main activity is the leasing and operation of its own real estate properties. The company is headquartered in Tbilisi, Georgia, in the Krtsanisi district, at 17 Shardeni Street. The total acquisition price amounts to USD 650 000 and represents the purchase price, which was settled through a non-cash transaction

37.2 Acquisitions in 2022

37.2.1. Energy business

In March 2022, the Parent Group increased its share in the capital accordingly:

- Up to 98.93% through the acquisition of an additional 207,107 shares or 10.74% of the capital of EDG West EAD (CEZ Razpradelenie Bulgaria AD) worth BGN 62.1 million/EUR 31.8 million and
- Up to 96.92% through the acquisition of additional 1,379 shares or 27.58% of the capital of Electrohold Sales EAD (CEZ Electro Bulgaria AD) worth BGN 38.6 million/EUR 19.7 million.

In June 2022, the Parent Group increased its share in the capital accordingly:

- Up to 99.25% through the acquisition of an additional 6,165 shares or 0.32% of the capital of EDG West EAD (CEZ Distribution Bulgaria AD) worth BGN 1.9 million/EUR 0.9 million and
- Up to 97.66% through the acquisition of additional 37 shares or 0.74% of the capital of Electrohold Sales EAD (CEZ Electro Bulgaria AD) worth BGN 1.1 million/EUR 0.5 million.

In the second quarter of 2022, IC Euroins Bulgaria AD acquired a 0.48% share in Electrohold Sales EAD, reaching a share to 98.14%.

On 25.08.2022, the FSC took a decision not to issue a ban on the publication of a proposal by Eastern European Electric Company B.V., the Netherlands, for the purchase of the remaining shares through the investment intermediary Euro-Finance AD, Sofia in Electrodistribution Grid West EAD (EDG West EAD) and Electrohold Sales EAD.

On September 8, 2022, the Energy Holding through Eastern European Electric Company B.V. (EEEC) increased its participation in the two subsidiaries of the energy group to 100% of the capital by buying out all the remaining shares of minority owners as follows:

- 14,416 shares (0.75%) of the capital of Electrodistribution Grid West EAD (EDG West EAD), Sofia, from the remaining shareholders of the Group for nearly BGN 4,376 million (2,237 million euros) or BGN 303.55 (155.2 euros) per share;
- 117 shares (2.34%) of the capital of Electrohold Sales EAD, Sofia, from the remaining shareholders of the Group for BGN 3,412 million (EUR 1,744 million) or BGN 29,161.02 (EUR 14,909.79) per share .

On 20.9.2022, the Financial Supervision Commission decided to deregister Electrodistribution Grid West EAD (EDG West EAD) and Electrohold Sales EAD as public companies from the register under Art. 30, para. 1, item 3 of the Financial Supervision Commission Act, managed by the FSC.

The goodwill of ERM Zapad EAD and Electrohold Sales EAD is negligible, therefore the distribution of reputation is distributed only to Electrohold Trade EAD.

38. Disposals and discontinued operations

38.1 Disposals and discontinued operations in 2023

38.1.1 Insurance business

At the end of 2023, the Group transfers its control under IFRS 10 "Consolidated Financial Statements" over "EIG Re" EAD to third parties and transforms its participation in the company from a subsidiary to an associate). 59.94% were sold. See also *Note 29. Equity accounted investments*.

	BGN '000
1.Fair value of consideration received	25 099
2.Cost of retained interest (40,06%)	18 938
3.Net assets as at 31.12.2023	(31 595)
4.Group result (1-2)	6 161

Profit/(loss) for the year from discontinued operations in 2023 and the prior period, related to IC EIG Re EAD is:

	2023 BGN '000	2022 BGN '000
Insurance revenue	519 420	22 028
Insurance service expenses	(431 316)	(18 470)
Insurance service result	33 762	(2 148)
Net investment income	3 457	584
Other operating income/(expenses), net	(18 522)	(148)
Profit before tax	18 697	(1 712)
Income tax expense	(1 386)	1
Profit for the year	17 311	(1 711)
<i>Eliminations at the insurance business level, net</i>	<i>101 987</i>	<i>(4 779)</i>
Result from the sale due to loss of control	6 161	-
Profit for the year	125 459	(6 490)
<i>Eliminations at the Eurohold Bulgaria AD level, net</i>	<i>298</i>	<i>(138)</i>
Profit for the year from discontinued operations	125 757	(6 628)

38.2 Disposals and discontinued operations during 2022

38.2.1. Insurance business

Euroins Romania Asigurare-Reasigurare S.A., a subsidiary of Euroins Insurance Group AD, was reported as discontinued operations as of 31 December 2022. As a result, the net assets related to the subsidiary in Romania, including the respective components of other comprehensive income and the associated goodwill, were written off.

	<i>BGN '000</i>
1. Net assets	209 060
2. Share of Parent company	205 925
3. Non-controlling interest	3 136
4. Goodwill	52 715
5. Written-off exchange rate differences from discontinued operations	11 247
6. Financial result from disposal (1-3+4-5)	(247 392)

The result of the disposal is presented in Profit/(loss) for the period from discontinued operations.

On 30.12.2022, Euroins Insurance Group (EIG) signed share purchase agreements to sale 100% of the capital of its subsidiary in Belarus and the owned associated share (48.61%) in a company in Russia ([Note 29](#)). The effect of the sale to Belarus is presented in the table below:

	<i>BGN '000</i>
1. Fair value of consideration	343
2. Net assets	8 651
3. Share of Parent company	8 651
4. Non-controlling interest	-
5. Goodwill	-
6. Group financial result (1-3-4-5)	(8 308)

The result of the disposal is presented in Profit/(loss) for the period from discontinued operations.

38.2.2 Automotive business

- On 27.10.2021 Auto Union AD, in its capacity as sole owner of the capital of Star Motors EOOD signed a preliminary contract for the sale of the company in question, which is the official importer of cars with the Mazda brand for Bulgaria, and through its subsidiary Star Motors DOOEL and for the Republic of Northern Macedonia. The buyer is M Trux Bulgaria EOOD. The documents for the forthcoming concentration have been submitted to the Commission for Protection of Competition, as the approval of the CPC is with Decision of 09.12.2021, the same was published on 14.01.2022. The final contract for sale of the company is dated 11.05.2022. The new owner was registered in the Trade Register at the Registry Agency on 17 May 2022.
- On 30.06.2022, Eurohold Bulgaria AD signed a contract for the sale of Auto Union AD, which combined the company's investments in the automotive business.

	<i>BGN '000</i>
1. Fair value of consideration	2 100
2. Net assets	17 383
3. Share of Parent company (99.9%)	17 379
4. Non-controlling interest	4
5. Goodwill	-
6. Group financial result (1-3-4-5)	(15 287)

The result of the disposal is presented in Profit/(loss) for the period from discontinued operations.

38.2.3 Lease business

- On 30.06.2022, Eurohold Bulgaria AD signed a contract for the sale of Eurolease Group AD, which combined the company's investments in the leasing business.

In accordance with the requirements of IFRS 15, the items of income and expenses for the respective companies are presented as a result of discontinued operations and during the comparable period. Income and expenses, gains and losses relating to this group are eliminated from profit or loss from continuing activities of the Group and are presented separately line-item in the Annual consolidated statement of profit or loss and other comprehensive income - Profit/(loss) for the period from discontinued operations.

	BGN '000
1. Fair value of consideration	11 171
2. Net assets	14 441
3. Share of Parent company	12 998
4. Non-controlling interest	238
5. Goodwill	3 115
6. Group financial result (1-3-4-5)	(5 180)

The result of the disposal is presented in Profit/(loss) for the period from discontinued operations.

The operating profit of the disposal group up to the date of sale and the result of the revaluation and sale of assets and liabilities classified as held for sale may be presented as follows:

38.2.4 Profit/(loss) for the year from discontinued operations in 2022

	2022 BGN '000
Revenue	
Revenue from insurance business*	1 953 311
Revenue from automotive business	50 183
Revenue from lease business	11 866
	2 015 360
Expenses	
Insurance service expenses*	(1 826 125)
Cost of sold cars and spare parts	(29 441)
Leasing expenses	(3 313)
	(1 858 879)
Gross profit	156 481
Other income	70
Other operating expenses	(692)
Accrued / (recovered) impairment loss on financial assets net	(34 495)
Profit before interest, depreciation and tax (EBITDA)	121 364
Finance costs	(36 085)
Finance income	532
Foreign exchange gains and losses, net	(11)
Profit before depreciation and taxes	85 800
Depreciation	(8 150)
Profit before taxes	77 650
Income tax expense	208
Net profit for the year	77 858
Net loss from disposal	(276 167)
Loss from discontinued operations*	(198 309)
Loss from discontinued operations attributable to EIG Re EAD, <i>Note 38.1.1</i>	(6 628)
Loss from discontinued operations	(204 937)

* Due to the loss of control over insurance business entities in 2022 and the practical impossibility of restating the information for 2022 in accordance with the requirements of IFRS 17 (effective from 1 January 2023), the Group presents their results as reported in the audited consolidated annual report as of 31 December 2022.

38.3 Cash flows from discontinued operations

	2023	2022
	<i>BGN '000</i>	<i>BGN '000</i>
Operating activity	77 723	69 137
Investment activity	(77 980)	67 809
Financial activity	(114)	(1 092)
TOTAL CASH FLOWS FROM DISCONTINUED OPERATIONS	(371)	135 854

39. Change in accounting policies

In accordance with the requirements of the new IFRS 17 Insurance contracts, the Group has changed its accounting policies for the recognition, evaluation and reporting of insurance contracts.

For the purpose of determining the initial effect of transition to IFRS 17, the following calculation was performed:

- Based on the requirements of the new IFRS 17 and the calculation methodology adopted by each subsidiary insurance company, the liabilities under issued insurance contracts were calculated, which consist of liabilities for residual coverage (POP) and liabilities for claimed damages (PPS);
- The balances of the liabilities under insurance contracts were compared with the liabilities under insurance contracts, as they were calculated according to the requirements of IFRS 4 (the so-called technical reserves - gross transfer values - premium reserve (UPR), reserves for future payments (RBNS) and IBNR) and the difference is accounted for at the expense of retained earnings for past years (equity element);
- The opening balances (as of 01.01.2022 and 31.12.2022) of the relevant insurance receivables (negative liability for residual coverage, LRC) have also been deducted at the expense of liabilities under issued insurance contracts.

The opening balances of liabilities under issued insurance contracts in accordance with IFRS 17 have been calculated for all specified groups for the relevant previous period (January 1, 2022 and December 31, 2022).

For groups of reinsurance contracts covering onerous insurance (underlying) contracts, the Group will establish a loss recovery component on the date of initial introduction. The group considers the "Motorist Liability" and "Motor Vehicle Insurance" insurance contracts for businesses outside Bulgaria as burdensome. All loss on these onerous contracts is recognized in the year the contracts become effective.

The consolidated financial statements of the Group have been prepared in accordance with IFRS 17, so as to reflect the specific nature of the insurance business and operations of the companies in the Group. In accordance with IFRS 17, portfolios of insurance contracts, as well as portfolios of reinsurance contracts (issued and held by the Group), are presented separately in the statement of financial position.

All rights and obligations arising from a portfolio of contracts are presented on a net basis. Any assets or liabilities recognized for cash flows arising prior to the recognition of the related group of contracts (including any cash flow assets from insurance acquisitions) are also presented in the same manner as related portfolios of contracts.

According to IFRS 17, the amounts recognized in the statement of profit or loss are divided into:

- result of insurance services, including insurance income and insurance service expenses, and;
- financial income or expenses from investment and financial activity.

The amounts of reinsurance contracts are presented separately.

In connection with a change in the accounting policy in the Insurance segment, the table below presents the impact of IFRS 17 Insurance Contracts in the Statement of Financial Position as of 31.12.2022.

See also *Note 2.9 Insurance contracts and insurance income and expenses*.

<i>In thousand BGN</i>	31.12.2022 Restated BGN '000	Effect from adoption of IFRS 17 BGN '000	31.12.2022 BGN '000
ASSETS			
Cash and cash equivalents	214 012	-	214 012
Fixed-term deposits at banks	53 189	-	53 189
Reinsurers' share in insurance contract liabilities	-	(353 782)	353 782
Insurance receivables	-	(94 968)	94 968
Reinsurance contract assets held	302 636	302 636	-
Reinsurance contract assets issued	3 277	3 277	-
Insurance contract assets	247	247	-
Trade and other receivables	521 923	-	521 923
Financial assets	241 259	-	241 259
Inventory	33 080	-	33 080
Property, plant and equipment	867 647	-	867 647
Intangible assets	100 514	-	100 514
Investments in associates	-	-	-
Goodwill	116 883	-	116 883
Deferred tax assets	9 508	-	9 508
TOTAL ASSETS	2 464 175	(142 590)	2 606 765

<i>In thousand BGN</i>	31.12.2022 Restated BGN '000	Effect from adoption of IFRS 17 BGN '000	31.12.2022 BGN '000
EQUITY AND LIABILITIES			
Equity			
Share capital	260 500	-	260 500
Treasury shares	(77)	-	(77)
Share premium	144 030	-	144 030
General reserves	7 641	-	7 641
Revaluation and other reserves	(309)	802	(1 111)
Accumulated loss	(207 385)	(2 830)	(204 555)
<i>Accumulated losses as of 1 January 2022 - initial application adjustment of IFRS 17</i>	5 382	5 382	-
<i>Accumulated losses in 2022</i>	(8 212)	(8 212)	-
Profit/(loss) for the year	(170 037)	(11 878)	(158 159)
Equity attributable to equity holders of the parent	34 363	(13 906)	48 269
Non-controlling interest	17 226	(2 660)	19 886
Total equity	51 589	(16 566)	68 155
Subordinated debts	48 459	-	48 459
TOTAL EQUITY AND SUBORDINATED DEBTS	100 048	(16 566)	116 614

	31.12.2022 Restated BGN '000	Effect from adoption of IFRS 17 BGN '000	31.12.2022 BGN '000
LIABILITIES			
Bank and non-bank loans	1 116 931	-	1 116 931
Obligations on bond issues	228 891	-	228 891
Trade and other payables	555 922	-	555 922
Insurance contract liabilities	-	(542 931)	542 931
Payables to reinsurers	-	(24 896)	24 896
Insurance contracts liabilities issued	433 616	433 616	-
Reinsurance contracts liabilities held	8 187	8 187	-
Deferred tax liabilities	20 580	-	20 580
TOTAL LIABILITIES	2 364 127	(126 024)	2 490 151
TOTAL LIABILITIES AND SUBORDINATED DEBTS	2 412 586	(126 024)	2 538 610
TOTAL EQUITY AND LIABILITIES	2 464 175	(142 590)	2 606 765

40. Contingent liabilities and commitments, provisions for court cases

40.1 Litigation

Parent company

As of 31.12.2023 no significant lawsuits have been filed against the Company.

Asset management and brokerage

As of 31.12.2023, the Asset management and brokerage has no outstanding court cases and unpaid penalties that have entered into force.

Insurance segment

On 10 April 2023, the Financial Supervisory Authority of Romania (Autoritatea de Supraveghere Financiară, ASF) filed a petition for the insolvency of Euroins Romania Asigurare-Reasigurare S.A. (Euroins Romania) based on Decision 262/2023 of the ASF, which revoked Euroins Romania's insurance license. On 9 June 2023, the Seventh Civil Division of the Bucharest Court issued Decision No. 2920/09.06.2023 in Case No. 8813/3/2023, initiating insolvency proceedings. Euroins Romania has appealed this decision to a higher court, and as of the issuance of this consolidated annual financial statement, the decision to initiate insolvency proceedings has not yet been confirmed by the Romanian court with a final ruling.

In 2023, the Group initiated numerous legal proceedings in order to protect its interest, challenging the unlawful actions of the Romanian authorities. As a result, at the date of issue of these annual consolidated financial statements, both the bankruptcy proceedings and the decisions of the Romanian regulator have not been confirmed by the Romanian court with a final decision.

In May 2024, Eurohold Bulgaria AD and Euroins Insurance Group AD officially filed an international arbitration case against the Government of Romania at the International Center for Settlement of Investment Disputes (ICSID) in Washington. The claim is worth more than EUR 500 million.

Energy segment

The Group is party to a number of significant legal disputes and proceedings based on which provisions have been recognized or contingent liabilities have been disclosed. The more significant of them as of 31.12.2023 are:

Electrodistribution Grid West EAD

1) Provisions for court litigation and proceedings from RES for access to the electricity distribution grid

In 2012, multiple court proceedings were initiated based on requests by producers of electricity from renewable energy sources, pleading with the court to repeal Decision C-33/14.09.2012 of the Energy and Water Regulatory

Commission as unlawful. The Company was advised by its consultants that there is a probability of negative income of these litigations. In June 2013, SAC issued several final-instance rulings, thereby repealing the temporary prices for access to the electricity distribution grid in several groups for solar and wind renewable sourced. On 13 March 2014 EWRC issued Decision C-6/13.03.2014 on determining permanent access tariff for producers of electricity from renewable energy sources using preferential prices, and Decision KM-1/13.03.2014 on the previous period. The compensatory mechanism envisaged in Decision No KM-1/13.03.2014 applies for RES producers which did not appeal against the Decision on determining temporary prices C-33/14.09.2012 and those for which it was not enforced, even though they appealed.

In 2023, a provision of BGN 3 thousand has been accrued for newly filed cases. In 2020, the claims of renewable energy producers against EGD West EAD, amounting to BGN 2,106 thousand, based on the court's annulment of any point of Decision C-33, were written off after the expiry of the five-year limitation period. In the financial statements as at 31 December 2023, the amount of this provision amounts to BGN 115 thousand (31 December 2022: BGN 118 thousand).

2) Other provisions for court claims

The remainder of the provisions recognised in respect of legal actions and proceedings includes various cases in which the Company is a plaintiff or defendant, totalling BGN 5 860 thousand (2022: BGN 6 471 thousand), each of which is immaterial individually. The Company does not disclose additional information on the basis of paragraph 92 of IAS 37.

3) Provisions for sanctions

As of 31 December 2023, the Company has provisions for sanctions from state administration bodies in the amount of BGN 1 566 thousand (2022: BGN 1 726 thousand). The company has taken into account the risk of an unfavourable outcome in connection with the imposed sanctions. The company does not disclose additional information on the basis of paragraph 92 of IAS 37. Provisions are as follows:

- Provision in relation to penal administrative decisions of the regulatory body (EWRC)

In 2022, EWRC issued 3 penalty decrees, which were appealed. Two of the penalty decrees are for non-implementation of the EWRC decision and the sanctions are BGN 20,000 each, and the third is for providing false information and the sanction is BGN 5,000. The penalty decrees for furnishing false information is cancelled by the court. One of the penal decrees for non-implementation of the EWRC decision has been confirmed and paid, the other has been cancelled by the court.

By order No. 3-E-1129/11.08.2022 of the Chairman of the Commission for Energy and Water Regulation, an inspection of "Electrodistribution Grid West" EAD was assigned for the fulfilment of the requirements of the license regarding the provision of electric energy with indicators corresponding to the requirements of the standard. During the inspection, devices were installed to measure the quality of the supplied electrical energy for a period of seven days in 30 connection points located in different areas of the license territory.

According to served Protocol No. E-8 dated 06.12.2022, in 10 connection points, the supply voltage do not meet the applicable standard. Based on the above, the Company levied a penalty amounting to 600 thousand BGN, which was confirmed by issuing 10 penalty orders in April 2023, each of them amounting to 60 thousand BGN, which is the minimum prescribed for this type of violation committed repeatedly. Of these, 12 penalty decrees has come into force and has been paid, while the remaining 9 orders are being appealed.

The total amount of provisions for pecuniary sanctions imposed by the EWRC as of 31.12.2023 is at the amount of BGN 540 thousand. The specified amount has been charged and is in the process of appeal.

- Provision for tax payables related to NRA inspection

In December 2019, an audit covering the periods 2014 and 2015 was commissioned, which ended with the issuance of a revision act, in which based on established court decisions and penalty decrees, unpaid insurance and tax on social expenses under CITA for all months of the two years in which there are accrued social costs for which reliefs and discounts were used under CITA are determined. The amount of the revision act has been paid in full. The revision act was appealed before the Administrative Court of Sofia-city and case No. 5874/2021 was formed, on which technical expertise was assigned. In 2023, the competent court ordered additional technical expertise.

In order to comply with the principle of consistency in assessing the incurrence of liabilities related to inspections by state regulatory authorities, the Company has assessed that there remains a risk for 2016, pending the outcome of the 2014 and 2015 tax audit cases, that the tax audit will again raise the issue of a breach of the condition that there are no enforceable public liabilities at the time of enjoyment of reliefs and discounts under the Income Tax Act, namely at the time of the provision of food vouchers.

Electrohold Sales EAD

As of 31.12.2023, the Company has a provision for litigation in the amount of BGN 7 421 thousand (31.12.2022: BGN 7 759 thousand) based on the probable outcome of several litigations that are at various stages but are currently unresolved.

In 2023, a provision of BGN 698 thousand was accrued for 55 court claims, according to a legal projection for the likely outcome of the cases (for 2022: BGN 1 515 thousand).

Claim filed by "Reiver CB" EOOD

"Electrohold Sales EAD and Future Energy OOD were parties to a Framework Agreement for the supply of electricity. On 13.11.2017, Electrohold Sales was served with a notice from Karpleon Bulgaria EOOD informing Electrohold Sales that all present and future claims under the Framework Agreement were pledged in favour of Karpleon Bulgaria EOOD as pledgor and that the pledge was entered in the Central Register of Pledges on 09. On 01.12.2017 ESO EAD sent a letter with reference number CE-DOC-2063/01.12.2017 and informed the Company that as of 02.12.2017 it has removed Future Energy Ltd. from the electricity market. Thus, the Framework Agreement between Electrohold Sales and Future Energy OOD automatically terminated causing financial loss to the Company. On 02.12.2017, the Company made a unilateral set-off between the penalty under the Framework Agreement in the amount of BGN 3 350 thousand (50% of the value of invoices for the month of November) and the liabilities of Electrohold Sales to Future Energy OOD in the amount of BGN 6 700 thousand. On 04.12.2017, Electrohold Sales received a notification from a private bailiff to proceed to execution under a special pledge in favor of Karpleon Bulgaria EOOD (creditor of Future Energy Ltd. with a debt of BGN 3 000 thousand). "Unicredit Bulbank AD initiated bankruptcy proceedings against Future Energy OOD and on 19.12.2017 the court appointed a provisional receiver as a preliminary interim measure. On the part of Future Energy OOD and Carpleon Bulgaria EOOD, proposals for negotiations have been received in order to settle the relationship between the three parties in connection with the termination of the Framework Agreement. In the period from 04.12.2017 to 12.03.2018, negotiations were conducted and the conclusion of a Settlement Agreement was agreed, which settled all relations between the parties. On 12.03.2018, the Settlement Agreement was entered into. In the annual financial statements for 2018, the Company has recorded income from contractual penalties in the amount of BGN 3 850 thousand before taxes.

On the basis of a claim filed by Reiver CHB EOOD, a creditor in the bankruptcy proceedings of Future Energy OOD - in bankruptcy, proceedings were initiated against the Company in Commercial Case No. 1375/2019 under the inventory of the Sofia City Court. "Reiver CB EOOD" has filed a claim for declaring invalid with respect to the creditors of "Futures Energy" Ltd - in bankruptcy the set-off of counterclaims and the use of a bank guarantee, confirmed by a settlement agreement concluded on 12.03.2018 between Electrohold Sales, "Futures Energy" OOD - in bankruptcy and "Karpleon Bulgaria" EOOD. The claimant has brought the following claims: 1) to declare the Settlement Agreement of 12.03.2018 void as regards the creditors of the bankruptcy of Future Energy Ltd - in bankruptcy. the transaction in the part by which Future Energy Ltd - in bankruptcy has discharged its due monetary obligations to Electrohold Sales by offsetting the obligations of Electrohold Sales under the Framework Agreement in the total amount of BGN 6 700 thousand, accrued on two invoices from November 2017, against the liability of Future Energy OOD - in bankruptcy to the Company, representing a penalty under Article 16.2 of the Framework Agreement, in the amount of 50% of the amount of the two invoices and the amount of the drawn bank guarantee in the amount of BGN 500 thousand. 2) if the above claim is granted, to order Electrohold Sales to pay to the bankruptcy estate of Future Energy OOD - in bankruptcy the total amount of BGN 3 850 thousand, including a part of the amounts due under the two invoices of November 2017 and the amount drawn on the bank guarantee in the amount of BGN 500 thousand. According to the Company's management, the claim is unfounded. With the termination of the Framework Agreement, a liability for the liquidated damages has arisen from Future Energy OOD - in bankruptcy to Electrohold Sales and accordingly, the likelihood of the panel of judges in the case ruling in favour of the Company is high. Based on this conclusion, the Company's management has determined that there aren't conditions for recognizing a provision in this case.

By a decision of 30.06.2020, the court rejected the claims brought by Reiver CB EOOD for invalidation of repayment of a monetary debt in the amount of BGN 3 350 thousand. - for non-performance, as well as for declaring the set-off as invalid in relation to the creditors of Future Energy OOD - in bankruptcy as unfounded.

The decision upheld the claim of "Reiver CB" EOOD against the bank guarantee of BGN 500 thousand, used by Electrohold Sales as Electrohold Sales was ordered to pay to "Future Energy" OOD - in bankruptcy the amount of BGN 500 thousand to replenish the bankruptcy estate. "Receiver CB EOOD" filed an application for correction of a manifest factual error in the judgment - the bank guarantee was not used as a penalty, but as damages. Electrohold Sales appealed against the decision before the Court of Appeal - Sofia. "Reiver CB" appealed the dismissal of its claims. Electrohold Sales filed a reply to the appeal requesting the court to uphold decision No 914/30.06.2020 in the part appealed against by Receiver CB EOOD. By order dated 07.10.2020, the court amended

the judgment as regards costs. On 27.01.2021, appeal commercial case No 80/2021 was opened before the Court of Appeal - Sofia. On 26.11.2021 a public hearing was held in the case.

By decision No. 79 of 04.02.2022 of the Court of Appeal - Sofia, the court confirmed the decision No. 914 of 30.06.2020 of the previous instance in the part by which Electrohold Sales was ordered to pay to Future Energy OOD - in bankruptcy BGN 500 thousand for invalid set-off of a bank guarantee. The court declared the set-off made by the agreement invalid. In the judgment, Electrohold Sales was ordered to pay to Future Energy OOD - in bankruptcy BGN 3 350 thousand with interest, as well as to pay the state fee for the first and appeal instance. "Reiver CB Ltd has applied for a writ of execution. Electrohold Sales filed a cassation appeal with the Supreme Court of Cassation ("SCC"), as well as a request for suspension of the provisional execution of the judgment. On 09.02.2022, the SCC issued a decision in Case No. 249 of the 2022 SCC, on the basis of Article 282, paragraph 2 of the Civil Procedure Code, a ruling was issued suspending the execution of appeal judgment No. 79/04.02.2022 in case No. 80/2021 in the inventory of the Court of Appeal - Sofia in the parts by which Electrohold Sales was ordered to pay to Future Energy OOD - in bankruptcy the amounts of BGN 500 thousand and BGN 3 350 thousand together with the due statutory interest.

On 08.03.2022 Electrohold Sales filed with the SCC an addendum to the cassation appeal, together with an addendum to the grounds for admission to cassation. On 20.06.2022, the case file was opened. 1342/2022, II TO before the SCC. The cassation appeal was admitted for consideration on merits and a public hearing was held on 13.12.2023. There is still no decision thereon. According to the legal estimate of the probable outcome of the case, the total amount of the provision accrued as of 31 December 2023 for the lawsuit is BGN 6 723 thousand (2022: BGN 6 244 thousand).

On 26.06.2019, a claim was filed by Pirin BMK EOOD, the concessionaire of the Oranovo Mine, against the Company, claiming an amount of BGN 100 thousand. The claim is brought as a partial claim for damages for the period from 21 March 2018 to 23 November 2018, consisting of unrealised coal production which was not realised due to the absence of an electricity contract between Pirin BMK EOOD and Electrohold Sales. The full amount of the claim (damages) is not specified in the application. Civil case No 6882/2019 was instituted in the inventory of the Sofia City Court ("SCC"), Civil Division, I-13 Chamber. An answer to the statement of claim was filed in July 2019, and a counterclaim was filed in the amount of BGN 236 thousand, representing the value of the consumed electricity and network services, together with the statutory interest on the principal, which until the filing of the statement of claim amounted to BGN 8 thousand. In July 2020, Pirin BMK EOOD for the first time, following the court's instruction, indicated the full amount of the claim for damages, setting it at BGN 2 670 thousand excluding VAT. If the court upholds the partial claim, the establishment of the factual relationship will be binding for the full amount of the claim. In view of the high amount of the claim and the numerous evidentiary actions required, a contract has been concluded with Zahariev & Metodiev Law Firm, together with an employee with legal education from the Company, to carry out the legal representation in the case for the protection of the Company's legal rights and interests. A judgment of the State Court of Justice was rendered in the case, by which the claims of Pirin BMK Ltd. were rejected in their entirety. Electrohold Sales' counterclaims for BGN 236 thousand in principal and BGN 5 thousand in default interest were upheld, as well as the costs incurred. The judgment has been appealed, and on the appeal of the opposite party, a case No. 663/2022 was initiated by the Court of Appeal - Sofia ("CAC"). By a judgment of 29.12.2022 of the CAC, the judgment of the SGS was upheld in its entirety. A private appeal was received against the judgment of the CAC in respect of costs, to which a timely reply was filed. Cassation appeal received and reply filed within time. Case No 675/2023 was opened on the cassation appeal and a closed hearing on admission to cassation was scheduled for 14 February 2024.

40.2 Guarantees and guarantees provided

- (1) Eurohold Bulgaria AD is a co-debtor/guarantor for loans received from **banking/financial institutions** as follows:

Business	Amount in EUR'000 as of 31.12. 2023	Amount in BGN'000 as of 31.12. 2023	Amount in EUR'000 as of 31.12. 2022	Amount in BGN'000 as of 31.12. 2022	Maturity (EUR'000)						
					2024	2025	2026	2027	2028	After 2028	
Ultimate parent company											
Working capital facilities	-	-	6 360	12 439	-	-	-	-	-	-	-
Bank loans for investment purposes	5 000	9 779	5 000	9 779	5 000	-	-	-	-	-	-
Bank loans for investment purposes	4 200	8 214	-	-	-	-	-	4 200	-	-	-
Leasing business											
Working capital facilities - related parties 30.6.2022	18 519	36 220	21 891	42 815	7 749	5 534	4 048	1 018	170	-	-
Automotive business											
Working capital facilities - related parties 30.6.2022	5 167	10 106	4 788	9 365	2 542	523	523	523	523	523	533
TOTAL:	32 886	64 319	38 039	74 398	15 291	6 057	4 571	5 741	693	533	

- (2) The Group is a guarantor under issued bank guarantees, as follows:

Business	Amount in EUR'000 as of 31.12. 2023	Amount in BGN'000 as of 31.12. 2023	Amount in EUR'000 as of 31.12. 2022	Amount in BGN'000 as of 31.12. 2022	Maturity (EUR'000)
Automotive business (related parties 30.6.2022)	2 050	4 009	2 050	4 009	2024
Automotive business (related parties 30.6.2022)	1 662	3 251	1 800	3 520	2024
TOTAL:	3 712	7 260	3 850	7 529	

- (3) In connection with the participation of IC Euroins AD through its branch in the Hellenic Republic in the so-called friendly settlement agreement between the insurers that offer compulsory motor third party liability insurance on the territory of the Hellenic Republic, a bank guarantee has been established in favor of the Greek Association of Insurers. As at December 31, 2023 the bank guarantee is amounting to EUR 243 thousand (BGN 475 thousand) and the funds are blocked on a deposit account of the Branch.
- (4) Insurers that offer compulsory motor third party liability insurance present a bank guarantee in accordance with the Statute of the National Bureau of Bulgarian Motor Insurers (NBBAZ). As at December 31, 2023 two of the Bulgarian companies in the Group (IC Euroins AD – a subsidiary and IC EIG Re EAD – an associate) provide separate bank guarantee amounting to EUR 600 thousand each in favor of NBBAZ, as the funds securing the bank guarantees are blocked on the current account of the two companies.
- (5) The subsidiary ERM Zapad EAD established a bank guarantee in favor of the Sofia Municipality in the amount of BGN 68 thousand for the restoration of the sidewalks during investment activities.
- (6) As of 31 December 2023, by order of Electrohold Bulgaria EOOD, two bank guarantees were issued with a total amount of BGN 87 thousand. As of 31.12.2023, the Group acts as a guarantor, with funds restricted in favor of a commercial bank in the amount of BGN 19 558 thousand.
- (7) In 2023, the Group undertakes joint liability under a loan agreement with a third-party unrelated entity dated 27 September 2017, amounting to EUR 6 200 thousand. According to the agreement, both the borrower and lender can terminate the contract with a three-month notice period, effective from the end of the month of notification.

40.3 Guarantees and guarantees received

- (1) Guarantees in favor of the Group (in particular Eurohold Bulgaria AD) by Milena Milchova Gencheva, procurator of Eurohold Bulgaria AD - BGN 3 300, maturity date 03.2024. Automatic renewal until the procurator is released from liability.
- (2) The Group's suppliers (in particular ERM Zapad EAD) have provided bank deposits as collateral in its favor for the performance of the contracts concluded with them for the supply of materials and services. The amount of valid guarantees as of December 31, 2023 is BGN 14 822 thousand (2022: BGN 14 300 thousand).
- (3) In accordance with the Rules for the Terms and Conditions for Granting Access to the Electricity Transmission and Distribution Networks, where it is stated that guarantee securities are to be provided by customers who meet the conditions for concluding transactions at freely negotiated prices, the amount of valid guarantees established in favour of the Company as at 31.12.2023 is BGN 3 323 thousand (31.12.2022: BGN 2 382 thousand).
- (4) According to the amendments in 2023 to the Renewable Energy Sources Act, producers from renewable energy sources are required to provide a guarantee during the connection procedure. The amount of valid guarantees established as of 31.12.2023, is BGN 375 thousand.
- (5) As at 31.12.2023 in favour of the Electrohold ICT EAD are established guarantees for performance of concluded contracts for the total amount of BGN 929 thousand (2022: BGN 806 thousand).
- (6) Customers of the Electrohold Trade EAD have established bank guarantees in favour of the Company in 2023 in the amount of BGN 458 thousand, thus the amount of valid bank guarantees as at 31.12.2023 issued in favour of the Company is BGN 1 305 thousand (31.12.2022: BGN 1 354 thousand). The issued bank guarantees secure the payments under contracts for sale of electricity and balancing.
- (7) As of 31 December 2023, performance guarantees under contracts in the amount of BGN 2 320 thousand have been established in favor of the Group (in particular, Electrohold EPC EOOD).

40.4 Pledge of shares

In connection with a loan to a company from Automotive Subholding, which as of 31.12.2023 is not a related party, Eurohold Bulgaria AD has an established pledge of shares in a subsidiary.

In connection with financing under a package deal, Eurohold Bulgaria AD has established a pledge of shares of a subsidiary.

In connection with the financing of the business combination Eurohold Bulgaria AD, a pledge of shares of subsidiaries in the energy segment has been established.

In connection with a contract concluded for financing by a credit institution in 12.2022 and amended in 09.2023, a pledge of shares of a subsidiary company and a pledge of bonds was established.

41. Related parties

The structure of the economic Group is disclosed in *Note 1.2. Structure of economic group*.

Related parties within the Group are as follows:

- Starcom Holding AD, Bulgaria – main shareholder in Eurohold Bulgaria AD

Subsidiaries of Starcom Holding AD:

- Starcom Finance EAD, Bulgaria
- Vedernik EAD, Bulgaria (since 17.08.2023)
- Quintar Capital Limited, Hong Kong China
- Hanson Asset Management Ltd, UK
- Swiss Global Asset Management AG, Switzerland

Other investments:

- Solars Energy AD, Bulgaria – associate of Starcom Holding AD since October, 2022

- Euroins Romania Asigurare-Reasigurare S.A., Romania – subsidiary of Euroins Insurance Group EAD with 98.57%. *Loss of control as at 31.12.2023. Note 2.31 Material management judgements and accounting estimates*
- EIG Re EAD - associate of Euroins Insurance Group EAD as at 31.12.2023 – 29. *Investments in associates and 38.1. Disposals and discontinued operations during 2023.*

Balances with related parties

	31.12.2023	31.12.2022
	<i>BGN '000</i>	<i>BGN '000</i>
Balances with owner company		
Receivables on loans from Starcom Holding AD	-	4 632
Receivables from repo transactions from Starcom Holding AD	4 538	2 412
Loans received from Starcom Holding AD	41 068	52 987
Subordinated debt – Starcom Holding AD	30 265	23 459
Other liabilities to Starcom Holding AD	2 673	3 772
Dividend liabilities to Starcom Holding AD	101	101
Balances with other related parties		
Subordinated debt – Starcom Finance EAD	25 000	25 000
Other liabilities to Starcom Finance EAD - interest on subordinated debt	420	383
Right-of-use asset - office from Hanson Asset Management Ltd, UK	757	1 006
Lease liabilities - Hanson Asset Management Ltd UK	775	1 056
Other receivables from Euroins Romania Insurance - Reinsurance S.A.,Romania	509	193
Liabilities under contract with Euroins Romania Insurance - Reinsurance S.A.,Romania for a loan of financial instruments with an annual interest rate of 7.0% and maturity on 05.12.2023, including:	3 671	3 445
<i>-interest</i>	444	218
Liabilities under exchange contract to Euroins Romania Insurance - Reinsurance S.A.,Romania	-	895
Trade payables to Euroins Romania Insurance - Reinsurance S.A.,Romania	-	15
Principal liabilities under loans with Euroins Romania Insurance - Reinsurance S.A.,Romania	-	8
Interest liabilities under loans with Euroins Romania Insurance - Reinsurance S.A.,Romania	-	139
Balances with associated companies		
Contract assets under reinsurance contracts held – EIG Re EAD	11 688	-
Other receivables – EIG Re EAD	117	-
Insurance and reinsurance contracts liabilities – EIG Re EAD	6 148	-

Transactions with related parties

	2023	2022
	<i>BGN '000</i>	<i>BGN '000</i>
Transactions with owner company		
Commission fee income from Starcom Holding AD	336	394
Revenue from services rendered to Starcom Holding AD	81	87
Interest income from Starcom Holding AD	755	2 712
Other income from Starcom Holding AD	19	63
Interest expenses on loans received from Starcom Holding AD	6 027	2 767
Transactions with other related companies		
Rental income from Hanson Asset Management Ltd UK	-	60
Interest expense on leases (rights of use) from Hanson Asset Management Ltd UK	7	6
Depreciation expense on right-of-use assets from Hanson Asset Management Ltd UK	297	196
Other income from Hanson Asset Management Ltd UK	5	28
Interest expenses on loans received from Starcom Finance EAD	1 500	383
Interest expenses from Euroins Romania Insurance - Reinsurance S.A.,Romania	9	-
Other income from Euroins Romania Insurance - Reinsurance S.A.,Romania	38	-
Commission fee income from Euroins Romania Insurance - Reinsurance S.A.,Romania	80	-
Commission fee income from First Investment Bank, Russia	-	1
Other income from Swiss Global Asset Management AG, Switzerland	5	1

42. Reconciliation of liabilities arising from financing activities

Changes in the Group's liabilities arising from financial activity can be classified as follows: :

<i>In thousand BGN</i>		Cash flows		Non-cash adjustment		
	<i>Note</i>	As of 1 January 2023	Inflows	Outflows	Other changes	As of 31 December 2023
Subordinated debts	31	48 459	17 769	(1 463)	(9 500)	55 265
Bank and non-bank loans	32	1 116 931	10 620	(194 407)	100 899	1 034 043
Obligations on bond issues	33	228 891	7 932	(10 379)	(8 856)	217 588
Total:		1 394 281	36 321	(206 249)	82 543	1 306 896

<i>In thousand BGN.</i>		Cash flows		Non-cash adjustment		
	<i>Note</i>	As of 1 January 2022	Inflows	Outflows	Other changes	As of 31 December 2022
Subordinated debts	31	41 638	33 214	(20 636)	(5 757)	48 459
Bank and non-bank loans	32	1 018 719	145 394	(88 078)	40 896	1 116 931
Obligations on bond issues	33	198 776	126 153	(95 920)	(118)	228 891
Total:		1 259 133	304 761	(204 634)	35 021	1 394 281

43. Subsequent events

- (1) At an extraordinary general meeting of shareholders of Eurohold Bulgaria AD on 30.5.2023, a decision was taken to issue warrants in the amount of up to 260 500 000 (two hundred and sixty million and five hundred thousand) non-available, registered, freely transferable shares. the warrant under the conditions of a public offering in accordance with the Public Offering of Securities Act, with an issue value of BGN 0.50 (fifty stotinki) each, which entitle the holders of the warrants to exercise within a 10-year period their right to subscribe the corresponding number shares (of the same type and class as the existing issue of the company's shares - dematerialised, registered, non-privileged, with the right to 1 (one) vote in the general meeting of the company's shareholders, with the right to a dividend and the right to a liquidation share) - the base asset of the warrants at an issue value of BGN 2.00 (two) per share at a warrant/share conversion ratio of 1:1, which Eurohold Bulgaria AD will issue in the event of a future capital increase/s, provided that the new shares are subscribed by the holders of warrants. The public offering of the warrant issue will be considered successfully completed only if at least 78 150 000 of the warrants offered, representing 30% (thirty percent) of the securities offered, are subscribed and fully paid.
- (2) In May 2024, the Group announced that it had initiated a request for arbitration proceedings at the International Center for Settlement of Investment Disputes in Washington, USA, against the Romanian state, seeking compensation for losses exceeding EUR 500 million. *Note 2.31.6. Loss of control of subsidiaries.*
- (3) In June 2024, the companies through which Eurohold Bulgaria AD owns the group entities Electrohold - Eastern European Electric Company B.V. (EEEC) and Eastern European Electric Company II B.V. (EEEC II) successfully refinanced an existing debt of approximately EUR 500 million, originally incurred for the acquisition of the CEZ Group's business in Bulgaria in 2021, subsequent development, and investments in the energy sector.
EEEC B.V. and EEEC II B.V. concluded a successful financing deal for a new 5-year syndicated secured loan totaling EUR 460 million, along with additional debt financing of EUR 65 million with a repayment term of 5 years and 3 months. The funds raised from the new financing were used to refinance an existing syndicated loan of EUR 360 million at EEEC B.V. and obligations of EUR 125 million at EEEC II B.V., as well as for capital expenditures within the subsidiary energy companies in preparation for the liberalization of the electricity market.
The new financing achieves better terms, including interest cost savings until maturity in 2029. It also provides for a smoother repayment schedule under favorable conditions tailored to the energy group's operations, reflecting its strong performance over the past few years since acquisition by Eurohold Group.
Additionally, the newly raised financing includes EUR 15 million in capital expenditure (CAPEX) funding provided by the European Bank for Reconstruction and Development (EBRD) for ERM Zapad EAD, the group's subsidiary electricity distribution company. This funding aims to modernize and develop the electricity distribution network, thereby accelerating the company's investment program in anticipation of the upcoming liberalization of the electricity market.
- (4) On 11.06.2024 Eurohold Bulgaria AD prepaid early a loan to JP Morgan SE, amounting to EUR 15 084 thousand.
- (5) One of the major credit rating agencies in the world - Fitch Ratings, confirmed a long-term 'B' rating with a stable outlook for Eurohold Bulgaria AD in June 2024.
- (6) Regulatory Changes
There is a public consultation scheduled at the Energy and Water Regulatory Commission (KEVR) regarding amendments to the Rules for Electricity Trading, related to changes in the balancing model and the subsequent gradual integration of the Independent Bulgarian Energy Exchange (IBEX) into European platforms for ancillary service providers. This may impact balancing costs.

No adjusting or other non-adjusting events occurred between the date of the consolidated financial statements and the date of their approval for issue.

5

DECLARATION OF RESPONSIBLE PERSONS

DECLARATION
in accordance with article 100m, paragraph 4, item 4 of
Public Offering of Securities Act

The undersigned,,

1. Asen Minchev – Executive Director of Eurohold Bulgaria AD
2. Milena Guentcheva, Procurator of Eurohold Bulgaria AD
3. Tsvetelina Cheresharova-Doycheva – Financial controller of Eurohold Bulgaria AD (Complier of the financial statement)

WE DECLARE that, to the best of our knowledge:

1. The annual consolidated financial statements for 2023, prepared in accordance with the applicable accounting standards, accurately and fairly reflect the information on the assets and liabilities, financial condition and profit or loss of Eurohold Bulgaria AD;
2. The Annual Consolidated Activity Report for 2023 contains a reliable overview of the development and results of the activities of Eurohold Bulgaria AD, as well as a description of the main risks and uncertainties facing the company.

Declarants:	1. Asen Minchev	ASEN MINCHEV MINCHEV	 Digitally signed by ASEN MINCHEV MINCHEV Date: 2024.07.19 17:00:28 +02'00'
	2. Milena Guentcheva	MILENA MILTCHOVA GUENTCHEVA	 Digitally signed by MILENA MILTCHOVA GUENTCHEVA Date: 2024.07.19 17:00:40 +02'00'
	3. Tsvetelina Cheresharova-Doycheva	TSVETELINA RAYCHEVA CHERESHAROVA- DOYCHEVA	 Digitally signed by TSVETELINA RAYCHEVA CHERESHAROVA-DOYCHEVA Date: 2024.07.19 17:00:53 +02'00'

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of
EUROHOLD BULGARIA AD
Sofia, 43, Christopher Columbus Blvd.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eurohold Bulgaria AD and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independent Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2.31.6 "Lack of control over subsidiaries" and 38 "Disposals and discontinued operations" to the consolidated financial statements, in which two events from 2023 are disclosed, each of them having effect on Group's consolidated financial result from discontinued operations for 2023 and the comparative period:

- On 17 March 2023 the Romanian financial regulator Autoritatea de Supraveghere Financiara revoked the insurance business license of „Euroins Romania Asigurare - Reasigurare“ S.A. and on 9 June 2023 the court in Bucharest filed a petition for the insolvency of "Euroins Romania Asigurare - Reasigurare" S.A. (Euroins Romania), with no final court decision yet. Group's management has assessed that it should recognise loss of control over its subsidiary as of 31 December 2022 and apply IFRS 5 "Non-current assets held for sale and discontinued operations" in presenting the net loss from discontinued operation for 2022 of BGN 247 392 thousand. On 22 May 2024 Eurohold Bulgaria AD and Euroins Insurance Group

AD filed an international arbitrary court claim against the Romanian government at the International Centre for Settlement of Investment Disputes in Washington. The claim is for the amount of more than EUR 500 million.

- On 29 December 2023 the Group transferred the control over 59.94% of its subsidiary EIG Re EAD and reclassified the remaining investment of 40.06% in the share capital of this company as investment in associate, leading to the presentation of net profit from discontinued operations of BGN 125 757 thousand for 2023 and net loss from discontinued operations of BGN 6 628 thousand for 2022, related to EIG Re EAD.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

First-time application of IFRS 17 Insurance contracts, effective from 1 January 2023	
Note 39 "Change in accounting policies" to the consolidated financial statements	
Key audit matter	How this matter was addressed during the audit
<p>The financial year ending on 31 December 2023 is the first year of application of IFRS 17 "Insurance contracts" by the subsidiaries engaged in the insurance segment with Group Eurohold Bulgaria AD. The new standard is in force from 1 January 2023. Its initial application requires restatement of the comparative financial information in accordance with the new requirements. The transition to IFRS 17 has effect on the share capital as of 1 January 2022 and 1 January 2023 and it involves a complex process of applying various assumptions and estimates.</p> <p>The retrospective application of the new standard requires:</p> <ul style="list-style-type: none"> adoption of new accounting policies and significant changes to the business processes and internal control procedures of each insurance company within the Group as well as changes in the rules and procedures applied in Group's financial reporting; restatement of the amounts of the insurance liabilities as of the beginning of the comparative period as well as the end of the comparative period; methods and models which involve significant assumptions and estimates in measuring the insurance contracts and the related liabilities, characterised with high estimation uncertainty. <p>Based on the above, we determined the first-time application of IFRS 17 to be a key audit matter.</p>	<p>During our audit, our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> analysis of the Group's accounting policies, including the changes that have occurred regarding compliance with the requirements of IFRS 17 "Insurance Contracts", effective from 01.01.2023, for the relevant methods for measurement of the liabilities under insurance contracts; obtaining an understanding and assessment of the updated internal control environment, including the IT environment related to the process of measurement and financial reporting of the insurance contract liabilities; analysis of the process of recognition of insurance contracts and verification, based on a sample, of the criteria used for their grouping; obtaining an understanding of the methodology applied by the Group for the valuation of the liability for incurred claims, as well as for determining the adjustment for non-financial risk for each significant subsidiary; analysis of the assumptions used regarding the adopted methodology and whether it is relevant and compliant with IFRS 17; the analysis was made by the engagement team with the involvement of actuarial experts; assessment of the completeness, relevance and adequacy of the disclosures related to the change in accounting policies in accordance with the requirements of IFRS 17.

Measurement of insurance contract liabilities	
Notes 2.9 "Insurance contracts and insurance income and expenses" and 2.31 "Significant management judgements in applying accounting policies" to the consolidated financial statements	
Key audit matter	How this matter was addressed during the audit
<p>The provisions of IFRS 17 "Insurance Contracts", which is effective from 01.01.2023, require the application of a model for the measurement of the insurance contracts liabilities, which mainly include liability for remaining coverage (LRC) and liability for incurred claims (LIC). As of December 31, 2023, the Group's insurance contracts liabilities amount to BGN 438 113 thousand and account for 19.1% of Group's total assets. Their measurement is a complex area that requires the application of professional judgment and various assumptions through the use of a set of actuarial methods and rules that are consistent with the requirements of the applicable accounting framework.</p> <p>The liability for remaining coverage (LRCs), following the general model, is measured by methods involving probability-weighted discounted cash flows, an adjustment for non-financial risk and the contractual service margin representing unrealized contract profit.</p> <p>The liability for incurred claims (LIC) is measured by the amount expected to settle claims and benefits for events that have occurred by the end of the reporting period, including claims for incurred but not reported claims, increased by the expected costs of settling claims within the framework of the issued contracts.</p> <p>The actuarial methods used to project the present value of expected cash flows for insurance contracts' fulfilment are complex and subject to a high degree of uncertainty as they are based on a number of key assumptions derived from historical information. This historical information is related to the amount of claims, payment patterns of claims, their expected future development, the expected pattern of release of risk during the coverage period of the insurance contracts. Determining an appropriate discount rate and applied currency curves for expected cash flows are also subjective judgments.</p> <p>Due to the significant amount of the insurance contracts liabilities and the use of significant judgements and estimates in their measurement, we identified them as key audit matter.</p>	<p>During the audit, our audit procedures, in addition to those described in the preceding key audit matter, included, but were not limited to:</p> <ul style="list-style-type: none"> • analysis of the process of recognition of insurance contracts and verification, based on a sample, of the criteria used for their grouping; • obtaining an understanding of the methodology applied by the Group for measurement of the liability for incurred claims, as well as for determining the adjustment for non-financial risk for each significant subsidiary; • assessment of the professional qualification, competence, experience and objectivity of the Group's actuaries, responsible for preparing the measurement of the insurance contract liabilities; • involvement of audit team members with appropriate actuarial qualifications and experience to challenge the relevance of the key assumptions of the applied methodology for calculating the estimated cash flows for implementation depending on the specific characteristics of the various products; • testing the completeness and accuracy of the data used in determining the assumptions, as well as the data used in the actuarial calculations; • assessment of the applied actuarial models based on a sample of certain groups of issued insurance contracts; • assessment of the completeness, relevance and adequacy of the disclosures related to the insurance and reinsurance operations of the Group in the consolidated financial statement.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the annual consolidated management report, including the consolidated corporate governance statement and the consolidated non-financial declaration, prepared in accordance with Bulgarian Accountancy Act and other applicable legislation requirements, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not

express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or whether our knowledge obtained in the audit may indicate that there is a material misstatement or otherwise the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Bulgarian Independent Financial Audit Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In addition to our responsibilities for reporting under ISAs, described above in section "Information Other than the Consolidated Financial Statements and Auditor's Report Thereon", regarding annual consolidated management report, including the consolidated corporate governance statement and the consolidated non-financial declaration, we have performed the additional procedures contained in the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). The procedures on the existence, form and contents of the other information have been carried out in order to state whether the other information includes the elements and disclosures in accordance with Chapter Seven of Bulgarian Accountancy Act and Article 100m, paragraph (10) in relation to Article 100m, paragraph (8), subparagraphs (3) and (4) of Bulgarian Public Offering of Securities Act.

Statement Pursuant to Article 37, Paragraph (6) of Bulgarian Accountancy Act

Based on the procedures performed, we describe the outcome of our work:

- (a) the information in the consolidated management report is consistent with the consolidated financial statements for the same reporting period;
- (b) the consolidated management report is prepared in accordance with the applicable legal requirements;
- (c) as a result of the acquired knowledge and understanding of the activities of the Group and the environment in which it operates, we have found no cases of material misrepresentation in the consolidated management report;
- (d) the consolidated corporate governance statement for the financial year contains the required information in accordance with the applicable legal requirements, including Article 100m, paragraph (8) of Bulgarian Public Offering of Securities Act;
- (e) the consolidated non-financial declaration is prepared and made available in accordance with the requirements of Bulgarian Accountancy Act.

Statement Pursuant to Article 100m, Paragraph (10) of Bulgarian Public Offering of Securities Act

Based on the procedures performed and our knowledge of the Group and the environment in which it operates, in our opinion, there is no material misstatement in the description of the main characteristics of the internal control system and of the risk management system of the Group in connection with the financial reporting process and also in the information pursuant to Article 10, paragraph 1, items "c", "d", "f", "h" and "i" of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, which are included in the consolidated corporate governance statement, being a component of the annual consolidated management report.

Reporting on compliance of the electronic format of the consolidated financial statements included in the annual consolidated financial report on the activity under Art. 100n, paragraph 5 of Bulgarian Public Offering of Securities Act with the requirements of ESEF Regulation

We have undertaken a reasonable assurance engagement on the compliance of the electronic format of the consolidated financial statements of Eurohold Bulgaria AD for the year ended on 31 December 2023 included in the digital file „74780000J0W85Y204X80-20231231-BG-CON.zip“, with the requirements of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation"). Our opinion is only regarding the electronic format of the consolidated financial statements and does not include the other information contained in the annual

consolidated financial report on the activity under art. 100n, para. 5 of Bulgarian Public Offering of Securities Act.

Description of Subject Matter Information and Applicable Criteria

Management has prepared the electronic format of Group's consolidated financial statements for the year ended 31 December 2023 in accordance with ESEF Regulation in order to comply with Bulgarian Public Offering of Securities Act. The rules for preparation of the consolidated financial statements in this electronic format are described in the ESEF Regulation and in our opinion, they are applicable criteria for providing reasonable assurance.

Responsibilities of Management and Those Charged with Governance

Group's management is responsible for the application of the requirements of ESEF Regulation in preparing the electronic XHTML format of the consolidated financial statements. These responsibilities include the selection and application of suitable iXBRL tags in accordance with the taxonomy of ESEF Regulation, as well as the application of such internal controls, which are necessary for the preparation of the electronic format of Group's annual consolidated financial statements, that are free from material misstatements in accordance with ESEF Regulation.

Those charged with governance are responsible for overseeing the process for preparation of Group's annual consolidated financial statements and application of ESEF Regulation.

Auditor's Responsibilities

Our responsibility is to obtain reasonable assurance about whether the electronic format of the consolidated financial statements complies with ESEF Regulation. We applied the "Guidance on issuing an opinion on the application of ESEF Regulation by issuers whose securities are admitted to trading on a regulated market in the European Union" and conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised))". The standard requires that we comply with ethical requirements, design and perform audit procedures to obtain reasonable assurance whether the electronic format of Group's consolidated financial statements have been prepared in accordance with the applicable criteria described above. The nature, timing and extent of our procedures depend on our professional judgement, including the risk of material misstatements whether due to fraud or error, in applying the requirements of ESEF Regulation.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAE 3000 (Revised) will always detect a material misstatement when it exists.

Quality Management Requirements

We apply the requirements of International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality control, including documented policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements for registered auditors in Bulgaria.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independent Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and adopted by BICPA, together with the ethical requirements of Bulgarian Independent Financial Audit Act.

Summary of the Work Performed

The purpose of the designed and performed procedures was to obtain reasonable assurance whether the electronic format of the consolidated financial statements has been prepared in all material aspects in compliance with the requirements of ESEF Regulation. In performing procedures for assessing compliance with the requirements of ESEF Regulation on electronic (XHTML) format of Group's consolidated financial statements, we used professional judgement and applied professional skepticism. We also:

- obtained an understanding of the internal control and processes, related to the application of ESEF Regulation in preparing Groups' consolidated financial statements in XHTML format with iXBRL tags;
- checked that the enclosed XHTML format is valid;
- reconciling the data in the electronic format of the consolidated financial statements with the audited consolidated financial statements;

- evaluated the completeness of Group's tagging of the consolidated financial statements using the XBRL markup language;
 - evaluated the appropriateness of the use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified; and
 - evaluated the use of anchoring in relation to the extension elements in accordance with ESEF Regulation.
- We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on compliance of the electronic format of the consolidated financial statements with ESEF Regulation

Based on the performed procedures, our opinion is that the electronic format of the consolidated financial statements of the Group for the year ended 31 December 2023, contained in the attached electronic file „74780000J0W85Y204X80-20231231-BG-CON.zip“, has been prepared in all material respects in accordance with the requirements of the ESEF Regulation.

Reporting Pursuant to Article 59 of Bulgarian Independent Financial Audit Act in relation to Article 10 of Regulation (EC) № 537/2014

In accordance with the requirements of Bulgarian Independent Financial Audit Act and in relation with Article 10 of Regulation (EC) № 537/2014, we report additionally the information as follows:

- Grant Thornton OOD was appointed as statutory auditor of the consolidated financial statements of Eurohold Bulgaria AD for the year ended on 31 December 2023 by the general meeting of shareholders, held on 30 June 2023, for a period of one year.
- The audit of the consolidated financial statements of the Group for the year ended on 31 December 2023 has been made for third consecutive year.
- In support of our audit opinion, we have provided a description of the most significant assessed risks of material misstatement, a summary of the auditor's response and where relevant, key observations arising with respect to those risks in the section „Key audit matters“ of this report.
- We confirm that our audit opinion is consistent with the additional report to the audit committee, which was provided in accordance with Article 60 of Bulgarian Independent Financial Audit Act.
- We declare that prohibited non-audit services referred to in Article 64 of Bulgarian Independent Financial Audit Act were not provided.
- We confirm that we remained independent of the Group in conducting the audit.
- For the period for which we were engaged as statutory auditors, we have provided the following non-prohibited services in addition to the statutory audit: report on prospectus, issued by the parent company and other services to its controlled undertakings.

Mariy Apostolov
Managing partner

MARIY
GEORGIEV
APOSTOLOV

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Grant Thornton Ltd.
Audit firm

Silvia Dinova
Registered auditor responsible for the audit

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DINOVA

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19 July 2024
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