

EUROHOLD BULGARIA

ANNUAL MANAGEMENT REPORT



2021

CONTENT



A **FINANCIAL REPORT**

Financial statement of profit or loss and other comprehensive income

Balance Statement

Cash Flow Statement

Statement of changes in equity

Notes to the financial statements

B **ACTIVITY REPORT**

Corporate review

Significant events for Eurohold Bulgaria

Company information

Authorities. Control authorities

Share capital. Capital structure

Main field of activity. Economic group

Brief information about the activities of the subsidiaries

Capital investments

Results of the activity

Current trends and likely future developments

Main risks

Other important information about the company's activities

More information

C **CORPORATE GOVERNANCE DECLARATION**

D **REMUNERATION REPORT**

E **INFORMATION ABOUT THE PUBLIC COMPANY**

F **DECLARATION BY THE RESPONSIBLE PERSONS**

G **REPORT OF INDEPENDENT AUDITOR**

ON THE ANNUAL INDIVIDUAL REPORT

The annual individual financial statements of Eurohold Bulgaria AD (Eurohold, Company, Holding) have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial condition and results of the Company..

The annual activity report of Eurohold Bulgaria AD on an individual basis has been prepared on the basis of:

- Article 100n of the Public Offering of Securities Act (POSA);
- ORDINANCE № 2 of 09.11.2021 for initial and subsequent disclosure of information in public offering of securities and admission of securities to trading on a regulated market
- Art. 39-41 of the Accounting Act;
- Art. 187e and Art. 247 of the Commercial Code

The annual activity report gives a true picture of the development and presentation of the business and financial condition of the Company and describes the main risks and uncertainties to which it is exposed..

Additional information about Eurohold Bulgaria can be found on our website www.eurohold.bg

Eurohold Bulgaria AD also prepares a consolidated annual report, including the results of the parent company, subsidiaries and associates.

In order to get a complete picture of the financial condition of the Eurohold Group, users of this annual unconsolidated report need to read it together with the consolidated annual report of the Eurohold Group for 2021.

A

FINANCIAL REPORT

Annual separate statement of profit or loss and other comprehensive income for the year ended as of December 31

	<i>Notes</i>	2021 BGN '000	2020 BGN '000
Revenue from operating activities			
Dividend income	3	223	547
Gains from sale of investments and subsequent revaluation	4	819	2 443
Interest income	5	35	-
Other financial revenue	6	846	1 590
		1 923	4 580
Expenses on operating activities			
Interest expenses	7	(19 547)	(15 890)
Losses on sale of investments and subsequent revaluation	8	(86 291)	(1 911)
Other financial expenses	9	(999)	(436)
Hired services expenses	10	(9 098)	(2 196)
Salaries and related expenses		(899)	(606)
Depreciation	13.1, 13.2	(679)	(679)
(Expenses) / Revenue from impairment of financial assets, net	11	(609)	9
		(118 122)	(21 709)
Loss from operating activities		(116 199)	(17 129)
Other (expenses)/revenue, net	12	(189)	375
Net Loss		(116 388)	(16 754)
Total comprehensive income for the period		(116 388)	(16 754)

This annual separate financial statement was approved by the Management Board of Eurohold Bulgaria AD on March 31, 2022.

Prepared by:

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Mariy Apostolov, managing partner
Silvia Dinova, registered auditor responsible for the audit

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**Annual separate statement of financial position
as of December 31, 2021**

	<i>Notes</i>	31.12.2021 BGN `000	31.12.2020 BGN `000
ASSETS			
Non-current assets			
Investments in subsidiaries	15	717 093	629 459
Property, machinery and equipment, right-of-use	13.1	1 452	2 119
Intangible assets	13.2	3	12
Non-current receivables from related parties	14	169	-
		718 717	631 590
Current assets			
Related parties' receivables	16	849	345
Other receivables and assets	17	651	1 539
Cash and cash equivalents	18	115	267
		1 615	2 151
TOTAL ASSETS		720 332	633 741

This annual separate financial statement was approved by the Management Board of Eurohold Bulgaria AD on March 31, 2022.

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Annual separate statement of financial position (continued)
as of December 31, 2021

	Notes	31.12.2021 BGN '000	31.12.2020 BGN '000
EQUITY AND LIABILITIES			
Equity			
Share capital	19.1	260 500	197 526
Share premium	19.2	144 030	49 568
General reserves	19.2	7 641	7 641
Retained earnings		48 966	65 720
Loss for the period		(116 388)	(16 754)
Total equity		344 749	303 701
Subordinated debts			
	20	7 201	32 784
Non-current liabilities			
Bond liabilities	22	78 233	174 531
Non-current related parties' liabilities	23	60 926	1 703
Loans and borrowings	21	9 006	42 747
Other non-current liabilities	24	1 241	1 468
		149 406	220 449
Current liabilities			
Bond liabilities	22	136 987	20 188
Related parties' liabilities	26	41 603	35 390
Loans and borrowings	21	37 630	18 945
Trade payables	25	1 328	583
Other current liabilities	27	1 428	1 701
		218 976	76 807
Total liabilities and subordinated debts		375 583	330 040
TOTAL EQUITY AND LIABILITIES		720 332	633 741

This annual separate financial statement was approved by the Management Board of Eurohold Bulgaria AD on March 31, 2022.

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**Annual separate statement of cash flows
for the year ended as of December 31**

		2021	2020
	<i>Notes</i>	BGN '000	BGN '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(116 388)	(16 754)
Adjusted for:			
Depreciation		679	679
Interest income	5	(35)	-
Interest expenses	7	19 547	15 890
Dividend income	3	(223)	(547)
(Gains)/ losses from sale of investments, net		20 709	(591)
Losses from revaluation of investments, net		64 434	59
Foreign exchange differences		(57)	(1 439)
(Expenses for)/reintegration of impairment of financial assets, net		609	(9)
Adjustments in working capital:			
Change in trade and other receivables		395	126
Change in trade and other payables and other adjustments		6 015	(624)
Net cash flows from operating activities		(4 315)	(3 210)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(172 766)	(48 571)
Proceeds from sale of investments		-	111
Borrowings granted		(17 034)	-
Proceeds of borrowings		16 708	-
Dividends received		223	547
Other cash payments for investing activities		(206)	(268)
Net cash used by investing activities		(173 075)	(48 181)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares	19.2.	157 436	-
Proceeds from loans		136 742	130 304
Repayments of loans		(99 563)	(66 136)
Interest and commissions paid		(16 881)	(11 742)
Lease payments		(741)	(889)
Other cash receipts/ payments from financing activities		238	(10)
Net cash generated/(used) by financing activities		177 231	51 527
Net increase/(decrease) in cash and cash equivalents		(159)	136
<i>Effect of expected credit losses</i>		7	(7)
Cash and cash equivalents at the beginning of the year	18	267	138
Cash and cash equivalents at the end of the year	18	115	267

This annual separate financial statement was approved by the Management Board of Eurohold Bulgaria AD on March 31, 2022.

Prepared by:

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**Annual separate statement of changes in equity
as of 31 December 2021**

	Share capital BGN '000	General reserves BGN '000	Share premium BGN '000	Retained earnings BGN '000	Total Equity BGN '000
Balance as of January 01, 2020	197 526	7 641	49 568	65 720	320 455
Loss for the year	-	-	-	(16 754)	(16 754)
Total comprehensive loss for the year	-	-	-	(16 754)	(16 754)
Balance as of December 31, 2020	197 526	7 641	49 568	48 966	303 701
Balance as of January 01, 2021	197 526	7 641	49 568	48 966	303 701
Issue of share capital	62 974	-	94 462	-	157 436
Transactions with owners	62 974	-	94 462	-	157 436
Loss for the period	-	-	-	(116 388)	(116 388)
Total comprehensive loss for the year	-	-	-	(116 388)	(116 388)
Balance as of December 31, 2021	260 500	7 641	144 030	(67 422)	344 749

This annual separate financial statement was approved by the Management Board of Eurohold Bulgaria AD on March 31, 2022.

Prepared by:

Signed on behalf
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Notes to the annual separate financial statements for 2021

1. INFORMATION ABOUT THE COMPANY

Eurohold Bulgaria AD is a public joint stock company established pursuant to the provisions of article 122 of the Law for Public Offering of Securities and article 261 of the Commerce Act.

Founded in 1996, Eurohold Bulgaria AD operates in Bulgaria, Romania, Northern Macedonia, Ukraine, Georgia, Greece and Belarus through. The company owns a large number of subsidiaries in the sectors of insurance, financial services, energy, car sales and car leasing.

The company is registered in the Sofia City Court under corporate file 14436/2006 and is 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.

Eurohold Bulgaria has its seat and registered address in the city of Sofia, P.B. 1592, Iskar Region, 43 Hristofor Kolumb Blvd., UIC 175187337.

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 31.12.2021:

Supervisory board:

Asen Milkov Christov, Bulgaria – Chairman;
Dimitar Stoyanov Dimitrov, Bulgaria – Deputy Chairman;
Radi Georgiev Georgiev, Bulgaria – Member;
Kustaa Lauri Ayma, Finland – Independent Member;
Lyubomir Stoev, Country: Austria - Independent member, dismissed from the position of GMS on June 30, 2021;
Ivaylo Krasimirov Angarski, Country: Bulgaria - Independent member, elected at the GMS on June 30, 2021;
Louis Gabriel Roman, USA – Independent Member.

Mandate until 09.05.2022.

Management board:

Kiril Ivanov Boshov, Bulgaria - Chairman, Executive Member;
Asen Mintchev Mintchev, Bulgaria – Executive Member;
Velislav Milkov Hristov, Bulgaria – Member;
Assen Emanouilov Assenov, Bulgaria – Member;
Razvan Stefan Lefter, Romania – Member.

Mandate until 14.08.2022.

As of 31.12.2021 the Company 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 procurator.

With a decision of the Management Board on 16.07.2021, entered in the Commercial Register on 26.07.2021, a decision was made to withdraw the power of attorney of Hristo Lyubomirov Stoev.

The Audit Committee supports the work of the Management board and plays the role of those charged with governance who monitor and supervise the Company's internal control, risk management and financial reporting system.

As of 31.12.2021, the Audit Committee of the 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 Company as of 31.12.2021 is twenty-one (31.12.2020: twenty-three employees).

1.1. Scope of Activities

The scope of activities of Eurohold Bulgaria AD is acquisition, management, assessment and sales of participations in Bulgarian and foreign companies, acquisition, management and sales of bonds, acquisition, assessment and sales of patents, granting patent use licenses to companies in which the company participates, funding companies, in which the Company participates.

1.2. Types of Activities

As a holding company with a main activity of acquisition and management of subsidiaries, Eurohold Bulgaria AD performs mainly financial activities. As a holding company, Eurohold Bulgaria AD does not carry out regular business activities.

The companies in the portfolio of Eurohold Bulgaria operate in the following markets: insurance, energy, automotive, leasing and finance.

Insurance and Health Insurance line:

- Insurance services
- Health insurance services
- Life insurance services

Energy line:

- Public supply of electricity according to the Energy Act
- Access and transmission of electricity through the electricity distribution network and connection of new consumers to the electricity distribution network
- Management, maintenance, repair and development of the electricity distribution network, as well as auxiliary facilities and networks and transport of electricity through the network
- Trade in electricity, heat, gaseous fuels and all kinds of other energy sources
- Production, construction and operation of energy systems and sites / parks related to renewable energy sources
- Research, consulting, design, financing and construction of energy sites, supply of energy efficient services, implementation of services under contracts with guaranteed results
- Trade in integrated systems in the field of information and communication technologies, provision of information and technological services, as well as other technical and consulting services.

Automobile line:

- Sales of new cars
- Car repairs

Leasing line:

- Leasing services
- Car rentals

Financial line:

- Investment intermediation

2. SUMMARY OF THE COMPANY'S ACCOUNTING POLICY

2.1. Basis for Preparation of the Separate Financial Statements

The separate financial statements of Eurohold Bulgaria AD have been prepared in compliance with International Financial Reporting Standards (IFRS), issued and published by the International Accounting Standards Board (IASB) and adopted by the Commission of the European Union (EU). For 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 under Regulation (EC) 1606/2002 of the European Parliament and the Council.

The Company also prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), issued and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU), in which investments in subsidiaries are accounted for and disclosed under IFRS 10 "Consolidated Financial Statements".

The annual separate financial statements are presented in Bulgarian lev (BGN), which is the functional currency of the Company. All amounts are presented in thousands of BGN (BGN'000), including comparative information for 2020, unless otherwise stated. As of January 01, 1999, the Bulgarian lev has a fixed exchange rate against the euro: BGN 1.95583 for 1 euro.

These annual separate financial statements have been prepared on a historical cost basis, modified in certain cases with the revaluation of some assets and/or liabilities at their fair values at the date of preparation of the separate statement of financial position as specified in the notes.

The annual separate financial statements have been prepared in accordance with the principal of a going concern.

As a holding company, Eurohold Bulgaria does not carry out regular business activities. As of December 31, 2021, the current liabilities of the Company exceed its current assets by BGN 217 361 thousand, the loss for 2021 is BGN 116 388 thousand and the Company has reported negative cash flows from operating activities in the amount of BGN 4 315 thousand. Despite the loss, equity as of December 31, 2021 is in amount BGN 344 749 thousand (December 31, 2020: 303 701 thousand), which is 1.32 times higher than the share capital (1.5 times higher than the share capital for 2020).

Eurohold Bulgaria supports the dividend distribution policy, with a total dividend of BGN 5 831 thousand distributed from 2015 to 2019 inclusive. In 2020 and in 2021, the company did not distribute a dividend.

Eurohold Bulgaria AD ends 2020 with a net operating result of a loss of BGN 116 388 thousand. The realized negative financial result for the reporting period is mainly in connection with:

- accrued interest expenses on the financing received in recent years, necessary to cover the capital requirements of any of the subsidiaries by increasing their share capital, as well as to finance the expansion of activities through new acquisitions (*Note 7*);
- reported one-off effect - recognized impairment loss on investments in subsidiaries in the amount of BGN 64 772 thousand (*Note 8*);
- reported one-time effect - expense in the amount of BGN 20 360 thousand in connection with the transfer of shares to a subsidiary as part of a package transaction (*Note 8*);
- reported one-off effect - expenses in the amount of BGN 7 756 thousand for consulting, intermediary services and success fees in connection with the acquisition of companies in the Energy segment (*Note 10*).

As of the date of preparation of these annual separate financial statements, the management considers that based on the forecasts for the future development of the Company and the measures taken described below and due to continued financial support from the majority shareholder and taking into account the expected return from subsidiaries companies will be able to continue its activities and repay its obligations without making significant changes in its activities:

- The Company issued a new bond loan worth EUR 40 000 000 with ISIN: BG2100002224 in March 2022. The issue is the third in a row of ordinary, commemorative, dematerialized, interest-bearing, secured, non-convertible, non-preferred and freely transferable bonds. The maturity date of the issue is March 8, 2029, and the principal is repaid once at maturity. Interest payments are made every six months, starting from the date of registration of the issue (March 8, 2022), at a fixed nominal interest rate - 3.25% on an annual basis. The purpose of the debenture loan is to raise funds that are expected to be used to reduce the issuer's indebtedness by repaying maturing short-term and / or long-term liabilities of the Company (*Note 31*);
- On 16.11.2021 Avto Union AD, in its capacity as sole owner of the capital of Star Motors EOOD signed a preliminary contract for its sale. Star Motors EOOD is the official importer of Mazda cars for Bulgaria, and through its subsidiary Star Motors DOOEL for the Republic of Northern Macedonia. To date, the Commission for Protection of Competition has published a decision authorizing the concentration on 14.01.2022, and the deal is expected to be finalized soon (*Note 31*);

- On March 17, 2022, Avto Union AD, in its capacity as sole owner of the capital, signed a preliminary contract for the sale of its subsidiary Daru Car EAD. The company is an official BMW service. The deal is currently being approved by regulators (*Note 31*);
- In 2022, the Management will continue the policy of disposal of non-key assets for the Group and will improve its dividend policy in order to provide cash inflows to cover its current indebtedness to related parties and third parties;
- The Company has started talks with the investment banks advisors for issuing a new bond issue, within the EMTN program with a limit of EUR 200 million and disbursed as of December 31, 2021 EUR 80 million, which will fully refinance the issue maturing in 12.2021 with ISIN: XS1731768302. The improved financial results of the group in 2021 in one with the previous experience of the Company in connection with the restructuring of the issue with ISIN: XS1542984288 give sufficient confidence for successful refinancing (*Note 22*).

As of the date of preparation of these annual separate financial statements, the management has assessed the ability of the Company to continue its activities as a going concern based on the available information and the foreseeable future. Following the review of the Company's activities, the management expects that the Company will have sufficient financial resources to continue its operational activities in the near future and continues to apply the going concern principle in preparing the annual separate financial statements.

2.2. Changes in accounting policy

These annual separate financial statements have been prepared in accordance with the adopted accounting policy in the last annual financial statements of the Company as of December 31, 2020. The Company has not made any changes in its accounting policy in connection with the application of new and / or revised IFRS that are effective for the current reporting period, starting on January 1, 2021, because during the period there were no objects or operations that are affected by the changes and amendments to IFRS.

2.2.1. New standards, interpretations and amendments effective January 1, 2021, which are approved for implementation by the EU

The Company applies the following new standards, amendments and interpretations, which came into force this year and are as follows:

- Amendments to IFRS 4 Insurance Contracts - Postponement of IFRS 9 effective from 1 January 2021, adopted by the EU.
- Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 Reform of Reference Interest Rates - Phase 2 effective from 1 January 2021, adopted by the EU
- Amendments to IFRS 16 Leasing: Reductions in Covid-19 Leases from 30 June 2021, effective from 1 April 2021, adopted by the EU

2.2.2. Documents issued by IASB / IFRIC not yet endorsed by the EU

As of the date of approval of the separate financial statements, some new standards, amendments and clarifications to the existing standards have been issued, but have not entered into force or been adopted by the EU for the financial year starting on 1 January 2021 and have not been applied. earlier than the company. They are not expected to have a material impact on the Company's financial statements. Management expects all standards and amendments to be adopted in the Company's accounting policy in the first period beginning after the date of their entry into force. The following is a list of changes to the standards:

- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets effective from 1 January 2022, adopted by the EU;
- Annual improvements 2018-2020 in force from 1 January 2022, adopted by the EU;
- Amendments to IFRS 17 Insurance Contracts effective from 1 January 2023, adopted by the EU;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current, effective from 1 January 2023, not yet adopted by the EU;

- Amendments to IAS 1 Presentation of Financial Statements, IFRS Statements of Annex 2: Disclosure of Accounting Policies, effective from 1 January 2023, not yet adopted by the EU;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective from 1 January 2023, not yet adopted by the EU;
- Amendments to IAS 12 Income Taxes: Deferred Taxes on Assets and Liabilities Arising from Single Transactions Effective January 1, 2023 Not yet Adopted by the EU;
- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information effective from 1 January 2023, not yet adopted by the EU;
- Amendments to IFRS 14 "Deferred Accounts at Regulated Prices" effective from 1 January 2016, not yet adopted by the EU.

ACCOUNTING POLICY

2.3. General point

The most significant accounting policies applied in the preparation of the separate annual financial statement are set out below.

The separate annual financial statement is being prepared in accordance with the principles for the valuation of all IFRS assets, liabilities, income, and expenses. The valuation bases are disclosed in detail below in the accounting policies of those separate financial statement.

2.4. Accounting Assumptions and Accounting Estimates

The presentation of the separate financial statement in accordance with International Financial Reporting Standards requires management to make the best estimates, accruals, and reasonable assumptions that affect the reported amounts of assets and liabilities, income and expense, and disclosure of contingent receivables; liabilities at the reporting date. These estimates, accruals and assumptions are based on the information available at the date of the unconsolidated financial statement, which is why the future factual results could be different from them (as in a financial crisis, uncertainties are more significant).

2.5. Presentation of the financial statement

The financial statement has been presented in accordance with IAS 1 Presentation of Financial Statements. The Company presents the statement of profit or loss and other comprehensive income in a single statement.

Two comparative periods are being presented in the statement of financial position when the Company applies the accounting policy retrospectively, recalculates the positions in the financial statements retrospectively; or reclassify items in the financial statements and this has a material effect on the information in the statement of financial position at the beginning of the previous period.

2.6. Functional and Reporting Currency

The Bulgarian Lev (BGN) is the functional and reporting currency of the company. The data presented are in thousands BGN (000'BGN) (including the comparative information for 2020), unless otherwise specified. Since 1 January 1999, the Bulgarian Lev is pegged to the EURO at the exchange rate: BGN 1,95583 for EUR 1.

Upon initial recognition, a foreign currency transaction is recorded in the functional currency by applying to the amount in foreign currency the exchange rate at the time of the transaction or operation. Cash, receivables and payables denominated in foreign currency are reported in the BGN equivalent on the basis of the exchange rate as at the date of the operation and are revaluated on a quarter and annual basis using the official exchange rate of the Bulgarian National Bank on the last working day of the quarter/year.

Non-monetary reporting items of the separate statement of financial position that have been initially denominated in foreign currency are stated in the functional currency by applying the historical exchange rate as at the date of the operation and are not subsequently revaluated at the closing exchange rate.

The effect of foreign exchange losses and gains related to the settlement of business transactions in foreign currency or the reporting of business transactions at exchange rates different from those that have been initially recognized is stated in the separate statement of profit or loss and other comprehensive income at the time of occurrence thereof under [Other financial revenue/\(expenses\)](#).

2.7. Consolidated financial statement of the Company

The company has begun the process of preparing its Annual consolidated report for 2021 in accordance with the current IFRS, which report will also include the current separate report. According to the planned dates, the management expects an Annual consolidated report to be approved for issuance no later than 30.4.2022 from the board of Directors of the company, after which date the report will be available to third parties.

2.8. Investments in subsidiaries, associates and joint ventures

A subsidiary is a company that is subject to the control of the Company as an investor. Having control means that the investor is exposed to or has rights to the variable return of its shareholding in the investee and is able to influence this return by means of its powers over the investee. Long-term investments, being shares in subsidiaries, are stated in the separate financial statements at acquisition price (cost), which is the fair value of paid consideration, including the direct expenses for the acquisition of the investment.

These investments are not traded at stock exchanges.

The investments in subsidiaries held by the Company are subject to impairment review. Upon finding conditions for impairment, it is recognized in the separate statement for profit or loss and other comprehensive income as a financial expense.

Upon purchase and sale of investments in subsidiaries, the "date of entering into" the transaction applies.

Investments are derecognized upon transferring the pertaining rights to other entities upon the occurrence of legal grounds to this effect like losing control over the economic benefits from the investments. The revenue from their sales is stated in "financial revenue" or "financial expenses", respectively, in the separate financial statement for profit or loss and other comprehensive income.

The companies in which the company holds between 20% and 50% of the voting rights and may significantly affect, but not perform control functions, are considered associated companies.

Investments in associates are accounted for by applying the equity method. By the equity method, the investment in an associate is accounted for in the non-consolidated statement of financial position at acquisition cost, plus changes in the share of net assets of the associate after the acquisition. Goodwill associated with an associate is included in the carrying amount of the investment and is not depreciated.

The investments in associates and other companies held by the Company are subject to impairment review. Upon finding conditions for impairment, it is recognized in the separate statement for profit or loss and other comprehensive income.

Investments in associates and other companies are derecognized upon transferring the pertaining rights to other entities upon the occurrence of legal grounds to this effect thus losing the joint control over the economic benefits from the investments.

The revenue from their sale is stated under the item "Gains from financial operations", or under the item Losses from financial operations, respectively, in the separate financial statement for profit or loss and other comprehensive income.

2.9. Income

Revenue in the Company is recognized at an amount that reflects the remuneration the Company expects to be entitled to in exchange for the goods or services transferred to the customer.

To determine whether and how to recognize revenue, the Company uses the following 5 steps:

1. Identify the contract with a client;
2. Identify performance obligations;
3. Determining the transaction price;
4. Distribution of the transaction price to the execution obligations;
5. Recognition of revenue upon satisfaction of performance obligations.

Revenue is recognized either at any time or overtime when or until the Company satisfies the performance obligations, transferring the promised goods or services to its customers.

The Company recognizes as contract liabilities remuneration received in respect of unmet performance obligations and presents them as other liabilities in the separate statement of financial position. Similarly, if the Company meets a performance obligation before receiving the remuneration, it recognizes in the separate statement of financial position either as an asset under the contract or receivable, depending on whether or not something other than a specified time is required to receive the remuneration.

Dividend incomes are recognized upon certifying the right to obtain them.

Eurohold Bulgaria AD generates financial income mainly from the following activities:

- Income from operations with investments;
- Gains from financial operations;
- Income from dividends;
- Income from loan interest granted to subsidiaries and third parties;
- Income from Services granted to subsidiaries.

2.10. Expenses

Expenses are recognized at the time of occurrence thereof and on the accrual and comparability principles.

Administrative expenses are recognized as expenses incurred during the year and are relevant to the management and administration of the company, including expenses that relate to the administrative staff, officers, office expenses, and other outsourcing.

Deferred expenses (prepaid expenses) are carried forward for recognition as current expenses for the period in which the contracts they pertain to are performed.

Financial expenses include expenses incurred in relation to investment operations, negative differences from financial instruments operations and currency operations, expenses on interest under granted bank loans and obligatory issues, as well as commissions.

Other operating income and expenses include items of a secondary character in relation to the main activity of the Company.

2.11. Interest

Interest income and expenses are recognized in the separate statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate is the rate for discounting the expected cash payments and proceeds during the term of the financial asset or liability up

to the net book value of the respective asset or liability. The effective interest rate is calculated upon the initial recognition of the financial asset or liability and is not adjusted subsequently.

The calculation of the effective interest rate includes all received or paid commissions, transaction costs, as well as discounts or premiums, which are an integral part of the effective interest rate. Transaction costs are the inherent costs directly attributable to the financial asset or liability acquisition, issue or derecognition.

The interest income and expenses stated in the separate statement of profit or loss and other comprehensive income include interest recognized on the basis of effective interest rate under financial assets and liabilities carried at amortized value.

2.12. Fees and Commissions

Fees and commissions costs, which 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 fees and commissions incomes, including logistic services fees, insurance, and other intermediation fees, are recognized upon providing the respective services.

The other fees and commissions cost relevant mainly to banking services are recognized upon receipt of the respective services.

2.13. Taxes

Income Tax

The current tax includes the tax amount, which should be paid over the expected taxable profit for the period on the basis of the effective tax rate or the tax rate applicable on the day of preparation of the separate statement of financial position and all adjustments of due tax for previous years.

The company calculates the income tax in compliance with the applicable legislation.

The income tax is calculated on the basis of taxable profit after adjustments of the financial result in accordance with the Corporate Income Tax Act.

Current income taxes are defined in compliance with the Bulgarian tax legislation – the Corporate Income Taxation Act. The nominal tax rate for 2021 is 10% of the taxable profit (2020: 10%).

Deferred Tax

Deferred tax is calculated using the balance sheet method for all temporary differences between the net book value as per the financial statements and the amounts used for taxation purposes.

The deferred tax is calculated on the basis of the tax rate that is expected to be effective upon the realization of the asset or the settlement of the liability. Deferred tax assets and liabilities are not discounted.

Deferred tax liabilities are recognized in full.

Deferred tax assets are recognized only if it is probable that they will be utilized through future taxable income.

Deferred tax assets and liabilities are offset only when the Company has the right and intention to offset current tax assets or liabilities from the same tax institution.

The effect from changes in the tax rates on the deferred tax is reported in the separate statement of profit or loss and other comprehensive income, except in cases when it concerns amounts, which are earlier accrued or reported directly in equity. Based on IAS 12, Income Taxes, the Company recognizes only the

portion of a current tax asset or liability from the acquisition or sale of financial instruments for which the Company expects to realize a reverse benefit in the foreseeable future, or does not control the timing of the reverse benefit. The Company's policy applies equally to each class of financial instruments.

The Company has elected not to recognize a deferred tax asset on:

- Tax loss as of 31.12.2021 in amount of BGN 5 176 thousand (as of 31.12.2020 – BGN 2 065 thousand)
- Thin capitalization under art. 43a as of 31.12.2021 in amount of BGN 4 826 thousand (as of 31.12.2020 in amount of BGN 2 889 thousand)
- Impairment of receivables as of 31.12.2021 in the amount of BGN 65 thousand (as of 31.12.2020 - BGN 4 thousand).
- Accumulated unused (compensable) leave as of 31.12.2021 in the amount of BGN 2 thousand (as of 31.12.2020 - BGN 1 thousand).

VAT

Eurohold Bulgaria AD has a VAT registration and charges a 20% tax upon delivery of services.

In connection with a lease agreement for real estate (office) located in London, UK, the Company has a VAT registration in this country.

Withholding tax

Pursuant to the Corporate Income Tax Act, payment of incomes to foreign individuals or legal entities is subject to withholding tax within the territory of the Republic of Bulgaria. Withholding tax is not due provided the foreign legal entity has proved grounds for application of the Agreements for Avoidance of Double Taxation before-tax rate or applicable tax rate on the day of expiration of the tax payment term.

2.14. Fixed Assets

2.14.1 Property, plant and equipment, right-of-use assets

2.14.1.1 Property, plant and equipment

Property, plant and equipment (fixed tangible assets) are measured at acquisition cost, less the amount of accrued amortization and possible impairment losses.

The company has a fixed value threshold of significance in the amount of BGN 700. If the acquired assets are with a value lower than BGN 700, regardless of the characteristics of fixed assets, are reported as current expenses at the time of acquisition thereof.

Initial Acquisition

Fixed tangible assets are initially measured:

- at acquisition cost, which includes purchase price (including duties and non-refundable taxes) and all direct costs for bringing the asset into working condition according to its purpose: for assets acquired from external sources;
- at fair value: for assets obtained as a result of a charitable transaction;
- at evaluation approved by the court and all direct costs for bringing the asset into working condition according to its purpose – for assets acquired as a contribution of physical assets.

Borrowing costs directly related to acquisition, construction or production of eligible assets are included in the acquisition cost (cost) of this asset. All other borrowing costs are reported on the current basis in the profit or loss for the period.

Subsequent measurement

The approach chosen by the Company for the subsequent measurement of machines and equipment is the cost model under IAS 16 - historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenses

Subsequent costs associated with an item of property, plant and equipment are added to the carrying amount of the asset when it is probable that the Company will have economic benefits that exceed the initially estimated effectiveness of the existing asset. All other subsequent expenses are recognized as an expense for the period in which they are incurred.

The residual value and useful lives of property, plant and equipment are evaluated by management at each reporting date.

Sales profit and loss

Upon sales of fixed assets, the difference between the net book value and the sales price of the asset is reported as profit or loss in the statement of profit or loss and other comprehensive income, in item "Other revenue/(Expenses), net".

Fixed tangible assets are derecognized from the statement of financial position upon sale or when the asset is finally decommissioned and no further economic benefits are expected after derecognition.

2.14.1.2. Right-of-use assets

The Company presents the right-to-use assets in a line item with similar own assets but provides detailed information on own and leased assets in the notes to the financial statements.

2.14.2. Intangible assets

Intangible assets are measured initially at cost, including all duties paid, non-recoverable taxes and direct costs incurred in preparing the asset for use.

Subsequent measurement is carried out at cost less accumulated depreciation and impairment losses.

Subsequent costs arising from intangible assets after initial recognition are recognized in profit or loss and other comprehensive income for the period in which they occur unless the asset is able to generate more than the projected future economic benefits and when these costs can be reliably estimated and attributed to the asset. If these conditions are met, the cost is added to the cost of the asset.

The company has a fixed value threshold of significance in the amount of BGN 700. If the acquired intangible assets are with a value lower than BGN 700, regardless of the characteristics of intangible assets, are reported as current expenses at the time of acquisition thereof.

The carrying amount of intangible assets is reviewed for impairment when there are events or changes in circumstances that indicate that the carrying amount could exceed their recoverable amount.

The gain or loss on the sale of intangible assets is determined as the difference between the proceeds from the sale and the carrying amount of the assets and is recognized in the statement of profit or loss and other comprehensive income in the line Other income / (Expenses), net.

2.14.3. Depreciation Methods

The straight-line basis is the method of depreciation. The depreciation of assets begins from the month following the month of acquisition thereof. Land and assets in process of construction are not depreciated.

The useful life by groups of assets depends on the usual wear and tear, equipment specificity, future intentions for use and the probable moral aging.

The estimated useful lives by groups of assets are as follows :

Buildings	25 years
Machinery and equipment	3–10 years
Vehicles	4–6 years
Fixtures and fittings	3–8 years
Computers	2–3 years
Software	2 years
Right-of-use-assets	over the shorter of the asset's life and the lease term on a straight line basis

2.14.4. Impairment

In calculating the amount of impairment, the Company defines the smallest identifiable group of assets for which individual cash flows (a cash-generating unit) can be determined. As a result, some assets are subject to an impairment test on an individual basis, while others are subject to a cash-generating unit.

All cash-generating assets and units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment when events or changes in circumstances indicate that their carrying amount cannot be recovered.

Net book values of fixed tangible and intangible assets are subject to review for impairment, when events or changes in circumstances have occurred, which evidence that the net book value might permanently differ from their recoverable amount. If there are indicators that the estimated recoverable value is less than their net book value, the latter is adjusted up to the recoverable value of assets.

An impairment loss shall be recognized as the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is higher than the fair value, reduced costs to sell of an asset and its value in use.

Impairment losses are recognized as expenses in the separate statement of profit or loss and other comprehensive income during the year of occurrence thereof.

Impairment losses on a cash-generating unit are stated in a decrease in the carrying amount of that unit's assets. For all assets of the Company, management subsequently assesses whether there is any indication that the 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.

2.15. Lease

The Company as a lessee

The company assesses whether the contract constitutes or contains elements of leasing if, under this contract, the right to control the use of an asset for a certain period of time is transferred for remuneration. Leasing is defined as "a contract or part of a contract that bears the right to use the asset (the underlying asset) for a period of time in return for payment." To apply this definition, the Company evaluates whether the contract meets three key evaluations that it has given:

- The contract contains a specific asset that is either explicitly identified in the contract or implicitly stated, being identified when the asset is made available to the Company;

- The Company is entitled to receive substantially all the economic benefits from the use of the specified asset over the entire period of use, taking into account its rights within the defined scope of the contract;
- The Company has the right to direct the use of the designated asset throughout the period of use. The Company assesses whether it is entitled to direct the "how and for what purpose" of the asset to use throughout the period of use.

If it is found that the lease agreement recognizes the Company as an asset with a right of use and a corresponding obligation at the date on which the leasing asset is available for use by the Company.

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.

The company has elected not to reassess whether a contract is, or contains a lease at the date of initial application. For contracts entered into before 01.01.2019 the Company relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Accounting for operating leases with a remaining lease term of less than 12 months as short-term leases. The costs are present as a hire service costs.

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 Company under guarantees of residual value;
- the cost of exercising a purchase option if the Company has reason to exercise that option, and
- payments of penalties for termination of the lease if the lease term reflects the fact that the Company 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 Company acknowledges that this is the minimum for which there is an 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 this interest rate cannot be directly determined, the lessee's differential interest rate is used, which is the rate that the individual lessee would have to pay to obtain the funds needed to obtain an asset of similar value to an asset with a usable interest in a similar economic environment with similar conditions, security and conditions.

The Company 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 last 3 years;
- financing spread adjustment - loans to new enterprises, non-financial corporations in a local currency, to determine the 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).

The differential interest rate is revised at the beginning of each year according to the current data of the applied methodology. In case of significant deviations, the percentage is subject to revision.

Applicable Rates at Eurohold Bulgaria AD:

	Buildings - Bulgaria	Buildings - UK
Incremental borrowing rate	4,05 %	1,31 %

The entity 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 costs. 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 Company 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 Company adopts the threshold of significance for right-of-use assets of BGN 10,000.00, taking the price of the asset as new.

The Company as a lessor

Classification of leases

The lessor classifies each of its leases as an operating or finance lease. Lessors classify leases according to the extent to which the risks and rewards of ownership of the underlying asset are transferred under the lease agreement.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset, and as an operating lease if it does not substantially transfer all the risks and rewards of ownership of the underlying assets. Risks include potential losses from unused capacity or technological aging, as well as from fluctuations in returns due to changing economic conditions. The benefits may be represented by the expected profitable exploitation over the economic life of the underlying asset and the expected profit from the increase in value or the realization of the residual value.

Whether a lease is a finance lease or an operating lease depends on the substance, not the legal form of the lease.

The classification of the lease agreement is made on the date of entry and is reviewed only if the lease agreement is amended. Changes in valuations or changes in circumstances do not warrant a new classification of the lease for accounting purposes.

Classification of sublease contracts

A transaction in which the underlying asset is leased out by a lessee (the "intermediate lessor") to a third party and the lease agreement (the "principal lease") between the principal and the lessee remains in effect. In the classification of leasing contracts, the intermediate lessor classifies the leasing contract as a finance lease or an operating lease according to the following:

- (a) if the principal lease is a short-term lease that the entity, as lessee, has reported using the exemption requirements, the sublease agreement is classified as an operating lease;
- (b) in all other cases, the sublease agreement is classified according to the rights of use arising from the underlying lease and not depending on the underlying asset.

Operating lease

Recognition and evaluation

The lessor recognizes lease payments under operating leases as revenue on a straight-line basis or on a systematic basis. The lessor applies another systematic basis where that basis more accurately reflects the way in which the benefit of using the underlying asset is reduced.

The lessor adds the initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes it as an expense over the lease term on the same basis as the lease income.

The underlying asset subject to operating leases is amortized with the lessor's usual amortization policy for such assets. The depreciation of such an asset is recognized as an expense on the lease term on the same basis as the lease income.

The company subleases part of leased property (*Note 12 "Other income / (expenses), net "*). The Company does not have any leasing contracts classified as finance leases. Based on preserve the risks and rewards on the lessor, the Company has no changes in the reporting of the operating lease income.

Lease income for 2021 amounting to BGN 492 thousand (2020: BGN 488 thousand) is included in the statement of profit or loss and other comprehensive income in the line "*Other income / (expenses), net "*.

Direct operating expenses for 2021 amount to BGN 104 thousand and are reported under "*External service expenses*", and local taxes and fees in the amount of BGN 199 thousand are reported under "*Other revenues / (expenses), net*" (for 2020 the direct operating expenses amount to BGN 126 thousand, and the expenses for local taxes and fees are BGN 144 thousand). No contingent rents are recognized.

Leases are irrevocable for a period of 2 years from the beginning of the lease. The future minimum lease payments are presented as follows:

	Minimum lease income			Total
	Up to 1 year	Up 1 till 5 years	Over 5 years	
	In '000 BGN	In '000 BGN	In '000 BGN	In '000 BGN
As of 31 December, 2021	251	-	-	251
As of 31 December, 2020	500	84	-	584

Changes to the lease contract

The lessor considers the change in an operating lease as a new lease from the effective date of the change, taking into account any advance or accrued lease payments related to the original lease as part of the lease payments for the new lease.

Presentation

The lessor presents in its statement of financial position the underlying assets subject to operating leases in accordance with their nature.

Operating lease income, when the company is a lessor, is recognized as income on a straight-line basis over the term of the lease. The Company did not require adjustments in accounting for the assets held as lessor as a result of the adoption of the new leasing standard. Eurohold Bulgaria AD does not have any assets for financial lease.

2.16. Employment Benefits

Other long-term employee benefits

Defined contribution plans

A defined contribution plan is a plan for post-employment benefits in accordance with which the Company pays contributions to another person and does not have any legal or constructive obligations to make further payments. The Bulgarian government is responsible for providing pensions under the defined contribution plans. The company's engagement costs for transferring contributions under defined contribution plans are recognized currently in profit and loss.

Defined benefit plans

These are post-employment benefit plans other than defined contribution plans. The net payable of the Company with regard to defined benefit plans is calculated by estimating the amount of future benefits the employees are entitled to in return for their services during the current and previous years; and these benefits are discounted in order to define their present value.

The Company has the obligation to pay retirement benefits to those of its employees who retire in compliance with the requirements of article 222, paragraph 3 of the Labor Code (LC) in Bulgaria. In accordance with these provisions of the LC, upon the termination of the employment agreement of an employee who is entitled to a pension, the employer pays them compensation in the amount of two monthly gross salaries. Provided the worker or employee has 10 or more years' length of service as at the date of retirement, such compensation is in the amount of six-monthly gross salaries. As of the date of the separate statement of financial position, the Company measures the approximate amount of potential expenses for all employees by using the estimated credit units.

Retirement benefits

Retirement benefits are recognized as an expense when the Company has clear engagements, without an actual opportunity to withdraw, with an official detailed plan either for termination of employment relations before the normal retirement date, or for payment of compensation upon termination as a result of a proposal for voluntary retirement.

Benefits upon voluntary retirement are recognized as an expense if the Company has made an official proposal for voluntary termination and the offer would be probably accepted, and the number of employees who have accepted the offer may be reliably measured. If compensations are payable for more than 12 months after the end of the reporting period, they are discounted up to their present value.

Short-term employee benefits

Payables for short-term employee benefits are measured on a non-discounted basis and are stated as an expense when the related services are provided. Liability is recognized for the amount that is expected to be paid as a short-term bonus in cash or profit distribution plans, provided the Company has legal or constructive obligation to pay such amount as a result of previous services rendered by an employee, and such obligation may be reliably measured.

The company recognizes as payable the non-discounted amount of measured paid annual leave expenses that are expected to be paid to the employees in return for their services for the past reporting period.

2.17. Financial Instruments

2.17.1. Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company 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, cancelled or expires.

2.17.2. Classification and initial measurement of the financial instrument

Initially, financial assets are carried at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not contain a material financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs, which are reported as current expenses. The initial measurement of trade receivables that do not contain a material financial component represents the transaction price under IFRS 15.

Depending on the method of subsequent reporting, financial assets are classified in 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 of profit or loss, whether debt or equity.

The classification of financial assets is determined on the basis of the following two conditions:

- the business model of the Company for the management of financial assets;
- the characteristics of the contractual cash flows of the financial asset.

All income and expenses related to financial assets that are recognized in profit or loss are included in financial expenses, financial income or other financial positions, except for the impairment of trade receivables, which is presented in the line (Accrued) / recovered loss from impairment of financial assets, net in the statement of profit or loss and other comprehensive income.

2.17.3. Subsequent measurement 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 at fair value through profit or loss:

- the company manages the assets within a business model that aims to hold the financial assets and collect their contractual cash flows;
- under contractual terms and conditions of the financial asset, cash flows occur at specific dates, which are only principal payments and interest on the principal outstanding.

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. Discounting is not done when its effect is insignificant. The Company classifies in this category cash and cash equivalents, trade and other receivables, as well as listed and unlisted bonds.

Trade receivables

Trade receivables are amounts owed by customers for goods or services sold in the ordinary course of business. They are usually due for settlement in the short term and are therefore classified as current. Trade receivables are recognized initially at the amount of the unconditional remuneration, unless they contain significant components of financing. The Company holds trade receivables to collect contractual cash flows and therefore measures them at amortized cost using the effective interest method. Discounting is not done when its effect is insignificant.

Financial assets at fair value through profit or loss

Financial assets for which a contractual "cash flow business model" or a "held-for-sale business model" is not applicable, as well as financial assets whose contractual cash flows, are not solely principal and interest payments, are accounted for at fair value through profit or loss. All derivative financial instruments are reported in this category except those that are designated and effective as hedging instruments and to which the 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 by quoted prices in an active market or by using valuation techniques in the absence of an active market.

2.17.4. Impairment of financial assets

IFRS 9 requires the Company 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 that fall under the new requirements include loans and other financial assets measured at amortized cost / 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 is no longer dependent on the occurrence of a credit loss event. Instead, the Company 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. None of the Company's financial assets fall into this category.

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 Company 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.

Trade and other receivables, contracted assets

The Company 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 Company 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.

2.17.5. Classification and measurement of financial liabilities

Financial liabilities include loans, payables to suppliers and other counterparties.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company 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 at fair value through profit or loss (except for derivative financial instruments that are designated and effective as hedges tool).

Financial liabilities are recognized over the period of the loan with the amount of proceeds received, the principal less transaction costs. In subsequent periods, financial liabilities are measured at an amortized cost equal to the capitalized value when the effective interest rate method is applied. In the separate financial statement of profit or loss and other comprehensive income, borrowing costs are recognized over the period of the loan.

Current liabilities, such as payables to suppliers, subsidiaries and associates and other payables, are measured at amortized cost, which generally corresponds to the nominal value.

2.17.6. Securities sale and repurchase agreements

Securities can be rented or sold with a commitment to repurchase them (repo). These securities continue to be recognized in the statement of financial position when all material risks and rewards of ownership remain at the expense of the Company. In this case, a liability to the other party to the contract is recognized in the statement of financial position when the Company receives cash consideration.

Similarly, when the Company borrows or purchases securities with a commitment to repurchase them (reverse repo), but does not acquire the risks and rewards of ownership of the transactions, the transactions are treated as collateralised loans when the cash consideration is paid. Securities are not recognized in the statement of financial position.

The difference between the sale price and the redemption price is recognized by instalments over the period of the contract using the effective interest method. Leased-in securities continue to be recognized in the statement of financial position. Hired securities are not recognized in the statement of financial position unless they are sold to third parties, where the redemption obligation is recognized as a trading liability at fair value and the subsequent profit or loss is included in the net operating result.

2.18. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts and short-term deposits, including repo at banks whose original maturity is up to 3 months. For the purposes of the separate statement of cash flows, bank deposits are analysed and presented in compliance with the Company's purposes and intentions for earning therefrom, as well as the actual maintained duration of investing in such type of deposits.

2.19. Equity and reserves

Equity is presented at its nominal value pursuant 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, general reserves.

In accordance with the requirements of the Commerce Act and the Articles of Association, the 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 Other short-term 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 statement of changes in equity.

2.20. Earnings per share

The basic earnings per share are calculated by dividing the net profit or loss for the period that is subject to distribution among shareholders – holders of ordinary shares, by the average weighted number of ordinary shares held during the period.

The average weighted number of shares is the number of ordinary shares held at the beginning of the period adjusted with the number of redeemed ordinary shares and the number of newly issued shares multiplied by the average time factor. Such a factor expresses the number of days in which the respective shares have been held towards the total number of days during the period.

Upon capitalization, bonus issue or division, the number of outstanding ordinary shares until the date of such event is adjusted to reflect the proportionate change in the number of outstanding ordinary shares as if the event has occurred at the beginning of the earliest period presented.

Earnings per shares with decreased value are not calculated as no potential shares with decreased value are issued.

2.21. Liability Provisions

Provisions are recognized when it is probable that current liabilities resulting from a past event will result in an outflow of resources from the Company 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 Company 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 an outflow of economic resources is unlikely to occur as a result of current liability, a liability is not recognized. Contingent liabilities should subsequently be measured at the higher value between the comparable provision described above and the initially recognized amount, less accumulated depreciation.

Possible inflows of economic benefits that do not yet meet the criteria for recognition of an asset are considered contingent assets. They are described together with the contingent liabilities of the Company in Note 28. Contingent liabilities and commitments.

2.22. Judgments that are crucial for the application of the Company's accounting policy. Key estimates and assumptions with high uncertainty.

2.22.1. Significant management judgments in applying accounting policies

The management's significant judgments in applying the Company's accounting policies that have the most significant effect on the financial statements are set out below:

Deferred tax assets

The assessment of probability for future taxable income for the utilization of deferred tax assets is based on the last approved budget forecast adjusted with regard to material untaxable income and expenses and specific restrictions for carrying forward unused tax losses or credits. If a reliable estimate for taxable income suggests the probable use of deferred tax assets, in particular in case the asset may be used without a time limit, then the deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to specific legal or economic restrictions or uncertainty should be judged by the management on a case-by-case basis on the grounds of specific facts and circumstances.

On the basis of this approach and applying a high level of conservatism, the management has judged not to recognize deferred tax asset to the annual separate financial statement for 2021, as follows:

- Tax loss as of 31.12.2021 in amount of BGN 5 176 thousand (as of 31.12.2020 – BGN 2 065 thousand)
- Thin capitalization under art. 43a as of 31.12.2021 in amount of BGN 4 826 thousand (as of 31.12.2020 in amount of BGN 2 889 thousand)
- Impairment of receivables as of 31.12.2021 in the amount of BGN 65 thousand (as of 31.12.2020 - BGN 4 thousand).
- Accumulated unused (compensable) leave as of 31.12.2021 in the amount of BGN 2 thousand (as of 31.12.2020 - BGN 1 thousand).

Debt instruments measured at amortized cost

Management's analysis and intentions are endorsed by the debt-holding business model, which is eligible to receive principal and interest payments only and the assets are held until the contractual cash flows of the bonds, which are classified as debt instruments, have been measured at amortized cost. This decision is consistent with the current liquidity and capital of the Company.

Leases

In accordance with IFRS 16 Leases, management classifies sublease contracts as operating leases. In some cases, the lease transaction is not straightforward and management assesses whether the contract is a finance lease in which all material risks and rewards of ownership are transferred to the lessee or an operating lease, where substantially all the risks and rewards of ownership are transferred the underlying asset.

2.22.2. Uncertainty of accounting estimates

In preparing the financial statement, management makes a number of assumptions, estimates and assumptions about 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, may be fully consistent with previously estimated results.

In preparing the presented separate annual financial statements, the management's significant judgments in applying the accounting policies of the Company and the main sources of uncertainty of the accounting estimates do not differ from those disclosed in the annual financial statement of the Company as of 31 December 2020.

Impairment of investments in subsidiaries

The amount with which the book value of an asset or a cash flow generating unit exceeds their replacement cost, which is the higher of the fair value less the sale cost of an asset, and its value in use, is recognized as an impairment loss. For the purposes of defining the value in use, the Company's management calculates the expected future cash flows per cash flow generating unit and defines an appropriate discount factor for the purposes of calculating the present value of these cash flows. Upon calculating the expected future cash flows, the management makes assumptions about the future gross profits. These assumptions are related to future events and facts. The actual results may differ and require significant adjustments in the Company's assets during the next reporting year.

In most cases, when defining the applicable discount factor, an assessment of appropriate adjustments with regard to the market risk and the risk factors inherent to different assets should be made.

External appraisals are used in order to determine the fair values of investments in subsidiaries for each calendar year. When applying valuation techniques, management makes maximum use of market data and assumptions that market participants would accept when evaluating an instrument. In the absence of relevant market data, management uses its best assessment 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.

The impairment losses on investments in subsidiaries is recognized in 2021 in the amount of BGN 64 772 thousand (*Notes 8 and 15*). Not reported impairment losses on investments in subsidiaries in 2020.

Impairment of loans and receivables

The company has developed a model of expected credit losses and assesses the adequacy of impairment based on age analysis of receivables, historical experience on the level of write-off of bad debts and analysis of the solvency of the counterparty, changes in agreed payment terms and more. If the financial position and performance of the counterparties become worse than expected, the value of receivables that should be derecognized during the next reporting periods may be higher than the one expected as at the reporting date.

Fair value of financial instruments

The management uses techniques to measure the fair value of financial instruments if there are no quoted prices at the active market. Detailed information about the assumptions used is presented in the explanatory notes to the financial assets and liabilities. In applying assessment techniques, to the maximum extent, the management uses market data and assumptions that market stakeholders would assume upon assessing a financial instrument. In case there are no applicable market data, the management applies its best estimate of assumptions that the market stakeholders would make. These assessments may differ from the actual prices that would be defined in an arm's length transaction between informed and willing parties at the end of the reporting period.

2.23. Financial risk management

Categories of financial assets and liabilities

The carrying amounts of the Company's financial assets and liabilities may be presented in the following categories:

Financial assets	<i>Note</i>	2021	2020
In thousand BGN			
Debt instruments at amortized cost:			
Receivables by related parties	16	849	345
Other receivables and assets	17	450	1 306
Cash and cash equivalents	18	115	267
		1 414	1 918
Financial liabilities			
In thousand BGN			
Financial liabilities at amortized cost:			
Subordinated debts	20	7 201	32 784
Loans from financial and non-financial institutions	21	46 636	61 692
Bonds liabilities	22	215 220	194 719
Short - term trade payables	25	1 328	583
Liabilities to related parties	23,26	102 529	37 093
Other short-term liabilities	24,27	2 669	3 169
		375 583	330 040

Please see note 2.17. *Financial Instruments* for accounting policy information for each category of financial instruments. The methods applied to measure the fair values of financial assets and liabilities at fair value are described in note 2.25. *Determination of fair values*. A description of the Company's risk management policies and objectives regarding financial instruments is presented below.

Factors Determining Financial Risk

In the implementation of its activity, the Company is exposed to diverse financial risks: market risk (including currency risk, risk from change of financial instruments fair value under the impact of market interest rates and price risk), credit risk, liquidity risk and risk from change of future cash flows due to a change in market interest rates. The overall risk management program emphasizes the unpredictability of financial markets and is aimed at mitigating the possible adverse effects on the Company's financial result.

The most significant financial risks to which the Company is exposed are described below:

2.23.1. Market risk analysis

Due to the use of financial instruments, the Company is exposed to market risk and in particular to the risk of changes in the exchange rate, interest rate risk and the risk of changes in specific prices, which is due to the operational and investment activity of the Company.

Currency risk

The Company is exposed to currency risk as a result of the settlements in foreign currency and through its assets and liabilities denominated in foreign currency.

The majority of the Company's transactions are in Bulgarian leva. The Company's foreign transactions, denominated principally in Polish zloty and British pounds, expose the Company to foreign exchange risk.

The Company owns bond investments in euro. The company has loans, issued bonds and lease liabilities in foreign currency – Euro, PLN (Polish zloty) and British pounds. As the BGN/ EUR exchange rate is pegged at 1.95583, the currency risk caused by the euro expositions of the Company is on its minimum.

In December 2021, a bond loan under the EMTN program was extended and transformed from Polish zlotys into euros, thus eliminating the risk of changes in the exchange rate of Polish zlotys.

Financial assets and liabilities denominated in foreign currencies and translated into BGN at the end of the reporting period are presented as follows:

	Short-term exposure				Long-term exposure
	Polish zloty	British pounds	Czech crowns	US dollars	British pounds
	'000 BGN	'000 BGN	'000 BGN	'000 BGN	'000 BGN
31 December 2021					
Financial assets	-	270	-	-	-
Financial liabilities	-	(199)	(47)	(546)	-
Total risk exposure	-	71	(47)	(546)	-
31 December 2020					
Financial assets	1	421	-	-	-
Financial liabilities	(19 990)	(566)	(63)	(12)	(83)
Total risk exposure	(19 989)	(145)	(63)	(12)	(83)

The tables below show the sensitivity of the annual net financial result after taxes and equity to a probable change in the exchange rates of the Bulgarian lev against the following foreign currencies:

- Polish zloty +/- 0,70% (for 2020 +/- 2,69%)
- British Pounds +/- 2,22% (for 2020 +/- 1,13%)
- Czech crowns +/- 3,07% (for 2020 +/- 0,71%)
- US dollars +/- 4,18% (for 2020 +/- 7,62%)

All other parameters are considered constant.

These rates are based on average exchange rates over the last 12 months of 2021 year. The sensitivity analysis is based on the investments of the Company in foreign currency financial instruments held at the end of the reporting period.

31 December 2021	Increase of the Bulgarian Lev rate		Decrease of the Bulgarian lev rate	
	Net financial result	Equity	Net financial result	Equity
	'000 BGN	'000 BGN	'000 BGN	'000 BGN
British Pounds +/- 2,22%	2	2	(2)	(2)
Czech crowns +/- 3,07%	1	1	(1)	(1)
US dollars +/- 4,18%	23	23	(23)	(23)

31 December 2020	Increase of the Bulgarian Lev rate		Decrease of the Bulgarian lev rate	
	Net financial result '000 BGN	Equity '000 BGN	Net financial result '000 BGN	Equity '000 BGN
Polish zloty +/- 2,69%	538	538	(538)	(538)
British Pounds +/- 1,13%	2	2	(2)	(2)
US dollars +/- 7,62%	1	1	(1)	(1)

Exposure to exchange rate fluctuations varies throughout the year depending on the volume of international transactions performed. However, the analysis presented above is considered to represent the Company's exposure to currency risk.

Interest Risk

The Company's policy is aimed at minimizing the interest risk with regard to long-term funding. Therefore, the long-term borrowings are with fixed interest rates. All investments in Company's bonds are paid on the basis of fixed interest rates. As of 31 December 2021, the Company is not exposed to the risk of changes in market interest rates on its bank loans, which have a constant interest rate. All other financial assets and liabilities of the Company have fixed interest rates. All investments in the Company's bonds are paid on the basis of fixed interest rates.

Other Risk - Covid-19 (Coronavirus)

Due to the pandemic wave of Covid-19 (Coronavirus), which became global in late February and early March 2020 and led to a significant reduction in financial activity worldwide, the Company analysed on the basis of currently available data the potential effect on its financial position and in particular on the models used, according to IFRS 9.

This disclosure complies with the requirements of IFRS 7 and IFRS 9, as well as the recommendations of the European Securities and Markets Authority (ESMA).

As of the date of preparation of these Consolidated Annual Financial Statements, the economic activity has not yet fully recovered and sufficient statistical information been not yet available, both for the real effect on the Bulgarian and world economy and on available significant forecast data for their recovery in the coming months.

Development of Covid-19 Pandemic (Coronavirus)

At the end of 2019, news about COVID-19 (Coronavirus) first appeared from China, when a limited number of cases of an unknown virus were reported to the World Health Organization. In 2020, the virus spread worldwide and its negative impact gained momentum. On March 11, 2020, after cases of the new coronavirus strain were reported in 114 countries, the World Health Organization (WHO) announced the COVID-19 events as a pandemic. On March 13, 2020, at the request of the government, the National Assembly declared a state of emergency in Bulgaria due to the coronavirus, which lasted until 13.5.2020 and was replaced by an emergency epidemic until 31.8.2021 and is currently extended to 31.3.2022.

Similar measures have been introduced in other countries, such as Greece (11 March 2020), Romania (21 March 2020), Ukraine (14 March 2020), Northern Macedonia (18 March 2020). As a result of the measures imposed by the governments, a significant part of the economic activity in the individual countries was suspended, and in addition, a significant part of the international trade was hindered.

The company takes all necessary measures to preserve the health of employees and minimize the impact of the crisis at this stage of its occurrence. The actions are in accordance with the instructions of the National Operational Headquarters and strictly follow the orders of all national institutions.

Management is closely monitoring the situation and looking for ways to reduce its impact on the Company, but the decline in stock prices on global stock exchanges could affect the fair value of the Company's investments if the negative trend continues. The management of the Company has analysed the expected effect on both the economic growth and the credit rating of the countries (and respectively the counterparties) in which it operates, and the analysis is presented below.

Effect on economic growth

The table below presents information on the expectations for economic growth of the Republic of Bulgaria, according to the data of the International Monetary Fund (October 2021: <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>; January 2022: <https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>), including forecast data after the occurrence of the pandemic situation related to Covid-19 (Coronavirus).

	Historical data			Forecast	Real	Forecast		
	2017	2018	2019	2020 (before Covid-19)	2020 (Covid-19)	2021	2022	2026
Economic GDP growth	3.5%	3.1%	3.7%	3.2%	(4.2)%	4.5%	4.4%	2.8%

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 after the Covid-19 pandemic (Coronavirus).

	Historical data			Forecast	Real	Forecast		
	2017	2018	2019	2020 (before Covid-19)	2020 (Covid-19)	2021	2022	2026
Economic GDP growth	2.6%	1.9%	1.5%	1.4%	(6.3)%	5.0%	4.3%	1.4%

The Company's Management has also analysed the expected economic development of the countries where it operates, as the historical and forecast data from the International Monetary Fund are presented in the table below:

	Historical data			Forecast	Real	Forecast	
	2017	2018	2019	2020 (before Covid-19)	2020 (Covid-19)	2021	2022
Republic of Romania	7.3%	4.5%	4.1%	3.5%	(3.9)%	7.0%	4.8%
Republic of North Macedonia	1.1%	2.9%	3.2%	3.4%	(4.5)%	4.0%	4.2%
Republic of Ukraine	2.4%	3.5%	3.2%	3.0%	(4.0)%	3.5%	3.6%
Republic of Georgia	4.8%	4.8%	5.0%	4.8%	(6.2)%	7.7%	5.8%
Republic of Belarus	2.5%	3.1%	1.4%		(0.9)%	2.1%	0.5%
Russian Federation	1.8%	2.8%	2.0%	1.9%	(3.0)%	4.7%	2.9%
Hellenic Republic	1.3%	1.6%	1.9%	2.2%	(8.2)%	6.5%	4.6%

Republic of Poland	4.8%	5.4%	4.7%	3.1%	(2.7)%	5.1%	5.1%
Italy Republic	1.7%	0.9%	0.3%	0.5%	(8.9)%	5.8%	4.2%
Kingdom of Spain	3.0%	2.3%	2.1%	1.8%	(10.8)%	5.7%	6.4%
United Kingdom	1.7%	1.3%	1.4%	1.4%	(9.8)%	6.8%	5.0%

The January 2022 update presents a slight slowdown in growth due to a growing number of cases, expected intermittent recovery and higher inflation:

	2020	Evaluation		Forecast		Difference compared to October 2021	
		2021	2022	2023	2022	2023	
World result	-3.1	5.9	4.4	3.8	-0.5	0.2	
Developed economies	-4.5	5.0	3.9	2.6	-0.6	0.4	
United States of America	-3.4	5.6	4.0	2.6	-1.2	0.4	
Euro area	-6.4	5.2	3.9	2.5	-0.4	0.5	
Germany	-4.6	2.7	3.8	2.5	-0.8	0.9	
France	-8.0	6.7	3.5	1.8	-0.4	0.0	
Italy	-8.9	6.2	3.8	2.2	-0.4	0.6	
Spain	-10.8	4.9	5.8	3.8	-0.6	1.2	
Japan	-4.5	1.6	3.3	1.8	0.1	0.4	
Kingdom of Great Britain	-9.4	7.2	4.7	2.3	-0.3	0.4	
Canada	-5.2	4.7	4.1	2.8	-0.8	0.2	
Other developed economies	-1.9	4.7	3.6	2.9	-0.1	0.0	
Russia	-2.7	4.5	2.8	2.1	-0.1	0.1	

As can be seen from the above data, the Management takes into account the possible short-term risks to the overall economic development of the main markets where it operates. The expected reduction of the Gross Domestic Product could be significant, but there are also general expectations for rapid recovery during the period 2021-2022 and a return to the average predicted growth levels before Covid-19 (Coronavirus).

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 Company.

	Before Covid-19		After Covid-19	
	Rating	Forecast	Rating	Forecast
Republic of Bulgaria	BBB	Positive	BBB	Stable
Eurohold Bulgaria AD	B	Negative	B	Negative

The following is information on the change in the credit rating (including forecast) assigned by Fitch to the countries where the Group operates:

	Before Covid-19		After Covid-19	
	Rating	Forecast	Rating	Forecast
Republic of Romania	BBB	Stable	BBB	Negative
Republic of North Macedonia	BB+	Stable	BB+	Negative

Republic of Ukraine	B	Positive	B	Positive
Republic of Georgia	BB	Stable	BB	Stable
Republic of Belarus	B	Stable	B	Negative
Russian Federation	BBB	Stable	BBB	Stable
Hellenic Republic	BB	Stable	BB	Stable
Republic of Poland	A-	Stable	A-	Stable
Italy Republic	BBB	Negative	BBB-	Stable
Kingdom of Spain	A-	Stable	A-	Stable
United Kingdom	AA	Negative	AA-	Stable

Continuous monitoring helps the management in the assessment 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.

At present, despite the overall decrease of forecasts and limited cases of credit rating deterioration, the Management considers that before a significant period of time passes during which symptoms of deterioration in the overall credit quality of both investments and the general environment where the Group operates, it cannot perform a sufficiently sustainable and reliable assessment of the effect that Covid-19 (Coronavirus).

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 due to:

- The measures taken by the Government of the Republic of Bulgaria, the governments of the countries where the Group operates, including the applied private and public moratoriums, which currently do not lead to additional indications of significantly deteriorated credit quality of the counterparties. Management strictly monitors the existence of long-term indications of deterioration, as the general temporary potential liquidity problems of counterparties caused directly by Covid-19 (Coronavirus) are not considered indications of credit deterioration;
- At present, despite the overall decrease and the limited cases of credit rating deterioration, the Management believes that before a significant period of time passes during which symptoms of deterioration in the overall credit quality of both investments and the general environment in which the Group operates, it cannot perform a sufficiently sustainable and reliable assessment of the effect that Covid-19 (Coronavirus).

Concerning the model (including the extended and simplified one) for calculating the expected credit losses, the Management considers that it is possible to make a change in the general model. However, the Management recognizes a possible short-term risk to the overall economic development of the countries in which the Company operates. Also, in some markets, the expected reduction in Gross Domestic Product could be significant. Also takes into account the general expectations for a rapid recovery in the period 2021-2022 and the expectations of a return to average projected growth levels before Covid-19 (Coronavirus). Based on that the company decided to review its model and update some of its expectations.

As of December 31, 2020, both reliable macroeconomic statistics and information on medium-term levels of probability of default are available, Management has decided to:

- Maintained the expected credit loss of exposures that are part of the simplified model (i.e., trade receivables);
- Increased of expected credit loss, of the exposures that are part of the full model (i.e., deposits and cash at bank institutions), as the average increase for deposits was 3.58% and for cash in banking institutions was 4.12%.

2.23.2. Credit risk analysis

Credit risk is the risk that a counterparty fails to pay its debt to the Company. The Company is exposed to this risk in connection with regard to the various financial instruments, such as the provision of loans, the occurrence of receivables from customers, a deposit of funds and others. The Company's exposure to credit risk is limited to the carrying amount of the financial assets recognized at the end of the reporting period, as set out below:

	Note	31.12.2021 '000 BGN	31.12.2020 '000 BGN
Groups of financial assets - carrying amounts:			
Debt instruments at amortized cost			
Receivables from related parties	16	849	345
Other receivables	17	450	1 313
Cash and cash equivalents	18	115	267
Book value		1 414	1 925

The amounts presented in the separate statement of financial position are on a net basis excluding the provisions for doubtful receivables, assessed as such by management, based on previous experience and current economic conditions.

Credit risk on cash and cash equivalents, money market funds derivative financial instruments is considered insignificant as counterparties are banks with good repute and high external credit rating.

2.23.3. Liquidity risk analysis

Liquidity risk is the risk that the company may encounter difficulties in servicing its financial obligations when they become payable. Policy in this field is aimed at ensuring that there will be enough cash available to service its maturing obligations, including in exceptional and unforeseen conditions. The management's objective is to maintain continuous balance between continuity and flexibility of financial resources by using adequate forms of funding.

The company's management is responsible for managing the liquidity risk and involves maintaining enough cash available, arranging adequate credit lines, preparation of analysis and update of cash flows estimates.

The table below presents an analysis of the liabilities of Eurohold Bulgaria AD by maturity periods, based on the residual term from the date of the separate statement of financial position to the date of realization of the liability based on the agreed undiscounted payments:

31.12.2021	Note	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
<i>In thousand BGN</i>							
Liabilities by residual maturity							
Subordinated debts	20	-	-	-	7 201	-	7 201
Loans and Borrowings	21	1 986	-	35 644	9 006	-	46 636
Bond liabilities	22	-	-	136 987	19 558	58 675	215 220
Trade payables	25	1 328	-	-	-	-	1 328
Related parties' liabilities	23,26	4 931	19 707	16 966	60 926	-	102 529
Other current liabilities	24,27	1 192	39	196	716	525	2 669
TOTAL		9 437	19 746	189 793	97 407	59 200	375 583

In the previous reporting period, the maturities of the Company's contractual obligations are summarized as follows:

31.12.2020	Note	Up to 1	1-3	3-12	1-5	Over 5	Total
<i>In thousand BGN</i>		month	months	months	years	years	
Liabilities by residual maturity							
Subordinated debts	20	-	-	-	-	32 784	32 784
Loans and Borrowings	21	5 611	-	13 334	42 747	-	61 692
Bond liabilities	22	751	183	19 254	115 856	58 675	194 719
Trade payables	25	583	-	-	-	-	583
Related parties' liabilities	23,26	122	9 944	25 324	1 703	-	37 093
Other current liabilities	24,27	949	229	523	771	697	3 169
	TOTAL	8 016	10 356	58 435	161 077	92 156	330 040

2.24. Capital risk management

By managing its capital, the Company is aimed at creating and maintaining opportunities to continue its activity under the going concern assumption and to ensure the respective return of invested funds for the shareholders and economic benefits for the other stakeholders and participants in its business, as well as at maintaining optimal capital structure.

The Company continuously monitors the availability and the structure of the capital based on the debt ratio, and namely the net debt capital to the total amount of capital. Net debt includes all liabilities, subordinated debts, loans, debentures, trade and other payables less the carrying amount of cash and cash equivalents.

The equity for the reporting periods presented can be analysed as follows:

<i>In thousand BGN</i>	31.12.2021	31.12.2020
Total equity	344 749	303 701
Total liabilities, subordinated debts, loans, debentures, trade and other liabilities	375 583	330 040
- Cash and cash equivalents	(115)	(267)
Net debt	375 468	329 773
Total equity (Equity + net debt)	720 217	633 474
Debt ratio (Net debt/total equity)	52%	52%

The maintenance of the debt ratio in 2021 is mainly due to the increase in the capital of the Company (Note 19) and partially repaid subordinated debt by related parties (Note 20).

2.25. Determination of fair values

2.25.1. Fair value measurement of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

A financial asset or liability is classified at the lowest level of material input used to determine its fair value.

Fair value measurement	Note	Book value	Fair value			
			Level 1	Level 2	Level 3	
In thousand BGN		31.12. 2021				31.12.2021
Stock traded repurchase bonds (EMTN)	22	-	-	-	-	-
		-	-	-	-	-

Fair value measurement	Note	Book value	Fair value			
			Level 1	Level 2	Level 3	
In thousand BGN		31.12.2020				31.12.2020
Stock traded repurchase bonds (EMTN)	22	20 217	20 217	-	-	20 217
		20 217	20 217	-	-	20 217

There were no significant transfers between levels during the reporting periods.

Determination of fair value

The valuation methods and techniques used to determine fair value have not changed from the previous reporting period.

Stock traded repurchase bonds

All marketable bonds are represented in Bulgarian Leva and are publicly traded on the Irish Stock Exchange, Bonds Section. Fair values have been determined on the basis of their stock exchange price as of the reporting date (*Note 22*).

2.25.2. Fair value measurement of non-financial assets

Fair value is the price that would have been obtained by selling an asset or paid by transferring a liability in the ordinary course of trade between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability is carried out:

- the main market for that asset or liability;
or
- in the absence of a primary market, the most favourable market for that asset or liability.

The main or most favourable market must be accessible to the Company.

The measurement of the fair value of a non-financial asset takes into account 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 who will use it in such a way. The Company uses appropriate valuation methods for which there is sufficient data available to measure fair value, using the maximum relevant observable hypotheses and minimizing the use of the unobservable.

The following table presents the levels in the hierarchy of non-financial assets as at 31 December 2021 and 31 December 2020, measured at fair value at regular intervals:

Fair value measurement	Note	Book value	Fair value			
		31.12.2021	Level 1	Level 2	Level 3	31.12.2021
In thousand BGN		717 093	-	-	717 093	717 093
Investments in subsidiaries	15	717 093	-	-	717 093	717 093
		717 093	-	-	717 093	717 093

Fair value measurement	Note	Book value	Fair value			
		31.12.2020	Level 1	Level 2	Level 3	31.12.2020
In thousand BGN		629 459	-	-	629 459	629 459
Investments in subsidiaries	15	629 459	-	-	629 459	629 459
		629 459	-	-	629 459	629 459

At each date of the statement of financial position, management makes an analysis and evaluation of whether there are any indicators of impairment of its investments in subsidiaries. The Company took into account the carrying amount of investments and their net assets, among other factors, when reviewing for impairment indications.

The main indicators of impairment are: significant reduction of the volume and / or cessation of the company in which it is invested, losses in the customer market or technological problems, reporting losses over a longer period of time, reporting negative net assets or assets below the registered share capital, trends of deterioration of key financial indicators, as well as a decrease in market capitalization. The Company requires external appraisers to determine the fair values of investments in subsidiaries for each calendar year.

As of December 31, 2020, there is an excess of the carrying amount over the equity of certain investments, which is a potential indicator for impairment of investments in subsidiaries. This necessitated impairment tests. External evaluators have been hired for this purpose and operate in accordance with generally accepted international valuation standards.

The fair value of investments in subsidiaries of the Company is determined on the basis of reports of independent licensed appraisers.

The fair value of investments in subsidiaries is based on the following methods used:

- Investment in Euroins Insurance Group AD - Net Asset Value Method
- Auto Union AD - Net Asset Value Method
- Euro-finance AD - Discounted net flows method - 90%, the method of industry coefficients 10%.
- Eurolease Group EAD - Net Asset Value Method.

The discounted cash flow method is used to determine the value of a business in terms of its future and expected profitability. In this method, net cash flows are determined by reducing EBITDA (profit before taxes, interest and depreciation) by changing net working capital by investing in non-current assets, without taking into account cash flows related to borrowing, payment of interest on them and cash. The developed business forecast for the development of the company was used as the basis of the method.

The industry coefficients method (Market Multiplier Method) reflects the prices currently being marketed for other similar businesses and provides an indication of the usual opinion of market participants. It is based on derived indicators of the realized transactions.

The net asset value method is a fundamental way of determining the value of a company or its shares using models based on the value of the assets of the company less its liabilities. This method assumes that in a competitive environment, a "reasonable buyer" would not pay more to the company than he would have received for obtaining similar assets (with the same characteristics and condition, degree of suitability, usability, etc.), without commitment.

The tests and assessments of management for impairment of investments are made through the prism of its forecasts and intentions regarding the future economic benefits that are expected to be received from the subsidiaries, including commercial and industrial experience, securing positions in Bulgarian and foreign markets, expectations for future sales and others. The calculations were made with the assistance of an independent licensed appraiser.

31 December 2021 In '000 BGN	Share in equity in%	The book value of the subsidiary	Recoverable amount of the subsidiary	Exceeding recoverable amount over the book value
Company				
Euroins Insurance Group AD	90,10%	523 815	721 836	198 021
Avto Union AD*	99,99%	66 775	2 003	(64 772)
Euro-Finance AD	99,99%	24 645	42 596	17 951
Eurolease Group EAD	90,01%	24 635	34 751	10 116
Eastern European Electric Company II B.V.**	100,00%	141 995	141 995	-
		781 865	943 181	226 088

* Avto Union AD - Recoverable amount determined by the appraisers in the amount of BGN 11,882 thousand. Accrued additional impairment with a decision of the management up to BGN 2 003 thousand. recoverable amount (*Note 8, Note 15*).

** Eastern European Electric Company II B.V. - No evaluation has been assigned to independent licensed appraiser (*Note 15*).

31 December 2020 In '000 BGN	Share in equity in%	The book value of the subsidiary	Recoverable amount of the subsidiary	Exceeding recoverable amount over the book value
Company				
Euroins Insurance Group AD	95,95%	513 404	678 600	165 196
Avto Union AD	99,99%	66 775	87 665	20 890
Euro-Finance AD	99,99%	24 645	38 402	13 757
Eurolease Group EAD	90,01%	24 635	28 360	3 725
		629 459	833 027	203 568

2.26. Cash Flows

The separate statement of cash flows shows the cash flows for the year in relation to operating, investment and financial activity during the year, the change in cash and cash equivalents for the year, cash and cash equivalents at the beginning and at the end of the year.

The operating cash flows are calculated as a result of the year adjusted with the non-cash operating positions, changes in net turnover capital and corporate tax.

Investment activity cash flows include payments about purchase and sale of fixed assets and cash flows related to the purchase and sale of entities and operations. Purchase and sale of other securities which are not a cash and cash equivalents are also included in the investment activity.

Financial activity cash flows include changes in the amount or composition of share capital and the related costs, the borrowings and the repayment of interest-bearing loans, purchase, and sale of own shares and payment of dividends.

Cash and cash equivalents include bank overdraft, liquidity cash and securities for term less than three months.

Changes in the Company's liabilities arising from a financial activity may be classified as follows:

In '000 BGN	Note	As of 1 January, 2021	Cash flows from financing activities		Non-monetary adjustments		As of 31 December, 2021
			Proceeds	Payments	The effect of changes in exchange rates	Other adjustm ents	
Subordinated debts*	20	32 784	391	(25 932)	(1)	(41)	7 201
Loans from financial and non- financial institutions	21	61 692	10 128	(28 570)	-	3 386	46 636
Bonds liabilities	22	194 719	14 659	(22 590)	171	28 261	215 220
Liabilities to related parties, principal and interest	23,26	15 777	111 564	(39 336)	-	3 524	91 529
Lease liabilities	23,26	2 280	-	(828)	(30)	232	1 654
Interest payables	27	14	-	(16)	-	24	22
Total:		307 266	136 742	(117 272)	140	35 386	362 262

*See Notes 20, 28, 30.1.1.

In '000 BGN	Note	As of 1 January, 2020	Cash flows from financing activities		Non-monetary adjustments		As of 31 December, 2020
			Proceeds	Payments	The effect of changes in exchange rates	Other adjustm ents	
Subordinated debts*	20	-	-	-	-	32 784	32 784
Loans from financial and non- financial institutions	21	68 170	42 186	(50 909)	-	2 245	61 692
Bonds liabilities	22	136 523	58 675	(9 181)	(1 366)	10 068	194 719
Liabilities to related parties, principal and interest	23,26	34 246	29 443	(17 765)	-	(30 147)	15 777
Lease liabilities	23,26	2 856	-	(889)	(52)	365	2 280
Interest payables	27	31	-	(23)	-	6	14
Total:		241 826	130 304	(78 767)	(1 418)	15 321	307 266

*See Notes 20, 28, 30.1.1.

3. Dividend income

	2021	2020
	BGN'000	BGN'000
Euro-Finance AD	223	547
	223	547

4. Gains from sale of investments and revaluations

	2021	2020
	BGN'000	BGN'000
Gains from sale of investments and financial instruments*	481	1 386
Income from revaluation of investments measured at FVPL**	338	1 057
	819	2 443

- * In 2021, profits from operations with investments and financial instruments include:
- BGN 221 thousand profit from the transfer of ownership of repurchased own bonds from the EMTN Program in EUR with ISIN XS1731768302 (*Note 22*);
 - BGN 259 thousand profit from operations with repurchase of own bonds with ISIN BG2100013205 (*Note 22*).
 - BGN 1 thousand profit from operations with other financial instruments.
- * In 2020, profits from operations with investments and financial instruments include:
- BGN 796 thousand profit from repurchase of own bonds 10 500 pcs. from the EMTN Program in EUR with ISIN XS1731768302 (*Note 22*);
 - BGN 478 thousand profit from repurchase and repayment / cancellation of trade loans in the form of Euro Corporate Shares - ECP (*Note 21*);
 - BGN 112 thousand - other profits.
- ** In 2021, revenues from revaluations of debt instruments measured at fair value include:
- BGN 261 thousand from revaluation of own bonds purchased from EMTN Program in EUR with ISIN XS1731768302 (*Note 22*);
 - BGN 76 thousand from revaluation of repurchased own bonds with ISIN BG2100013205 (*Note 22*).
 - BGN 1 thousand profit from revaluation of other financial instruments.
- ** In 2020, the proceeds from revaluations of debt instruments measured at fair value are from the revaluation of own bonds repurchased from the EMTN Program in EUR with ISIN XS1731768302 (*Note 22*).

5. Interest income

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Interest income – from related parties' loans	35	-
	35	-

5.1. Interest income on loans to related parties

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Auto Union AD	5	-
Motobul EAD	11	-
Auto Union Service EOOD	2	-
Starcom Holding AD	17	-
	35	-

6. Other financial revenue

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Foreign exchange gains	846	1 590
	846	1 590

7. Interest expense

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Interest expense – loans and borrowings	3 229	3 179
Interest expense – bonds, EMTN program*	10 855	9 880
Interest expense – bonds, ISIN: BG2100013205	1 907	183
Interest expense – from related parties' loans	3 431	2 642
Interest expense – from third party loans	125	6
	19 547	15 890

* Expenses for interest on bond loans EMTN Program are presented net of interest income on repurchased bonds in the amount of BGN 1 335 thousand for 2020 (*Note 21*).

7.1. Interest expense on borrowings and related parties leasing

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD	2 181	1 069
Euroins Insurance Group AD	961	755
Auto Union AD	10	242
Auto Union Service EOOD	4	9
Eurolease Auto EAD	260	261
<i>incl. Leasing</i>	4	7
Motobul EAD	-	280
Star Motors EOOD	15	26
	3 431	2 642

8. Losses from transactions with financial instruments and revaluations

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Losses on transactions of investments*	21 190	795
<i>Inc. Losses on transactions of investments – related parties</i>	75	61
Losses from revaluation of investments measured at FVPL **	329	1 116
Impairment losses on investments in subsidiaries ***	64 772	-
	86 291	1 911

* In 2021, losses from investment operations are recognized, which include:

- One-time effect in the amount of BGN 20 360 thousand in connection with the transfer of shares to a subsidiary as part of a package transaction (*Note 15*);
- BGN 440 thousand in connection with the restructuring of bonds of the EMTN Program with ISIN XS1542984288 (*Note 22*);
- BGN 194 thousand in connection with operations with repurchased own bonds with ISIN BG2100013205 (*Note 22*);
- BGN 121 thousand in connection with operations with repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 (*Note 22*);
- BGN 75 thousand fees and commissions for services of an investment intermediary.

* In 2020, losses from investment operations were recognized, which include:

- BGN 734 thousand in connection with the termination of a contract for the repurchased own bonds 10 500 pcs. from the EMTN Program in EUR with ISIN XS1731768302 (*Note 22*);
- BGN 61 thousand fees and commissions for services of an investment intermediary.

** In 2021, the costs of revaluation of debt instruments measured at fair value are:

- BGN 165 thousand from revaluation of repurchased own bonds with ISIN XS1731768302 (*Note 22*);
- BGN 55 thousand from revaluation of repurchased own bonds with ISIN BG2100013205 (*Note 22*);
- BGN 109 thousand from revaluation of other financial instruments.

** In 2020, the costs of revaluation of debt instruments measured at fair value are from the revaluation of repurchased own bonds 10 500 pcs. from the EMTN Program in EUR with ISIN XS1731768302 (*Note 22*).

*** In 2021 the expenses from impairment of investments in subsidiaries are from impairment of Avto Union AD (*Note 2.25.2, Note 15*).

8.1. Losses from transactions with financial instruments – related parties

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Euro-Finance AD	75	61
	75	61

9. Other financial expenses

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Foreign exchange losses	789	151
Other financial expenses – related parties	1	3
Bank guarantee fees	165	269
Other financial expenses	44	13
	999	436

9.1. Other financial expenses – related parties

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Euro-Finance AD	1	3
	1	3

10. Hired services expenses

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Hired services expenses*	9 049	2 194
Hired services expenses – related parties	49	2
	9 098	2 196

*In 2021, the major part of the costs above are consulting, intermediary services and success fees in the acquisition of companies in the Energy segment. That one-time effect in 2021 is in the amount of BGN 7 756 thousand.

10.1. Hired services expenses - related parties

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Auto Italia EAD	2	1
Auto Italia - Sofia EOOD - related party until 30.12.2020	-	1
IC Euroins AD	47	-
	49	2

10.2. Breakdown of the hired services expenses

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Consulting service	6 415	1 020
Success fees	734	-
Intermediary services	642	-
Taxes	299	133
Rents and associated costs	210	205
Advertising cost	171	116
Legal services	61	192
Translation service	40	6
Phone and internet service	34	113
Credit rating	25	26
Postal and courier services	3	5
Management contract	-	169
Other service	464	211
	9 098	2 196

The remuneration of the independent auditor is BGN 367 thousand and includes the services for independent financial audit of BGN 235 thousand and other services for expressing certainty of BGN 132 thousand. No tax consultations have been provided.

11. (Recognized) / Recoverable impairment loss on financial assets, net

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Recoverable loss from impairment of financial assets	20	59
Recognized loss from impairment of financial assets	(629)	(50)
	(609)	9

12. Other revenue/(expenses), net

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
Other (expenses)	(707)	(389)
Other (expenses) – related parties	(10)	(6)
(Interest expenses) on right-of-use assets	(64)	(76)
Other revenue, incl.	148	227
<i>Rent income (sublease of right-of-use assets)</i>	<i>82</i>	<i>130</i>
<i>Revenues from discounts (on right-of-use assets)</i>	<i>66</i>	<i>96</i>
Other revenue – related parties, incl.	444	619
<i>Rent income (sublease of right-of-use assets)</i>	<i>410</i>	<i>358</i>
	(189)	375

12.1. Other expenses – related parties

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
IC Euroins AD	(3)	(1)
Motobul EAD	(7)	(5)
	(10)	(6)

12.2. Other revenue – related parties

	2021	2020
	<i>BGN'000</i>	<i>BGN'000</i>
IC Euroins AD	7	86
Euroins Romania Asiguarare – Reasigurare S.A., Romania	27	162
Auto Union Service EOOD	-	3
Daru Car EAD	-	3
Hanson Asset Management Ltd, UK- office rental	410	358
Euroins Osigurovanje AD, Northern Macedonia	-	7
	444	619

13. Fixed assets

13.1. Property, machinery and equipment

	Right-of-use assets – Properties <i>BGN'000</i>	Vehicles <i>BGN'000</i>	Equipment <i>BGN'000</i>	Total <i>BGN'000</i>
Cost:				
At January 01, 2020	3 137	244	78	3 459
Additions	-	-	-	-
At December 31, 2020	3 137	244	78	3 459
Additions	-	-	4	4
At December 31, 2021	3 137	244	82	3 463
Depreciation:				
At January 01, 2020	538	57	71	666
Depreciation for the year	611	57	6	674
At December 31, 2020	1 149	114	77	1 340
Depreciation for the year	611	57	2	670
Other changes	1	-	-	1
At December 31, 2021	1 761	171	79	2 011
Carrying value:				
At January 01, 2020	2 599	187	7	2 793
At December 31, 2020	1 988	130	1	2 119
At December 31, 2021	1 376	73	3	1 452

There are no restrictions on the ownership of tangible fixed assets as of December 31, 2021 and December 31, 2020. There are no pledged tangible fixed assets as collateral for existing liabilities as of December 31, 2021 and December 31, 2020.

13.2. Intangible assets

	Software <i>BGN'000</i>	Acquisition costs <i>BGN'000</i>	Total <i>BGN'000</i>
Cost:			
At January 01, 2020	7	11	18
Additions	14	3	17
Disposals	-	(14)	(14)
At December 31, 2020	21	-	21
Additions	-	-	-
Disposals	-	-	-
At December 31, 2021	21	-	21
Depreciation:			
At January 01, 2020	4	-	4
Depreciation for the year	5	-	5
At December 31, 2020	9	-	9
Depreciation for the year	9	-	9
At December 31, 2021	18	-	18
Carrying value:			
At January 01, 2020	3	11	14
At December 31, 2020	12	-	12
At December 31, 2021	3	-	3

There are no restrictions on the ownership of intangible fixed assets as of December 31, 2021 and December 31, 2020. There are no pledged intangible assets as collateral for existing liabilities as of December 31, 2021 and December 31, 2020.

14. Non-current receivables from related parties - principals on loans granted

	31.12.2021 <i>BGN'000</i>	31.12.2020 <i>BGN'000</i>
Motobul EAD	170	-
	170	-
Impairment	(1)	-
	169	-

15. Investments in subsidiaries

	Value as at 01.01.2021 <i>BGN'000</i>	Increase <i>BGN'000</i>	Decrease <i>BGN'000</i>	Value as at 31.12.2021 <i>BGN'000</i>	Share capital of the subsidiary <i>BGN'000</i>	% control in the subsidiary %
Euroins Insurance Group AD	513 404	30 771	(20 360)	523 815	576 243	90.10%
Avto Union AD	66 775	-	(64 772)	2 003	40 004	99.99%
Euro-Finance AD	24 645	-	-	24 645	14 100	99.99%
Eurolease Group AD	24 635	-	-	24 635	27 241	90.01%
Eastern European Electric Company II B.V.	-	141 995	-	141 995	4	100.00%
	629 459	172 766	(85 132)	717 093	-	-

In 2021 Eurohold Bulgaria AD makes the following investments:

Euroins Insurance Group AD:

- In 2018, Eurohold Bulgaria AD signed an agreement to acquire the minority share of the other shareholder in Euroins Insurance Group AD - Basildon Holding S.A.R.L., the special investment company of the South Eastern Europe Fund L.P. (SEEF), managed by the Greek investment company Global Finance. The company agreed to repurchase the fund's shares in the amount of 10.64% of the capital as of the date of concluding the repurchase agreement. On 03.11.2021 the deal was finalized and Eurohold acquired the entire minority share, as the investments made in 2021 in its purchase amount to BGN 15 710 thousand.
- On 14.10.2021, the Commercial Register enters together for reduction and increase of the capital by the order of art. 203 in connection with Art. 252, para. 1, item 5 of the Commercial Law of Euroins Insurance Group AD, according to the Decision of the General Meeting of the Company dated 20.09.2021. As a result:
 - The subsidiary issued 52 026 000 shares, of which Eurohold Bulgaria AD subscribed and paid 15 060 813 shares at an issue value of BGN 1 each (Note 31).
 - The capital of the Company has been reduced by invalidating 19,229,057 ordinary, registered, available, non-preferred shares with a par value of BGN 1 each.

After the procedures, the capital of EIG in the amount of BGN 576 242 734 was divided into 576 242 734 shares with a par value of BGN 1 each.
- On 05.10.2021 the European Bank for Reconstruction and Development (EBRD) signed an agreement for a package deal with Eurohold Bulgaria AD with the subject of acquiring a minority share in the holding's subsidiary - Euroins Insurance Group AD (EIG). As a result of this package deal:

- On 07.10.2021, Eurohold Bulgaria AD transferred to the EBRD 20 082 844 shares with a par value of BGN 1 each. The one-time effect of Eurohold Bulgaria AD is a loss from operations with investments for BGN 20 360 thousand (*Note 8*).
- The EBRD subscribes and pays the remaining 36 965 187. shares with a par value of BGN 1 each of the increases in the capital of EIG, totalling EUR 18 900 thousand.

Eastern European Electric Company II BV:

- On 15.07.2021 the Management Board of Eurohold Bulgaria AD decides to increase the capital of its subsidiary Eastern European Electric Company II B.V. according to the applicable provisions of Dutch law, through a cash contribution of EUR 65 600 thousand through the issuance of 1 000 new shares with a nominal value of EUR 1, the difference being placed in the premium reserve.
- On 12.11.2021, the Management Board of Eurohold Bulgaria AD decided to increase the capital of its subsidiary Eastern European Electric Company II B.V. in accordance with the applicable provisions of Dutch law by means of a cash contribution of EUR 7 000 thousand without the issue of shares. The contribution is being placed in the premium reserve.

The subject of activity of the subsidiaries is as follows:

- Euroins Insurance Group AD - acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies. The company is active in Bulgaria, Romania, Northern Macedonia, Ukraine, Belarus and Georgia. Euroins Insurance AD, part of Euroins Insurance Group AD, operates on the principle of Freedom of Services in the following Member States of the European Union: Republic of Poland; Republic of Italy; Kingdom of Spain; Germany; Kingdom of the Netherlands. Business area - insurance market;
- Auto Union AD - import, sale and service of cars. Business direction - car market - Bulgaria and Northern Macedonia;
- Euro-Finance AD - Providing and performing investment services and activities in the country and abroad. Business direction - Investment intermediation and asset management - Bulgaria;
- Eurolease Group AD - participation management, financial leasing. The company operates in Bulgaria, Northern Macedonia and Romania. Business direction - leasing market;
- Eastern European Electric Company II BV, the Netherlands - acquisition and management of energy market companies.

Impairment of investments in subsidiaries

At the end of the reporting period, the Company's management analyses and checks the indications of impairment of its investments in subsidiaries. The main indicators of impairment are: significant reduction of the volume or termination of the subsidiary; loss of markets, customers or technological problems, reporting of negative net assets or assets below the registered share capital, trends of deterioration of key financial indicators, as well as reduction of market capitalization.

The calculations are made by the management with the assistance of external independent licensed appraisers with appropriate qualifications and experience. Financial forecasts developed by the respective subsidiaries, covering a period of three to five years, as well as other medium- and long-term plans and intentions for their development are used as a basis for cash flow forecasts before taxes.

The key assumptions used in the calculations are determined specifically for each subsidiary and according to its specifics of activity, business environment and risks, expected future economic benefits to be obtained, as well as positions in Bulgarian and foreign markets and others (*Note 2.25.2.*).

Auto Union AD

The recoverable amount determined as of 31.12.2021 by the independent licensed appraisers amounts to BGN 11 882 thousand. The company's management has reviewed the appraisers' report, reported the sale of key operating companies in 2021, the expected revenues of companies in 2022, the disrupted synergy, the military actions in Ukraine and the expected effects on the activities of the Avto Union group and decided to further depreciate up to 97% of the net book value of the investment. As a result, in

2021 an impairment loss on investments in subsidiaries was reported in the amount of BGN 64 772 thousand (*Note 8*), and the net value of the investment as of 31 December 2021 was BGN 2 003 thousand.

Eastern European Electric Company II B.V.

As of December 31, 2021, the Management has not assigned an assessment to independent licensed appraisers. The management has reviewed the results and business plans of the companies in the energy segment. It reported the realized net profit for the period 01.08.2021 - 31.12.2021 in the amount of BGN 21 821 thousand and analysed the expected results and cash flows in the subsequent reporting periods, not finding any conditions for impairment of the investment as of 31.12.2021 (<https://www.eurohold.bg/files/documents/articles/63a3b058865ed1fcce1c61664c51b323.pdf>).

16. Receivables from related parties

16.1. Interest receivables

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Euroins Insurance Group AD	-	2
Auto Union AD	2	-
Motobul EAD	11	-
	13	2

16.2. Other receivables

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Auto Union Service EOOD	3	1
Auto Italia EAD	13	11
Bulvaria Varna EOOD	5	6
IC Euroins AD	106	63
Eurolease Auto EAD	5	-
Star Motors EOOD	2	-
Autoplaza EAD	5	4
Euroins Osigurovanje AD, Northern Macedonia	-	13
Euro Insurance Group AD	14	17
Euroins Romania Asiguarare – Reasigurare S.A., Romania	214	-
Auto Union AD	24	10
Eurolease Group AD	37	31
Hanson Asset Management Ltd, UK	81	194
Euro-Finance AD	1	-
Eastern European Electric Company B.V.	188	-
Eastern European Electric Company II B.V.	185	-
Eastern European Electric Company III B.V.	3	-
	886	350
Impairment	(50)	(7)
	836	343

17. Other receivables and financial assets

	31.12.2021 BGN'000	31.12.2020 BGN'000
Tax receivables - VAT	194	226
Financial assets at fair value through profit and loss	7	7
Receivables from customers	20	83
Prepaid expenses, incl:	121	113
<i>Prepaid expenses to related parties – IC Euroins AD</i>	85	-
Other receivables, incl:	900	1 128
<i>Receivable from Erste Bank, Novi Sad *</i>	734	734
	1 242	1 557
Impairment	(591)	(18)
	651	1 539

*Note 29. Contingent, liabilities and commitments - Court Cases.

18. Cash and cash equivalents

	31.12.2021 BGN'000	31.12.2020 BGN'000
Cash at banks	93	251
Cash in hand	22	23
	115	274
Impairment	-	(7)
	115	267

19. Share capital and reserves

The registered capital of the Company consists of 260 500 000 fully paid-up ordinary shares with a nominal value of BGN 1 per share. All shares are entitled to receive a dividend and liquidation share and represent one vote of the General Meeting of Shareholders of the Company.

19.1. Share capital

	31.12.2021 BGN	31.12.2020 BGN
Issued capital	260 500 000	197 525 600

As of 31.12.2021 the share capital is distributed as follows:

Share holders	%	Number of shares	Par value, BGN
Starcom Holding AD	50.65%	131 933 415	131 933 415
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.	9.07%	23 629 421	23 629 421
Other legal entities	27.86%	72 564 565	72 564 565
Other individuals	1.63%	4 255 726	4 255 726
Total	100.00%	260 500 000	260 500 000

19.2. Reserves

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Share premium	144 030	49 568
General reserves	7 641	7 641
	151 671	57 209

On 13.07.2021 an increase in the capital of the Company was registered, carried out under the conditions of a public offering. As a result, 62 974 400 new shares were subscribed, each with a nominal value of BGN 1 and an issue value of BGN 2,50. The amount of BGN 157 436 000 was fully paid into the Company's fundraising account, as a result of which the company's capital was increased from BGN 197 525 600 to BGN 260 500 000 and the premium reserve for issuing securities was increased from BGN 49 568 thousand to BGN 144 030 thousand.

20. Subordinated debts

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Subordinated debt instruments, not issued, tier 1 capital	7 201	32 784
	7 201	32 784

Following a decision of the Management Board, a partial repayment in the amount of BGN 25 932 thousand of the subordinated debt instrument, representing unissued tier 1 capital to Starcom Holding AD, was made.

A new contract for subordinated debt to Starcom Holding AD has been concluded, with a limit of BGN 50 000 thousand. As of December 31, 2021, BGN 450 thousand have been utilized, and the prepaid debt service and debt management cost amount to BGN 101 thousand. The subordinated debt has no fixed maturity and Starcom Holding AD cannot demand its repayment, regardless of whether there is a case of non-performance under the agreement. Eurohold Bulgaria AD has the right (but is not obliged) to repay amounts from the loan principal, corresponding to each consecutive tranche received after the expiration of 5 (five) years from the date of receipt of the respective tranche. An early collection of the principal of the subordinated debt is not allowed, except in cases of liquidation or insolvency, after payment of the amounts due to all privileged creditors, as well as to all other chirographic creditors. The interest due is 5% (five percent) on an annual basis on the amounts attracted for the period of their actual use.

21. Loans and borrowings

Non-current loans and borrowings

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
International Investment Bank	9 006	11 993
International Bank for Economic Co-operation	-	29 304
Other*	-	1 450
	9 006	42 747

Current loans and borrowings

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
International Investment Bank	3 152	13 887
International Bank for Economic Co-operation	29 623	206
Other**, incl.:	4 855	4 852
	37 630	18 945

As of 31.12.2021 other current liabilities to financial and non-financial institutions are in the form of:

** Euro Trade Securities (ECP), with maturity 05.2022, annual interest rate - 2.0% and face value EUR 2 500 thousand.

In 2021, the Company issued and repurchased one issue of Euro Trade Papers (ECP), with a total face value of EUR 2 500 thousand.

As of 31.12.2020 the other loans are in the form of:

* Liability on received loan, with maturity 11.2023, annual interest rate - 5.5% and limit BGN 2 000 thousand;

** Euro Trading Securities ECP, with maturity 5.2021, annual interest rate - 2.0% and face value EUR 2 500 thousand.

In the period 2020, the Company issued and repurchased three issues of Euro Trade Papers (ECP), with a total nominal value of EUR 20 200 thousand. At the end of 2020, all three issues were repaid and deleted from the registers ahead of schedule, as a result of which a profit of BGN 478 thousand was reported (*Note 4*).

Analysis of loans and borrowings

Bank	Type	Currency	Size contracted	Principal as of 31.12.2021	Principal as of 31.12.2020	Interest rate	Maturity date	Security
International Investment Bank	Loan - Principal	EUR	15 000 000 €	-	5 400 000 €	6.0%+ EURIBOR	12.2021	Pledge on subsidiary shares
International Investment Bank	Loan - Principal	EUR	10 000 000 €	6 160 000 €	7 700 000 €	6.0%+ EURIBOR	03.2025	Pledge on subsidiary shares
International Bank for Economic Co-operation*	Loan - Principal	EUR	20 000 000 €	15 000 000 €	15 000 000 €	6.5%	07.2022	Pledge on subsidiary shares

*The unutilized amount of the loan from the International Bank for Economic Co-operation as of 31.12.2021 amounts to EUR 5 million (31.12.2020 - EUR 5 million).

22. Bond liabilities

Non - current bond liabilities

	31.12.2021 BGN'000	31.12.2020 BGN'000
EMTN Programme in EUR - ISIN: XS1731768302	-	115 856
EMTN Programme in PLN/EUR - ISIN: XS1542984288*	19 558	-
Corporate bond ISIN:BG2100013205**	58 675	58 675
	78 233	174 531

Current bond liabilities

	31.12.2021 BGN'000	31.12.2020 BGN'000
EMTN Programme in EUR - ISIN: XS1731768302	136 185	-
EMTN Programme in EUR - ISIN: XS1731768302, interest	610	15
EMTN Programme in PLN/EUR - ISIN: XS1542984288	-	19 302
EMTN Programme in PLN/EUR - ISIN: XS1542984288, interest	9	688
Corporate bond ISIN: BG2100013205, interest	183	183
	136 987	20 188

Bond liabilities are presented at amortized cost, net of treasury 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.

Information on the terms of the EMTN programs is publicly available on the Irish Stock Exchange website, Bonds section. The EMTN program with ISIN: XS1542984288 matures on December 29, 2026, has a fixed interest rate of 8.0% (eight percent) on an annual basis and a frequency of interest payments once a year in arrears. The EMTN program with ISIN XS1731768302 matures on December 7, 2022, has a fixed interest rate of 6.5% (six and a half percent) on an annual basis and a frequency of interest payments once a year in arrears.

* As of 31.12.2021 the bond issue with ISIN: XS1542984288 is a restructured bond loan (under the EMTN program) with extended maturity until 29.12.2026, changed currency from PLN to EUR and changed frequency of interest payments from six-month to once a year. As a result of the restructuring, losses from operations with investments in the amount of BGN 440 thousand were recognized (*Note 8*).

** Bond loan 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 (non-public) 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. Interest payments are made every six months, as of the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis.

In 2021 the following bond transactions were made:

- The ownership of 10 500 pcs. repurchased own bonds under EMTN Program in EUR with ISIN XS1731768302 has been transferred and a profit on transactions of investments and financial instruments in the amount of BGN 206 thousand was reported (*Note 4*). Liabilities for repurchased own bonds are settled as of 31.12.2021 (as of 31.12.2020 they have not been settled) (*Note 26.3*).
- 5 900 pcs. repurchased own bonds with ISIN BG2100013205 were bought back and a profit on transactions of investments and financial instruments in the amount of BGN 256 thousand was reported (*Note 4*). Liabilities for repurchased own bonds are not settled as of 31.12.2021 (*Note 27*).
- The ownership of 5 900 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a loss on transactions of investments in the amount of BGN 129 thousand was reported (*Note 8*).
- Bond buyback of 1 118 pcs. with ISIN BG2100013205 and reported loss from operations with investments and financial instruments in the amount of BGN 8 thousand (*Note 8*).
- 1 118 pcs. repurchased own bonds with ISIN BG2100013205 were sold and a loss from operations with investments in the amount of BGN 18 thousand was reported (*Note 8*).
- The ownership of 2 800 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a profit from operations with investments and financial instruments in the amount of BGN 3 thousand was reported (*Note 4*). The obligation for the repurchased own bonds is settled as of 31.12.2021.
- 2 800 pcs. repurchased own bonds with ISIN BG2100013205 were sold with an option to purchase back from a company outside the group and a loss from operations with investments in the amount of BGN 3 thousand was reported (*Note 8*).

- 2 800 pcs. repurchased own bonds with ISIN BG2100013205 under a contract with an option to purchase back from a company outside the group and a loss from operations with investments and financial instruments in the amount of BGN 30 thousand were reported (*Note 8*).
- The ownership of 2 800 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a loss from operations with investments in the amount of BGN 6 thousand was reported (*Note 8*). The receivables for the repurchased own bonds are settled as of 31.12.2021.
- The ownership of 3 000 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 has been transferred. The liabilities for repurchased own bonds are not settled as of 31.12.2021 (*Note 26.3*).
- 3 000 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold with an option to purchase back from a company outside the group and a loss from operations with investments in the amount of BGN 25 thousand was reported (*Note 8*).
- 3 000 pcs. repurchased own bonds with ISIN XS1731768302 were repurchased under a contract with an option to purchase back from a company outside the group and a loss from operations with investments and financial instruments in the amount of BGN 3 thousand was reported (*Note 8*).
- The ownership of 2 500 pcs. repurchased own bonds with ISIN XS1731768302 has been transferred and a loss from operations with investments in the amount of BGN 1 thousand was reported (*Note 8*). The receivables for the repurchased own bonds are settled as of 31.12.2021.
- 200 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold and a loss from operations with investments in the amount of BGN 32 thousand was reported (*Note 8*). The receivables for the repurchased own bonds are settled as of 31.12.2021.
- 300 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold and a profit from operations with investments and financial instruments in the amount of BGN 2 thousand was reported (*Note 4*). The receivables for the repurchased own bonds are settled as of 31.12.2021.

23. Non-current liabilities to related parties

Loans principal

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD – loan granted*	59 460	-
Eurolease Auto EAD – loan granted**	1 400	1 600
Eurolease Auto EAD – leases***	66	103
	60 926	1 703

* The liability is under a loan agreement with an annual interest rate of 5.5% (five and five tenths of a percent), maturing on January 29, 2023 and an agreed limit of BGN 70 million.

** The liability is under a loan agreement with an annual interest rate of 7.0% (seven percent), maturing on 23.12.2023 and an agreed limit of BGN 8 million.

*** The liability is under three financial leasing contracts maturing on 10.02.2023, 20.05.2024 and 10.07.2024, respectively.

24. Other non-current liabilities

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Retirement benefit obligations	33	15
Lease liabilities – right-of use	1 208	1 453
	1 241	1 468

25. Trade payables

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Trade payables	1 328	583
	1 328	583

26. Current liabilities to related parties

26.1 Interest payables

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD	2 126	-
Auto Union AD	30	-
Eurolease Auto EAD	963	767
Euroins Insurance Group AD	1 719	1 121
Auto Union Service EOOD	20	-
Star Motors EOOD	-	44
	4 858	1 932

26.2. Current borrowings - principal

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Euroins Insurance Group AD	14 171	9 087
Starcom Holding AD	8 801	-
Eurolease Auto EAD*	1 900	2 000
	24 872	11 087

* The liability as result of two loan agreements with an annual interest rate of 6.0% (six percent) for both, maturing on 08.02.2022 and 01.07.2022, respectively, and an agreed limit of BGN 20 million and EUR 50 thousand, respectively.

** The liability is under a loan agreement with an annual interest rate of 5.2% (five whole and two tenths of a percent), maturing on 03.08.2022 and an agreed limit of EUR 4.5 million.

*** Liabilities under contracts for transfer of receivables with an annual interest rate of 7.5% (seven whole and five tenths of a percent) and maturing on 25.10.2022.

26.3 Other payables

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD**	5 895	20 536
IC Euroins AD***	4	51
Eurolease Auto EAD	38	488
Eurolease Auto EAD - leases	38	38
IC EIG RE EAD	54	54
Motobul EAD	-	1
Avto Union AD*	695	-
Avto Union Service EOOD*	244	-
Star Motors EOOD*	-	1 158
Euroins Romania Asiguarare – Reasigurare S.A., Romania	15	-
Eastern European Electric Company B.V.	4 890	-
Euro-Finance AD	-	45
	11 873	22 371

* The liabilities under Receivables transfer agreements are unsecured and have an annual interest rate of 3.0% (Notes 28, 30.1.1).

** Liabilities for repurchased own bonds (Note 22).

*** Liability under a swap agreement as of 31.12.2020.

27. Other current liabilities

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Liabilities for purchases of investments and financial instruments*	14	197
Interest payables	22	14
Commissions on bank guarantees	-	22
Tax payables	529	213
Payables to employees and social security institutions	87	89
Dividend liabilities	249	249
Dividend liabilities – related parties – Starcom Holding AD	101	101
Lease liabilities – rights-of-use	342	686
Other liabilities	84	130
	1 428	1 701

* Liabilities for repurchased own bonds (Note 22).

28. Non-cash transactions

During the reporting periods, the Company has carried out the following investment and financial transactions that do not use cash or cash equivalents and are not reflected in the cash flow statement:

2021

- During the period the Company performed SWAP transactions with related parties, simultaneously issuing new short-term Euro Commercial Papers (ECPs) in the amount of EUR 2 500 thousand (BGN 4 890 thousand) and repurchasing issued ECPs in the amount of EUR 2 450 thousand (BGN 4 792 thousand).
- The company has transferred a liability with a subsidiary and has committed to assume the amount of BGN 332 thousand, consisting of BGN 314 thousand principal and BGN 18 thousand interest.
- Pursuant to an Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 72 thousand (BGN 70 thousand principal and BGN 2 thousand interest) with a liability of BGN 332 thousand. (BGN 314 thousand principal and BGN 18 thousand interest) up to the amount of the receivable.
- Pursuant to an Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 14 thousand with a liability of BGN 2 thousand up to the amount of the liability.
- Pursuant to the Contract for purchase and sale of financial instruments with a subsidiary (Acquirer) and Eurohold Bulgaria AD (Transferor), the receivable from the transferor with a liability to the same in the amount of BGN 5 476 thousand has been set off.
- Pursuant to an Agreement with a subsidiary Acquirer on one transaction (receivable in the amount of BGN 4 903 thousand) with Eurohold Bulgaria AD and Transferor in another transaction (liability in the amount of BGN 4 843 thousand) with Eurohold Bulgaria AD offsetting has been performed of the receivable from the transferee with a liability of the transferor in the amount of BGN 4 843

thousand. The balance after the set-off (BGN 60 thousand) remains due to the subsidiary of Eurohold Bulgaria AD as of 31.12.2021 (*Note 16.3.*).

- Pursuant to an Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD, it has set-off a receivable in the amount of BGN 8 thousand with a liability of BGN 8 thousand.

2020

- In 2020, the Company, in its capacity as a borrower under two loan agreements with related parties, has set off the amount of BGN 4 150 thousand in decrease in the principal of one loan and increase the principal of the other loan, such as cash flows are settled directly between the two lenders - related parties.
- During 2020 the Company executed SWAP transactions with related parties, simultaneously issuing new short-term commercial securities (ECP) in the amount of EUR 16 366 thousand (BGN 32 009 thousand) and repurchased short-term commercial securities issued (ECP) in the amount of EUR 16 443 thousand (BGN 32 158 thousand).
- In 2020, with debt replacement agreements, the main shareholder Starcom Holding AD assumes liabilities of the Company to two subsidiaries in the total amount of BGN 13 204 thousand, including principals in the amount of BGN 12 667 thousand and interests in the amount of BGN 537 thousand. The assumed liabilities are joined to the existing liabilities of the Company to Starcom Holding AD in the total amount of BGN 19 579 thousand (including principal and interest) and form a total liability of BGN 32 784 thousand, in which the total liability interest is capitalized. The total liability thus formed (BGN 32 784 thousand) is a subordinated debt, representing Tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law. The Tier 1 capital has a total value of BGN 32 784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5%, due at the end of each quarter. (*Notes 20 and 30.1.1.*)
- In 2020, with a debt replacement agreement the obligations of the Company under a loan agreement to a subsidiary in the total amount of BGN 328 thousand (principal BGN 314 thousand and interest BGN 14 thousand) were assumed by another subsidiary. (*Notes 26.1, 26.3 and 30.1.1.*)

29. Contingent, liabilities and commitments

Litigations

As of 31.12.2021 no significant lawsuits have been filed against the Company.

The Company is appealing against penal decrees imposed by the Financial Supervision Commission with a general material interest in the amount of BGN 124 thousand. As at the date of this report a forecast for the probability of entry into force of the decrees cannot be made, on the same.

The company is a claimant in a case with a material interest of EUR 375 363.21. The company requests a refund of a transferred amount. The amount is completely blocked on the account in Erste Bank, Novi Sad, based on a prosecutor's order and an order of the civil court and it expects to return after a formal decision on the above case. A final decision on the case is expected within the next 12 months, but the deadline may be extended depending on the workload of the court hearing the case (*Note 17*).

Warranties and provided guarantees

The Company is a co-debtor of received bank loans of related parties as follows:

Business division	Amount in EUR'000 as of 31.12.2021	Amount in BGN'000 as of 31.12.2021	MATURITY (EUR'000)					
			2022	2023	2024	2025	2025	After 2026
Lease sub-holding								
Bank loans for funding of lease operations	15 252	29 830	5 791	3 870	2 906	1 643	869	173
Automotive sub-holding								
Working capital bank loans	14 027	27 434	13 363	45	181	181	181	76
Energy sub-holding								
Working capital loans	17 702	34 622	17 702	-	-	-	-	-
Corporate payment guarantee	3 500	6 845	-	3 500	-	-	-	-
Corporate guarantee to loans from a financial institution in connection with an acquisition	220 000	430 283	-	-	-	-	-	220 000
Insurance sub-holding								
Bond loan *	10 000	19 558	10 000	-	-	-	-	-
Parent company								
Working capital bank loans	6 000	11 735	6 000	-	-	-	-	-
Bank loans for investment purposes	5 000	9 779	-	-	5 000	-	-	-
TOTAL:	291 481	570 086	52 856	7 415	8 087	1 824	1 050	220 249

* Fully paid in early 2022.

In connection with a loan of Automobile Sub-holding Eurohold Bulgaria AD has established a pledge of shares of a subsidiary.

With relation to financing under a package transaction, Eurohold Bulgaria AD has established a pledge of shares in a subsidiary (*Note 21*).

The Company is a guarantor of issued bank guarantees to related parties as follows:

Company from:	Contracted limit in EUR'000 as of 31.12.2021	Contracted limit in BGN'000 as of 31.12.2021	MATURITY (EUR'000)	
			2022	
Automotive sub-holding	3 750	7 334	3 750	
Automotive sub-holding	1 050	2 054	1 050	
Automotive sub-holding	6 150	12 028	6 150	
TOTAL:	10 950	21 416	10 950	

The liabilities of the Company guaranteed by related parties are as follows:

Company/ Guarantor	Currency	Guaranteed liability	Guaranteed amount as of 31.12.2021 in original currency	Maturity date
Euroins Insurance Group AD	EUR	Issue of bonds (EMTN programme)	70 000 000	12/2022.
Euroins Insurance Group AD	EUR	Issue of bonds (EMTN programme)	10 000 000	12/2026
Euroins Insurance Group AD	EUR	Bank loan	15 000 000	07/2022

Established guarantees in favor of the Company:

Company/ Guarantor	Currency	Guaranteed liability	Guaranteed amount as of 31.12.2021 in original currency	Maturity date
Milena Milchova Cuentcheva, Procurator	BGN	Management guarantee	3 330	03/2022

30. Transactions and balances with related parties

The conditions under which the transactions were made do not deviate from the market for such transactions.

The related parties of the Company are as follows:

- Starcom Holding AD – major shareholder in Eurohold Bulgaria AD.

Subsidiaries of Starcom Holding AD:

- First Investment Bank AD, Russia;
- Starcom Finance EAD;
- Quintar Capital Limited, Hong Kong, China.
- Hanson Asset Management Ltd, United Kingdom;

Subsidiaries of Eurohold Bulgaria AD:

- **Euroins Insurance Group AD (EIG) – subsidiary of Eurohold Bulgaria AD;**
- IC Euroins AD – subsidiary of EIG;
- Euroins Romania Asiguarare – Reasigurare S.A., Romania – subsidiary of EIG;
- Euroins Osigurovanje AD, North Macedonia – subsidiary of EIG;
- IC Euroins Life EAD – subsidiary of EIG;
- IC EIG Re AD – subsidiary of EIG;
- IC Euroins Ukraine PrAT, Ukraine – subsidiary of EIG;
- Euroins Claims I.K.E. Greece - subsidiary of EIG;
- IC Euroins Georgia JSC, Georgia - subsidiary of EIG;
- European Travel Insurance PrAT, Ukraine - subsidiary of EIG;
- CJSC Insurance company Euroins, Belarus - subsidiary of EIG(former CJSC Insurance company ERGO);
- Russian Insurance Company Euroins, Russian Federation - associated of EIG;
- **Avto Union AD (AU) – subsidiary of Eurohold Bulgaria AD;**
- Avto Union Service EOOD – subsidiary of AU;
- Daru Car EAD – subsidiary of AU;
- Auto Italia EAD – subsidiary of AU;
- Bulvaria EOOD – subsidiary of AU – (previous name Bulvaria Varna EOOD);
- Bulvaria Sofia EAD - subsidiary of AU;
- Star Motors EOOD – subsidiary of AU;
- Star Motors DOOEL, North Macedonia through Star Motors EOOD - subsidiary of AU;
- Star Motors SH.P.K., Kosovo through Star Motors EOOD - subsidiary of AU;
- Motohub EOOD - subsidiary of AU;
- Motobul EAD – subsidiary of AU;
- Benzin Finance EAD - subsidiary of AU;
- Bopar Pro S.R.L Romania through Motobul EAD - subsidiary of AU;
- China Motor Company AD, Bulgaria - a subsidiary of AYU AD;
- N Auto Sofia EAD, Bulgaria - a subsidiary of AU AD until 2.08.2021.
- Espas Auto OOD, Bulgaria through N Auto Sofia EAD - a subsidiary of AU AD until 2.08.2021.
- EA Properties EOOD, Bulgaria through N Auto Sofia EAD - a subsidiary of AU AD until 2.08.2021.
- **Eurolease Group AD (ELG) – subsidiary of Eurohold Bulgaria AD;**
- Eurolease Auto EAD – subsidiary of ELG;
- Eurolease Auto Romania AD, Romania – subsidiary of ELG;
- Eurolease Auto DOOEL, North Macedonia – subsidiary of ELG;
- Eurolease Rent-a-Car EOOD – subsidiary of ELG;
- Amigo Leasing EAD – subsidiary of ELG;
- AutoPlaza EAD – subsidiary of ELG;
- Sofia Motors EOOD – subsidiary of ELG;
- Mogo Bulgaria EOOD EOOD – subsidiary of ELG from 01.12.2021.

- **Euro-Finance AD – subsidiary of Eurohold Bulgaria AD;**
- **Eastern European Electric Company II B.V, The Netherlands - subsidiary of Eurohold Bulgaria AD;**
- Eastern European Electric Company III BV, Netherlands - a subsidiary of Eastern European Electric Company BV. II, Netherlands.
- Eastern European Electric Company BV, Netherlands - a subsidiary of Eastern European Electric Company BV. III, Netherlands.
- CEZ Distribution Bulgaria AD - a subsidiary of Eastern European Electric Company BV, Netherlands from 27.07.2021.
- CEZ Information and Communication Technologies AD through CEZ Distribution Bulgaria AD - a subsidiary of Eastern European Electric Company BV, Netherlands from 27.07.2021.
- CEZ Electro Bulgaria AD - a subsidiary of Eastern European Electric Company BV, Netherlands from 27.07.2021.
- CEZ Bulgaria EAD - a subsidiary of Eastern European Electric Company BV, Netherlands from 27.07.2021.
- CEZ Trade Bulgaria EOOD - a subsidiary of Eastern European Electric Company BV, Netherlands from 27.07.2021.
- Free Energy Project Oreshets EOOD - a subsidiary of Eastern European Electric Company BV, Netherlands from 27.07.2021.
- Bara Group EOOD - a subsidiary of Eastern European Electric Company BV, Netherlands from July 27, 2021.

30.1. The related parties' transactions

30.1.1. Transactions with subsidiaries and other related parties under common control

2021

- The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 25 pcs. ECPs with ISIN: XS2180906567 with a nominal of EUR 2 500 000 worth € 2 500 000 and simultaneously replace it with 25 newly issued ECPs with ISIN: XS2344657163 for € 2 450 000.
- The Company - in its capacity of borrower under Agreement with Auto Union Service EOOD, in the capacity of lender and Star Motors EOOD, in the capacity of Debtor - has transferred a debt from the Debtor to the Lender and undertakes to assume to the Lender the amount of BGN 332 thousand, consisting of BGN 314 thousand principal and BGN 18 thousand interest.
- Pursuant to an Agreement for set-off of counter-liabilities with Auto Union Service EOOD, the Company has set-off a receivable in the amount of BGN 72 thousand (BGN 70 thousand principal and BGN 2 thousand interest) with a liability of BGN 332 thousand. (BGN 314 thousand principal and BGN 18 thousand interest) up to the amount of the receivable.
- Pursuant to an Agreement for set-off of counter-liabilities with Auto Italia EAD, Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 14 thousand with a liability of BGN 2 thousand up to the amount of the liability.
- Pursuant to the Agreement for purchase and sale of financial instruments with Euroins Insurance Company AD (Acquirer) Eurohold Bulgaria AD (Transferor) a set-off of the receivable from the transferor with a liability to the same amounting to BGN 5 476 thousand has been made.
- Pursuant to an Agreement with Euroins Insurance Company AD Acquirer on one transaction (receivable in the amount of BGN 4 903 thousand) with Eurohold Bulgaria AD and Transferor in another transaction (liability in the amount of BGN 4 843 thousand) with Eurohold Bulgaria AD offsetting has been performed of the receivable from the transferee with a liability of the transferor in the amount of BGN 4 843 thousand. The balance after the set-off (BGN 60 thousand) remains due to Euroins Insurance Company AD of Eurohold Bulgaria AD as of 31.12.2021 (*Note 16.3.*).

- Pursuant to a Set-off Agreement for of counter-liabilities with Euroins Osigurovanje AD, North Macedonia Eurohold Bulgaria AD, it has set-off a receivable in the amount of BGN 8 thousand with a liability of BGN 8 thousand.

2020

- The Company, in its capacity as a borrower on a loan with Starcom Holding AD and on a loan with Auto Union AD, has set off the amount of BGN 4 150 thousand in reduction of the loan principal with Starcom Holding AD and increase of the loan principal with Auto Union AD, as the cash flows are settled directly between Starcom Holding AD and Auto Union AD in three tranches.
- The Company has concluded a SWAP transaction with IC EIG RE EAD, buying back 6 pcs. ECPs with XS1966018308 with a nominal of € 600 000 worth € 599 400 and simultaneously replace it with 6 newly issued ECPs with ISIN: XS2141135975 for € 588 000. As of 31.12.2020 ECPs with ISIN: XS2141135975 was repurchased by Eurohold Bulgaria AD and repaid/cancelled.
- The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 114 pcs. ECPs with XS1966018308 with a nominal of EUR 11 400 000 worth € 11 388 600 and simultaneously replace it with 116 newly issued ECPs with ISIN: XS2141135975 for € 11 368 000. As of 31.12.2020 ECPs with ISIN: XS2141135975 was repurchased by Eurohold Bulgaria AD and repaid/cancelled.
- The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 45 pcs. ECPs with ISIN: XS1984471612 with a nominal of EUR 4 500 000 worth € 4 455 000 and simultaneously replace it with 45 newly issued ECPs with ISIN: XS2157195020 for € 4 410 000. As of 31.12.2020 ECPs with ISIN: XS2157195020 was repurchased by Eurohold Bulgaria AD and repaid/cancelled.
- The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 1 pcs. ECP with ISIN: XS2205084127 with a nominal of EUR 100 000 worth € 99 400 and simultaneously replace it with 100 newly issued corporate bonds with ISIN: BG2100013205 for € 100 000.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Auto Union AD in the total amount of BGN 4 245 thousand, including principal in the amount of BGN 4 047 thousand and interest in the amount of BGN 198 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Auto Union AD in the total amount of BGN 4 110 thousand, including principal in the amount of BGN 4 090 thousand. and interest in the amount of BGN 20 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Motobul EAD in the total amount of BGN 2 724 thousand, including principal in the amount of BGN 2 570 thousand and interest in the amount of BGN 154 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Motobul EAD in the total amount of BGN 2 125 thousand, including principal in the amount of BGN 1 960 thousand and interest in the amount of BGN 165 thousand.
- The assumed liabilities to Auto Union AD and Motobul EAD are joined to existing liabilities of the Company to Starcom Holding AD in the total amount of BGN 19 579 thousand (including principal BGN 18 487 thousand and interest BGN 1 092 thousand) and form a total liability of BGN 32 784 thousand, in which the total liability interest is capitalized. The total liability thus formed (BGN 32 784 thousand) is a subordinated debt, representing Tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law. The Tier 1 capital has a total value of BGN 32 784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5%, due at the end of each quarter (*Notes 20 and 28*).

- With a debt replacement agreement, the obligations of the Company under a loan agreement with Auto Union Service EOOD in the total amount of BGN 328 thousand (principal BGN 314 thousand and interest BGN 14 thousand) were assumed by Star Motors EOOD (*Notes 26.1. and 26.3.*).

The other related parties' transactions for 2021 and 2020 are disclosed in *Notes 3, 5.1, 7.1, 8.1, 9.1, 10.1, 12.1 and 12.2.*

30.1.2. Transactions with key management personnel

The key management personnel of the Company include the members of the Management Board and the Supervisory Board. Remuneration of key management personnel includes the following costs:

	2021 BGN	2020 BGN
Short-term remunerations:		
Salaries	312 297	303 230
Social security costs	8 847	10 419
Total short - term remuneration	321 144	313 649

30.1.3. Related party accounts at the end of the year

Related party accounts are disclosed in the following *Notes 14, 15, 16, 17, 20, 23, 26 and 27.*

31. Events after the end of the reporting period

COVID-19 (Coronavirus)

In connection with the coronavirus pandemic, announced in March 2020 and currently ongoing.

The company takes all necessary measures to preserve the health of employees and minimize the impact of the crisis at this stage of its occurrence. The actions are in accordance with the instructions of the the Bulgarian health authorities and strictly follow the orders of all national institutions.

Management is closely monitoring the situation and looking for ways to reduce its impact on the Company, but fluctuations in stock prices on global stock exchanges could affect the fair value of the Company's investments if the negative trend continues. The economic environment in Bulgaria, which has so far relied on government support measures, may slow or deteriorate due to inflation, shortages of raw materials, disrupted supply channels, demand for goods and financial services or volatility in financial markets, which could long-term indirectly affect the Company or its subsidiaries.

New bond loan

Bond loan in the amount of EUR 40 000 000 with ISIN: BG2100002224 was registered by Central Depository AD on March 8, 2022. The issue is the third in a row of ordinary, commemorative, dematerialized, interest-bearing, secured, non-convertible, freely transferable bonds under the terms 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 EUR 1 000 (thousand). The maturity date of the issue is March 8, 2029, and the principal is repaid once at maturity. Interest payments are made every six months, as of the date of registration of the issue (March 8, 2022), at a fixed nominal interest rate - 3.25% on an annual basis.

The current bond issue is secured by insurance concluded between the issuer Eurohold Bulgaria AD, as an insurer and EUROINS Insurance Company AD, UIC 121265113, as an insurer, for the benefit of all bondholders.

The purpose of the debenture loan is to raise funds that will be used to purchase receivables, with the following parameters:

1. Reduction of the Issuer's indebtedness by repaying maturing short-term and / or long-term liabilities of the Company;
2. Support for the operational activities of the issuer's existing subsidiaries, which may be supported by:

- increase of share capital of a subsidiary;
 - granting an interest loan to a subsidiary of the issuer or its subsidiary.
3. Part of the raised funds, the Issuer may use to finance new acquisitions of participations in companies in the sectors in which Eurohold Bulgaria AD operates, through its subsidiaries;
4. Providing working capital for the needs of the issuer.

In case, after issuing the bond issue, the Issuer has a free monetary resource, it intends to repurchase such part of the bond as it deems appropriate and re-sell it if necessary for cash for the purposes specified above.

New loan from the International Investment Bank

On January 28, 2022, a loan agreement was concluded with the International Investment Bank, Russia, and the entire amount was fully utilized on January 31, 2022. The principal amounts to EUR 7 million, the interest rate - 5% on an annual basis, and the maturity date is January 28, 2029.

Eastern European Electric Company II, Netherlands

On March 17, 2022, Eurohold Bulgaria AD increased the capital of its subsidiary Eastern European Electric Company II, the Netherlands, with a cash contribution of EUR 2 000 000.

In March 2022, Eastern European Electric Company B.V., the Netherlands - the holding company consolidating the energy business of Eurohold Bulgaria AD through its subsidiary Eastern European Electric Company II B.V. (EEEC), increased its shares in the capital of the electricity distributor - CEZ Distribution Bulgaria AD to 98.93% (by acquiring additional 207 107 shares or 10.74%), and the electricity supplier - CEZ Electro Bulgaria AD to 96.92% (by acquiring additional 1 379 shares or 27.58%).

Avto Union AD

Avto Union AD combines the investments of Eurohold Bulgaria AD in the automotive business.

On November 16, 2021, Avto Union AD, in its capacity as sole owner of the capital of Star Motors EOOD, signed a preliminary contract for its sale. Star Motors EOOD is the official importer of Mazda cars for Bulgaria, and through its subsidiary Star Motors DOOEL for the Republic of Northern Macedonia. To date, the Commission for Protection of Competition has published a decision authorizing the concentration on 14.01.2022, and the deal is expected to be finalized soon.

On March 17, 2022, Avto Union AD, in its capacity as sole owner of the capital, signed a preliminary contract for the sale of its subsidiary Daru Car EAD. The company is an official BMW service. The deal is currently being approved by regulators.

Eurolease Group AD

Eurolease Group AD consolidates the investments of Eurohold Bulgaria AD in the leasing business. On March 14, 2022, Eurolease Group AD, in its capacity of sole owner of the capital, Eurolease Rent Car EOOD signed a preliminary contract for its sale. The deal is currently being approved by regulators.

Military conflict between Ukraine and Russia

There are force majeure circumstances that may affect business activities in all areas worldwide. This is due to the military actions taken by Russia and its invasion of Ukraine.

As a result of the war, a number of countries around the world, including the European Union, have imposed drastic sanctions on Russia, and in part on Belarus, which supports it.

Eurohold Bulgaria owns, through its subsidiary Euroins Insurance Group AD, investments in insurance companies in Ukraine, Russia and Belarus (*Note 15*).

The Company has liabilities under bank loans to the International Economic Bank, Russia and the International Bank for Economic Cooperation, Russia (*Note 21*).

Eurohold's management is concerned about the development of the military conflict between Russia and Ukraine, and assesses its impact on the Group's business by analysing the impact on both sides of the conflict.

Currently, the current military situation is a non-corrective event, at the same time it is extremely dynamic and the leadership at this stage cannot make a qualitative and quantitative assessment of the impact of the war on the Society, and will be assessed over time depending on its development, as well as from: the effects of the imposed sanctions on the Russian and Belarusian states and the effects of the reverse sanctions that Russia will impose on the states that do not support it. As the situation is extremely dynamic, the Company's management is not able to fully assess all future indirect effects, but the impact may be negative. This, in turn, could lead to a change in the carrying amounts of the Company's assets, which are determined in the separate financial statements when performing a number of judgments and assumptions by management and reporting the most reliable information available at the date of estimates.

Management will continue to monitor the potential impact and will take all possible steps to mitigate the potential effects.

The Management Board of Eurohold Bulgaria AD is not aware of any other important or significant events that occurred after the end of the reporting period.

B

ACTIVITY REPORT

OPERATIONAL AND FINANCIAL REVIEW

EUROHOLD BULGARIA 2021

- Eurohold Bulgaria AD is a leading independent business group in Central and Southeast Europe (SEE) 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 the largest independent insurance group in SEE in gross premium income - Euroins Insurance Group
- Owner of a large energy group
- High level of corporate governance in line with best practices
- Public joint stock company within the meaning of 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 (ALL) - with stock exchange code EHG

BUSINESS OPERATIONS IN 2021

- » Insurance
- » Energetics
- » Automotive industry
- » Leasing
- » Investment intermediation and asset management

BUSINESS HIGHLIGHTS

- 5 subsidiaries
- 2 specially created companies for energy business development
- 37 operating companies
- 1 associated company
- 14 countries in Europe
- 9,400 shareholders
- 26 years of history

Euroins Insurance Group - main asset in the Eurohold group

Insurer from CEE and SEE with leading positions in Romania and Bulgaria. Active operations in 9 markets in Europe.

Eastern European Electric Company II B.V. - energetics

In the process of acquiring the companies of CEZ Group in Bulgaria

Auto Union - investments in the automotive sector

Leading car dealer in Bulgaria and operating in 2 markets in the Balkans.

Eurolease Group is a leasing group

Large leasing group operating on 2 markets in the Balkans.

Euro-Finance - investment intermediation and asset management

Market turnover leader on the Bulgarian Stock Exchange, Member of the Deutsche Börse Group. More than 20 years of experience.

Everybody has a story, we have a vision

Business profile

Eurohold Bulgaria is one of the leading public companies whose shares are traded on the Bulgarian Stock Exchange and Warsaw Stock Exchange. The investment portfolio of the Holding includes subsidiaries operating in four areas - financial services, car sales, leasing and insurance. The complementary activities provide significant opportunities for rapid growth of the companies' market shares in the holding structure, optimization of costs, strengthening of competitiveness and, as a result, increase of Eurohold's profit.

Our mission

is to maintain high financial stability and ensure adequate returns to its shareholders; to support the growth of its subsidiaries; to stimulate innovation and increase customer satisfaction; to provide the necessary conditions for continuous improvement of synergies between its subsidiaries; to maintain high trust in its relations with its customers, employees and shareholders.



Main objectives

to meet the needs of its customers by offering innovative and competitive products and services, to expand the markets in which it operates and to increase the market shares of each of its subsidiaries; to increase sales combined with high profitability, to maintain the positive image of the company. Meeting the targets will lead to sustainable revenue and profit growth.

Our group strategy is based on the following principles:

- » Development and maintenance of leading positions in the region of Southeast Europe in the insurance, leasing and automotive business, and from 2021 in the energy business;
- » Focus on organic growth, complemented by the acquisition of Eurohold-compliant enterprises;
- » Promoting synergies and cross-selling in all business segments by centralizing and optimizing operations, marketing and business processes;
- » Focus on risk management, guaranteed profitability and stable financial condition of each company within the Eurohold Group;
- » Creating and retaining highly qualified managers and employees by providing opportunities for professional development;
- » Setting common goals in each business segment regarding negotiating better conditions for suppliers, advertising and participation in public tenders.

Group corporate responsibility and sustainability

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

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

Continued efforts to improve the economic environment by promoting responsible behaviour on the part of our employees, conducting open dialogue with stakeholders and enhancing the positive impact of Eurohold's companies on society are the essence of group corporate responsibility.

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

Financial highlights 2021

Individual base

Eurohold Bulgaria AD is a holding company with international business, has significant investments in subsidiaries and as such does not conduct regular commercial transactions. Eurohold manages a portfolio of companies in the sectors: insurance, energy (from 27.07.2021), cars, leasing and investment intermediation and asset management (financial services). The Eurohold Group has a long-term approach to its investments and has leading market positions in the segments in which it operates.

The operating income of the Company on an individual basis has a financial character, the most significant of which - profits from operations with financial instruments and subsequent valuations are manifested in different reporting periods and are not permanent. Due to this important factor, investors and stakeholders should read this individual report together with the consolidated activity report for 2021, which gives a clear and complete picture of the risks, results, financial condition, strategies and prospects for the development of the Eurohold Group.

	Assets	Investments	Equity	Liabilities and subordinated debts
	+14%	+14%	+14%	+14%
2021	720 million BGN	717 million BGN	345 million BGN	376 million BGN
2020	634 million BGN	629 million BGN	304 million BGN	330 million BGN

SIGNIFICANT EVENTS IN 2021

IMPORTANT EVENTS ABOUT THE ACTIVITIES OF EUROHOLD BULGARIA, OCCURRED DURING THE PERIOD JANUARY - DECEMBER 2021.

Permits received from the competent regulatory authorities for the acquisition of the subsidiaries of the Czech energy group CEZ in Bulgaria

On January 19, 2021, the Energy and Water Regulatory Commission (EWRC) authorized Eurohold Bulgaria AD, through its subsidiary Eastern European Electric Company BV, to acquire the companies of the Czech energy group CEZ in Bulgaria.

The General Meeting of Shareholders of Eurohold Bulgaria decided to increase the capital and issue a guarantee from Eurohold in favour of a subsidiary

On April 10, 2021, the General Meeting of Shareholders (GMS) decided to increase the share capital of Eurohold from BGN 197,525,600 to BGN 276,535,840 by issuing a new issue of shares under the terms of a public offering under the Public Procurement Act. offering securities. The new issue consists of 79,010,240 shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, unprivileged, with the right to 1 vote in the general meeting of shareholders of the company, with dividend and right of liquidation share, proportional to the nominal value of the share. The nominal value of each share is BGN 1.00 (one). The issue value of each share is BGN 2.50. The main goal of the capital increase is to use the funds raised to finance the acquisition of energy companies owned by CEZ in Bulgaria.

In addition, for the purpose of financing the CEZ transaction, the GMS decided that Eurohold Bulgaria would provide a corporate guarantee to its subsidiary Eastern European Electric Company II BV, in its capacity as a corporate guarantor for the payment of all liabilities that are related to and / or would result from the conclusion of financing transactions by the subsidiary with a minimum guarantee value of EUR 50,000,000, a maximum value of EUR 150,000,000 and a term of 3 to 10 years. The transaction is carried out in favour of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company BV and indirectly, in favour of the parent company Eurohold Bulgaria AD.

Eurohold commissioned J.P. Morgan AG (lead and exclusive manager) to organize the debt financing of the deal with CEZ Group

On April 26, 2021, Eurohold Bulgaria awarded J.P. Morgan AG to be the leading and exclusive manager in structuring the debt financing of the deal with CEZ Group.

J.P. Morgan AG is one of the largest and most experienced institutions in the world in financing such complex transactions, especially in the energy sector. The engagement of J.P. Morgan AG is another step forward in finalizing the acquisition of CEZ Group companies in Bulgaria by the end of the first half of this year.

Financial Supervision Commission (FSC) approved the prospectus for capital increase of Eurohold.

On April 29, 2021, the FSC approved the prospectus for capital increase of Eurohold Bulgaria AD.

Manager of the public offering was the leading investment intermediary in Bulgaria - Euro-Finance AD, and only in its capacity as a financial consultant on the issue was engaged Renaissance Capital.

In June 2021 Eurohold Bulgaria AD presented its development strategy

Eurohold Bulgaria AD presented its strategy for development in the energy and insurance business and the goals for the consolidated financial results of the group for the period 2021-2025 after the acquisition of the companies of CEZ Group in Bulgaria.

The strategy is available at the following website:

<https://www.eurohold.bg/files/documents/articles/b59ca01996f58bea50d239ca4bad21fa.pdf>

Eurohold Automobile Holding Contracts Sale of Nissan, Renault and Dacia Dealer in Bulgaria

In June 2021, the largest automotive holding in Bulgaria - Auto Union AD, which consolidates the investments of Eurohold Bulgaria AD in the sector, signed a preliminary contract for the sale of its subsidiary N Auto Sofia EAD, which is a major dealer in Bulgaria. Nissan brand and controls 51% of the capital of Espas Auto Ltd., the largest distributor in Bulgaria of Renault and Dacia cars. The company is also the owner of 51% of EA Properties Ltd., which owns the terrain and showroom of Nissan, Renault and Dacia in Sofia.

Eurohold attracted over BGN 157 million (EUR 80.5 million) through a public offering of new shares

July 7, 2021 was the deadline for subscription of shares from the capital increase of Eurohold Bulgaria AD, as the company attracted over BGN 157 million (EUR 80.5 million) through a public offering of new shares on the Bulgarian Stock Exchange (BSE).

The capital increase took place between June 9 and July 7, 2021, with nearly 63 million new shares subscribed and paid, as a result of which Eurohold raised approximately 24% more than the required own funds (EUR 65 million). for the acquisition of CEZ Group companies in Bulgaria and increased its capital to 260.5 million shares. The majority owner of the holding - Starcom Holding AD, has subscribed and paid nearly 47 million new shares, and will retain control in the company with over 50% stake.

Eurohold increased the capital of the Eastern European Electric Company II BV.

With the funds raised from the successfully completed capital increase, Eurohold Bulgaria AD increased the capital of its subsidiary Eastern European Electric Company II BV.

The increase was made in accordance with the applicable provisions of Dutch law through a cash contribution of EUR 65 600 000 through the issuance of 1000 new shares with a nominal value of EUR 1, the difference being placed in the premium reserve.

For its part, the Eastern European Electric Company II B.V. makes an additional contribution to the capital of its subsidiary European Electric Company III BV EUR 160 600 000, which under Dutch applicable law has been allocated as a premium reserve to existing units, without new units being issued and subscribed.

European Electric Company III B.V. in turn makes an additional contribution to the capital of its subsidiary "European Electric Company" BV EUR 160 600 000, which under Dutch applicable law has been allocated as a premium reserve to existing units, without new units being issued and subscribed.

(In July 2021 the company Eastern European Electric Company III BV was established, which at the moment is 100% owned by Eastern European Electric Company II BV - the subsidiary of Eurohold Bulgaria AD.

According to the current structure "Eastern European Electric Company III" B.V. is the sole owner of the capital of the Eastern European Electric Company BV).

Eurohold finalizes the acquisition of CEZ Group's business in Bulgaria

On July 27, 2021, Eurohold Bulgaria AD officially finalized the acquisition of seven subsidiaries of the Czech energy company CEZ Group in Bulgaria. The deal is worth 335 million euros and is implemented through the European Electric Company BV, which is 100% owned by Eurohold.

As a result of the transaction, Eurohold acquired 67% of the largest electricity distributor in Bulgaria - CEZ Distribution Bulgaria (with 40% market share) and the largest electricity supplier - CEZ Electro Bulgaria, as well as 100% of the capital of the largest licensed electricity trader - CEZ Trade Bulgaria. Eurohold Bulgaria AD also acquires the IT services company CEZ ICT Bulgaria, the photovoltaic park Free Energy Project Oreshets, the biomass electricity production company Bara Group, and CEZ Bulgaria, which coordinates and manages the activities of all CEZ companies in Bulgaria.

With the acquisition and integration of CEZ Group's assets, Eurohold will provide services to more than 7 million customers and will have over 6,000 employees in 11 countries in Central, Eastern and South-Eastern Europe (CEEC). The subsidiaries of CEZ Group in Bulgaria have over 3,000 employees and serve nearly 3 million customers, including in the most populated southwestern part of the country and the capital Sofia. Prior to the transaction, Eurohold had more than 3,000 employees and provided services to about 4 million customers in 11 CEEC countries, mainly through its insurance subholding Euroins Insurance Group AD (EIG).

Eurohold kept a large part of the management team of CEZ Bulgaria in order to preserve the experience gained over the years.

Eurohold, with the support of its division Euro-Finance AD, finances the acquisition of the divisions of CEZ Group in Bulgaria through a combination of own funds raised through capital increase and public offering of new shares on the Bulgarian Stock Exchange (BSE), as well as through complex by its structure external financing, including strategic investment and syndicated loan with the participation of commercial banks and international financial institutions. The strategic investment is of Metric Capital Partners and in it the investment bank J.P. Morgan AG participates as an

exclusive financial consultant and an exclusive manager and intermediary. In the syndicated loan J.P. Morgan AG participates as a leading and exclusive manager, contractor and organizer. The other participants in the union are: Bank of China Luxembourg, Raiffeisen bank International, Raiffeisen bank Bulgaria and UniCredit Bulbank - underwriters and authorized leading managers; The Black Sea Trade and Development Bank (BSTDB), DSK Bank, the European Bank for Reconstruction and Development (EBRD) and OTP Bank - Authorized Lead Managers; Eurobank Bulgaria, the International Investment Bank (IIB) and United Bulgarian Bank - leading managers.

The FSC approved a prospectus for admission to trading on a regulated market of bond issue of Eurohold Bulgaria AD

With a decision of 19.08.2021, the Financial Supervision Commission approved a prospectus for admission to trading on a regulated market of a bond issue of Eurohold Bulgaria AD in the amount of EUR 30,000,000, divided into 30,000 ordinary, registered, dematerialized, interest-bearing, secured, non-convertible and freely transferable bonds with ISIN code BG2100013205, with nominal and issue value of one bond EUR 1,000, with a fixed annual interest rate of 3.25%, payable over a 6-month period, with issue date 26.11.2020 and date at maturity on November 26, 2027, with repayment of the principal once at maturity together with the last interest payment.

The bond issue was introduced for trading on the Bulgarian Stock Exchange AD, Bond Segment on 31.08.2021 with assigned stock exchange code: EUBB.

Made a change in the composition of the Supervisory Board of the company revocation of the power of attorney of the Procurator

At the regular General Meeting of Shareholders of Eurohold Bulgaria AD held on 30.06.2021, a decision was made to dismiss Lyubomir Stoev from his position as a member of the Supervisory Board of the Company. The GMS elects a new member of the Supervisory Board, namely Ivaylo Krasimirov Angarski.

With a decision of the Management Board on 16.07.2021, entered in the Commercial Register on 26.07.2021, a decision was made to revoke the power of attorney of the procurator Hristo Lyubomirov Stoev to represent Eurohold Bulgaria AD. The decision was taken after a request was received from Hristo Stoev for termination of the power of attorney contract concluded with Eurohold Bulgaria AD.

Eurohold acquires new shares from the capital of EUROINS INSURANCE GROUP AD

Since the beginning of 2021, Eurohold Bulgaria AD has acquired another 11,307,556 shares of the capital of its subsidiary Euroins Insurance Group AD.

As a result of the acquisition, the participation in the capital of the subsidiary insurance subholding was increased to 98.03%, with which the total shares held by Eurohold Bulgaria AD amount to 543,445,791 shares.

The acquisition is carried out in accordance with an agreement signed by Eurohold Bulgaria AD in 2018 for the acquisition of a minority stake of 10.64% of the capital, as of the date of signing the repurchase agreement, of its subsidiary insurance holding company - Euroins Insurance Group "AD. Eurohold has agreed to buy the shares of the other shareholder in Euroins Insurance Group AD - Basildon Holding S.A.R.L., the special investment company of the South Eastern Europe Fund L.P. (SEEF), managed by the Greek investment company Global Finance. After the completion of the transaction, Eurohold Bulgaria AD will own 100% of the capital of Euroins Insurance Group AD.

The EBRD has acquired a stake in Euroins Insurance Group

On October 5, 2021, Eurohold Bulgaria AD signed an agreement with the European Bank for Reconstruction and Development (EBRD) for the acquisition by the bank of a minority share in the capital of Euroins Insurance Group AD, by increasing the capital of the insurance company. holding company in the amount of EUR 30 million part of a package deal.

Eurohold Bulgaria AD also participates in the capital increase of its subsidiary with a contribution of BGN 15 million. Reasigurare SA, as well as to support the activities and growth of the insurance group in Georgia, Greece, Northern Macedonia, Poland and Ukraine.

On 14.10.2021, the Commercial Register entered a simultaneous decrease and increase of the capital of Euroins Insurance Group AD under Art. 203 in connection with Art. 252, para. 1, item 5 of the Commercial Law of Euroins Insurance Group AD, according to the Decision of the General Meeting of the Company dated 20.09.2021, as:

The reduction of the capital of Euroins Insurance Group AD was made by invalidating 19,229,057 ordinaries, registered, available, non-preferred shares, after their preliminary acquisition by the company itself;

The capital increase of the company with cash contributions was made as follows:

- The shareholder Eurohold Bulgaria AD has acquired 15,060,813 newly issued ordinary, registered, available, non-preferred shares at their issue value;

- The European Bank for Reconstruction and Development (EBRD) has acquired 36,965,187 newly issued ordinary, registered, available, non-preferred shares at their issue value;

- The shareholder in Euroins Insurance Group AD - Basildon Holding S.a.r.l. has stated that he is not interested in subscribing shares from the planned capital increase, as well as to participate in the above-described procedure for simultaneous increase and decrease of the Company's capital.

All newly issued 52,026,000 ordinaries, registered, available, non-preferred shares, with a nominal and issue value of BGN 1 each, are fully subscribed and paid.

After the simultaneous increase and decrease of the capital of Euroins Insurance Group AD, as of the date of this Report the subscribed capital of the Company amounts to BGN 576,242,734, as it is distributed in:

- 499,260,943 available, registered, non-preferred shares with a nominal value of BGN 1 each.
- 76,981,791 available, registered, preferred shares with nominal value: BGN 1 each.

On October 7, 2021, Eurohold Bulgaria AD, as part of a package transaction on the acquisition of a minority stake in the shares of Euroins Insurance Group AD, transferred to the EBRD 20,082,844 shares with a par value of BGN 1 each.

The Financial Supervision Commission approved the adjusted bids of Eastern European Electric Company B.V. (EEEC)

On 11 October 2021, the Financial Supervision Commission approved the revised bids of Eastern European Electric Company B.V. (EEEC) - the holding company consolidating the energy business of Eurohold Bulgaria AD through its subsidiary Eastern European Electric Company BV, for the acquisition of the remaining 33% of the capital of the electricity distributor - CEZ Distribution Bulgaria AD, and the electricity supplier - CEZ Electro Bulgaria AD. At present, the EEEC owns 67% of the capital of both companies.

Information about the parameters of the bids:

▪ **regarding CEZ Distribution Bulgaria AD**

- Number of shares, object of the Tender Offer: 636 240 shares;
- Offered price per share: BGN 291.00;
- Deadline for acceptance of the Tender Offer: 11.11.2021, inclusive;
- Term and manner of payment of the price from the Trade Bidder: the price of the shares acquired as a result of the Bid shall be paid to the shareholders no later than 7 working days after the expiration of the term of acceptance of the Bid, namely by 22.11.2021., including.

▪ **regarding CEZ Electro Bulgaria AD**

- Number of shares, object of the Tender Offer: 1,650 shares;
- Offered price per share: BGN 26,904;
- Deadline for acceptance of the Tender Offer: 11.11.2021, inclusive;
- Term and manner of payment of the price from the Trade Bidder: the price of the shares acquired as a result of the Bid shall be paid to the shareholders no later than 7 working days after the expiration of the term of acceptance of the Bid, namely by 22.11.2021., including.

As a result of the realized tender offers and after the completion of the transactions with the shareholders who have accepted the offers within the above-described term, the majority owner of CEZ Distribution Bulgaria AD and CEZ Electro Bulgaria AD - Eastern European Electric Company BV, increased its shares in both companies to 88.19% (by acquiring additional 408,552 shares or 21.2%) of the capital of CEZ Distribution Bulgaria AD and 69.34% (by acquiring additional 117 shares or 2.34%) of the capital of CEZ Electro Bulgaria "AD.

The General Meeting of Shareholders of Eurohold Bulgaria decided to increase the amount of corporate guarantee issued by Eurohold in favour of a subsidiary and elected an auditor for 2021.

On 18.10.2021 a meeting of the General Meeting of Shareholders of Eurohold was held, at which the following decisions were made:

- GMS decided to increase the amount of the corporate guarantee of Eurohold Bulgaria, approved by the General Meeting of Shareholders, held on April 10, 2021 as follows: increase the limit of liability of Eurohold Bulgaria AD, in its capacity as a corporate guarantor of 150,000,000 EUR up to EUR 240 000 000, regarding the payment of all liabilities (including, but not limited to, principal, penalties, fees, commissions, other expenses) of its subsidiary "Eastern European Electric Company II" B.V. as a borrower, under a loan agreement of up to EUR 133,990,000, concluded on July 21, 2021 with the lending financial institutions. The term of the guarantee is 66 months, the purpose of the guarantee transaction is to provide financing of part of the price and costs of acquiring the assets of CEZ Group in Bulgaria, as well as subsequent investments in the companies subject to the acquisition transaction.

As of the date of this report, the liability limit of Eurohold Bulgaria under the corporate guarantee has been increased to EUR 220,000,000.

- GMS has selected a specialized audit company "Grant Thornton" Ltd., UIC 831716285, to perform an independent financial audit of the individual and consolidated financial statements of Eurohold Bulgaria AD for 2021. Audit Company "Grant Thornton" Ltd. is included in the list of graduates - Accountants (ICPA) in Bulgaria under number 032 and is a member of GRANT THORNTON INTERNATIONAL LIMITED.

Eurohold Bulgaria bought the minority share held by Basildon Holding S.A.R.L. in the capital of Euroins Insurance Group

Since the beginning of 2021, Eurohold Bulgaria AD has acquired a total of 21,989,329 shares of the capital of its subsidiary Euroins Insurance Group AD.

On November 3, 2021, the last transfer of shares in the amount of 10,681,773 was made, thus committing to buy back the shares held by Basildon Holding S.A.R.L. is finalized.

The acquisition is carried out in accordance with an agreement signed by Eurohold Bulgaria AD in 2018 for the acquisition of holdings by the other shareholder - Basildon Holding S.A.R.L. minority share of 10.64% (as of the date of signing the redemption agreement) of the capital of its subsidiary insurance holding company - Euroins Insurance Group AD.

Subsidiary holding Auto Union contracts sale of Star Motors - official importer of MAICA

On November 16, 2021, the automobile holding of Eurohold Auto Union AD signed a contract for the sale of its subsidiary Star Motors EOOD - official importer of MAICA cars for Bulgaria and the Republic of Northern Macedonia.

The documents for the forthcoming concentration were submitted for approval by the Commission for Protection of Competition before the finalization of the deal.

The deal is part of Eurohold's strategy to focus on its insurance and energy business, in connection with which other companies in the automotive group were sold in mid-2021.

CORPORATE INFORMATION

EUROHOLD BULGARIA BEGINS ITS HISTORY

26 YEARS AGO

✓ 2006 - ESTABLISHMENT. HEIR OF TWO LARGE HOLDING GROUPS

EUROHOLD BULGARIA SA 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).

The merger strengthens the position of the newly established holding company Eurohold Bulgaria AD as one of the largest groups in Bulgaria with significant potential for future development, significant equity and financial resources.

✓ 2007-2010 - CHOICE OF BUSINESS MODEL AND CONCEPT

Upon its establishment, Eurohold Bulgaria has a number of subsidiaries that operate in the field of insurance, leasing, real estate and tourism management, industry and others. In 2010 the management of the Company decided to restructure its investments, determining as strategic its investments in companies operating in the field of insurance, leasing, automobiles, as well as investment intermediation and asset management.

In order to optimize costs and achieve high synergy between its strategic subsidiaries, a decision is made to establish sub-holding structures operating in the insurance sector, leasing sector, car sales, investment intermediation and asset management.

✓ 2021 - ACQUISITION OF ENERGY BUSINESS AND NEW BUSINESS CONCEPT

In 2021, Eurohold Bulgaria acquired the assets of CEZ Group in Bulgaria.

Following the acquisition of the energy companies, Eurohold has identified strategic investments in the insurance and energy business.

✓ TODAY - EXPANSION AND LEADER IN EUROPE

The largest public holding company in Bulgaria and one of the leading independent business groups in Southeast Europe (SEE).

Over the past 26 years, the holding has made 17 successful acquisitions of companies from various sectors in Central and Eastern Europe in transactions with leading corporations in its sectors in Europe. Eurohold through Euroins Insurance Group AD (EIG) operates in 14 European countries, owning subsidiaries in Bulgaria, Romania, Northern Macedonia, Ukraine and Georgia. Euroins Insurance Group AD operates in Greece and conducts niche operations in Spain, Poland and Italy and others.

Recognizable brand worldwide.

„EUROHOLD BULGARIA“ S.A. („ЕВРОХОЛД БЪЛГАРИЯ“ АД)

Company data

Country of incorporation	Republic of Bulgaria
Country of incorporation	UIC 175187337
Identification number of the legal entity	LEI code 74780000J0W85Y204X80
Legislation	Bulgarian
Headquarters address and correspondence	Sofia, 1592, Iskar district, 43 Christopher Columbus Blvd
Phone number	+359 2 9651 651; + 359 651 653
Fax	+359 2 9651 652;
Email address	investors@eurohold.bg ; office@eurohold.bg
Website	www.eurohold.bg

Eurohold Bulgaria AD is registered in the Republic of Bulgaria with 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 use of patents of companies in which the company participates, financing of the companies in which the company participates.



The main activity of the holding company is performing financial and investment activities related to the acquisition, sale and management of participations and financing of related companies.

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

Eurohold Bulgaria AD is a public joint stock company within the meaning of the Public Offering of Securities Act. The shares of the company are registered for trading on the main market of the Bulgarian Stock Exchange AD with stock exchange code EUBG and of Warsaw Stock Exchange (WSE) - Poland with stock exchange code EHG.

Eurohold Bulgaria AD is located in Sofia and does not have branches and representative offices in other settlements.

Credit ratings assigned

	EUROHOLD Issuer Default Rating "B"		EUROHOLD Long-term: BBB- Outlook: stable Short-term: A-3
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GOVERNING AND CONTROL AUTHORITIES

Management system

Eurohold Bulgaria AD has a two-tier management system:

- Supervisory Board, consisting of six individuals;
- Management Board, consisting of five individuals
- The company has one appointed Procurator.

Members of the Supervisory Board (as of 31.12.2021)

Asen Milkov Christov Chairman	Dimitar Stoyanov Dimitrov Vice Chairman	Kustaa Lauri Aima Independent member
Radi Georgiev Georgiev Member	Ivaylo Krasimirov Angarski Independent member	Louise Gabrielle Roman Member

In 2021 a change was made in the composition of the Supervisory Board with entry in the Commercial Register at the Registry Agency on 20.07.2021 of Ivaylo Krasimirov Angarski as an independent member of the Supervisory Board and deletion of the independent member Lyubomir Stoev from the Supervisory Board.

Members of the Management Board (as of 31.12.2021)

Kiril Ivanov Boshov Chairman and Executive Member	Asen Minchev Minchev Executive member	Velislav Milkov Christov Member
Asen Emanuilov Assenov Member	Razvan Stefan Lefter Independent member	

In 2021 there was no change in the composition of the Management Board of the Company.

Procurator (as of 31.12.2021)

Milena Milchova Guentcheva
Procurator

With a decision of the Management Board on 16.07.2021, entered in the Commercial Register on 26.07.2021, a decision was made to withdraw the authorization of the procurator Hristo Lyubomirov Stoev to represent Eurohold Bulgaria AD. The decision was taken after a request received from Hristo Stoev for termination of the power of attorney contract concluded with Eurohold Bulgaria AD.

Detailed information on qualification, professional experience and other significant participations of the members of the Supervisory and Management Board and the Procurator of the Company is available in the section "Additional information required by law for the company".

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

The activity of the Company does not depend on the individual professional experience or qualification of other employees.

Audit Committee

As of May 2009, the Company has established an Audit Committee.

In accordance with Art. 107, para. 7 of the Independent Financial Audit Act (PDPA), the Audit Committee of Eurohold Bulgaria AD has adopted Rules of Procedure, which regulate the activities of the Audit Committee. The Rules of Procedure define the functions, rights and obligations of the Audit Committee regarding financial audit and internal control, as well as its relations with the registered auditor and the management bodies of the company and are described in detail in the Corporate Governance Statement.

The purpose of the Audit Committee is to assist the Company's management in fulfilling its obligations for the integrity of the unconsolidated and consolidated financial statements, assessing the effectiveness of internal financial control systems and monitoring the effectiveness and objectivity of 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 Mihailova Pencheva
Independent member of the
Audit Committee

CAPITAL AND CAPITAL STRUCTURE

SHARE CAPITAL

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

As of the date of preparation of this activity report, the capital of Eurohold Bulgaria AD amounts to BGN 260,500,000, divided into 260,500,000 ordinary, non-preferred, registered, dematerialized shares, with voting rights, dividend rights and liquidation shares, with a nominal value of BGN 1.00 each.

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 in cash and it has not been increased by in-kind contributions and no shares have been issued that do not represent capital.

The shares of Eurohold Bulgaria AD are listed on the Main Market of the Bulgarian Stock Exchange AD, Segment Standard, stock exchange code EUBG and Warsaw Stock Exchange (WSE) Poland with the exchange code EHG.

As of 31.12.2021 and as of the date of preparation of the present activity report the Company has not purchased, respectively does not hold own shares.

As of 31 December 2021, 77,227 shares of Eurohold Bulgaria AD were held by companies in the Eurohold Group (as of 31 December 2020 - 97,227 shares). All shares issued by Eurohold Bulgaria AD provide their holders with the right to vote at the General Meeting of the Company.

The body that is competent to make decisions in connection with the increase of the capital of the Company 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.

For the period from the establishment of Eurohold Bulgaria AD to the date of this report, the Company has successfully implemented six subsequent increases in its share capital.

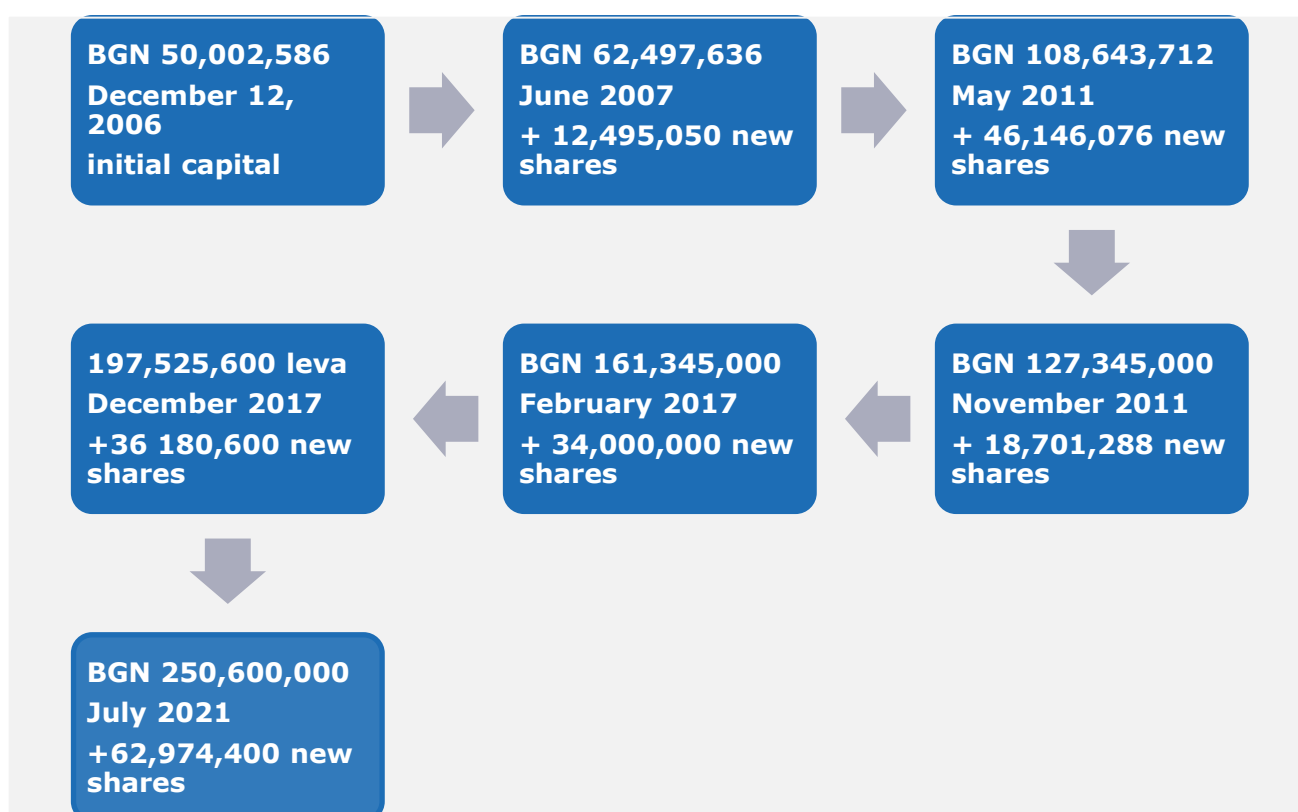
The funds raised from all the increases in the share capital of the Company were used to support the subsidiaries and to reduce the long-term indebtedness of the Company.

In 2021, an increase in the share capital of the Company was made under the conditions of public offering of securities as a result of subscribed 62,974,400 new, registered, dematerialized, non-preferred shares, voting shares, each with a nominal value of BGN 1. and an issue value of BGN 2.50 With such a structured increase, the amount of the share capital increased to BGN 260.5 million (BGN 197.5 million at the end of 2020) and an additional premium reserve was recorded for the issuance of securities of BGN 94.5 million. BGN, which increased the total amount of the premium reserve to BGN 144 million.

The funds raised from the public offering of the new shares from the company's capital were used to finance the acquisition of CEZ Group's assets in Bulgaria and a contribution to the capital of the subsidiary Euroins Insurance Group AD.

CHANGES IN SHARE CAPITAL

The chart below shows the history of all share capital increases since the establishment of the company until today.



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

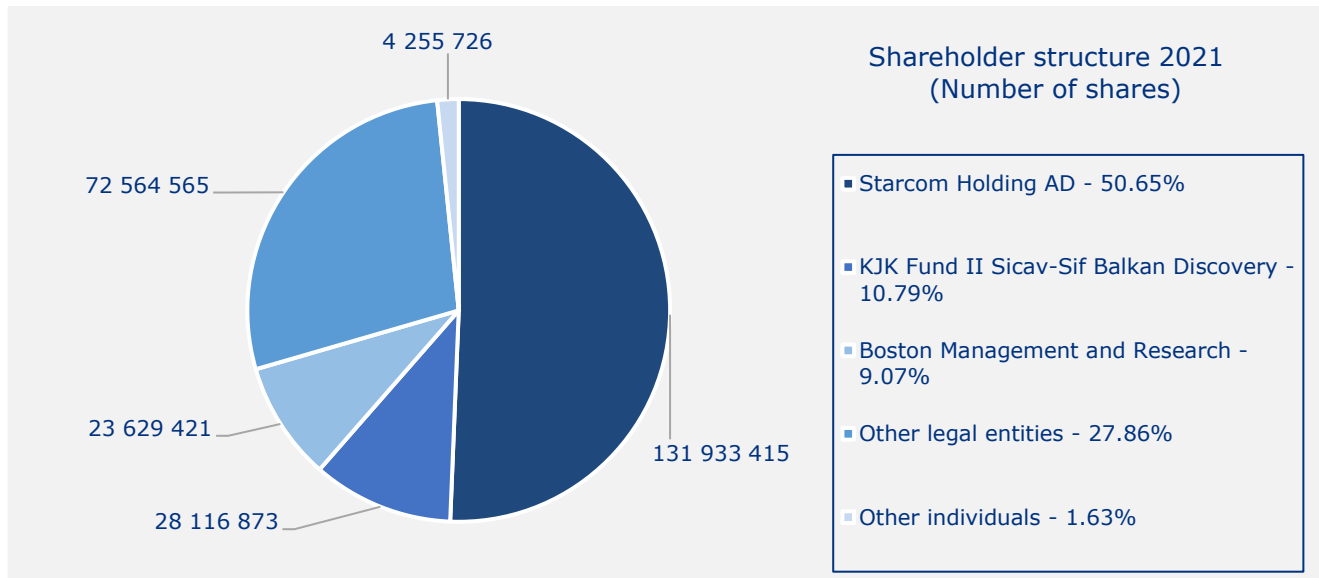
As of the date of this activity report, all issued shares of the Company are admitted to trading on a regulated market on the BSE and Warsaw Stock Exchange (WSE) Poland.

At this time, there is no other increase in the share capital of the company that is in progress or for which a decision has been taken by the competent authority.

CAPITAL STRUCTURE

As of 31.12.2021 and as of the date of preparation of this Activity Report there are only three persons who have a direct share participation in the amount of 5 or more per cent of the voting shares in the general meeting of the company.

There are no natural persons shareholders who directly own more than 5 percent of the voting shares.



The majority shareholder in Eurohold Bulgaria is Starcom Holding AD, holding 131,933,415 shares. shares as of 31.12.2021 representing a controlling interest of 50.65% of the capital of Eurohold. Starcom Holding AD is a holding company registered in the Republic of Bulgaria, which carries out its activities in accordance with Bulgarian legislation.

KJK FUND II SICAV-SIF BALKAN DISCOVERY is the second major shareholder in Eurohold Bulgaria AD, which has a qualifying holding in the capital of the Company. At the end of 2021 KJK FUND II SICAV-SIF BALKAN DISCOVERY owns 28,116,873. shares representing 10.79% of the issued shares from the capital of Eurohold.

Boston Management and Research owns 23,629,421. shares representing 9.07% of Eurohold's capital through the following funds managed by it:

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

INFORMATION ABOUT THE MAJORITY SHAREHOLDER

The majority shareholder Starcom Holding AD is a company entered in the Commercial Register kept by the Registry Agency of the Republic of Bulgaria with UIC 121610851, with registered office and address: 191, Ruski Blvd., Etropole 2180. The company was established indefinitely. The registered capital of the company amounts to BGN 66,900,000, divided into 669,000 ordinaries, registered, available shares with a nominal value of BGN 100 each. The shares of Starcom Holding AD are not allowed to trade on a regulated market.

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

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

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

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

Direct and indirect control exercised over Eurohold Bulgaria AD

➤ Direct control

Eurohold Bulgaria AD is not directly dependent on other entities within the group except for the majority owner of the capital Starcom Holding AD.

➤ Indirect control

Eurohold Bulgaria AD is indirectly dependent on individuals, namely:

- Assen Milkov Christov, who exercises indirect control over the Company, insofar as the person owns 51% of the capital of Starcom Holding AD;
- Kiril Ivanov Boshov, who exercises indirect control over the Company, insofar as the person owns 34% of the capital of Starcom Holding AD.

Eurohold Bulgaria AD is not directly or indirectly dependent on other legal entities or individuals 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 may lead to a specific future change in the control of the company.

BUSINESS OPERATIONS

MAIN ACTIVITY

Eurohold Bulgaria AD is a holding company, performing mainly financial activities related to the acquisition, sale and management of participations and financing of related companies.

The company does not carry out activities subject to a special permit regime for which patents, licenses or other permits are required from regulatory authorities.

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. Eurohold Bulgaria AD together with its subsidiaries and their operating companies forms an economic group - the 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 technologies and other functions.

ECONOMIC GROUP

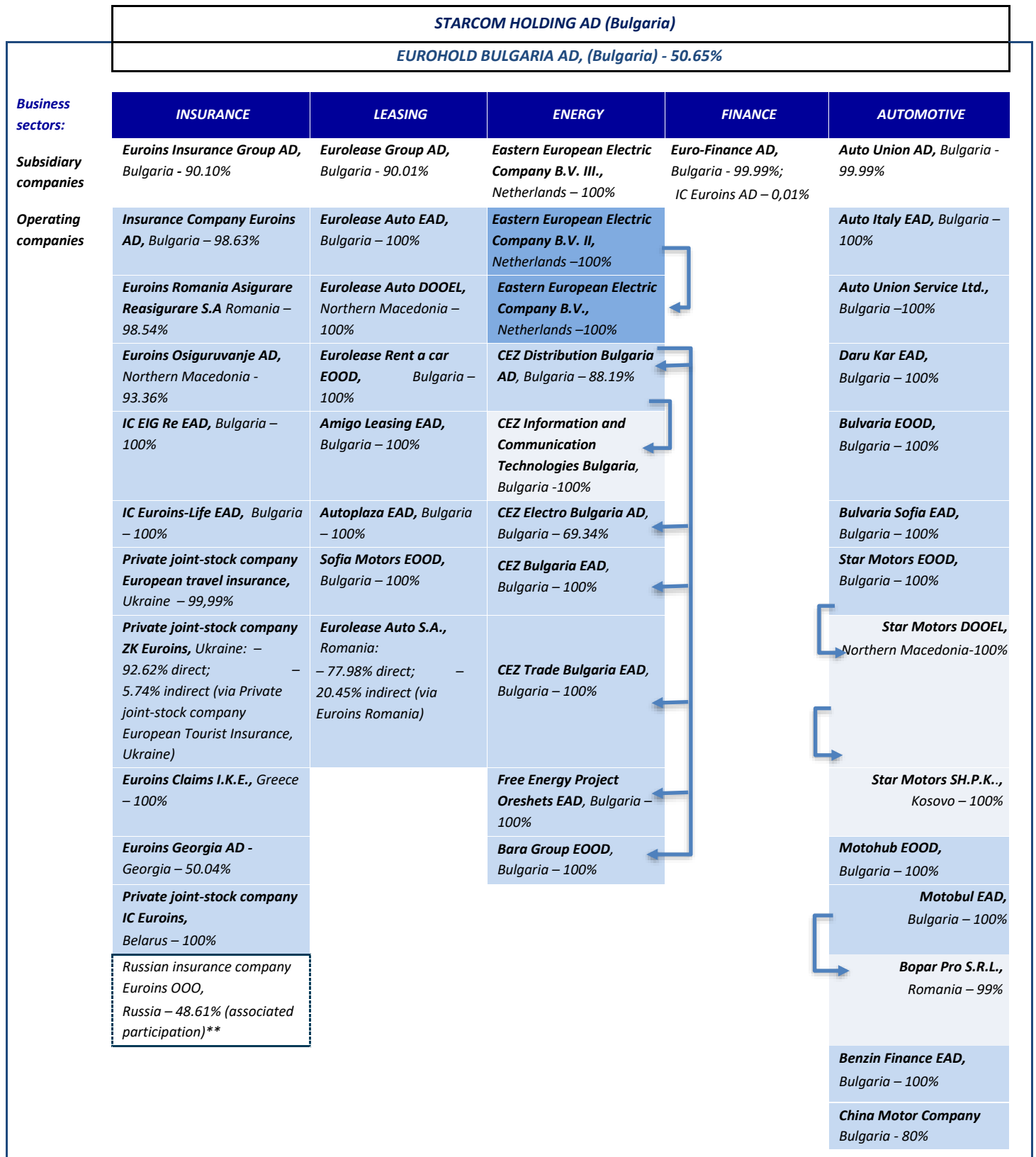
Eurohold's organizational structure is at three levels: parent company, subsidiaries and operating companies. Each of the three levels has its specific functions, business activities and goals.

The subsidiaries are holding structures uniting the investments of Eurohold Bulgaria in the sectors - Insurance, Energy (operating since the end of July 2021), Car Sales, Leasing, Investment Intermediation and Asset Management.

As of the date of this report, Eurohold Bulgaria has stakes in 45 companies

<i>direct participation</i>	<i>indirect participation</i>
» 5 subsidiaries	» 2 specially created companies for energy business development
	» 37 operating companies
	» 1 associated company

ORGANIZATIONAL STRUCTURE OF THE ECONOMIC GROUP EUROHOLD BULGARIA AS OF 31.12.2021.



* Activity from 27.07.2021 after acquisition of the energy companies of CEZ Group in Bulgaria

** Associate company

TYPES OF SERVICES AND PRODUCTS, REGIONAL PRESENTATION

Eurohold Bulgaria AD as a holding company does not develop independent production and / or trade activity or activity related to the provision of services. The operating income of the Company is related to financial operations for acquisition and management of subsidiaries, which is why it belongs to the financial sector.

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

Summary of the types of basic services and activities offered by operating companies in 2021 by economic segments

Insurance	General insurance; Life insurance; Travel insurance; motor claims collection and processing services
Energetics	Access to and transmission of electricity through the electricity distribution network and connection of new consumers to the electricity distribution network; Public electricity supply; Electricity trade; Complex information, communication and technological services; Commercial consulting, purchase and sale of equipment and materials
Automotive	Sale of new cars; Car service; Sale of spare parts; Import and sale of lubricants for transport funds; Fuel card operator; Showroom management
Leasing	Financial leasing; Leasing; Car rental services; Sale of used cars
Investment intermediation and asset management	Investment intermediation; Investment banking; Asset management

Main markets

Through its subsidiaries, Eurohold is positioned in the markets of Central and South-eastern Europe.

The insurance business is represented regionally in the widest range, its operations extend to the following geographic markets:

Provided services and products	Country
General insurance	Bulgaria; Romania; Northern Macedonia; Ukraine; Georgia; Belarus; Russia (associated participation)
Life insurance	Bulgaria
Travel insurance	Ukraine
Elimination of damages	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 the United Kingdom (IC Euroins AD operates in these markets)



The activities of other business areas are represented mainly in Bulgaria, as the energy and automotive business operates only in the country, the leasing business is also represented in Northern Macedonia, and investment and financial activities also offer investment intermediation in Germany through Euro-Finance "AD as a member of the Frankfurt Stock Exchange - Deutsche Börse Xetra.

RESULTS OF THE ACTIVITY

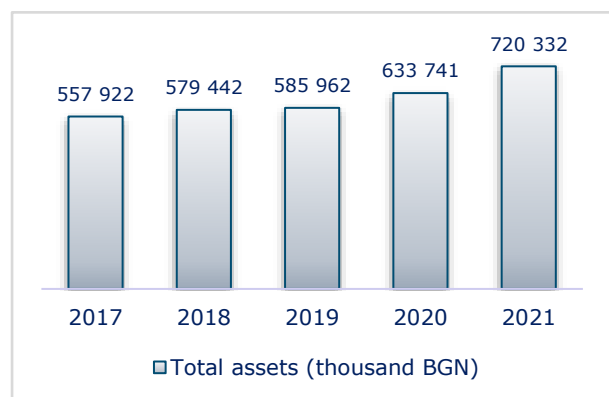
Information on the activity, results, market positions and development trends of the subsidiaries can be found in the annual consolidated report of Eurohold Bulgaria AD for 2021.

ANALYSIS OF THE FINANCIAL CONDITION

ASSETS

2021 ends with assets worth BGN 720.3 million, marking an increase of 14% compared to 2020, when the total assets of the Company amounted to BGN 633.7 million.

The active activity in the last years of Eurohold Bulgaria, related to investing in subsidiaries in order to develop, support and expand their activities, as well as the acquisition of new companies leads to a significant increase in the total assets. In the last five years alone, the Company's assets have increased by BGN 162.4 million from BGN 557.9 million in 2017, reaching BGN 720.3 million at the end of 2021.

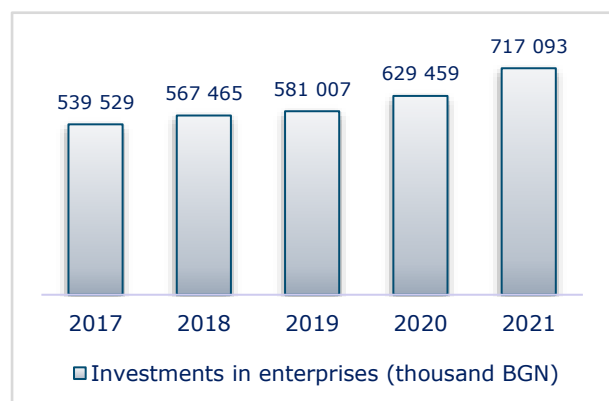


Investments in enterprises

The main activity of Eurohold is decisive for the structure of the assets of the Company, where investments in subsidiaries, associates and other companies occupy 99% of all assets.

As of 31 December 2021, the amount of investments in enterprises amounted to BGN 717.1 million, an increase of 13.9%. For comparison, at the end of 2020 they amounted to BGN 629.5 million.

The amount of funds invested in subsidiaries increased by BGN 177.5 million for the last five financial years and by BGN 87.6 million for 2021.



In reality, the number of investments in 2021 is significantly higher than mentioned above, but in connection with the valuations of investments in its subsidiaries on an annual basis, Eurohold reported "impairment of investments in subsidiaries", as stated below.

In 2021, the following changes occurred in the value of the balance sheet position of investments:

1 / Net increase in the amount of the investment in the insurance subholding Euroins Insurance Group AD of BGN 10.4 million, as a result of the following actions:

- » Increase by BGN 15.7 million of the investment in the subsidiary Euroins Insurance Group AD after the purchase of the entire remaining part of the minority share in the subsidiary insurance subholding. With this, the deal on the agreement signed in 2018 by Eurohold for the acquisition of a minority share by the other shareholder Basildon Holding S.A.R.L is finalized.
- » Simultaneous increase and decrease of the share capital by the order of art. 203 in connection with Art. 252, para. 1, item 5 of the Commercial Law and after a decision of the General Meeting of Shareholders of the Company dated 29.09.2021.

As a result, Euroins Insurance Group AD issued 52,026,000 shares, of which Eurohold Bulgaria AD subscribed and paid 15,060,813 shares at an issue value of BGN 1 each. Apart from that, the capital of the Company has been reduced by invalidating 19,229,057 ordinaries, registered, available, non-preferred shares with a par value of BGN 1 each. After the procedures, the capital of EIG in the amount of BGN 576,242,734 was divided into 576,242,734 shares with a par value of BGN 1 each.

- » On 05.10.2021 the European Bank for Reconstruction and Development (EBRD) signed an agreement for a package deal with Eurohold Bulgaria AD with the subject of acquiring a minority share in the subsidiary of the holding - Euroins Insurance Group AD (EIG), as a result of which:
 - on 07.10.2021 Eurohold Bulgaria AD transferred to the EBRD 20,082,844 shares with a par value of BGN 1 each. The reported one-time effect of Eurohold Bulgaria AD is a loss from operations with investments in the amount of BGN 20,360 thousand.
 - the EBRD records and pays the remaining 36,965,187. shares with a par value of BGN 1 each of the increase in the capital of EIG, totalling EUR 18,900 thousand.

2 / Two increases in the capital of the subsidiary Eastern European Electric Company II B.V. with a total amount of BGN 142 million, namely:

- » On 15.07.2021 the Management Board of Eurohold Bulgaria AD decided to increase the capital of its subsidiary Eastern European Electric Company II BV. in accordance with the applicable provisions of Dutch law through a cash contribution of EUR 65 600 thousand through the issuance of 1 000 new shares with a nominal value of EUR 1, the difference being placed in the premium reserve.
- » On November 12, 2021, the Management Board of Eurohold Bulgaria AD decided to increase the capital of its subsidiary Eastern European Electric Company II BV. in accordance with the applicable provisions of Dutch law by means of a cash contribution of EUR 7 000 thousand without the issue of shares, the contribution being placed in the premium reserve.

3 / Impairment of investments in subsidiaries in the amount of BGN 64.8 million.

Principles for performing impairment tests of investments

At the end of each reporting year, the Company's management analyses and assesses whether there are any indications of impairment of its investments in subsidiaries. The following indicators are considered as main indicators of impairment: significant reduction of the volume or cessation of the activity of the subsidiary; loss of markets, customers or technological problems; reporting of negative net assets or assets below the registered share capital; trends of deterioration of key financial indicators; negative impact of macroeconomic factors; as well as other extraordinary circumstances affecting the business activities and development trends of the particular company.

The analysis of the probability of the existence of indications of impairment is made by management on the basis of estimates of external independent licensed appraisers with appropriate qualifications and experience, as well as on the basis of cash flow forecasts before taxes, for which financial forecasts

developed by the respective subsidiaries, covering a period of three to five years, reported medium- and long-term goals and intentions for their development.

The key assumptions used in the analysis are determined specifically for each subsidiary according to its specific activities; business environment; the impact of risk factors and the expected future economic benefits or adverse effects that are likely to materialize; the degree of development of the Bulgarian and foreign markets in which the company operates and its position in these markets, including their development trends; as well as other company-specific indicators.

A decision was made to depreciate investments

After the assessment performed by an independent licensed appraiser as of 31.12.2021, the determined recoverable amount of the subsidiary Auto Union AD amounts to BGN 11,882 thousand. The management of Eurohold has reviewed the appraisers' report and additionally in its analysis has reported:

- the sale of key operating companies in 2021, as well as the expected acquisitions of companies in 2022 in connection with the adopted new strategy of Eurohold directing efforts in the insurance and energy business - the effects are loss of markets and market positions, sharp decline in revenues and the profits generated by the automotive group (due to the sale of the main company's revenue-generating and generating profits);
- the impact of hostilities in Ukraine leading to negative sweets in many business sectors, one of which again after COVID-19 is the automotive - the effects are deepening supply chain disruption (with more than 9 months so far) of cars, spare parts, fuels and lubricants, shrinking consumer demand due to the expected rise in inflation and unemployment in the country, which will lead to lower purchasing power of consumers, as well as other negative effects of macroeconomic factors and uncertainty about how long they will last and how long will severely affect businesses and their ability to generate profits. All this will inevitably lead to negative consequences for small companies, such as those left in the Auto Union group, especially given the fact that during the pandemic in connection with the measures taken the stocks of car companies in the group are minimized and optimization the cost has already been incurred;
- the expected future development of the activity of Auto Union - and it is for a significantly smaller group limited by a variety of brands and generating insignificant revenue and profit against the background of the activity until mid-2021.

Based on these factors, effects and trends, the management of Eurohold has decided to further depreciate up to 97% of the net book value of the investment in the automotive group Auto Union, believing that in this way its fair value is achieved corresponding to the value of companies remained in it after the sale of the main companies. As a result, at the end of 2021 an impairment loss on investments in subsidiaries in the amount of BGN 64,772 thousand was reported, and the net value of the investment as of 31 December 2021 amounted to BGN 2,003 thousand.

Other assets

Non-current (excluding investments in enterprises) and current assets occupy an insignificant part of Eurohold's assets and as of 31.12.2021 they amount to a total value of BGN 3.2 million, of which non-current BGN 1.6 million. For comparison as of 31.12.2020 Their amount amounted to a total of BGN 4.3 million (BGN 2.1 million non-current).

Non-current assets are property, plant and equipment (mainly usable assets) and intangible assets - software. During the reporting period, non-current assets decreased by BGN 0.5 million in connection with the depreciation of assets with the right of use accrued for the year in the amount of BGN 0.7 million.

Current assets reported a decrease in their amount during the reporting period of BGN 0.5 million and as of 31.12.2021 amounted to BGN 1.6 million.

The funds available to the Company at the end of 2021 amount to BGN 0.1 million.

CAPITAL AND LIABILITIES

Capital

The share capital of Eurohold increased by BGN 63 million, reaching BGN 260.5 million at the end of 2021 as a result of a successful capital increase in mid-2021 under the conditions of a public offering of a new issue of shares.

With the increase of the share capital by BGN 2.50 issue value and nominal value of BGN 1.00 per share, the Company additionally reported a premium reserve for issuing securities of BGN 94.5 million and the total amount of this indicator amounts to the end in 2021 at BGN 144 million

The equity of the Company as of 31.12.2021 amounts to BGN 344.7 million, an increase of 13.5% compared to 2020.

This leads to a change in the structure of equity as the share of share capital increases by 3% at the expense of accumulated profits, which decreased by 5%.



Subordinated debts

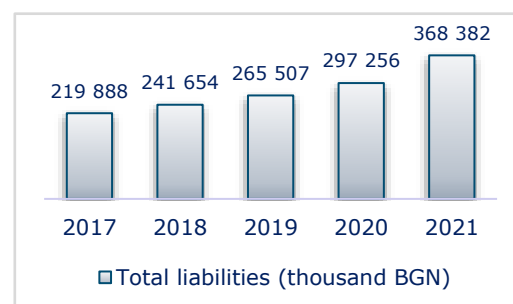
In order to strengthen the capital of the group and after reviewing the debt, Eurohold Bulgaria has agreed and converted part of its loan obligations as of 31.12.2020 in the form of a subordinated debt (unissued) instrument. The subordinated debt instrument is unissued tier 1 capital and at the end of 2020 amounts to BGN 32.8 million, due to the majority shareholder Starcom Holding indefinitely, with interest payments at the end of each quarter, calculated on the basis of fixed interest rate of 6.5%. In 2021, following a decision of the Management Board of the Company, a partial repayment of BGN 25.9 thousand of the said subordinated debt instrument was made, as the remaining outstanding amount amounted to BGN 6.9 million. subordinated debt with Starcom Holding AD, with a limit of BGN 50 million under the following conditions: without a certain maturity as Starcom Holding AD cannot demand repayment of the utilized part, regardless of whether there is a case of default under the agreement. Eurohold Bulgaria AD has the right (but is not obliged) to repay amounts from the loan principal, corresponding to each consecutive tranche received after the expiration of 5 (five) years from the date of receipt of the respective tranche. Early collection of the principal of the subordinated debt is not allowed, except in cases of liquidation or insolvency, after payment of the amounts due to all privileged creditors, as well as to all other chirographic creditors. The interest due is 5% (five percent) on an annual basis on the attracted amounts for the period of their actual use.

The total amount of own and subordinated tier 1 capital amounts to BGN 352 million at the end of 2021 (BGN 303.7 million - 2020).

Liabilities

The company's liabilities (excluding subordinated debt capital) reached BGN 368.4 million, increasing by 23.9% by the end of 2021.

The increase in the liabilities of the Holding is related to its main activity of acquisition, management and financial support of subsidiaries.

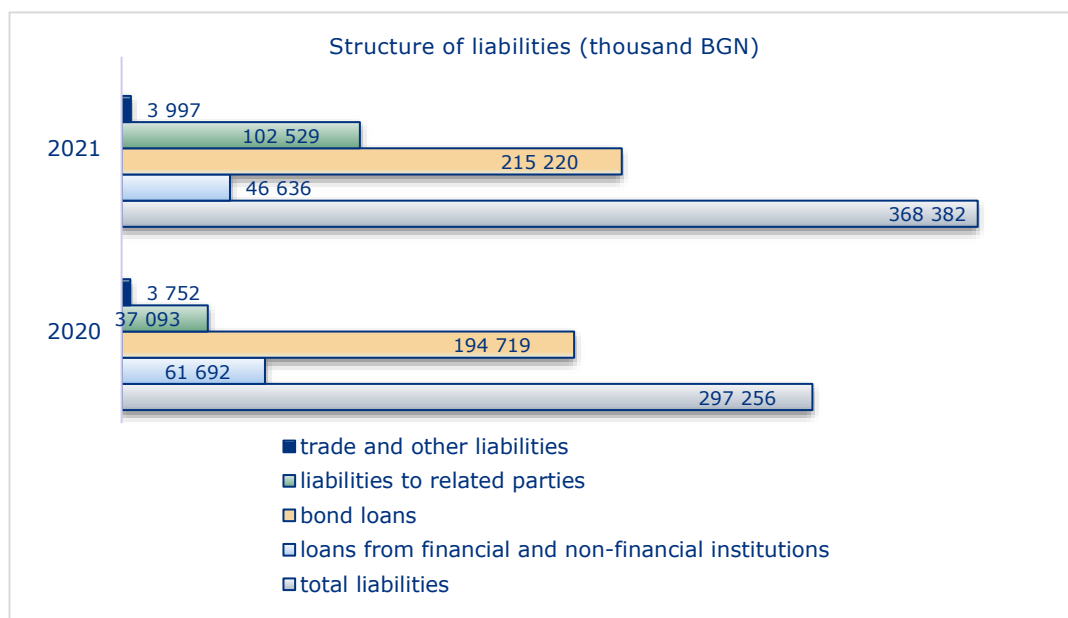
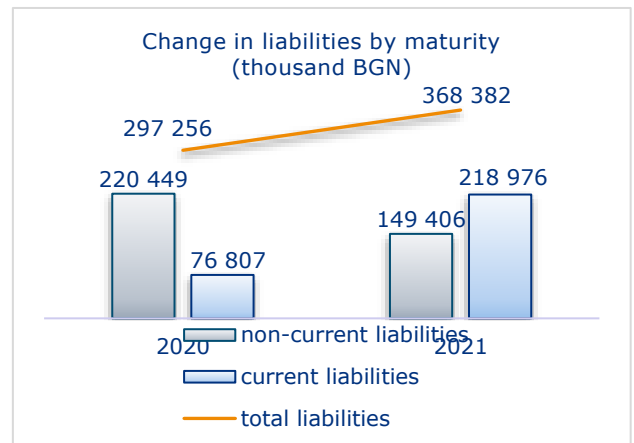


The total amount of Eurohold's liabilities is growing in direct reflection of the active activity in recent years related to investing in subsidiaries in order to develop, support and expand their activities both organically and through new acquisitions. For the last five years the liabilities of the Company have increased by BGN 148.5 million from BGN 219.9 million in 2017 reached at the end of 2021 to BGN 368.4 million, and for the last financial year by BGN 71 million.

Liabilities analysis

Non-current liabilities decreased by 32% in 2021 and at the end of the period amounted to BGN 149.4 million. The decrease of BGN 71 million compared to the paradise of 2020 is mainly due to reported loans, incl. and bond in current liabilities due to approaching maturity. Apart from maturing loans, the Company has borrowed new long-term funds from related parties in the amount of BGN 59 million as of 31.12.2021.

For this reason, current liabilities show a significant increase of 185% or an increase of BGN 142 million. Maturing bank and bond loans amount to a total of BGN 174.6 million, while at the end of 2020 their amount is BGN 39 million. As of 31 December 2021, current liabilities amount to a total of BGN 219 million.



At the end of 2021, the largest share was occupied by debt securities issued - bond loans, occupying 58.4% of all liabilities (66% at the end of 2020).

Loans from financial and non-financial institutions account for 12.7% of liabilities (20% at the end of 2020).

Significant growth was recorded in liabilities to related parties, amounting to BGN 102.5 million and occupying 27.8% of liabilities (12% at the end of 2020).

The changes above are calculated without taking into account the subordinated debt instruments in the sum of total liabilities

Structure of loan liabilities by type and nature:

Loan liabilities	Change	31.12.21	31.12.20
	in %	thousand BGN	thousand BGN
Subordinated debt instruments	(78%)	7 201	32 784
<hr/>			
Liabilities under bank loans:	(24%)	46 636	61 692
Non-current liabilities to banks	(79%)	9 006	42 747
Current liabilities to banks	99%	37 630	18 945
<hr/>			
Debt loan liabilities:	11%	215 220	194 719
Non-current liabilities on debenture loans:	(55%)	78 233	174 531
<i>EMTN Program ISIN: XS1731768302</i>	(100%)	-	115 856
<i>EMTN Program ISIN: XS1542984288</i>	n/a	19 558	-
<i>Debenture loan with ISIN code BG2100013205</i>	0%	58 675	58 675
Current liabilities on debenture loans:	579%	136 987	20 188
<i>EMTN Program ISIN: XS1731768302</i>	n/a	136 185	-
<i>EMTN Program ISIN: XS1542984288</i>	(100)%	-	19 302
<i>Interest payable on debenture loans</i>	(9%)	802	886
<hr/>			
Liabilities to non-financial institutions:	(23%)	4 855	6 302
Non-current other loans	(100%)	-	1 450
Current other loans (Euro Trade Securities - ECP)	0%	4 855	4 852
<hr/>			
Loan liabilities to related parties:	131%	85 798	37 093
Non-current	3478%	60 926	1 703
Current	(124%)	24 872	11 087
<hr/>			
Total amount of loan liabilities	8%	359 710	332 590
Non-current liabilities	(39%)	155 366	253 215
Current liabilities	157%	204 344	79 375

RESULTS OF THE ACTIVITY

Eurohold Bulgaria AD is a holding company with significant investments in subsidiaries and as such does not perform independent and regular commercial transactions. The main (operating) revenues of the holding company have a financial character, the most significant of which - profits from operations with financial instruments and subsequent valuations are manifested in different reporting periods and are not permanent. In this regard, investors and stakeholders should analyse the results of this separate financial statement together with the consolidated statement, which gives a clear and complete picture of the results, financial condition, strategies and development prospects of the Eurohold Group.

INFLUENCE OF IMPORTANT EVENTS ON THE RESULTS OF THE ACTIVITY

2021 was marked by numerous operations performed by Eurohold Bulgaria AD that had a negative impact on the financial result for 2021. The most significant of these operations are described above in the section "Important events for the activities of Eurohold Bulgaria, occurred in January - December 2021" and are related to the following one-off costs:

- 1 /** The acquisition of CEZ's energy companies in Bulgaria and the structuring of financing by attracting a number of managers and intermediaries, in connection with which one-time costs for external services were reported, representing consulting, intermediary services and success fees amounting to BGN 7,756 thousand.
- 2 /** Eurohold Bulgaria AD managed to attract the European Bank for Reconstruction and Development (EBRD) as an investor in the insurance subholding by concluding a package deal for the acquisition by the bank of a minority share in the capital of Euroins Insurance Group AD (EIG). Apart from that, there was a simultaneous increase and decrease in the capital of the insurance subsidiary (see "Investments in enterprises" above). As a result of these operations, Eurohold reported a loss from operations with investments in the amount of BGN 20,360,000.
- 3 /** After entering the energy market at the end of July 2021, Eurohold is actively working towards the implementation of its investment policy aimed at developing significant assets in the insurance and energy business and exemption from investments in the automotive and leasing business. As a result, the car sub-holding company Auto Union contracted the sale of its main car companies, which accounted for a significant part of the car group's revenue and profits. Following the annual review for impairment of investments in subsidiaries, the management of Eurohold has estimated based on the analysis of the recoverable / market value to depreciate its investment in Auto Union AD to 97% of the net book value of the investment. As a result, by the end of 2021, an impairment loss was reported for investments in subsidiaries in the amount of BGN 64,772 thousand.

The impact on the financial result of the one-off costs described here is presented in the next recalculated annual individual profit and loss statement and other comprehensive income for 2021.

Recalculated from one-time effects annual individual profit or loss statement and other comprehensive income for 2021.

Recalculated from one-time effects Annual individual statement of profit or loss and other comprehensive income for 2021	<i>Application</i>	2021 (recalculated) thousand BGN	2021 (one-time effects) thousand BGN	2021 thousand BGN	2020 thousand BGN
Revenues from operating activities					
Dividend income	3	223		223	547
Profit from operations with financial instruments and subsequent valuations	4	819		819	2 443
Interest income	5	35		35	-
Other financial income	6	846		846	1 590
		1 923		1 923	4 580
Operating expenses					
Interest expenses	7	(19 547)		(19 547)	(15 890)
Losses from operations with financial instruments and subsequent valuations	8	(1 159)	(85 132)*	(86 291)	(1 911)
Other financial expenses	9	(999)		(999)	(436)
Costs for external services	10	(1 342)	(7 756)**	(9 098)	(2 196)
Staff costs		(899)		(899)	(606)
Depreciation costs	13.1, 13.2	(679)		(679)	(679)
(Accrued) / recovered impairment loss on financial assets, net	11	(609)		(609)	9
		(25 234)	(92 888)	(118 122)	(21 709)
(Loss) / Operating profit		(23 311)	(92 888)	(116 199)	(17 129)
Other Revenues / (Expenses), net	12	(189)		(189)	375
(Loss) / Profit for the year		(23 122)	(92 888)	(116 388)	(16 754)
Total comprehensive income for the year		(23 122)	(92 888)	(116 388)	(16 754)

* *one-time cost 2 / and 3 / (see the impact of important events on the results of the activity)*

** *one-time cost 1 / (see the impact of important events on the results of the activity)*

FINANCIAL RESULT

Eurohold Bulgaria AD for the period January 1 - December 31, 2021 reports a financial result on an individual basis loss of BGN 116.4 million. After recalculation of the one-time effects reported in 2021, the Company has realized a loss of BGN 23 million from the activity compared to the comparable period represents an increase in the loss by only BGN 6.3 million.

INCOME AND EXPENSES

Income

In the analysis of the Revenues of Eurohold Bulgaria in historical terms on the basis of the individual activity of the company it is not appropriate to compare the generated revenues and profits from operating activities of the company in different historical periods due to the specific nature of the activity. to investments in companies through the creation and acquisition, their management and financing of related companies. In this sense, the revenues generated by the company are irregular, and many of them are related to one-time transactions. In order to get an idea of the results of Eurohold's activities, the group results, including the performance of all subsidiaries, must be examined.

The revenues of Eurohold Bulgaria AD are formed by the main activity of the Company and mainly financial revenues are generated from the following activities:

- ✓ Profits from investment operations;
- ✓ Profits from operations with financial instruments and subsequent valuations;
- ✓ Dividend income;
- ✓ Interest income on loans granted to subsidiaries and third parties;
- ✓ Revenues from services of subsidiaries;
- ✓ Other financial income.

Revenue analysis

Revenues from operating activities	Change in %	2021 thousand BGN	2020 thousand BGN
- Dividend income	(59.2) %	223	547
- Profit from operations with financial instruments and subsequent valuations	(66.5) %	819	2 443
- Interest income	n/a	35	0
- Other financial income	(46.8) %	846	1 590
Total operating income	(58) %	1 923	4 580

The main revenues from the operating activities of Eurohold Bulgaria AD are formed mainly from operations with financial instruments and subsequent valuations (shown below), as well as from other financial revenues representing positive differences from changes in exchange rates.

✓ *Profits from operations with investments and financial instruments*

In 2021

- BGN 221 thousand profit from the transfer of ownership of repurchased own bonds from EMTN Program with ISIN XS1731768302;
- BGN 259 thousand profit from operations with repurchase of own bonds with ISIN BG2100013205.
- BGN 1 thousand profit from operations with other financial instruments.

In 2020

- BGN 796 thousand profit from repurchase of own bonds 10,500 pcs. from EMTN Program with ISIN XS1731768302;
- BGN 478 thousand profit from redemption and repayment / cancellation of trade loans in the form of Euro Corporate Shares - ECP;
- BGN 112 thousand - other profits.

✓ *Income from revaluations of debt instruments measured at fair value (subsequent valuations)*

In 2021

- BGN 261 thousand from revaluation of own bonds purchased from EMTN Program with ISIN XS1731768302;
- BGN 76 thousand from revaluation of repurchased own bonds with ISIN BG2100013205.
- BGN 1 thousand profit from revaluation of other financial instruments.

In 2020

- BGN 1,057 thousand from revaluation of own bonds purchased from EMTN Program in EUR with ISIN XS1731768302;

Expenses

The operating costs of Eurohold are mainly related to the costs of specific ongoing projects, interest costs on borrowed funds utilized / raised to finance the activities of the Holding and the development and support of subsidiaries of its economic group, as well as costs of operations with financial instruments and others of a financial nature.

Eurohold also reports fixed costs for staff and other external services such as office rent, consumables and others related to the normal course of operations.

Cost analysis (recalculated by one-off effects)

Operating expenses	Change	2021	2020
	in %	thousand BGN	thousand BGN
- Interest expenses	23%	(19 547)	(15 890)
- Losses from operations with financial instruments and subsequent valuations	(39.4) %	(1 159)	(1 911)
- Other financial expenses	129%	(999)	(436)
- Costs for external services	(38.9) %	(1 342)	(2 196)
- Staff expenses	48.4%	(899)	(606)
- Depreciation costs	-	(679)	(679)
- (Accrued) / Recovered loss from impairment of financial assets, net	(6867) %	(609)	9
Total operating expenses	16%	(25 234)	(21 709)

The costs recalculated by one-off effects for 2021 show an increase of only 16%.

This is mainly due to the growth of interest expenses, which increased by BGN 3.6 million in connection with the utilization of new financing for the development of subsidiaries. Interest expenses can be grouped into three categories depending on the funding, namely:

- Interest on loans from banks and non-bank financial institutions in the amount of BGN 3.2 million, reporting an increase of BGN 0.05 million - the increase is due to the new bank loan disbursed in mid-2020;
- Interest on debenture loans in the amount of BGN 12.8 million - with a reported increase of BGN 2.7 million due to the newly issued in November 2020 debenture loan in the amount of EUR 30 million, which accrued for 2021 interest in the amount of BGN 1.9 million;
- Interest on loans and leases received from related parties and third parties in the amount of BGN 3.6 million - an increase of BGN 0.9 million was reported due to utilized loans from related parties during the reporting period.

The recalculated expenses for external services registered a significant decrease of 41%, amounting to BGN 1.3 million at the end of the reporting period, while in the comparable period their amount was BGN 2.2 million.

Eurohold Bulgaria AD reports for 2021 losses from operations with financial instruments and subsequent valuations (recalculated values) in the amount of BGN 1.2 million, while for 2020 losses in the amount of BGN 1.9 million have been reported. formed losses from financial instruments and subsequent estimates are detailed in Appendix 8 to the annual separate financial statements for 2021).

CASH FLOWS

Cash flows for 2021 are formed mainly by the financial and investment activities of the Company related to the restructuring of long-term debts, as well as the accumulation of free cash from subsidiaries and directing them to finance the current and investment activities of other subsidiaries.

Cash flow analysis

Cash flows	Change in %	2021 thousand BGN	2020 thousand BGN
- Net cash flow from operating activities	(34.4) %	(4 315)	(3 210)
- Net cash flow from investing activities	(259.2) %	(173 075)	(48 181)
- Net cash flow from financing activities	(243.9) %	177 231	51 527
Net cash flows	(216.9) %	(159)	136
- Effect of IFRS 9		7	(7)
- Cash and cash equivalents at the beginning of the year		267	138
Cash and cash equivalents at the end of the period	(57) %	115	267

FINANCIAL RATIO

The debt and financial autonomy ratios take into account the coverage of borrowed funds with equity and vice versa.

The debt ratio at the end of 2021 is 1,089, while for the same period in 2020 it is 1,087.

The value of the coefficient for financial autonomy as of 31.12.2021 is 0.918, and at the end of 2020 it is 0.920.

Financial ratios

INDICATORS	unit	2021	Change	2020
		thousand BGN	in %	thousand BGN
Income statement				
1. Accounting profit / loss (before taxes)	thousand BGN	(118 122)	(589.6) %	-17 129
2. Net profit / loss (after taxes)	thousand BGN	(116 388)	594.7%	-16 754
3. Revenues from operating activities	thousand BGN	1 923	(58.0) %	4 580
Statement of financial position as of December 31				
4. Equity	thousand BGN	344 749	13.5%	303 701
5. Liabilities (non-current + current)	thousand BGN	375 583	13.8%	330 040
6. non-current liabilities	thousand BGN	156 607	(38.2)%	253 233
7. Assets	thousand BGN	720 332	13.7%	633 741
Coefficients				
Coefficient of financial autonomy (4/5)		0.918	(0.2) %	0.920
Indebtedness ratio (5/4)		1.089	0.2%	1.087
Share of equity from assets (4/7)		47.9%	(0.1) %	47.9%
Non-current liabilities / Equity (6/4)		0.454	(45.5) %	0.834
Net return on revenue (2/3)		(60.524)	1554.5%	(3.658)
Net return on equity (2/4)		(0.338)	512.0%	(0.055)
Net return on liabilities (2/5)		(0.310)	510.5%	(0.051)
Net return on assets (2/7)		(0.162)	511.2%	(0.026)

The debt and equity ratios show how the company is financed.

As of 31 December 2021, the share of equity in the assets of Eurohold Bulgaria AD is 47.9% and remains unchanged compared to the previous period.

At the end of 2021 the ratio Long-term liabilities / Equity is 0.454, while as of 31.12.2020 the same ratio is 0.834 which shows that the Company has reduced its long-term indebtedness in connection with repaid bank loans and current liabilities due on bonds. loan (EMTN Program).

CURRENT TRENDS AND LIKELY FUTURE DEVELOPMENTS

TRENDS AND FUTURE DEVELOPMENT

The development trends of Eurohold Bulgaria AD are related to the strategic goals in the development of the insurance and energy business. Therefore, the future development of the Holding is considered at the group level and is fully related to the achievements of subsidiaries, their ability to generate revenue and profit growth, maintain a stable capital structure, create innovative products to strengthen competitiveness, strengthen and expanding their market positions in the regions in which they operate.

The prospects of the Eurohold Group for 2022 after the integration of the seven acquired energy companies of CEZ Group will be focused on organic growth and improving the return on operating activities. Eurohold will focus on strengthening its subsidiaries in the markets in which they operate and further improving their efficiency, capitalization and profitability, while the process of diversifying the product portfolio will continue.

The acquired energy companies and the development of the energy business from Eurohold will have a significant positive effect on the future development of the Group and will contribute to the improvement of group results and realization of higher volumes of newly generated business and operating income.

The acquisition of CEZ's assets in Bulgaria is a good market opportunity for the implementation of the medium and long-term plan of Eurohold Bulgaria AD, namely portfolio diversification, reducing market risk and increasing the share of regulated markets, which will lead to higher forecasting accuracy, of cash flows and more stable returns. The acquired companies of the CEZ Group in Bulgaria are the largest distributor of electricity in the country, covering an area of about 40,000 sq. Km², serving over 3 million consumers. Given the significant customer base of the acquired companies, this transaction is important for the strategic positioning of Eurohold, as well as its subsidiaries. In addition, the acquisition will have a positive effect on the long-term credit rating of Eurohold Bulgaria, which will lead to an improvement in the financial condition and risk profile of the Eurohold Group.

After the challenging 2020, marked by the COVID-19 pandemic, the Eurohold Group returned to the path of growth in 2021 and achieved a record high level of generated business. The insurance group registered the largest premium in terms of volume since its founding 26 years ago, and the acquired energy companies were integrated into the structure of Eurohold and contributed to the record high group financial result.

It should be borne in mind that the results of the energy companies acquired at the end of July 2021 were only partially consolidated (for the period from their acquisition on August 1 to December 31, 2021). However, they had a positive effect on the Group's financial condition, including significantly improved consolidated financial ratios and overall liquidity ratios, return on income, return on equity, and greater financial autonomy. The positive effect will become even stronger from 2022, when the results of energy companies will be consolidated in full.

In general, the insurance and energy business has so far not been significantly affected by government measures to curb the spread of the Covid-19 pandemic, so rapid and flexible measures, professional solutions, good organization and digitalisation of processes such as Eurohold's management have contributed. believes that they will remain unaffected in the coming periods.

The good performance of the Eurohold Group in 2021 gives confidence that in future periods we can meet possible new waves of Covid-19, but also the new challenges in the region as a result of the events in Ukraine.

In addition, insurance and energy activities are highly regulated and their future development depends to a large extent on the applicable legislation, changes in the regulatory framework and the decisions of the regulatory authorities.

EUROHOLD'S STRATEGIC FOCUS ON THE FUTURE DEVELOPMENT OF THE GROUP

Energetics

The energy business development strategy envisages the implementation of the investment program of energy companies focused on the following areas: Customer service and satisfaction; Renewal and maintenance of the electricity transmission network; Renewable sources and energy efficiency; Innovation and technology.

The intention of Eurohold Bulgaria AD is to turn Eastern European Electric Company BV in a regional utility company in the country in terms of sustainability and customer satisfaction. The Issuer undertakes a clear commitment to invest in technology and digitalization of processes to improve the efficiency of energy companies in maintaining financial stability and compliance with regulatory norms, as well as by ensuring continuity in the operational management of assets subject to acquisition.

Regarding the developed strategy for the operational activity of the energy companies, Eurohold intends to manage and follow their existing business plans, maintaining the focus and investment program approved by the Energy and Water Regulatory Commission (EWRC). The investment program is aimed at building a more efficient electricity distribution network, which will lead to a reduction of technical losses in the electricity transmission network, better customer service and potentially lowering the price of electricity for end users.

Insurance

Regarding the insurance business, Eurohold's strategy envisages organic growth and improved operating returns in Romania and Bulgaria. The focus will be on the development of: products; distribution with attention to online sales channels; and international expansion with a focus on organically growing business in the current regions and expanding into other markets under the Free Services Act.

The development of insurance companies is aimed at sustainability and organic growth of insurers' market positions by developing new products, both in existing insurance classes and in developing new combined insurances in order to diversify the insurance portfolio, meeting the changed expectations of customers and in line with the changed business environment, strengthening the process of exchanging know-how in management, business and corporate practices between companies, as well as focusing on the digitalization of the entire system and online product offering. The activity will be focused on the development of new direct distribution channels with a focus on online channels. In addition, the focus will be on business growth by expanding insurance services distributed under the right of freedom of establishment and freedom to provide services. Eurohold's insurance business merged into the Euroins Insurance Group subsidiary is well positioned in European markets and has strong growth potential.

Finance

The investment intermediary Euro-Finance AD is expected to continue its sustainable development by expanding its market position and generating revenue growth. The effect of Covid-19 on this segment is negligible.

Euro-Finance is fully digitalizing its activities, updating and modernizing the company's corporate website. Special attention is paid to expanding the presence of Euro-Finance in the Internet space and reaching a wider range of potential customers by promoting the products and services of the investment intermediary.

In 2020, Euro-Finance AD expanded the range of services it offers to its individual and institutional clients, entering into a strategic partnership with Europe's leading asset management company - Amundi Asset Management. Through Euro-Finance AD, investors can subscribe to units and savings plans from a wide range of funds managed by Amundi Asset Management. In order to reach the widest possible range of potential customers and in order to maximize sales, the company's management in 2021 began to negotiate with the so-called. tied agents to start "pilot" offering the funds of Amundi, and subsequently the other services provided by Euro-Finance AD.

Following the motto "Making capital markets more accessible", Euro-Finance AD continues its work on the project for developing a mobile application of the e-commerce platform EFOCS. In 2021 the application is offered in an Android version, and in 2022 it will be available for iOS. The management team of Euro-Finance AD believes that the combination of competitive trading conditions on the Bulgarian Stock Exchange (BSE) and FWB Xetra and an easy-to-use mobile trading application will help significantly increase the share of the intermediary in servicing individual clients in the field of financial services in the local market.

Cars and Leasing

The trends for the current automotive and leasing businesses depend on the influence of COVID-19 in 2020, and at the moment this influence on their activity is becoming weaker. For 2022, it is expected to have a significantly more limited impact on the activities of these businesses.

At the same time, given the entry into a new sectoral market, namely energy, and the need for significant resources - both human resources for its integration and financial to implement the investment program of the acquired companies, automotive and leasing group are not a priority in the strategy. development of the Eurohold group. This circumstance presupposes that in the presence of a good investor offer it is possible to realize a deal for the sale of a business unit / s of some of these areas. In this regard, the automobile subholding of Eurohold Bulgaria AD - Auto Union AD, sold its subsidiary N Auto Sofia EAD. N Auto Sofia EAD is a major dealer in Bulgaria of the Nissan brand and controls 51% of the capital of Espas Auto OOD, the largest distributor in Bulgaria of Renault and Dacia cars. The company also owns 51% of EA Properties OOD, which owns the terrain and showroom of Nissan, Renault and Dacia in Sofia. The deal was finalized after approval by the Commission for Protection of Competition, and was entered in the Trade Register on 20.08.2021. At a later stage - mid-November 2021, Auto Union AD signed a preliminary contract for the sale of its subsidiary Star Motors EOOD - official importer of MaICa cars for Bulgaria and the Republic of Northern Macedonia. In March 2022, Auto Union also contracted the sale of Daru Car EOOD. The leasing subholding concluded a contract for the sale of a car rental company Eurolease Rent a Car EOOD, a representative of Avis and Budget for Bulgaria.

In addition, in a short period of time it is possible that Eurohold Bulgaria AD will part with other companies in its automotive and leasing business, which will enable it to focus on the insurance and energy business.

No other trends, fluctuations, requirements, commitments or events are known that are reasonably likely to have a material effect on the activities and financial position of the Eurohold Group at least for the next financial year in the segments in which it operates.

MAIN RISKS

This section describes our significant risks, including how we manage them. In the event that any of the risks described in this section occur even partially or in combination with other risk factors or circumstances, this may have a significant negative effect on the Company.

The future results of the Company's operations may differ significantly from past results as a result of the occurrence of the risks described here. Given the dynamic macroeconomic environment at the moment, it is possible that other risks and / or uncertain events may occur that are not currently known or that we are unable to assess or consider to be insignificant at the time and which risks may be have a significant adverse effect on the activities of the Company.

We draw your attention to the fact that Eurohold Bulgaria AD develops its activities through its subsidiaries, in this regard the financial condition of the Company, its operational results and prospects for development are directly dependent on the condition, results and prospects of its subsidiaries. Every 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 main risks and uncertainties are those that can have the greatest impact on our group's key priorities. The most significant, main for each business group risks and influencing the activity of the company's part of the Eurohold group, as well as the estimated emerging total group risks can be found in the Annual Consolidated Report of Eurohold Bulgaria for 2021.

At the individual level, key risks for Eurohold Bulgaria AD continue to be similar to those of previous years, but they have developed in the last year, mainly due to the effects of the Covid-19 pandemic. Given the international nature of our business (through subsidiaries), another risk assessed in 2021 is the dynamic development of the macroeconomic environment.

a) NON-SYSTEMATIC RISKS

Non-systematic risks are associated with the overall investment risk specific to a company, as well as with the sector (industry) of the economy in which it operates.

Risks related to the activity and structure of Eurohold

As far as the activity of Eurohold Bulgaria AD is related to asset management of other companies, it cannot be referred to a separate sector of the national economy and is exposed to the industry risks of the subsidiaries. The companies from the group of Eurohold Bulgaria AD operate in the following sectors: "insurance", "energy", "leasing", "car sales" and "investment intermediation and asset management".

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 activities of the Holding are carried out through its subsidiaries, which means that its financial results are directly related to the financial results and development trends of the business units of its economic group.

The presence of companies in the portfolio, whose net sales revenues are also formed from products sold to other subsidiaries (related to the group of persons), puts the efficiency of their activities in direct dependence on the level of profitability of customers (related parties), which may negatively affect the profitability of the whole group.

The main risk related to the activity of Eurohold Bulgaria AD is the possibility to reduce the sales revenues of the companies in which it participates and on the receipt of dividends. In this regard, this may affect the growth of the company's revenues, as well as the change in its profitability.

Deteriorating results of one or more subsidiaries could lead to deteriorating results on a consolidated basis. This in turn is related to the share price of the company, as a result of investors' expectations for the prospects of the company and the Eurohold Group, as the market price of the shares takes into account the business potential and assets of the economic group as a whole.

Risks related to the development strategy of Eurohold

Eurohold's future profits and economic value depend on the strategy chosen by the company's senior management and its subsidiaries. Choosing the wrong strategy can lead to significant losses.

Eurohold Bulgaria AD strives to manage the risk of strategic errors by continuous monitoring of the various stages in the implementation of its market strategy and its results. This is crucial in order to be able to react in a timely manner if a change in the strategic development plan is needed at a certain stage. Untimely or inappropriate changes in the strategy can also have a significant negative effect on the company's operations, operating results and financial condition.

Risks related to future acquisitions and their integration into the structure

At present, the economic group of Eurohold Bulgaria AD develops its operations mainly in Bulgaria and other European countries through acquisitions of companies and assets. The company expects these acquisitions to continue in the future. The Group intends to implement a strategy for identifying and acquiring businesses, companies and assets with a view to expanding its operations. The risk for the Company consists in the uncertainty as to whether it will be able to identify suitable objects of acquisition and investment opportunities in the future. On the other hand, there is uncertainty about the assessment of the profitability of future acquisitions of assets and whether they will lead to comparable results with the investments made so far. Also, investments in new acquisitions are subject to a number of risks, including possible adverse effects on the performance of the economic group as a whole, unforeseen events, as well as difficulties in integrating and optimizing operations and complementary businesses.

Risks related to the management of Eurohold

The risks associated with the management of the Company may be:

- making wrong decisions for the current investment management and liquidity of the Company and the Group as a whole, both by the senior management and the operational staff of Eurohold;
- the inability of the management to start the implementation of planned projects or the lack of suitable employees for the specific projects;
- possible technical errors of the unified management information system;
- possible errors of the internal control system;
- leaving key employees and inability to recruit staff with the necessary qualities;
- risk of excessive increase in management and administration costs, leading to a decrease in the overall profitability of the company.

Risks related to the inability of Eurohold to raise capital to finance its strategic objectives

The opportunities of Eurohold Bulgaria AD to grow and implement its strategies depend to a large extent on the ability to attract capital. The instability of financial markets, as well as the possible apparent lack of trust between financial institutions, could make it significantly more difficult to attract long-term capital on reasonable terms.

The management of Eurohold Bulgaria AD supports the efforts of the subsidiaries in the Group to attract banking resources for investments and use the opportunities provided by this type of financing to provide working capital. The volumes of these attracted funds are maintained at certain levels and are allowed after proving the economic efficiency for each company.

The policy of the management is aimed at raising financial resources from the market in the form of mainly equity securities (shares), debt instruments (bonds) and loans from banking and non-banking institutions, which it invests in its subsidiaries to finance their projects, by increasing their capital or lending. Apart from that, Eurohold Bulgaria AD monitors the capital structure of each company and takes action to maintain the regulatory capital requirements for each business segment by increasing their capital.

Risks related to attracting and retaining qualified personnel

The business of Eurohold Bulgaria AD is significantly dependent on the contribution of a number of persons, members of the management and control bodies, top and middle management managers of the parent company and subsidiaries of the structural business areas. It is uncertain that these key employees will continue to work for Eurohold in the future. Eurohold's success will also be linked to its ability to retain and motivate these individuals. The inability of the Company to maintain sufficiently experienced and qualified staff for managerial, operational and technical positions may have an adverse effect on the activities of the economic group as a whole, its operational results and its financial condition.

Risk of concentration

There is a risk of concentration, which is the possibility that the company may incur a loss due to the concentration of financial resources in the business sector or related parties. This risk is expressed in the possibility that the invested funds will not be returned in full due to the recession in the business in which the investment was made.

Risk of lack of liquidity

The liquidity risk is related to the possibility that Eurohold Bulgaria AD will not repay its obligations in the agreed amount and / or in time, when they become due. The issuer seeks to minimize this risk by optimally managing cash flows within the group. The Group applies an approach that provides the necessary liquidity resources to meet the incurred liabilities under normal or extraordinary conditions, without realizing unacceptable losses or damaging the reputation of individual companies and the economic group as a whole.

Subsidiaries make financial planning that seeks to meet the payment of expenses and current liabilities for a period of ninety days, including the servicing of financial liabilities. This financial planning minimizes or completely eliminates the potential effect of extraordinary circumstances.

Risk of possible transactions between the companies in the group, the conditions of which differ from the market ones

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

The risk of possible transactions between the companies in the Group under conditions that differ from the market ones is expressed in taking the risk of achieving low profitability from provided intra-group financing. Another risk that can be taken is that in the implementation of intra-group trade transactions not enough revenue is realized, and hence a good profit for the company. At the consolidated level, this may have a negative impact on the profitability of the whole group.

Within Eurohold, transactions are constantly made between the parent company and the subsidiaries and between the subsidiaries themselves, arising from the nature of their core business. All related party transactions are conducted under conditions that do not differ from normal market prices and in accordance with IAS 24 Related Party Disclosures.

Eurohold Bulgaria AD operates through its subsidiaries, which means that its financial results are directly dependent on the financial results, development and prospects of the subsidiaries. Poor performance of one or more subsidiaries could lead to deterioration of financial results on a consolidated basis.

b) SYSTEMATIC RISKS

Macroeconomic risk

Macroeconomic risk is the risk of shocks that may affect economic growth, household income, supply and demand, the realization of profits from economic entities and others. These shocks include global economic and business conditions, fluctuations in national currencies, political developments, changes in legislation and regulatory requirements, the priorities of national governments and more. Trends in the macroeconomic environment affect market performance and the final results of all sectors of the economy. Bulgaria has an open economy and its development depends directly on international market conditions.

Trends in the macroeconomic environment affect market performance and the final results of all sectors of the economy.

The outcome of the realization of some risks related to the international environment will largely depend on the plans and preventive measures of individual countries and international institutions, as evidenced by the recent global economic crisis and the COVID-19 pandemic. The risk of the influence of the international environment on companies cannot be diversified and affects all players, but on the other hand it can become an engine for development and implementation of innovations and digitalization that will drastically change and increase business efficiency globally.

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

Macroeconomic trends such as: the global economic crisis; the impact of the force majeure of COVID-19, announced worldwide in early 2020, and the measures taken by the governments of the countries concerned; slowing economic growth; the risk of systematic global financial fluctuations; periodic fiscal imbalances; changes in exchange rates to certain currencies; instability in energy prices; economic and political insecurity in some regions of the world; the reduction of economic and consumer activity; may have an adverse effect on the Group's business results, financial position, profit and profitability or expected growth.

The development of Bulgaria's economy faces the risk of external influences and depends directly on international market conditions. The presence of unfavourable macroeconomic conditions in Bulgaria, including rising unemployment and inflation, as well as fiscal instability can have a significant adverse effect on the Company's business, financial condition and / or performance.

The Eurohold Group operates in Bulgaria, Romania, Northern Macedonia, Ukraine, Greece, Spain, Italy, Poland, Georgia, Belarus and Russia and other European countries, respectively its overall financial position and the results of its operations are affected by 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 lead to lower revenues than originally planned. In addition, general changes in government policy and regulatory systems in each such jurisdiction may increase the Group's operating costs and capital requirements. Any future periods of slowdown or slow

growth in each 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.

Manifested macroeconomic risks in 2021 and as of the date of this Report

We are currently witnessing a macroeconomic risk posed by the scale and spread of the coronavirus pandemic (COVID-19), which has affected the world and dramatically affected global macroeconomics and economic growth. The COVID-19 pandemic significantly slowed much of global economic growth at the end of the first and throughout the second quarter of 2020, and activity in some sectors was almost completely halted. As a result of the measures imposed by governments to tackle the pandemic, a significant part of international trade has been hampered. This greatly hampers the production process as a result of disrupted supply chains and reduces domestic and external demand. Tightening restrictive measures in response to the significant increase in coronavirus infections (COVID-19) in various countries has led to a decline in economic activity. Globally, the subsequent business results of the economic disruption caused by the pandemic were: deteriorating economic prospects, a significant increase in expected credit losses and other impairments, as well as declining revenues from lower volumes and reduced customer activity.

In 2021, the Covid-19 pandemic continued to affect the health system, the social environment and the economy. The deviations in the prices of energy resources, as well as the shift in trade relations, which led to a global wave of intense inflationary pressures, had a strong impact. After the start of the mass vaccination, a gradual recovery of the global and local economy and the expected recovery of global activity began. In Bulgaria, however, economic activity and unchanged final consumption of households will contribute to an expected economic growth of about 3.8% in 2021. The labour market also had a favourable development, and unemployment continued to decline, following the trend, reaching 4.8 % in the end of the year. The banking system remained stable, well-capitalized, with high levels of liquidity meeting regulatory requirements.

The European Commission's winter economic forecast for 2022 predicts that after a significant expansion of 5.3% in 2021, the EU economy will grow by 4.0% in 2022 and 2.8% in 2023. In the euro area, growth is also expected to be 4.0% in 2022, and in 2023 will slow to 2.7%. At the same time, the European Commission's Forecast for Economic Growth in Bulgaria for 2022 has been adjusted downwards compared to the autumn forecast - from 4.1% to 3.7%.

Despite these expectations, the European Commission believes that uncertainty and risks to the economy remain high. The latest wave of Omicron coronavirus, which was active in early 2022, has again led to a slowdown in economic recovery in Europe, accompanied by high inflation, absenteeism and online work, increasing shortages of materials, equipment and labour. Record energy prices have made life even more expensive and reduced Europe's purchasing power, especially in low-income households. In general, the impact of the pandemic on economic activity as a whole has waned over time, including the slowdown in recovery caused by Omicron will not last long, given the slowdown and the lifting of restrictive measures. But possible new outbreaks, anti-epidemic measures and persistent staff shortages could hamper economic recovery. They could also slow down the supply of critical supply chains longer than expected. On the other hand, weaker demand growth in the short term may help to overcome supply difficulties a little earlier than expected.

However, these expectations may develop negatively as a result of the military conflict between Russia and Ukraine, which began on February 24, 2022. This conflict began at a time when the world economy, including Bulgaria, was gaining momentum after the peak of the Covid-19 crisis and called into question the current forecasts for economic growth in Europe and Bulgaria in particular. In their macroeconomic forecast, European Central Bank experts say that the prospects for economic activity and inflation in the euro area are becoming very uncertain and depend crucially on the development of the military conflict, the impact of current sanctions and possible further measures. They also forecast real GDP to increase by 3.7% in 2022, 2.8% in 2023 and 1.6% in 2024, revising the growth outlook by 0.5 percentage points. 2022, according to Euro system experts' December 2021 forecasts, mainly due to the impact of the crisis in Ukraine on energy prices, confidence and trade.

The hostilities have received widespread international condemnation, and many countries have imposed sanctions on assets and operations owned by the Russian state and certain individuals. The IMF notes that sanctions imposed on Russia by a number of countries are having an impact on the global economy and financial markets, and will have significant side effects in other countries. With the development of hostilities and sanctions, more and more economists are warning that inflation will not slow in the second half of the year, and economic growth could be twice as low. Account must also be taken of the looming humanitarian crisis that may be brewing in connection with the wave of refugees from Ukraine, with more than 3.5 million people leaving their homeland in just one month. In the current situation and due to concerns about gas supplies, which are mainly from Russia, there is a jump in prices for trade in electricity, fuels and other petroleum products in Bulgaria and Europe, and growth in these prices is expected to remain for a long time. Stock markets also reacted and registered strong volatility under the pressure of fluctuations in fuel and other basic resources markets. In many countries, the crisis has created adverse shocks to both inflation and activity amid rising price pressures. Central banks are closely monitoring the impact of rising international prices on domestic inflation, in order to monitor and, if necessary, take appropriate, carefully assessed responses. Fiscal policy will need to support the most vulnerable households to offset rising living costs.

However, the development of all these expectations depends on the outcome of the war and how long it will last. The economic consequences of the military conflict in Ukraine cannot be assessed at this stage of development, but they are already indicating extremely serious price effects on the overall global economy. They could exacerbate the already strong uncertainty created by Covid-19, further complicating the supply chain due to restrictive and logistical problems and further exacerbating inflationary pressures. If the conflict continues to develop, the economic damage will be significant and is expected to affect all sectors of the economy, both Bulgaria and the EU, including the sectors and regions in which the Eurohold Group operates.

In connection with the above and in view of the uncertainties regarding the effect of the imposed sanctions and restrictions, the Company has reviewed activities, contractors and economic relationships that could be put at risk. As the situation is extremely dynamic, the Company's management is not able to reliably assess the impact of the war on the future financial situation and the results of its activities in 2022 in terms of overall effects on the national economy, energy and food prices, the chain of supplies and other factors, but considers that it may have a negative impact on the company's activities and the sectors in which it operates.

Eurohold Bulgaria owns, through its subsidiary Euroins Insurance Group AD, investments in two insurance companies in Ukraine. Eurohold's management is following the development of the military conflict with concern and is assessing its impact on the Group's business, focusing on assisting and supporting personnel in Ukraine and their families. In the first half of March, Euroins Insurance Group successfully evacuated 80 of its employees, their relatives and friends from Ukraine to Bulgaria. The Ukrainian citizens are accommodated in a holiday village on the Bulgarian Black Sea coast, where they are provided with shelter, food and medical care. Some of the evacuated employees continue to perform their official duties remotely in a hall specially equipped with the necessary equipment.

The holdings in the two Ukrainian companies owned by the Eurohold insurance group are insignificant as their assets amount to BGN 49,195 thousand and represent less than 1.3% of the assets of Eurohold Bulgaria AD and about 2.4% of the assets of Euroins Insurance Group, which in itself does not pose a significant risk at Eurohold level. The companies themselves have stable financial results and capital security. For 2021, their total profit amounts to BGN 4,750,000 (representing 4.48% of the total profit of the EIG), and their total income represents only 3% of all insurance revenues.

Euroins Insurance Group AD has a minority stake in a Russian insurance company, which is not subject to full consolidation, but is reported in the asset using the equity method and amounts to BGN 7,985 million (0.2%) of Eurohold's assets. Bulgaria as of December 31, 2021. The management of Eurohold is assessing the impact of sanctions on its minority stake in the Russian insurance company, and so far, has not identified a significant risk, as the insurer operates only locally.

Euroins Insurance Group AD also has a stake in an insurance company in Belarus, which also has stable financial results and capital, but is insignificant in terms of business size. Its assets account for 0.6% of Eurohold's assets and 1% of EIG's assets. For 2021 the insurer has generated a profit of BGN 0.2 thousand

(representing 0.2% of the total profit of EIG), and the total income of the company represents only 0.8% of all insurance revenues.

In general, the current military situation is a non-corrective event, at the same time it is extremely dynamic and the management at this stage cannot make a qualitative and quantitative assessment of its impact on the Group, but actively monitors the situation and is ready to take action. and measures depending on its development and duration. In the presence of an indication of significant impacts caused by hostilities and subsequent macroeconomic shocks that would affect the activities of companies holding Eurohold, they will be analysed and evaluated and disclosed in the annual consolidated financial statements for 2021.

Eurohold Bulgaria AD seeks to monitor the likelihood of macroeconomic risk and develops group measures to mitigate as much as possible the impact of the effects that may have the presence of this risk. However, the Issuer cannot completely exclude and limit its influence on business, financial condition, 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.

Risk of force majeure

Force majeure circumstances are all natural disasters and other cataclysms such as abrupt climate change, floods, earthquakes, civil disobedience, clashes, strikes, terrorist acts and hostilities and the like, which are unforeseen. Force majeure circumstances can also be accidents on the material base of a mechanical nature due to human or systemic error. The occurrence of such events may disrupt the normal activities of the Company until the damages are repaired. Also, they may lead to an unpredictable change in the investor attitude and interest in connection with the market of equity and debt securities issued by the Company.

Force majeure may also have a strong impact on the overall macroeconomic and international environment. An example of such a risk is the Pandemic declared by the World Health Organization in the early 2020 epidemic of acute respiratory syndrome associated with a new coronavirus (COVID-19).

Risk associated with COVID-19

The outbreak of Covid-19 has had and continues to have a significant impact on global business and the economy in which Eurohold Group companies operate, leaving significant uncertainties in estimating the duration of the spread of new coronavirus variants and its impact. The pandemic has forced governments to take unprecedented levels to protect public health and support local economies and livelihoods. The measures and restrictions taken have created additional challenges, given the rapid pace of change and significant operational requirements.

Vaccine approval and vaccination in 2021 have helped reduce the social and economic impact of the Covid-19 pandemic, despite the significant difference in the number of people vaccinated in different countries around the world due to lack of vaccine supplies or lack of conviction. in their effectiveness by the population. Bulgaria is one of the countries with a small percentage of people vaccinated.

By the end of 2021, in countries with high levels of vaccination, many of the measures introduced for Covid-19 have been abolished or eased. However, the emergence of the Omicron variant (which is considered lighter but much more contagious) in late 2021 - early 2022 highlighted the continuing threat of new Covid-19 variants and the possibility of the introduction of new restrictions. Future pandemic waves could prolong or exacerbate supply chain disruptions, lead to restrictions on social distancing and international travel, affect the ability to attract and retain staff, and affect the overall economy.

In response to the Covid-19 pandemic, governments and regulators around the world have introduced a number of measures to support local people and businesses. Timely fiscal and monetary stimulus to some extent offset the negative effects on the economies caused by the pandemic by reversing the downtrend and putting the world economy back on the path to growth. This state support is expected to start declining in 2022. Central banks are also projected to raise interest rates, but such increases are expected to be introduced gradually. Private sector growth is projected to accelerate, providing a strong market recovery.

Despite the ongoing economic recovery and the positive trend, significant uncertainty remains over the assessment of the duration and impact of the Covid-19 pandemic. There is a high degree of uncertainty associated with economic forecasts in the current environment and significant risks still exist. The degree of uncertainty varies depending on the market, the country-specific trends in the pandemic and the related policy responses to the measures taken. There is a risk that possible subsequent outbreaks will lead to a new imposition of government restrictions and economic activity will remain below pre-pandemic levels for a longer period, increasing market inequality.

Maintaining significant incentives for economies globally was a prerequisite for good performance in financial markets in 2021. As most of the world's leading indices rose in double digits.

The operational and business impact of Covid-19

The outbreak of the pandemic in 2020 and its impact on the global economy has affected our customers and our performance. In 2021, Covid-19 continued to influence our customers and the companies in our group, but there was a significant reduction in the severity of its impact, as for the different segments and regions in which we operate, this reduction was different.

In many of our markets, we have initiated market-specific measures to support our individual and business clients and partners in finding solutions to support them and limit the negative effects of the crisis by deferring lease and rent payments and taking other solutions according to specific needs. Throughout 2021, we continued to respond to changing needs and support our customers and partners through market-specific measures taken by the management of subsidiaries at the beginning of the pandemic.

Business continuity and the maintenance of our business operations remained a priority for the group. All offices remained open throughout 2021 as services in offices, branches, showrooms and repair shops were provided without problems and interruptions. At the same time, where necessary, we continued to improve digital capabilities to serve more customers remotely, with faster access and improved security.

Capital and liquidity management is our key focus, which we constantly monitor, both at the group level and at the individual level of each subsidiary and operating company. As a result, we take action to increase capital, transform short-term liabilities into long-term ones, raise borrowed capital through bank loans or issue debt securities.

We have revised our models for impairment of expected credit loss in accordance with IFRS 9 "Financial Instruments" at all levels - country, group, segment, company. As a result, we updated some of our expectations on companies by increasing the expected credit loss on exposures that are part of the full impairment model. In order to provide reliability, the models for impairment of expected credit loss according to IFRS 9 will continue to be reviewed and updated, taking into account the effects of COVID-19 on our businesses until the normalization of economic conditions.

Despite the constant efforts to cope with the unprecedented situation, there are factors that the management of the companies in the group cannot influence. Confirmation of this is some of our businesses that have been severely affected by the epidemiological emergency and have suffered losses. The most affected business in the group since the start of the pandemic was Automotive, which is still unable to restore sales to pre-pandemic levels, despite high growth in car sales and revenue compared to its 2020 performance.

In 2021, the factors affecting the Group were mainly related to the relatively partial impacts of Covid-19 mainly on the Eurohold Group's automotive business, due to supply chain disruptions, production delays and not fully restored consumer activity. The automotive division is the only one in the Eurohold group that failed to restore sales to pre-pandemic levels, but despite all the company's recorded growth compared to 2020. It should also be borne in mind that three of the companies with the largest contribution to revenue and the profits were sold and have not been part of the Eurohold group since the beginning of August.

The leasing business was less affected as a significantly smaller number of customers wished to use deferred payments under leases. With the resumption of business and tourist travel, the activity of the car rental company offering short-term ("rent a car") and long-term (operating lease) rent was restored.

The investment firm also recorded significant revenue growth, with Covid-19's impact on its business negligible.

For 2021, the Eurohold Group has achieved a record level of revenue and profit since its inception. This is due on the one hand to overcoming the impacts of Covid-19 and recovery to and above the level in all segments and regions in which we operate without the automotive direction. Insurance companies have achieved strong growth from registered new business, even our insurance company in Ukraine, specializing in offering tourism-related insurance, has also fully resumed operations and made a profit.

On the other hand, the acquired energy companies also contributed significantly to the strong performance of the Group in 2021, provided that the results of their activities are partially consolidated only for the period after their acquisition (from 1 August to 31 December). To date, no areas have been identified in the energy companies where the pandemic will have a direct and significant impact and effects, which is why management believes that the energy business is not significantly affected by Covid-19.

Over the years, in parallel with the growth of business and regional expansion, we have built good financial stability in the Eurohold Group, our group performance for 2021 strengthens our expectations, calm and confidence that we will cope and pass successfully through the current crisis. Even in the conditions of Covid-19 we continue not to deviate from our goals, to follow our strategy and to expand our activities even in new business segments for us such as energy.

This was assessed by the investors of Eurohold Bulgaria AD as a public company, as the stock exchange price of the shares traded on the Bulgarian Stock Exchange (BSE) and Warsaw Stock Exchange (WSE) not only regained its level before the pandemic, but also achieved significant growth.

The extent of the impact of the coronary crisis on the Eurohold Group depends on many factors, the most significant of which are the measures taken by the governments of the countries in which we operate, as well as our supplier countries (mainly car companies). It also depends on the purchasing power of our customers; these are factors we cannot influence. With the 2021 development strategy of the Eurohold Group, namely to reduce the share of or exit from the automotive and leasing business and focus on insurance and energy, Eurohold's management believes that the future impact of Covid-19 on the group would be negligible.

Although the outlook for the group is significantly more secure than it was at the end of 2020, there is still some uncertainty in a number of key areas. Continued volatility in the pace of economic recovery in the regions in which we operate, possible prolongation of reduced economic activity due to the effects of coronavirus, continued volatility in stock markets, disrupted supply chains and restrictions on movement across Europe may affect capital position and liquidity of the group, which means that the level of uncertainty continues.

The Company's management will continue to assess the impact of the COVID-19 crisis and will review its financial results, assess the risk accordingly and take appropriate flexible actions in the management of the business to limit the impact.

As of the date of this report, Eurohold Bulgaria AD is a stable business structure with preserved stable market positions and preserved operating profitability, able to guarantee good prospects to its shareholders and partners in the conditions of unprecedented health and economic crisis.

Political risk

Political risk reflects the impact of political processes in the country on the economic 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 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 concerning the economic 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 multiparty parliamentary system, free elections, ethnic tolerance and a clear system of separation of powers.

Among the political risks are the successful continuation of Bulgaria's integration into the European Union (EU). After the accession of our country 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 pursue economic reforms, with a view to introducing EU best market practices in economic, political, social, legal and financial terms.

Despite the stable policy pursued so far, there is no certainty that factors will not appear in the country that will create social and political tensions, lead to a significant and abrupt change in political and economic conditions, which could have a significant adverse effect on business. At present, the political situation in Bulgaria is not very stable. This instability is caused by regular and two early parliamentary elections in 2021 to form a government, with the newly formed party, which has formed the most votes, managing to form a coalition government, which is not very stable at this stage. In this regard, it is possible that there will be political and public disagreements about possible legislative changes, and in particular those concerning the economic and investment climate in the country. Also, at the moment there is no political unanimity in the country about the complicated geopolitical situation in the region from the development of the Russian-Ukrainian crisis.

Potential political instability in the country and in Europe may have a significant adverse effect on the activities of the Company and its group, its operating results and financial condition. Through its subsidiaries, the company operates in the regions affected by the military conflict and in this sense is vulnerable to foreign policy risks and their effects on the country's economy, the regions affected by the conflict and Europe as a whole.

Given the uncertainty of the outcome of the dynamic political and economic situation, the users of this Report should take into account the presence of political risk in accordance with their own understandings and expectations.

Credit risk of the state

Credit risk is the probability that a country's international credit ratings will deteriorate. The country's low credit ratings could lead to higher interest rates, tougher financing conditions for economic entities, including Eurohold.

Credit ratings serve as a basis for measuring and determining a country's credit risk. Bulgaria's latest credit ratings are as follows:

On 22.01.2022, the international rating agency Fitch Ratings confirmed the long-term credit rating of Bulgaria in foreign and local currency 'BBB' with a positive outlook.

The country's rating reflects the balance between a stable external and fiscal position, a sound political framework for EU membership and the long-standing functioning of the currency board arrangement, on the one hand, and relatively weaker potential growth compared to countries with similar ratings due to partly to adverse demographic developments that could aggravate public finances in the long run. Fitch Ratings analysts also report a decline in median governance indicators for countries with similar ratings, as a result of deteriorating government efficiency and control of corruption before 2021.

The positive outlook reflects our country's plans for eurozone membership. According to Fitch Ratings, the short-term negative risks associated with the pandemic have weakened and are offset by the expected significant EU financial resources and commitment to macroeconomic and fiscal stability (further supported by the inclusion of the Bulgarian lev in Monetary Mechanism II).

Fitch Ratings' expectations for Bulgaria's economic growth remain favourable in the coming years, supported by significant EU funds (which in the period 2022-2027 are estimated at 36% of GDP in 2021). Real GDP growth is projected to reach 3.7% in 2022 and accelerate to 4.5% in 2023.

The National Recovery and Sustainability Plan (NAP) is expected to be approved in the coming months, and the first funds will be received by probably mid-2022. Fitch Ratings notes the country's challenge in implementing the Plan effectively, but in any case, estimate that the NAP funds, in combination with other government investment programs, will contribute to increasing the long-term growth prospects and the potential slowdown in population decline.

The agency predicts that average annual inflation will rise to 5.2% in 2022, the highest rate since 2008 driven by higher commodity prices and to a lesser extent due to pressure from domestic demand.

Source: www.minfin.bg

On 30.11.2021 the international rating agency S&P Global Ratings confirmed the long-term and short-term credit rating of Bulgaria in foreign and local currency 'BBB / A-2'. The outlook for the rating remains stable.

According to the rating agency, the economic consequences of the pandemic are manageable, despite the significant health impact. Recovered domestic demand, especially private consumption, and increased absorption of EU funds will raise growth prospects in the medium term. The funds allocated to Bulgaria from the previous and current EU Multiannual Financial Framework, as well as the additional funds under the new instrument "Next Generation EU", which the country will have at its disposal, are estimated at about 40% of expected GDP in 2021.

S&P expects the budget deficit to remain significant in 2021 as a result of pandemic support measures. Although some measures are expected to continue in 2022, the rating agency expects deficits to start narrowing by 2022, noting the prudent fiscal policies pursued by several governments. Despite fiscal easing and rising public debt, the country's net government debt remains low at around 20% of GDP, while government spending has fallen to record lows.

In line with global trends, S&P reports that inflation in Bulgaria has risen in 2021 due to the combined impact of rising food prices, energy, and increased domestic demand, which affects core inflation. The increase in prices should decrease in the second half of 2022.

External risks are manageable after several years of declining net external debt, thanks to a series of current and capital surpluses that the rating agency expects to continue.

The rating agency also reports positively on the inclusion of the Bulgarian lev in the Monetary Mechanism II and Bulgaria's accession to the Banking Union in 2020. Limitations to the rating are GDP per capita, which is moderate compared to world standards. and remaining structural and institutional barriers.

The stable outlook reflects the expectation that Bulgaria's economic recovery will intensify over the next two years, supported by further absorption of EU funds. Although some fiscal support measures will be continued in 2022, the rating agency expects budget deficits to shrink over the next two years, which will keep public debt low. The stable outlook for the rating also reflects expectations that the economy will not be exposed to imbalances in the external or financial sector.

Source: www.minfin.bg

Undertaking a consistent and long-term economic policy in Bulgaria would be a good reason for the potential upgrade of the country's credit rating, which in turn would have a positive impact on the Eurohold Economic Group in terms of financing opportunities for the Group. In the event of a downgrade of Bulgaria's credit rating due to unstable governance of the country, it may have a negative impact on the Group and the cost of financing, unless its loan agreements have fixed interest rates.

Inflation risk

Inflation risk is associated with the likelihood that inflation will affect the real return on investment. The main risks associated with 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 current political crises or rising demand. The limited supply of some agricultural commodities, especially cereals, internationally due to adverse climatic events or force majeure, could further cause higher inflation in the country.

According to NSI data, the consumer price index in February 2022 compared to January 2022 was 101.4%, i.e., monthly inflation is 1.4%. The annual inflation for February 2022 compared to February 2021 is 2.9%, and the average annual inflation for the period March 2021 - February 2022 compared to the period March 2020 - February 2021 is 5.0%. The harmonized index of consumer prices for February 2022 compared to January 2022 is 101.2%, i.e., monthly inflation is 1.2%. The annual inflation for February 2022 compared to February 2021 was 8.4%, and the average annual inflation for the period March 2021 - February 2022 compared to the period March 2020 - February 2021 was 4.2%.

The harmonized index of consumer prices for February 2022 compared to January 2021 is 101.2%, i.e., monthly inflation is 1.2%. Inflation since the beginning of the year (February 2022 compared to December 2021) is 2.4%, and annual inflation for February 2022 compared to February 2021 is 8.4%. The average annual inflation for the period March 2021 - February 2022 compared to the period March 2020 - February 2021 is 4.2%

The price index for the small basket for February 2022 compared to January 2022 is 102.1%, and since the beginning of the year (February 2022 compared to December 2021) is 103.9%.

Source: www.nsi.bg

Inflation may affect the amount of the Company's expenses, as part of the company's liabilities are interest-bearing. Their service is related to the current interest rates, which also reflect the levels of inflation in the country. Therefore, maintaining low inflation levels in the country is considered a significant factor in the activities of the Eurohold Group.

At present and in general, the currency board mechanism provides guarantees that inflation in the country will remain under control and will not adversely affect the country's economy, and in particular the activities of the Company and its group, and hence its ability to service its debt positions.

However, the current geopolitical situation in Europe creates the preconditions for inflation prospects in the euro area to become very uncertain and depend crucially on the development of the military conflict, the impact of current sanctions and possible further measures. Experts predict high inflation rates in 2022

In view of this, the users of this Report should carefully consider and take into account both the current levels of inflation risk and the future opportunities for its manifestation.

Currency risk

This risk is associated with the possibility of depreciation of the local currency. For Bulgaria in particular, this is a risk of premature abandonment of the terms of the Currency Board at a fixed exchange rate of the national currency. On July 10, 2020, the European Central Bank announced that Bulgaria has been officially admitted to the ERM II currency mechanism. The central rate of the Bulgarian lev is fixed at 1 euro = 1.95583 levs, and 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 the Monetary Mechanism II (CM II) is accompanied by a firm commitment of the Bulgarian authorities to pursue prudent economic policies in order to preserve economic and financial stability and achieve a high degree of sustainable economic convergence.

Any significant depreciation of the lev can have a significant adverse effect on business entities in the country, including the Company. Risk also exists when the income and expenses of an entity are generated in different currencies. The exposure of the economic entities operating on the territory of Bulgaria against the US dollar,

which is the main currency of a significant part of the world markets for raw materials and products, is particularly pronounced.

The activity of the Company does not presuppose exposure to significant currency risk, because almost all its operations and transactions are denominated in Bulgarian levs and euros, and the latter has a fixed exchange rate against the lev.

Significant changes in the different exchange rates of the subsidiaries outside Bulgaria, namely in Romania, Northern Macedonia, Ukraine, Georgia and Belarus, respectively - Romanian Leu (RON), Macedonian Denar (MKD), Ukrainian Hryvnia (UAH), Georgian GEL (UAH) and the Belarusian ruble (BYR), whose exchange rate is determined almost freely on the local foreign exchange market, would have a corresponding effect on Eurohold's group results. The consolidated revenues of Eurohold Bulgaria AD will be exposed to currency risk depending on the movement of these currencies against the euro.

Interest rate risk

Interest rate risk is related to the possibility of changing the prevailing interest rates in the country. Its influence is expressed in the possibility of the net incomes of the companies to decrease due to the increase of the interest rates at which the Issuer finances its activity. Interest rate risk is included in the category of macroeconomic risks due to the fact that the main prerequisite for a change in interest rates is the emergence of instability in the financial system as a whole. This risk can be managed through the balanced use of different sources of financial resources.

The increase of interest rates, other things being equal, would affect the price of the financial resources used by the Company in the implementation of various business projects. It can also affect the amount of the company's expenses, as not a small part of the company's liabilities is interest-bearing and their servicing is related to current interest rates. The current trend is to gradually increase interest rates by central banks.

Risk of high unemployment

Unemployment risk is characterized by a decline in labour demand, influenced by real aggregate demand in the economy, as a result of which the real purchasing activity of some economic entities decreases.

High levels of unemployment can seriously jeopardize economic growth in the country, which in turn can lead to shrinking consumption and reduce revenues generated by businesses in the country, including revenues generated by the Company and its subsidiaries.

According to the latest NSI data, the unemployment rate for 2021 is 5.3%, respectively 5.5% for men and 5.0% for women. Compared to 2020, the coefficient decreased by 0.8 percentage points. The unemployed are 171.1 thousand, of which 95.5 thousand are men and 75.6 thousand are women. The relative share of the long-term unemployed of all unemployed is 49.5%, and the long-term unemployment rate is 2.6% - 2.7% for men and 2.4% for women, respectively.

[Source: www.nsi.bg](http://www.nsi.bg)

Risks associated with changes in regulations. Regulatory risk

The company's results may be affected by changes in regulations. 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 law enforcement, as well as in discrepancies in legislation and regulations in Bulgaria and in the countries where the Company operates, may have an adverse effect on its activities as a whole, results, as well as its financial condition.

Financial risk

Financial risk is the additional uncertainty for the investor about the receipt of income in cases where the company uses borrowed or borrowed funds. This additional financial uncertainty complements business risk.

When part of the funds with which the company finances its activities are in the form of loans or debt securities, the payments for these funds are a fixed obligation.

Some of Eurohold's subsidiaries, in particular leasing and automotive companies, due to the nature of their activities, use significant attracted resources. The lack of resources for their financing can lead to disruption of the rhythm of their activities and to the realization of negative financial results, and this directly affects the group financial condition of Eurohold.

Risk of increased competition

All sectors in which the subsidiaries of the Eurohold Group operate have 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 market segment.

c) RISK MANAGEMENT AND MINIMIZATION MECHANISMS

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

- market share, pricing policy, conducting market research and market development research and market share;
- active management of investments in various sectors and industries;
- overall policy for the management of the assets and liabilities of the company and the group in order to optimize the structure, quality and return on assets;
- optimizing the structure of the attracted funds in order to provide liquidity and reduce financial costs in the whole group;
- effective cash flow management at group level;
- optimization of costs for administration, management and external services;
- human resource Management.

Overall risk management is focused on minimizing the potential negative effects that could affect the Group's financial results. Financial risks are currently identified, measured and monitored through various control mechanisms in order to determine adequate prices for the services and products offered by the companies in the Eurohold Group and the borrowed capital attracted by them. An adequate assessment of the market circumstances, the investments made in the group and the forms of maintaining the free liquid assets is performed, without allowing unjustified concentration of a given risk.

The occurrence of unforeseen events, incorrect assessment of current trends, as well as many other micro- and macroeconomic factors can affect the assessment of the company's management team.

MORE INFORMATION ABOUT THE COMPANY

I. INFORMATION PURSUANT TO ART. 187E OF THE COMMERCIAL LAW

- 1 /** *Number and nominal value of treasury 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 2021 the Company did not repurchase its own shares, nor were any of them transferred, respectively at the end of the period the Company does not hold its own shares.

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

The company did not acquire its own shares in 2021.

- 3 /** *The number and nominal value of own shares held and the share of capital they represent*

In 2021 and as of the date of preparation of this activity report the Company has not purchased, respectively does not hold own shares.

As of 31.12.2021, 77,227 Shares of Eurohold Bulgaria AD are held by companies in the Eurohold Group (respectively as of December 31, 2020 - 97,227 shares).

II. Information according to art. 247 of the Commercial Code

- 1 /** *Information on the amount of remuneration of each of the members of the management and supervisory bodies for the reporting financial year, paid by Eurohold Bulgaria and its subsidiaries.*

In 2021 the members of the management and supervisory bodies received the following gross remuneration from Eurohold Bulgaria and its subsidiaries, as follows:

Remuneration received by the members of the Supervisory Board and the Management Board and the Procurators for 2021	from Eurohold Bulgaria AD	from subsidiaries	TOTAL
Supervisory Board	163 140	247 469	410 609
Assen Christov	14 640	13 591	28 231
Dimitar Dimitrov	7 200	169 608	176 808
Radi Georgiev	<i>there is no agreed and paid remuneration for 2021.</i>	64 270	64 270
Kustaa Äimä	<i>there is no agreed and paid remuneration for 2021.</i>	<i>there is no agreed and paid remuneration for 2021.</i>	<i>there is no agreed and paid remuneration for 2021.</i>
Lyubomir Stoev (Until 30.06.2021)	51 563	<i>there is no agreed and paid remuneration for 2021.</i>	51 563
Louise Gabrielle Roman	66 282	<i>there is no agreed and paid remuneration for 2021.</i>	66 282
Ivaylo Angarski (From 01.07.2021)	23 455		
Management Board	130 540	1 160 804	1 291 344
Kiril Boshov	24 000	550 973	574 973

Assen Minchev	94 540	74 050	168 590
Velislav Christov	<i>there is no agreed and paid remuneration for 2021.</i>	160 956	160 956
Assen Assenov	12 000	374 825	386 825
Razvan Lefter	<i>there is no agreed and paid remuneration for 2021.</i>	<i>there is no agreed and paid remuneration for 2021.</i>	<i>there is no agreed and paid remuneration for 2021.</i>
Procurators	18 617	147 775	166 392
Hristo Stoev (Until 30.06.2021)	7 517	<i>there is no agreed and paid remuneration for 2021.</i>	7 517
Milena Guentcheva	11 100	147 775	158 875

Source: Eurohold Bulgaria AD

Kustaa Lauri Äimä and Razvan Lefter do not have an agreement with Eurohold to pay a monthly remuneration for their work as Members of the Supervisory Board and the Management Board, therefore it was not voted on by the GMS and was not paid in any form during the historical periods.

Lyubomir Stoev in his capacity as a member of the Supervisory Board has received remuneration until the date of termination of his contract for control - 20.07.2021.

Ivaylo Angarski as a member of the Supervisory Board has received remuneration as of the date of concluding his contract for control - 20.07.2021.

Procurator Hristo Stoev has received remuneration until the date of termination of his contract for prosecutor's office - 26.07.2021.

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

Eurohold Bulgaria, as well as its subsidiaries, do not set aside amounts for the payment of pensions, retirement benefits or other similar benefits to the members of the Management and Supervisory Boards, 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, respectively. The current contracts of the members of the Management and Supervisory Boards with Eurohold are valid until the termination of the respective position.

Eurohold Bulgaria has adopted a policy for the remuneration of the members of the Supervisory Board and the Management Board. This policy regulates the basic rules for determining the remuneration of persons who hold office as members of the supervisory and management boards of the public company in connection with the exercise of their powers in the exercise of management and supervisory functions in the company. The remuneration policy was developed on the basis of the requirements of the Public Offering of Securities Act and Ordinance № 48 of the Financial Supervision Commission of 20 March 2013 (amended and supplemented, SG No. 61 of 10.07.2020.) on the requirements to the remuneration with a view to creating a transparent and fair internal 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 Report on the activity in the company, the function of the Remuneration Committee is performed by the Supervisory Board.

2 / Acquired, owned and transferred by the members of the Management and Supervisory Boards and the Procurators shares and bonds of the Company

As of December 31, 2021 the members of the Management and Supervisory Boards and the Procurators of the Company hold shares in the capital of Eurohold Bulgaria, as follows:

Member of the Supervisory Board and the Management Board	Number of shares held
Supervisory Board	200
Assen Christov	does not own
Dimitar Dimitrov	200
Radi Georgiev	does not own
Kustaa Äimä	does not own

Lyubomir Stoev	does not own
Louise Gabrielle Roman	does not own
Management Board	34 130
Kiril Boshov	does not own
Assen Minchev	does not own
Velislav Christov	200
Assen Assenov	33 930
Razvan Lefter	does not own
Procurators	-
Hristo Stoev	does not own
Milena Guentcheva	does not own

Source: Eurohold Bulgaria AD

3 / Rights of the members of the boards 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 capital of the Company.

The members of the Management Board, the Supervisory Board and the Procurator of the Company may freely acquire shares from the capital, as well as bonds of the Company on a regulated securities market in compliance with the provisions of the Law on Implementation of Measures against Market Abuse and Applicable European Regulations. and the Public Offering of Securities Act.

As of 31.12.2021 and as of the date of this report, the members of the Management Board, the Supervisory Board and the Procurator do not hold bonds issued by the Company.

No options for acquisition of shares by the Company have been issued in favour of the management and control bodies, employees or third parties.

4 / Information on the participation of the members of the management and control bodies of the Company and its procurator / s in legal entities, as unlimited partners, the ownership of 25 and more percent of the capital of another company, as well as their participation in management or control bodies or as procurators in other legal entities

Eurohold Bulgaria AD has a two-tier management system, as follows - a Management Board, which consists of five individuals, and a Supervisory Board, which consists of six individuals.

The Management Board of the company is composed of the following members: Kiril Ivanov Boshov, Assen Minchev Minchev, Velislav Milkov Christov, Assen Emanuilov Assenov and Razvan Stefan Lefter.

The Supervisory Board consists of the following members: Assen Milkov Christov, Dimitar Stoyanov Dimitrov, Kustaa Lauri Aima, Radi Georgiev Georgiev, Ivaylo Angarski and Louise Gabrielle Roman.

Procurator of Eurohold Bulgaria AD as of the date of this activity report is Milena Miltchova Guentcheva.

The company is represented jointly by one executive member of the management board and procurator of the company.

There are family relationships between the members of the Management Board and the Supervisory Board. Assen Christov and Velislav Christov are second degree collateral relatives (brothers)

Eurohold's activities do not depend on the individual professional experience or qualifications of other employees.

SUPERVISORY BOARD

Name	Assen Milkov CChristov
Title	Chairman of the Supervisory Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Euroins Insurance Group AD – Chairman of the Board of Directors; ◆ 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.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ First Investment Bank JSC, Russia - Chairman of the Supervisory Board; ◆ Starcom Hold AD –Chairman of the Board of Directors and shareholder holding 99.67% of the capital; ◆ Hanson Asset Management Ltd., United Kingdom – Director; ◆ Wonder Group AD – Chairman of the Supervisory Board; ◆ Quintar Capital Limited, Hong Kong – member of the Board of Directors. ◆ Corporate Advisors EOOD – Manager and Sole owner of the capital. <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Multi-Sport Students Club at Private Secondary School "Saint George" – Chairman of the Management Board ◆ Association "Bulgarian Athletics Federation" – member of the Management Board <p>Previous:</p> <ul style="list-style-type: none"> ◆ "Alfa Aktiv" EOOD (formally "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 this activity report the person is not Chairman of the Board of Directors; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – Chairman of the Board of Directors until 10.07.2020, as at the date of this activity report the person is not Chairman of the Board of Directors; ◆ Euro-Finance AD – Chairman of the Board of Directors until 02.04.2020, as at the date of this activity report the person is not Chairman of the Board of Directors; ◆ Euroins Romania Asigurare - Reasigurare S.A.– Chairman of the Board of Directors until 26.03.2020, as at the date of this activity 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 at the date of this activity report the person is not Executive member of the Board of Directors, but remains Chairman of the Board of Directors and shareholder holding 99.67% of the capital; ◆ Avto Union AD - Chairman of the Board of Directors until 26.10.2018, as at the date of this activity report the person is not a Chairman of the Board of Directors; ◆ Balkan International Basketball League OOD - Manager and a partner holding 50% of the capital until 17.11.2017, as at the date of this activity report the person is not a Manager and a partner holding 50% of the capital.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 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.
Relevant professional experience	<p>Assen CChristov holds a master's degree in Physics from Sofia University "St. Kliment Ohridski" and has specialized in the Institute for Nuclear Research in Dubno, Russia. He has completed a specialization in Management in Open University - London. Speaks Russian and English.</p> <p>Assen CChristov has exercised the above-mentioned managerial positions during different periods within the last 5 years. He has held the position of Chairman of the Board of Directors of Eurobank AD between 1997 and 2000 with representative functions exercised, he was also a Chairman of the Supervisory Board of IC Euroins AD from 2000 until 2007, as well as of the investment firm Euro-Finance AD.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties 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.

Name	Dimitar Stoyanov Dimitrov
Title	Deputy Chairman of the Supervisory Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ IC Euroins AD – Procurator.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Eurologistic Technologies EOOD – Manager; ◆ Cable Network AD – member of the Board of Directors and Executive Director; ◆ Starcom Hold AD – member of the Board of Directors and Executive Director; ◆ Starcom Finance EAD – member of the Board of Directors and Executive Director. <p>Previous:</p> <ul style="list-style-type: none"> ◆ CEZ Bulgaria EAD - Deputy 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 at the date of this activity report the person is not Deputy Chairman of the Supervisory Board; ◆ Lozari EOOD (formally 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; ◆ Zeleni EOOD (currently Ecovera Ltd.) – Sole owner of the capital and Manager until 27.01.2017, as at the date of this activity report the person is not a Sole owner of the capital and a Manager.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<ul style="list-style-type: none"> ◆ Far Consult OOD – in liquidation – Manager and partner. <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>
Relevant professional experience	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.
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties 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.
Name	Kustaa Lauri Äimä
Title	Independent member of the Supervisory Board
Business address	Finland, Helsinki, Kalevankatu 14C, fl. 4
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	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.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 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;

	<ul style="list-style-type: none"> ◆ Baltik Vairas – member of the Board of Directors; ◆ Tahe Outdoors Oü – Chairman 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 4 d.o.o. – member of the Board of Directors; ◆ KJK Investicije 5 d.o.o. – member of the Board of Directors; ◆ KJK Investicije 7 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; ◆ AS Toode – member of the Supervisory Board; ◆ Managetrade Oü – member of the Supervisory Board; ◆ AB Baltic Mill – member of the Board of Directors; ◆ UAB Malsena Plus – member of the Board of Directors; ◆ JSC Rigas Dzirnavnieks – Chairman of the Supervisory Board; ◆ 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;As 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; ◆ Kowinoplastyka SP. d.o.o. – member of the Supervisory Board until 08.2017, as at the date of this activity report the person is not a member of the Supervisory Board; ◆ KJK Serbian Holdings B.V. – member of the Board of Directors until 04.2017, as at the date of this activity report the person is not a member of the Board of Directors.
<p>Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years</p>	<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. <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>Relevant professional experience</p>	<p>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.</p>

Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties 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.
Name	Radi Georgiev Georgiev
Title	Member of the Supervisory Board
Business address	Sofia, 84, Aleksandar Stamboliyski Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ IC EIG Re EAD – member of the Supervisory Board; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – member of the Board of Directors.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Andre Thuriot OOD – Partner holding 80% of the capital; ◆ VH Property Management OOD – Partner holding 6.66% of the capital; ◆ Loudspeakers-CA EOOD – Sole owner of the capital; <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Republic of Art" - Chairman of the Management Board and legal representative; ◆ Law Firm "Kalaidjiev and Georgiev" – partner. <p>Previous:</p> <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 bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 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.
Relevant professional experience	Attorney at the Sofia Bar Association (since 1996), a partner in the Law Firm "Kalaidjiev and Georgiev".
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties 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.
Name	Ivaylo Krasimirov Angarski
Title	Independent member of the Supervisory Board
Business address	Vazrazhdane district, 19 George Washington Street
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	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.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Compass Capital AD - Member of the Board of Directors, Executive Director and shareholder holding 81% of the shares; ◆ Compass Invest AD - Member of the Board of Directors and Executive Director; ◆ Harvest Capital EOOD - Manager and Sole owner of the capital; ◆ Mutual Fund "Strategy" - Manager; ◆ Eurostability Mutual Fund - Managing Director; ◆ Compass Global Trends Mutual Fund - Managing Director; ◆ Progress Mutual Fund - Managing Director; ◆ Mutual Fund "Plus" - Manager;

	<ul style="list-style-type: none"> ◆ Compass Euroselect Mutual Fund - Managing; ◆ Compass Funds Select - 21 Mutual Fund - Managing;
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 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.
Relevant professional experience	<p>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).</p> <p>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.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties 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.
Name	Louise Gabrielle Roman
Title	Member of the Supervisory Board
Business address	Box 522, Midland Park, NJ 07432, United States of America
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	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.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Minerva Global Consulting LLC – founder; ◆ PacificBridge Capital LLC – partner. <p>Previous:</p> <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 bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 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.
Relevant professional experience	<p>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.</p> <p>Mrs. Roman has 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.</p> <p>She is recognised as a leading lawyer and expert in several legal periodicals and international ranking publications, including <i>International Financial Law Review</i>, <i>The Legal 500</i> and <i>Chambers</i>, as well as <i>The Financial Times</i>. Lead partner on several award-winning, "first-of-their-kind" transactions.</p>

Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties 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.
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MANAGEMENT BOARD

Name	Kiril Ivanov Boshov
Title	Chairman of the Management Board and Executive member
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Euroins Insurance Group AD – Executive Director; ◆ Euroins Romania Asigurare-Reasigurare S.A.– Chairman of the Board of Directors; ◆ CEZ Electro Bulgaria AD - Chairman of the Supervisory Board; ◆ Starcom Holding AD – Chairman of the Board of Directors and shareholder holding 34 % of the capital.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Alcommerce EOOD – Manager and sole owner 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; <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ 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. <p>Previous:</p> <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 AD - 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; ◆ N Auto Sofia EAD – member of the Board of Directors until 10.11.2017, at the date of this activity report the person is not a member of the Board of Directors; ◆ Euroins - Health Insurance EAD (the entity was merged into IC EIG Re EAD) - Chairman of the Board of Directors until 27.06.2017, as at the date of this activity report the person is not a Chairman of the Board of Directors.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 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. <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>
Relevant professional experience	<p>Kiril Boshov holds a Master's degree in Accounting and Control from the University of National and World Economy, Sofia. He speaks English and Russian.</p> <p>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.</p> <p>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 amounting to EUR 200 million.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years and as of the date of the report the person has been imposed an administrative penalty (fine) on the grounds of art. 221, para. 1, item 4 of the Public Offering of Securities Act, as the penal decree imposing the mentioned administrative penalty is subject to court appeal and accordingly has not entered into force.

	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.
Name	Assen Minchev Minchev
Title	Executive Member of the Management Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Auto Italia EAD – Member of the Board of Directors; ◆ Star Motors EOOD - Procurator; ◆ CEZ Distribution Bulgaria AD - Deputy Chairman of the Supervisory Board.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <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. <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Swimming Sports Club Association "St. George" - Member of the Board <p>Previous:</p> <ul style="list-style-type: none"> ◆ 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 bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 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.
Relevant professional experience	Assen Minchev holds a Master's degree in Accounting and Control from the University of National and World Economy. Assen 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.
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>During the last 5 years and as of the date of the report the person has been imposed an administrative penalty (fine) on the grounds of art. 221, para. 1, item 4 of the Public Offering of Securities Act. On the same grounds, the same administrative penalty (fine) has been imposed, as the penal decree is subject to judicial appeal and, accordingly, has not entered into force.</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>
Name	Velislav Milkov Christov
Title	Member of the Management Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Starcom Holding AD –member of the Board of Directors and shareholder holding 15 % of the capital; ◆ IC EIG Re EAD – member of the Supervisory Board; ◆ Starcom Finance EAD – Chairman of the Board of Directors; ◆ PJSC Insurance company Euroins, Belarus (former PJSC "IC ERGO") – Chairman of the Supervisory Board; ◆ Euroins Osiguruvanje AD, Skopje, North Macedonia – Chairman of the Board of Directors; ◆ CEZ Electro Bulgaria AD - Member of the Supervisory Board.
Information on any other activities as a member of a management or supervisory	<p>Current:</p> <ul style="list-style-type: none"> ◆ Wonder Group AD – Chairman of the Supervisory Board; ◆ Sovereign Real Estate Limited, Malta - Sole owner of the capital. <p>Current in other legal entities:</p>

body and/or partner at any time in the previous 5 years	<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"> ◆ 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 bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<ul style="list-style-type: none"> ◆ BM24.BG Ltd. – Sole owner of the capital until 10.04.2017, as at the date of this activity report the person is not a Sole owner of the capital and the company was dissolved through voluntary liquidation, deleted from commercial register on 10.04.2017. <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>
Relevant professional experience	<p>Velislav CChristov 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 CChristov 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.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 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>
Name	Assen Emanouilov Assenov
Title	Member of the Management Board
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<ul style="list-style-type: none"> ◆ Auto Union AD - Member of the Board of Directors and Executive Director; ◆ Amigo Leasing EAD - Chairman of the Board of Directors; ◆ Auto Italia EAD - Chairman and Executive Member of the Board of Directors; ◆ Autoplaza EAD - Chairman of the Board of Directors and representative; ◆ Auto Union Service EOOD - Manager; ◆ Bulvaria EOOD (formally Bulvaria Varna EOOD) - Manager; ◆ Bulvaria Sofia EAD - Member of the Board of Directors and Executive Director; ◆ Eurolease Auto EAD - Chairman of the Board of Directors and representative; ◆ Eurolease Group AD - Chairman of the Board of Directors and representative; ◆ Eurolease Rent A Car EOOD - Manager; ◆ Motohub OOD - Manager; ◆ Sofia Motors EOOD - Manager; ◆ Star Motors EOOD - Manager; ◆ Motobul EAD - Chairman of the Board of Directors; ◆ Benzin Finance EAD - member of the Board of Directors; ◆ Mogo Bulgaria EOOD - Manager.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	<p>Current:</p> <ul style="list-style-type: none"> ◆ Benzin EOOD - Manager; ◆ Eurolease Auto SA, Romania - Chairman of the Board of Directors; ◆ Eurotruk EOOD - Manager; ◆ Izgrev 5 EOOD - Manager and sole owner of the capital; ◆ Motobul Express EOOD - Manager; ◆ Rentronics Ltd. - a partner holding 40% of the capital; ◆ Forest Park 4 OOD - Manager and partner, owning 50% of the capital; <p>Current in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Athletics Sports Club "Saint George" – member of the Management Board. <p>Previous:</p> <ul style="list-style-type: none"> ◆ Espace Auto OOD - Manager until 03.09.2021, as at the date of the report the person is not a Manager; ◆ N Auto Sofia EAD - Chairman of the Board of Directors and representative until 20.08.2021, as at the date of the report the person is not Chairman of the Board of Directors and representative;

	<ul style="list-style-type: none"> ◆ Daru Car AD - Member of the Board of Directors and Executive Director until 22.04.2020, member of the Board of Directors since 21.01.2021. until 12.03.2021, as at the date of the report the person is not a member of the Board of Directors and / or executive director; ◆ Bulvaria Holding EAD - (currently VI Lyulin EAD) - Chairman of the Board of Directors and Executive Director until 27.01.2020, as at the date of the report the person is not Chairman of the Board of Directors and Executive Director; ◆ Motobul EAD - Executive Director until 15.09.2018, as of the date of the report the person is not an Executive Director, but remains a member and Chairman of the Board of Directors; ◆ Motobul EOOD - Manager until 26.12.2017. as, due to the transformation of Motobul EOOD by changing the legal form from a sole proprietorship with limited liability to a sole proprietorship joint stock company, as of the date of the report the person is not a Manager.. <p>Previous in other legal entities:</p> <ul style="list-style-type: none"> ◆ Association "Bulgarian Tennis Federation" - member of the Management Board until 28.02.2020, as at the date of this activity report the person is not a member of the Management Board.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 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.
Relevant professional experience	<p>Assen Assenov holds a Master's degree in Accounting and Control and a Bachelor's degree in International Economic Relations from the University of National and World Economy in Sofia. Mr. Assenov also holds an MBA (Master of Business Administration) in International Accounting Standards and International Business from the University of Economics in Vienna.</p> <p>Assen Assenov started his professional career at Eurohold AD 11 years ago as an accountant. In the period 2002-2004 he was the chief accountant of Eurohold AD. Since the end of 2004, Mr. Assenov has been elected Executive Director of Eurolease Auto EAD - the leasing company in the structure of Eurohold at that time.</p> <p>Currently, Mr. Assenov is responsible for the leasing and automotive business in the group of Eurohold Bulgaria. Mr. Assenov is the CEO of Auto Union AD and heads the leasing companies of the group in Romania and Macedonia, in addition he manages the car dealers of Nissan, Renault, Dacia, Saab, Opel, Chevrolet, Fiat, Lancia, Alfa Romeo, MaICa, Maserati and the lubricants Castrol and BP (Motobul), all also part of the subsidiary of the Company subholding "Auto Union" AD.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 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.
Name	Razvan Stefan Lefter
Title	Independent member of the Management Board
Business address	Romania, Bucharest, 30, Alexandru Serbanescu Str.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	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.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 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; ◆ 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; ◆ Mundus Services AD – Member of the Board of Directors and Executive Director until 01.12.2017, as, due to change in the corporate governance system from one-tier to two-tier from 01.12.2017, as at the date of this activity report the person is not a Member of the Board of Directors and Executive Director, but a member of the Supervisory Board; ◆ Cemacon SA – Member of the Board of Directors until 08.02.2017, as at the date of this activity report the person is not a Member of the Board of Directors.

Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 5 years	<ul style="list-style-type: none"> ◆ Condmag SA - Independent Member of the Board of Directors until 20.07.2015, as at the date of this activity report the person is not a Member of the Board of Directors and the company is undergoing insolvency proceedings. Company's special administrator has not made any legal claims against Mr. Razvan Lefter, who was an independent member of the Board of Directors of the company at the date the insolvency of the company was declared. <p>As at the date of this activity report the company is undergoing reorganization 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>
Relevant professional experience	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.
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	<p>During the last 5 years and as of the date of the report the person has been imposed an administrative penalty (fine) on the grounds of art. 221, para. 1, item 4 of the Public Offering of Securities Act, as the penal decree imposing the mentioned administrative penalty is subject to court appeal and accordingly has not entered into force.</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>

PROCURATORS

Name	Milena Milchova Guentcheva
Title	Procurator
Business address	Sofia, 43, Christopher Columbus Blvd.
Information on the activities performed as member of a management or supervisory body and/or partner outside of the Company where these are significant with respect to the Company	<p>Current:</p> <ul style="list-style-type: none"> ◆ Euroins Romania Asigurare-Reasigurare S.A. - Managing Director; ◆ PJSC Insurance company Euroins, Belarus (former PJSC "IC ERGO") - Chairman of the Supervisory Board.
Information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years	As at the date of this activity report, there is no information on any other activities as a member of a management or supervisory body and/or partner at any time in the previous 5 years.
Details of any bankruptcies, receiverships or liquidations with which the person, acting in the capacity of a member of a management or supervisory body and/or partner of a company, was associated in the previous 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.
Relevant professional experience	<p>Milena Guentcheva holds a Master's degree from Moscow City University, Moscow with a Master degree in Foreign Languages and has completed a specialized course in Finance and Organization Management at NBU, Sofia. Fluent in English, French and Russian.</p> <p>Milena Guentcheva has been part of the Eurohold's team for 20 years and during this time she has participated and managed various projects and has gained significant professional knowledge and experience in the insurance field.</p> <p>She has been part of Euroins Insurance Group since the establishment of the company, where her main responsibilities and duties are related to building and developing long-term relationships with corporate clients of the group, as well as monitoring and coordination of insurance activities. For the last 10 years she is the managing director of the Romanian subsidiary of the insurance holding in the Group - Euroins Romania. Prior to joining the holding, Mrs. Gencheva held various administrative and managerial positions in non-governmental organizations and private companies.</p>
Information on coercive administrative measures and penalties or public incrimination in the previous 5 years	During the last 5 years the person has not been imposed coercive administrative measures or administrative penalties 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.

The Supervisory Board and the Management Board of Eurohold Bulgaria AD, according to the Articles of Association of the Company, are elected for a term of 5 (five) years. In case the contracts of the members of the Management and Supervisory Boards are not explicitly terminated before the expiration of the term of office, they shall be considered automatically renewed with a new five-year term. The possibility for extension of the contracts for management and supervision of the members of the Management Board is unlimited.

The members of the Management and Supervisory Boards are appointed under a management and control contract. The current contracts of the members of the Management and Supervisory Boards are valid until the termination of the position.

None of the management contracts concluded with Eurohold Bulgaria AD or its subsidiary provides for compensation or indemnities that individuals would receive upon their early termination.

5 / *Information about the contracts under art. 240b of the CA concluded in 2021.*

No contracts have been concluded with the company by the members of the Management Board and the Supervisory Board or persons related to them who go beyond the usual activities of the Company or significantly deviate from market conditions.

6 / *Planned economic policy for the next year, incl. expected investments and development of the personnel, expected income from investments and development of the Company, as well as forthcoming transactions of essential importance for the activity of the Company*

⇒ *Planned economic policy*

Information regarding the planned economic policy, including forthcoming transactions essential to the company's activities is presented in the section "Current trends and probable future developments".

⇒ *Number of employees*

In 2021, no new employees were hired at Eurohold Bulgaria AD and no temporary employees were hired.

As of December 31, 2021, Eurohold Bulgaria AD employs 14 employees on an employment contract. In 2021, 1 employee was appointed to the Company, and two left. There was also a temporary employee during the period.

In connection with the nature of the activity of the holding company, as well as the fact that as such, Eurohold does not perform regular commercial and / or production or other activities requiring the hiring of new staff in business growth and development, Eurohold Bulgaria is not expected significant development in the hiring of staff in the company in the short and medium term.

Since the establishment of Eurohold Bulgaria AD until now there are no trade unions of employees.

III. Presence of branches of the Company

Eurohold Bulgaria AD has not opened branches within the meaning of Art. 17 of the Commercial Code.

IV. Research and development

Eurohold Bulgaria AD did not directly incur expenditures for research and development.

ADDITIONAL INFORMATION UNDER ANNEX №2 OF FSC ORDINANCE №2

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

The revenues of Eurohold Bulgaria AD are formed by the main activity of the Company and mainly financial revenues are generated from the following activities:

- ✓ Profits from investment operations;
- ✓ Profits from operations with financial instruments and subsequent valuations;
- ✓ Dividend income;
- ✓ Interest income on loans granted to subsidiaries and third parties;
- ✓ Revenues from services of subsidiaries
- ✓ Other financial income

The main revenues from the operating activity of Eurohold Bulgaria AD are formed mainly from operations with financial instruments and subsequent valuations, as well as from other financial revenues representing positive differences from changes in exchange rates.

Revenues from operating activities	Change in %	2021 thousand BGN	2020 thousand BGN
- Dividend income	(59.2)%	223	547
- Profit from operations with financial instruments and subsequent valuations	(66.5)%	819	2 443
- Interest income	n/a	35	0
- Other financial income	(46.8)%	846	1 590
Total operating income	(58)%	1 923	4 580

During the current reporting period the holding company reports revenues in the amount of BGN 1,923 thousand, of which dividend income in the amount of BGN 223 thousand (distributed by the subsidiary Euro-Finance), profits from operations with financial instruments and subsequent valuations in the total amount of BGN 819 thousand, other financial income (positive differences from changes in exchange rates) in the amount of BGN 846 thousand and interest income of BGN 35 thousand.

Detailed information, in value and quantity, on the main types of revenue is shown in this report in the "Results of operations" section on "Revenue analysis".

2 / Information on the revenue broken down by category of activity, internal and external markets, as well as information on the sources of supplies of materials needed for the production of goods or the provision of services, reflecting the degree of dependence on each individual seller or buyer / consumer, as in case the relative share of any of them exceeds 10 percent of the expenses or revenues from sales, information is provided for each person individually, for his share in sales or purchases and his relations with the Company.

The revenues of Eurohold Bulgaria AD are formed from financial activities related to the creation and management of participations and financing of related companies.

Detailed information on revenues distributed by individual types and generated by the individual activities of Eurohold Bulgaria AD is shown in this report in the section "Results of activities" on "Revenue Analysis", as well as in the previous item 2.

3 / Information on concluded significant transactions

In 2021 Eurohold Bulgaria AD has concluded the following significant transactions:

⇒ Eurohold attracted over BGN 157 million (EUR 80.5 million) through a public offering of new shares

July 7, 2021 was the deadline for subscription of shares from the capital increase of Eurohold Bulgaria AD, as the company attracted over BGN 157 million (EUR 80.5 million) through public offering of new shares on the Bulgarian Stock Exchange.), with nearly 63 million new shares subscribed and paid. The majority owner of the holding - Starcom Holding AD, has subscribed and paid nearly 47 million new shares, retaining control of the company with over 50% stake.

⇒ Eurohold increased the capital of its subsidiary Eastern European Electric Company II BV as follows:

- Capital increase of the Eastern European Electric Company II BV in accordance with the applicable provisions of Dutch law through a cash contribution of EUR 65 600 thousand through the issuance of 1 000 new shares with a nominal value of EUR 1, the difference being placed in the premium reserve.
- Capital increase of the Eastern European Electric Company II BV in accordance with the applicable provisions of Dutch law by means of a cash contribution of EUR 7 000 thousand without the issue of shares, the contribution being placed in the premium reserve.

⇒ Eurohold finalizes the agreement signed in 2018 for the purchase of the minority share held by Basildon Holding S.A.R. in the capital of Euroins Insurance Group AD

- In 2018, Eurohold Bulgaria AD signed an agreement to acquire the minority share of the other shareholder in Euroins Insurance Group AD - Basildon Holding S.A.R.L., the special investment company of the South Eastern Europe Fund L.P. (SEEF), managed by the Greek investment company Global Finance. The company agreed to repurchase the fund's shares in the amount of 10.64% of the capital as of the date of concluding the repurchase agreement. On 03.11.2021 the deal was finalized and Eurohold acquires the entire minority share, as the investments made in 2021 in its purchase amount to BGN 15,710 thousand.

⇒ Eurohold participates in the simultaneous increase and decrease of the capital of its subsidiary Euroins Insurance Group AD and signed a package deal with the European Bank for Reconstruction and Development (EBRD) for the acquisition by the bank of a minority share in the capital of Euroins Insurance Group AD

- On 14.10.2021, the Commercial Register enters together for reduction and increase of the capital by the order of art. 203 in connection with Art. 252, para. 1, item 5 of the Commercial Law of Euroins Insurance Group AD, according to the Decision of the General Meeting of the Company dated 20.09.2021. As a result:

The subsidiary issued 52 026 000 shares, of which Eurohold Bulgaria AD subscribed and paid 15 060 813 shares at an issue value of BGN 1 each.

The capital of the Company has been reduced by invalidating 19,229,057 ordinary, registered, available, non-preferred shares with a par value of BGN 1 each.

After the procedures, the capital of EIG in the amount of BGN 576 242 734 was divided into 576 242 734 shares with a par value of BGN 1 each.

- On 05.10.2021 the European Bank for Reconstruction and Development (EBRD) signed an agreement for a package deal with Eurohold Bulgaria AD with the subject of acquiring a minority share in the subsidiary of the holding - Euroins Insurance Group AD (EIG). As a result of this package deal:
- On October 7, 2021, Eurohold Bulgaria AD transferred to the EBRD 20,082,844 shares with a par value of BGN 1 each. The reported one-time effect of Eurohold Bulgaria AD is a loss from operations with investments in the amount of BGN 20,360,000. The EBRD records and pays the remaining amount of BGN 36,965,187. shares with a par value of BGN 1 each of the increase in the capital of EIG, totaling EUR 18,900 thousand.

⇒ *Concluded corporate guarantee in favor of the Subsidiary "Eastern European Electric Company II" BV.*

- In connection with a decision of the General Meeting of Shareholders of April 10, 2021, in order to finance the CEZ deal, Eurohold Bulgaria concluded a corporate guarantee in favor of its subsidiary Eastern European Electric Company II BV, in his capacity as a corporate guarantor for the payment of all liabilities that are related to and / or would arise from the conclusion of financing transactions by the subsidiary with a maximum value of EUR 150,000,000 and a term of 3 to 10 years. The transaction is carried out in favor of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company BV and indirectly, in favor of the parent company Eurohold Bulgaria AD.

- By a decision of the GMS of 18.10.2021 the amount of the corporate guarantee of Eurohold Bulgaria was increased as follows: increase of the limit of liability of Eurohold Bulgaria AD, in its capacity as a corporate guarantor from EUR 150,000,000 to EUR 240,000,000 , on the payment of all liabilities (including, but not limited to, principal, penalties, fees, commissions, other expenses) of its subsidiary Eastern European Electric Company II B.V. as a borrower, under a loan agreement of up to EUR 133,990,000, concluded on July 21, 2021 with the lending financial institutions. The warranty period is 66 months, the purpose of the guarantee transaction is to provide financing of part of the price and costs of acquiring the assets of CEZ Group in Bulgaria, as well as subsequent investments in the companies subject to the acquisition transaction. As of the date of this report, the liability limit of Eurohold Bulgaria under the corporate guarantee has been increased to EUR 220,000,000.

⇒ **Issued and repurchased one issue of Euro Trade Papers**

- In 2021 the Company issued and repurchased one issue of Euro Trade Papers (ECP), with a total face value of EUR 2,500,000, a fixed interest rate of 8.0% (eight percent) on an annual basis and the frequency of interest payments once a year in arrears.

⇒ **Restructured bond loan**

- As of 31.12.2021 the bond issue with ISIN: XS1542984288 represents a restructured bond loan (under the EMTN program) with extended maturity until 29.12.2026, changed currency from PLN to EUR and changed frequency of interest payments from six-month to one-month per year. As a result of the restructuring, losses from operations with investments in the amount of BGN 440 thousand were reported.

⇒ **In 2021 the following bond transactions were made:**

- The ownership of 10 500 pcs. repurchased own bonds under EMTN Program in EUR with ISIN XS1731768302 has been transferred and a profit on transactions of investments and financial instruments in the amount of BGN 206 thousand was reported. Liabilities for repurchased own bonds are settled as of 31.12.2021 (as of 31.12.2020 they have not been settled).
- 5 900 pcs. repurchased own bonds with ISIN BG2100013205 were bought back and a profit on transactions of investments and financial instruments in the amount of BGN 256 thousand was reported. Liabilities for repurchased own bonds are not settled as of 31.12.2021.
- The ownership of 5 900 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a loss on transactions of investments in the amount of BGN 129 thousand was reported.
- Bond buyback of 1 118 pcs. with ISIN BG2100013205 and reported loss from operations with investments and financial instruments in the amount of BGN 8 thousand.

- 1 118 pcs. repurchased own bonds with ISIN BG2100013205 were sold and a loss from operations with investments in the amount of BGN 18 thousand was reported.
- The ownership of 2 800 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a profit from operations with investments and financial instruments in the amount of BGN 3 thousand was reported (Note 4). The obligation for the repurchased own bonds is settled as of 31.12.2021.
- 2 800 pcs. repurchased own bonds with ISIN BG2100013205 were sold with an option to purchase back from a company outside the group and a loss from operations with investments in the amount of BGN 3 thousand was reported.
- 2 800 pcs. repurchased own bonds with ISIN BG2100013205 under a contract with an option to purchase back from a company outside the group and a loss from operations with investments and financial instruments in the amount of BGN 30 thousand were reported.
- The ownership of 2 800 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a loss from operations with investments in the amount of BGN 6 thousand was reported. The receivables for the repurchased own bonds are settled as of 31.12.2021.
- The ownership of 3 000 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 has been transferred. The liabilities for repurchased own bonds are not settled as of 31.12.2021.
- 3 000 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold with an option to purchase back from a company outside the group and a loss from operations with investments in the amount of BGN 25 thousand was reported.
- 3 000 pcs. repurchased own bonds with ISIN XS1731768302 were repurchased under a contract with an option to purchase back from a company outside the group and a loss from operations with investments and financial instruments in the amount of BGN 3 thousand was reported .
- The ownership of 2 500 pcs. repurchased own bonds with ISIN XS1731768302 has been transferred and a loss from operations with investments in the amount of BGN 1 thousand was reported. The receivables for the repurchased own bonds are settled as of 31.12.2021.
- 200 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold and a loss from operations with investments in the amount of BGN 32 thousand was reported. The receivables for the repurchased own bonds are settled as of 31.12.2021.
- 300 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold and a profit from operations with investments and financial instruments in the amount of BGN 2 thousand was reported. The receivables for the repurchased own bonds are settled as of 31.12.2021.

⇒ **Auto Union depreciation at the end of 2021 by BGN 64,772 thousand.**

As of 31.12.2021 by independent licensed appraisers recoverable amount is BGN 11,882 thousand. The company's management has reviewed the appraisers' report, reported the sale of key operating companies in 2021, the expected revenues of companies in 2022 ., the disrupted synergy, the military actions in Ukraine and the expected effects on the activities of the Auto Union group and has decided to further depreciate up to 97% of the net book value of the investment. As a result, in 2021 an impairment loss on investments in subsidiaries was reported in the amount of BGN 64,772 thousand (Note 8), and the net value of the investment as of 31 December 2021 was BGN 2,003 thousand..

⇒ **In 2021, two interest payments were made on the bond loan issued by Eurohold Bulgaria AD, as follows:**

Status and date of interest payment:	Date of interest payment:	Amount of interest payment	Status and date of interest payment:
First	26.05.2021	483 493,15 €	paid to the bondholders in full according to the repayment schedule of the bond issue on 26.05.2021.
Second	26.11.2021	33 805,35 €	paid to the bondholders in full according to the repayment schedule of the bond issue on 25.11.2021.

- ⇒ On 14 July 2021, a partial repayment in the amount of BGN 25,932 thousand of subordinated debt, representing unissued tier 1 capital, was made.
- ⇒ A new contract for subordinated debt to Starcom Holding AD has been concluded, with a limit of BGN 50,000 thousand. As of December 31, 2021, BGN 450,000 have been utilized.
- ⇒ EMTN Program bond loan extended in Polish zlotys and converted into euros - EUR / XS1542984288

▪ As of 31.12.2021 the bond issue with ISIN: XS1542984288 represents a restructured bond loan (EMTN Program) with extended maturity until 29.12.2026, changed currency from PLN to EUR and changed frequency of interest payments from six-month to one-year. The loan matures on December 29, 2026 and has a fixed interest rate of 8.0% on an annual basis and a frequency of interest payments once a year in arrears. As a result of the restructuring, losses from operations with investments in the amount of BGN 440 thousand were reported.

- ⇒ A dividend was received from Euro-Finance AD in the amount of BGN 223 thousand in June 2021.

In 2021 the subsidiaries of Eurohold Bulgaria AD have concluded significant transactions relevant to the activities of the Holding, the most significant of which are mentioned in this report in the section "Important events for the activities of Eurohold Bulgaria, occurred for the period January - December 2021 d. ", including for the acquired by the subsidiary "Eastern European Electric Company "B.V. the seven energy companies of CEZ Group, and the sale by Auto Union of the automobile companies N Auto Sofia EAD, Espas Auto OOD and EA Properties OOD and the agreement for the sale of Star Motors EOOD. In the same section are available any other important events that occurred during the reporting year. All significant transactions concluded by the group will be disclosed in the Annual Consolidated Activity Report for 2021.

4 / *Information on 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 its normal activity or significantly deviate from the market conditions to which the issuer or its subsidiary is a party. indicating the value of the transactions, the nature of the connection and any information necessary to assess the impact on the financial condition of the Company.*

As of the date of preparation of the Activity Report, there are no transactions or proposals for related party transactions that are material to Eurohold or its subsidiary and are unusual in nature and terms.

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

All transactions are concluded on the principle of fair value. The transactions between the holding and the subsidiaries are typical, in which the liquidity of the individual companies is managed and the investment policy is conducted through intragroup loans. The company lends to its subsidiaries for working capital financing.

In connection with these transactions as of 31.12.2021 and for the comparable period 31.12.2019 for the Company have incurred revenues and expenses from and to related parties, as follows:

Related party transactions - volume of transactions	2021 thousand BGN	2020 thousand BGN
Dividend income:	223	547
Euro-Finance AD	223	547
Interest income on loans to related parties:	35	-
Auto Union AD	5	-
Motobul EAD	11	-
Auto Union Service Ltd.	2	-
Starcom Holding AD	17	-

Interest expenses on loans and leases received from related parties:	3 435	2 649
Starcom Holding AD	2 181	1 069
Euroins Insurance Group AD	961	755
Auto Union AD	10	242
Auto Union Service Ltd.	4	9
Eurolease Auto EAD	260	261
<i>including, from leasing</i>	4	7
Motobul EAD	-	280
Star Motors EOOD	15	26
Expenses on operations with investments to related parties:	75	61
Euro-Finance AD	75	61
Other financial expenses to related parties:	1	3
Euro-Finance AD	1	3
Costs for services provided by related parties:	49	2
IC Euroins EAD	47	-
Auto Italy EAD	2	1
Auto Italy - Sofia EOOD - related party until 30.12.2020	-	1
Other expenses from related parties:	(10)	(6)
IC Euroins AD	(3)	(1)
Motobul EOOD	(7)	(5)
Other income from related parties:	444	619
IC Euroins AD	7	86
Euroins Romania Insurance - Reinsurance SA, Romania	27	162
Auto Union Service Ltd.	-	3
Daru Kar AD	-	3
Auto Italy EAD	-	-
Hanson Asset Management Ltd, UK - Office Rental	410	358
Euroins Insurance AD, Northern Macedonia	-	7

Balances on transactions with related parties	2021	2020
	<i>thousand BGN</i>	<i>thousand BGN</i>
Non-current receivables from related parties (before revaluation)	170	-
Motobul EAD	170	-
Receivables from related parties:	13	2
Euroins Insurance Group AD - Interest on loans	-	2
Auto Union EAD	2	-
Motobul EAD	11	-
Other receivables from related parties (before revaluation):	886	350
Auto Union Service Ltd.	3	1
Auto Italy EAD	13	11
Bulvaria EOOD	5	6
IC Euroins AD	106	63
Eurolease Auto EAD	5	-
Star Motors EOOD	2	-
Autoplaza EAD	5	4
Euroins Insurance AD, Northern Macedonia	-	13
Euroins Insurance Group AD	14	17
Euroins Romania Insurance - Reinsurance SA	214	-
Auto Union AD	24	10
Eurolease Group AD	37	31

Hanson Asset Management Ltd, United Kingdom	81	194
Euro-Finance AD	1	
Eastern European Electric Company B.V.	188	-
Eastern European Electric Company II B.V.	185	-
Eastern European Electric Company III B.V.	3	-
Long-term liabilities to related parties, including:		
Loan principal:	60 926	1703
Starcom Holding AD	59 460	-
Eurolease Auto AD - loan granted	1 400	1 600
Eurolease Auto AD - leasing	66	103
Short-term liabilities to related parties, including:		
Interest on loans received:	4 858	1 932
Starcom Holding AD	2 126	-
Auto Union AD	30	-
Eurolease Auto EAD	963	767
Euroins Insurance Group AD	1 719	1 121
Auto Union Service Ltd.	20	-
Star Motors EOOD	-	44
Principle of loans received:	24 842	11 087
Euroins Insurance Group AD *	14 171	9 087
Starcom Holding AD **	8 801	-
Eurolease Auto EAD ***	1 900	2 000
Other obligations:	11 873	22 371
Starcom Holding AD **	5 895	20 536
IC Euroins AD ***	4	51
Eurolease Auto EAD	38	488
Eurolease Auto EAD - leasing	38	38
IC EIG RE EAD	54	54
Motobul EAD	-	1
Auto Union AD	695	-
Auto Union Service Ltd. *	244	-
Star Motors EOOD *	-	1 158
Eastern European Electric Company B.V.	4 890	-
Euroins Romania Insurance - Reinsurance SA	15	-
Euro-Finance AD	-	45

Information on the parameters of concluded Loans and Assignments

⇒ Obligations

Company	Type	Currency	Permitted limit under the last annex	Date of temporary contract	Maturity date under last annex	Interest conditions	Balance on the principal as of 31.12.2021 in BGN	Interest balance as of 31.12.2021 in BGN	Information for loan renegotiation
Subordinated debts - Related parties									
Starcom Holding AD - subordinated debt	SubDebt	BGN	32,783,598	31-12-20	31-12-25	6.50%	6,851,598	1,372,423	Contract, Annex 1, 2, 3, 4
Starcom Holding AD - subordinated debt	SubDebt	BGN	50,000,000	09-08-21	09-08-26	5.00%	348,899	8,399	Contract

Loans and Assignments - Related Parties

Auto Union AD	cession	BGN	695,000	16-07-21	30-06-22	3.00%	695,000	29,838	Notification
Eurolease Auto AD	loan	BGN	7,600,000	22-12-08	23-12-23	7.00%	1,400,000	164,421	Contract, Annex 1, 2, 3, 4, 5, 6 и 7.
Eurolease Auto AD	cession	BGN	2,000,000	30-11-18	25-10-22	7.50%	1,900,000	799,416	Contract, Annex 1, 2, 3.
Euroins Insurance Group AD	loan	BGN	20,000,000	08-02-19	08-02-22	6.00%	14,072,548	1,716,160	Contract, Annex 1, 2, 3.
Euroins Insurance Group AD	loan	EUR	50,000	01-07-21	01-07-22	6.00%	97,792	2,933	Contract
Starcom Holding AD	loan	BGN	70,000,000	29-01-21	29-01-23	5.50%	59,460,472	628,180	Contract, Annex 1, 2, 3.
Starcom Holding AD	loan	EUR	4,500,000	28-09-21	03-08-22	5.20%	8,801,235	118,230	Contract
Auto Union Service Ltd	cession	BGN	362,000	18-12-18	30-06-22	3.00%	243,816	20,380	Contract, Annex 1, 2, Agreement

Loans and Assignments - Unrelated persons

Bonds Advisors EOOD	loan	BGN	2,000,000	01-12-20	30-11-23	5.50%	-	22,006	Contract
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Transmitters - Related parties

IC EIG Re EAD	MiFID	EUR	16,500	13-03-19	31-12-22	-	32,271	-	Contract, Annex 1, 2, 3 и 4
IC EIG Re EAD	MiFID	EUR	11,400	10-03-20	31-12-22	-	22,296	-	Contract, Annex 1, 2, 3.
Starcom Holding AD	MiFID	EUR	3,014,104	27-08-21	27-08-22	-	5,895,075	-	Contract, Annex 1.

Transferors - Unrelated persons

Asterion Bulgaria AD	MiFID	EUR	6,933	16-02-21	31-12-22	-	13,560	-	Contract, Annex 1, 2, 3.
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⇒ **Receivables**

<u>Company</u>	<u>Type</u>	<u>Currency</u>	<u>Permitted limit under the last annex</u>	<u>Date of the Asteroid contract</u>	<u>Maturity date under last annex</u>	<u>Interest conditions</u>	<u>Balance on the principal as of 31.12.2021 in BGN</u>	<u>Interest balance as of 31.12.2021 in BGN</u>	<u>Information for loan renegotiation</u>
Loans and Assignments - Related Parties									
Auto Union AD	loan	BGN	3,250,000.00	14-07-21	03-08-22	4.20%	-	1,831	Contract, Annex 1.
Motobul EAD	loan	BGN	500000	13-01-21	13-01-24	6.50%	170,000	10,680	Contract
Loans and Assignments - Related parties - (Receivables for financial instrument)									
IC Euroins AD	MiFID	EUR	30,582	17-12-21	31-01-22	-	59,814	-	

Other related party transactions

✓ Subordinated term debt

- A new contract for subordinated debt to Starcom Holding AD has been concluded, with a limit of BGN 50,000 thousand. As of December 31, 2021, BGN 450,000 have been utilized, and the prepaid debt service and debt management costs amount to BGN 101,000. The subordinated debt has no fixed maturity and Starcom Holding AD cannot demand its repayment, regardless of whether there is a case of non-performance under the agreement. Eurohold Bulgaria AD has the right (but is not obliged) to repay amounts from the loan principal, corresponding to each consecutive tranche received after the expiration of 5 (five) years from the date of receipt of the respective tranche. Early collection of the principal of the subordinated debt is not allowed, except in cases of liquidation or insolvency, after payment of the amounts due to all privileged creditors, as well as to all other chirographic creditors. The interest due is in the amount of 5% (five percent) on an annual basis on the attracted amounts for the term of their actual use.

✓ Transactions with subsidiaries and other related parties under common control

2021

- The company has made a SWAP transaction with IC Euroins AD, having repurchased 25 units. ECP with ISIN: XS2180906567 with a face value of EUR 2,500,000 worth EUR 2,500,000 and at the same time replaced it with 25 newly issued ECPs with ISIN: XS2344657163 for EUR 2,450,000.
- The Company - in its capacity of Underwriter under Agreement with Auto Union Service EOOD, in the capacity of Lender and Star Motors EOOD, in the capacity of Debtor - has transferred a liability from the Debtor to the Lender and undertakes to assume to the Lender the amount of 332 thousand BGN, consisting of BGN 314 thousand principal and BGN 18 thousand interest.
- Pursuant to the Agreement for set-off of counter-obligations with Auto Union Service EOOD, the Company has set-off a receivable in the amount of BGN 72 thousand (BGN 70 thousand principal and BGN 2 thousand interest) with a liability of BGN 332 thousand. BGN 314 thousand principal and BGN 18 thousand interest) up to the amount of the receivable.
- Pursuant to the Agreement for set-off of counter-liabilities with Auto Italy EAD Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 14 thousand with a liability of BGN 2 thousand up to the amount of the liability.
- Pursuant to the Agreement for purchase and sale of financial instruments with Euroins Insurance Company AD (Acquirer) Eurohold Bulgaria AD (Transferor) the receivable from the transferor with a liability to the same in the amount of BGN 5,476 thousand has been set off.
- Pursuant to an Agreement with IC Euroins AD, the Acquirer under one transaction (receivable in the amount of BGN 4,903 thousand) with Eurohold Bulgaria AD and the Transferor under another transaction (liability in the amount of BGN 4,843 thousand) with Eurohold Bulgaria AD was offset. of the receivable from the transferor with a liability of the transferor in the amount of BGN 4,843 thousand. The balance after the set-off (BGN 60 thousand) remains due from Euroins AD to Eurohold Bulgaria AD as of 31.12.2021.
- Pursuant to the Agreement for set-off of counter-liabilities with Euroins Insurance AD, Northern Macedonia Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 8,000 with a liability of BGN 8,000.

2020

- The Company, in its capacity as a borrower on a loan with Starcom Holding AD and on a loan with Auto Union AD, has set off the amount of BGN 4,150 thousand in reduction of the loan principal with Starcom Holding AD and increase of the loan principal with Auto Union AD, as the cash flows are settled directly between Starcom Holding AD and Auto Union AD in three tranches.
- The company has made a SWAP transaction with IC EIG RE EAD, having bought back 6 units. ECP with ISIN: XS1966018308 with a face value of EUR 600,000 worth EUR 599,400 and at the same time replaced it with 6 newly issued ECPs with ISIN: XS2141135975 for EUR 588,000. As of

31.12.2020 ECP with ISIN: XS2141135975 was repurchased by Eurohold Bulgaria AD and repaid / canceled.

- The company has made a SWAP deal with IC Euroins AD, having bought back 114 units. ECP with ISIN: XS1966018308 with a face value of EUR 11,400,000 worth EUR 11,388,600 and at the same time replaced it with 116 newly issued ECPs with ISIN: XS2141135975 for EUR 11,368,000. As of 31.12.2020 ECP with ISIN: XS2141135975 is back purchased from Eurohold Bulgaria AD and repaid / canceled.
- The company has made a SWAP transaction with IC Euroins AD, having bought back 45 units. ECP with ISIN: XS1984471612 with a face value of EUR 4,500,000 worth EUR 4,455,000 and at the same time replaced it with 45 newly issued ECPs with ISIN: XS2157195020 for EUR 4,410,000. As of 31.12.2020 ECP with ISIN: XS2157195020 was repurchased by Eurohold Bulgaria AD and repaid / canceled.
- The company has made a SWAP deal with IC Euroins AD, having bought back 1 pc. ECP with ISIN: XS2205084127 with a face value of EUR 100,000 worth EUR 99,400 and at the same time replaced it with 100 newly issued bonds with ISIN: BG2100013205 for EUR 100,000.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Auto Union AD in the total amount of BGN 4,245 thousand, incl. principal in the amount of BGN 4,047 thousand and interest in the amount of BGN 198 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Auto Union AD in the total amount of BGN 4,110 thousand, incl. principal in the amount of BGN 4,090 thousand and interest in the amount of BGN 20 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Motobul EAD in the total amount of BGN 2,724 thousand, incl. principal in the amount of BGN 2,570 thousand and interest in the amount of BGN 154 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Motobul EAD in the total amount of BGN 2,125 thousand, incl. principal in the amount of BGN 1,960 thousand and interest in the amount of BGN 165 thousand.
- The assumed liabilities to Auto Union AD and Motobul EAD are joined to the existing liabilities of the Company to Starcom Holding AD in the total amount of BGN 19,579 thousand (including principal BGN 18,487 thousand and interest BGN 1,092 thousand).) and form a total liability of BGN 32,784 thousand, in which the total liability interest is capitalized. The total liability thus formed (BGN 32,784 thousand) is renegotiated into subordinated debt, representing tier 1 capital, in accordance with the applicable provisions of the applicable Bulgarian and Community law. Tier 1 capital amounts to a total of BGN 32,784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5% due at the end of each quarter.
- With an agreement to replace in debt the obligations of the Company under a loan agreement with Auto Union Service EOOD in the total amount of BGN 328 thousand (principal BGN 314 thousand and interest BGN 14 thousand) were assumed by Star Motors EOOD.

✓ Cashless transactions

During the presented reporting periods the Company has performed the following investment and financial transactions in which no cash or cash equivalents have been used and which are not reflected in the statement of cash flows:

2021

- During the period the Company performed SWAP transactions with related parties, simultaneously issuing new short-term commercial paper (ECP) in the amount of EUR 2,500 thousand (BGN 4,890 thousand) and repurchased short-term short-term commercial paper (ECP).) in the amount of EUR 2,450 thousand (BGN 4,792 thousand).
- The company has transferred a liability with a subsidiary and has committed to assume the amount of BGN 332 thousand, consisting of BGN 314 thousand principal and BGN 18 thousand interest.
- Pursuant to the Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 72 thousand (BGN 70 thousand principal and BGN 2 thousand interest) with a liability of BGN 332 thousand. BGN 314 thousand principal and BGN 18 thousand interest) up to the amount of the receivable.

- Pursuant to an Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD, it has set-off a receivable in the amount of BGN 14 thousand with a liability of BGN 2 thousand up to the amount of the liability.
- Pursuant to the Contract for purchase and sale of financial instruments with a subsidiary (Acquirer) Eurohold Bulgaria AD (Transferor), the receivable from the transferor with a liability to the same in the amount of BGN 5,476 thousand has been set off.
- Pursuant to an Agreement with a subsidiary Acquirer under one transaction (receivable in the amount of BGN 4,903 thousand) with Eurohold Bulgaria AD and Transferor under another transaction (liability in the amount of BGN 4,843 thousand) with Eurohold Bulgaria AD, an offset was made. the receivable from the transferee with a liability of the transferor in the amount of BGN 4,843 thousand. The balance after the set-off (BGN 60 thousand) remains due to the subsidiary of Eurohold Bulgaria AD as of 31.12.2021.
- Pursuant to an Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD, it has set-off a receivable in the amount of BGN 8 thousand with a liability of BGN 8 thousand.

2020

- During the period the Company, in its capacity as a borrower under two loan agreements with related parties, has set off the amount of BGN 4,150 thousand in reduction of the principal on one loan and increase of the principal on the other loan, as the cash flows are settled directly between the two lenders - related parties.
- During the period the Company performed SWAP transactions with related parties, simultaneously issuing new short-term commercial paper (ECP) in the amount of EUR 16,366 thousand (BGN 32,009 thousand) and repurchased short-term short-term commercial paper (ECP).) in the amount of EUR 16,443 thousand (BGN 32,158 thousand).
- In 2020, with debt replacement agreements, the main shareholder Starcom Holding AD assumes liabilities of the Company to two subsidiaries in the total amount of BGN 13,204 thousand, incl. principal in the amount of BGN 12,667 thousand and interest in the amount of BGN 537 thousand. The assumed liabilities are joined to the existing liabilities of the Company to Starcom Holding AD in the total amount of BGN 19,579 thousand (including principal and interest and form a total liability of BGN 32,784 thousand, in which the total liability interest is capitalized. Thus formed total liability (BGN 32,784 thousand) is a subordinated debt, representing tier 1 capital, according to the applicable provisions of current Bulgarian and Community law Tier 1 capital amounts to a total of BGN 32,784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5%, due at the end of each quarter.
- In 2020, with an agreement to replace in debt the obligations of the Company under a loan agreement to a subsidiary in the total amount of BGN 328 thousand (principal BGN 314 thousand and interest BGN 14 thousand) were assumed by another subsidiary.

Information on liabilities and receivables of related parties presented by business groups

Insurance group

Lender company	Recipient of the loan	Type	Currency	Permitted limit in thousand	Date of temporary contract	Maturity date under last annex	Interest conditions	Balance on the principal as of 31.12.2021 in thousand BGN
Liabilities:								
subordinated debt								
Starcom Holding AD	EIG	SubDebt	EUR	12,600	25.8.2020	31.8.2025	6,00%	5 139
Starcom Holding AD	EIG	SubDebt	EUR	4,980	19.2.2021	19.2.2026	6,00%	9 740
Bond liabilities								
	EIG	Bond	EUR	10,000	18.12.2014	18.12.2021	9,75%	19 558

Loans and Assignments - Related Parties

Auto Union AD	EIG	Loan	BGN	17,200	01.07.2021	1.1.2023	2,7%	14 197
Starcom Holding AD	EIG	Loan	EUR	6,000€	30.9.2021	15.7.2022	6,00%	11 735

Loans and Assignments - Unrelated persons

AMC IV Alpha B.V	EIG	Loan	EUR	10,000	13.3.2019	31.3.2025	8,00%	14 587
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RECEIVABLES:**Loans and Assignments - Related Parties**

EIG	Eurohold	Loan	BGN	20,000	08-02-19	08-02-22	6.00%	14 026
EIG	Eurohold	Loan	EUR	50€	01-07-21	01-07-22	6.00%	97
EIG	Euroins Romania	Подчинен дълг	EUR	8,000	14.07.2021г	14.7.2026	9,75%	15 595
EIG	Euroins Romania	Подчинен дълг	EUR	1 062	28.9.2021	28.9.2026	7%	2 070
EIG	Starcom Holding	Loan	BGN	30,000	28.12.2017	28.12.2024	6%	8 668

Loans and Assignments - Unrelated Parties

EIG	LLC Manufactura	Loan	EUR	675	17.9.2021	17.9.2022	6%	1 304
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Energy group

Lender company	Recipient of the loan	Type	Currency	Permitted limit in thousand	Date of temporary contract	Maturity date under last annex	Interest conditions	Balance on the principal as of 31.12.2021 in thousand BGN
Liabilities:								
Bank Loans								
EBRD	CEZ Distribution Bulgaria	Loan	EUR	98,000€	2.11.2016	30.4.2027	1.80% + 6m Euribor	42,993
Loan Syndicate	Eastern European Electric Company B.V.	Loan	EUR	360,000€	21.07.2021	21.07.2026	EURIBOR +3.5%	317,510€
MCP Investments IV S.a.r.L	Eastern European Electric Company II B.V.	Loan	EUR	110,000€	21.07.2021	21.01.2027	13%	106,651
Loans and Assignments - Related Parties								
Eastern European Electric Company B.V.	CEZ Distribution Bulgaria AD	Loan	EUR	30,000€	3.12.2018	31.10.2027	3.5% + 6m Euribor	59,985
Eastern European Electric Company B.V.	CEZ Distribution Bulgaria AD	Loan	EUR	16,073€	28.7.2021	31.10.2027	3.20%	28,299
Eastern European Electric Company B.V.	CEZ Distribution Bulgaria AD	Loan	EUR	14,000€	25.11.2021	15.11.2022	3.15% + 6m Euribor	27,382
Eastern European Electric Company B.V.	Bara Group EOOD	Loan	EUR	14,998€	14.5.2014	30.6.2022	4.00% + 1M Euribor	28,652
Eastern European Electric Company B.V.	CEZ Trade Bulgaria EAD	Loan	EUR	3,835€	27.06.2018	31.12.2022	EURIBOR 6M + 0.8%	7,500€

Automobile group

Lender company	Recipient of the loan	Type	Currency	Permitted limit in BGN	Date of temporary contract	Maturity date under last annex	Interest conditions	Balance on the principal as of 31.12.2021 in BGN
LIABILITIES								
Subordinated debts - Related parties								
Liabilities under bank loans								
Unicredit Bulbank	Bulvaria EOOD	loan	EUR	911,517 €	21-12-09	31-03-22	1M EURIBOR + 3.5%	1 782 772
Unicredit Bulbank	Auto Italia EAD	loan	EUR	400,000 €	09-12-09	31-03-22	1M EURIBOR + 3.5%	782 332
Unicredit Bulbank	Auto Italia EAD	loan	EUR	536,680 €	21-12-09	31-03-22	1M EURIBOR + 3.5%	1 049 655
Unicredit Bulbank	Bulvaria Sofia EAD	loan	EUR	500,000 €	07-02-20	30-04-22	1M EURIBOR + 3.5%	963 771
First Investment Bank	Avto Union AD	loan	EUR	2 400 000€	28-05-20	30-11-22	СЛП в евро на ПИБ+3.7641%	4 338 412
First Investment Bank	Motobul EAD	loan	EUR	664,680 €	08-10-21	15-06-27	СЛП в евро на ПИБ+2.8871%	1 300 001
Central Cooperative Bank Plc.	Avto Union AD	loan	EUR	9 203 254€	05-07-21	10-02-22	2.60%	18 000 511
Bulgarian Development Bank	Motobul EAD	loan	EUR	240 000€	18-12-15	20-09-22	3M EURIBOR+4%	175 812
Bulgarian Development Bank	Avto Union AD	loan	EUR	1 000 000€	15-12-20	15-12-22	3M EURIBOR+3%	1 955 830
Liabilities under obligation loans								
ISIN BG2100025126	Avto Union AD		EUR	476 785€ ³	06-12-12	10-12-22	4.50%	5 045 130
ISIN BG2100006183	Motobul EAD		EUR	499 300€ ⁴	13-06-18	13-06-28	3.85%	8 799 866
Loan and cessions liabilities - Related parties								
Eurohold Bulgaria AD	Avto Union AD	loan	BGN			31-12-21	4.20%	
Autoplaza EAD	Auto Italia EAD	loan	BGN	150,000	01-12-21	01-12-23	3.95%	150,000
Eurohold Bulgaria AD	Motobul EAD	loan	BGN	170,000	13-01-21	13-01-24	6.50%	170,000
Daru Car EAD	Avto Union AD	loan	BGN	9 500 000	19-06-12	19-06-22	5.50%	2 349 617
Motobul EAD	Avto Union AD	loan	BGN	7 000 000	31-07-18	31-07-24	5.00%	4 786 364
Avto Union Service EOOD	Avto Union AD	loan	BGN	2 000 000	27-06-16	27-06-22	5.00%	784 200
Benzin Finance EAD	Avto Union AD	loan	BGN	1 500 000	08-08-19	31-12-22	5.00%	1 035 824
Auto Italia EAD	Avto Union AD	loan	BGN	2 000 000	27-12-19	27-12-22	5.00%	2 333 716
Motobul EAD	Avto Union AD	cession	BGN	2 222 807	18-12-18	31-12-22	3.00%	1 596 460
Bulvaria EOOD	Avto Union AD	loan	BGN	200 000	18-06-18	31-12-22	5.00%	79 817
Auto Italia EAD	Avto Union AD	loan	BGN		30-06-19	31-12-22	2.00%	2 597 822
Bulvaria EOOD	Avto Union AD	loan	BGN		19-12-18	31-12-22	2.00%	255 675
Daru Car EAD	Avto Union AD	loan	BGN		20-06-19	31-12-22	2.00%	868 872
Bulvaria Sofia EAD	Avto Union AD	loan	BGN	2 500 000	01-04-21	01-04-24	5.00%	2 116 161
Motobul EAD	Avto Union AD	loan	BGN	1 300 000	10-10-21	14-06-27	3.10%	1 000 000
Star Motors EOOD	Avto Union AD	loan	BGN	22000	03-01-21	03-01-22	5.00%	22 000
Avto Union AD	Motohab EOOD	loan	BGN	50,000	19-10-18	19-10-22	5.50%	251 821
Avto Union AD	Daru Car Ead	loan	BGN		28-05-20	30-04-30	3.95%	744 125

Avto Union AD	Bulvaria EOOD	loan	BGN		18-01-21	14-12-22	3.00%	245 574
Bulvaria Sofia EAD	Bulvaria EOOD	loan	BGN		01-10-21	01-10-22	3.00%	468 000
Avto Union AD	Auto Italia EAD	loan	BGN	1,000,000.00	10-10-21	14-06-27	3.20%	1,000,000.00
Avto Union AD	Auto Italia EAD	loan	BGN		16-12-20	14-12-22	3.00%	1,710,255.99
Avto Union AD	Auto Italia EAD	loan	BGN		28-05-20	14-12-22	3.95%	3,954,291.45
Loan and cessions liabilities - Unrelated parties								
Eurotruck	Avto Union AD	loan	BGN	10 000	19-03-12	19-03-22	5.50%	6 638
GTA Petroleum OOD	Avto Union AD	loan	BGN	200 000	31-12-21	31-12-22	3.00%	200 000
Auto Italia-Sofia EOOD	Avto Union AD	loan	BGN	300 000	01-03-20	01-03-23	5.00%	51 100
SLS Holding	Auto Italia EAD	loan	BGN	2 030 000	28-12-18	31-03-22	3.20%	621 347
Profonika EOOD	Auto Italia EAD	loan	BGN	300,000	30-09-19	31-12-24	4.20%	147 600
UBB - factoring	Motobul EAD	factoring	BGN	1 567 500	20-04-18	18-04-22	1M SOFIBOR + 1.8%	557 687
Alianz factoring	Motobul EAD	factoring	BGN	1 700 000	22-02-19	безсрочен	БДИЮЛ + 1.80%	98 071
SLS Holding	Avto Union Service EOOD	loan	BGN	446 385	05-02-20	28-02-22		446 385
Guarantees								
Unicredit Bulbank	Star Motors EOOD	bank guarantee	EUR	3 750 000 €	17-09-13	31-01-22	1.00%	3 750 000€
First Investment Bank	Motobul EAD	bank guarantee	EUR	1 050 000 €	30-04-20	30-04-22	1.60%	1 050 000€
Varengold AG	Auto Italia EAD	bank guarantee	EUR	50,000 €	22-02-21	22-02-22	2.00%	50,000 €
Unicredit Bulbank	Auto Italia EAD	bank guarantee	EUR	5 150 000€	21-12-09	15-03-22	1.00%	2 000 000€
RECEIVABLES								
Loan and cessions receivables - Related parties								
Starcom Holding AD	Avto Union EAD	loan	BGN	1789930.79	01-12-21	30-10-22	4.20%	39,930.79
Starcom Holding AD	Avto Union EAD	loan	BGN	990498.22	27-05-20	27-05-23	4.20%	3,763,805.52
Starcom Holding AD	Avto Union EAD	cession	BGN	20166563.13	02-08-21	31-12-23	4.20%	20,166,563.13
Eurohold Bulgaria AD	Avto Union EAD	cession	BGN	695,000.00	01-12-21	31-12-22	3.00%	695,000.00
Euroins Insurance Group	Avto Union EAD	loan	BGN	14196673.19	01-07-21	10-12-22	2.70%	14,196,673.19
Starcom Holding AD	Motobul EAD	loan	BGN	2,570,000.00	31-12-20	31-12-21	5.00%	2,570,000.00
Starcom Holding AD	Motobul EAD	cession	BGN	1,960,000.00	31-12-20	31-12-21	6.50%	1,960,000.00
Eurohold Bulgaria AD	Avto Union Service EFO	loan	BGN	243,816.15	31-05-21	31-12-21	3.00%	243,816.15
Avto Union AD	Avto Union Service EFO	loan	BGN	814200	27-06-16	27-06-22	5.00%	784,200.00
Avto Union AD	Auto Italia EAD	loan	BGN	2 000 000	27-12-19	27-12-22	5.00%	2 333 716
Avto Union AD	Benzin Finance EAD	loan	BGN	1 500 000	08-08-19	31-12-21	5.00%	1,035,823.57
Avto Union AD	Bulvaria Sofia EAD	loan	BGN	2 500 000	01-04-21	01-04-24	5.00%	2,116,161.20
Bulvaria EOOD	Bulvaria Sofia EAD	loan	BGN		01-10-21	01-10-22	3.00%	468,000.00
Avto Union AD	Bulvaria EOOD	loan	BGN	200 000	18-06-18	31-12-22	5.00%	79,817.49
Avto Union AD	Daru Car EAD	loan	BGN	9,500,000	19-06-12	19-06-22	5.50%	2,349,616.91
Avto Union AD	Motobul EAD	loan	BGN	1 300 000	10-10-21	14-06-27	3.10%	1 000 000
Avto Union AD	Motobul EAD	cession	BGN	2 222 807	18-12-18	31-12-22	3.00%	1596460.3
Avto Union AD	Motobul EAD	loan	BGN	7 000 000	31-07-18	31-07-24	5.00%	4,786,364.39
Avto Union AD	Star Motors EOOD	loan	BGN	22000	03-01-21	03-01-22	5.00%	22,000.00
Auto Italia EAD	Avto Union AD	loan	BGN	1,000,000.00	10-10-21	14-06-27	3.20%	1,000,000.00

Motohab EOOD	Avto Union AD	loan	BGN	50,000	19-10-18	19-10-22	5.50%	251,822.62
Auto Italia EAD	Avto Union AD	loan	BGN		16-12-20	14-12-22	3.00%	1,710,255.99
Auto Italia EAD	Avto Union AD	loan	BGN		28-05-20	14-12-22	3.95%	3,594,291.45
Bulvaria EOOD	Avto Union AD	loan	BGN		18-01-21	14-12-22	3.00%	245,574.00
Daru Car EAD	Avto Union AD	loan	BGN		28-05-20	30-04-30	3.95%	744,124.53
Loan and cessions receivables - Unrelated parties								
VI Lulin EAD	Avto Union AD	loan	BGN			30-09-23	6.00%	
Etropal trade OOD	Auto Italia EAD	loan	BGN	75,000	26-11-21	11-01-22	5.50%	75,000

Leasing group

<u>Lender company</u>	<u>Recipient of the loan</u>	<u>Type</u>	<u>Currency</u>	<u>Permitted limit in thousand BGN</u>	<u>Date of temporary contract</u>	<u>Maturity date under last annex</u>	<u>Interest conditions</u>	<u>Balance on the principal as of 31.12.2021 in thousand BGN</u>
LIABILITIES:								
Liabilities under bank loans								
Piraeus Bank AD	Eurolease Auto EAD	Bank loan	EUR	3 500	07.02.2018	30.11.2023	3M EURIBOR + 2.8%	1 938
UniCredit Bulbank AD	Eurolease Auto EAD	Bank loan	BGN	9 779	22.11.2018	29.02.2024	ADI+2.2%/min 2.30%	4 553
Eurobank AD BULGARIA	Eurolease Auto EAD	Bank loan	BGN	13 691	28.12.2016	15.09.2022	PRIME+ 2.72%/min 2.85%	1 713
Eurobank AD BULGARIA	Eurolease Auto EAD	Bank loan	BGN	978	16.06.2017	16.05.2023	PRIME+ 2.85%/min 2.85%	266
Eurobank AD BULGARIA	Eurolease Auto EAD	Bank loan	BGN	3 912	09.02.2018	09.09.2023	PRIME+ 2.72%/min 2.72%	1 505
Eurobank AD BULGARIA	Eurolease Auto EAD	Bank loan	BGN	9 779	24.09.2019	24.09.2027	PRIME+ 1.72%/min 2.72%	8 714
Bulgarian Development Bank AD	Eurolease Auto EAD	Bank loan	EUR	4 150	15.07.2016	20.12.2022	3M EURIBOR + 2.50%/min 2.5%	1 534
Bulgarian Development Bank AD	Eurolease Auto EAD	Bank loan	EUR	10 244	23.05.2018	20.02.2027	3M EURIBOR + 3.50%/min 3.5%	12 926
Bulgarian Development Bank AD	Eurolease Auto EAD	Bank loan	EUR	850	21.01.2019	30.01.2025	3M EURIBOR + 2.50%/min 2.5%	1 541
D Commercial Bank AD	Eurolease Auto EAD	Bank loan	BGN	446	27.03.2019	05.05.2022	3M EURIBOR + 3%/min 3%	62
D Commercial Bank AD	Eurolease Auto EAD	Bank loan	EUR	2 600	30.07.2015	05.09.2022	3M EURIBOR + 3.5%/min 3.5%	105
D Commercial Bank AD	Eurolease Auto EAD	Bank loan	EUR	5 000	27.11.2019	27.11.2026	3M EURIBOR + 2.95%-3.5%/min 2.95%-3.5% (according to the deals)	7 112
D Commercial Bank AD	Eurolease Auto EAD	Bank loan	EUR	2 000	18.10.2021	18.10.2027	3M EURIBOR + 2.95%-3.5%/min 2.95%-3.5% (according to the deals)	2 577
Bulgarian-American Credit Bank AD	Eurolease Auto EAD	Bank loan	EUR	5 000	31.10.2019	20.04.2026	3M EURIBOR + 2.75%/min 2.75%	7 323
Eurobank AD BULGARIA	Eurolease Rent A Car EOOD	Bank loan	BGN	2 413	10.08.2017	21.10.2022	PRIME+ 2.32%/min 2.32%	1 179
Eurobank AD BULGARIA	Eurolease Rent A Car EOOD	Bank loan	BGN	2 468	15.06.2018	21.05.2024	PRIME+ 2.32%/min 2.32%	1 246

First Investment Bank	Eurolease Rent A Car EOOD	Bank loan	BGN	700	21.05.2021	15.02.2024	MEDIUM-TERM INTEREST + 3.8051%/min3.95%	551
Eurobank AD BULGARIA	Sofia Motors EOOD	Bank loan	BGN	1 456	15.12.2017	15.10.2022	PRIME+ 2.32%/min2.32%	264
Eurobank AD BULGARIA	Sofia Motors EOOD	Bank loan	BGN	1 956	19.02.2018	19.02.2024	PRIME+ 2.85%/min2.85%	841
Eurobank AD BULGARIA	Sofia Motors EOOD	Bank loan	BGN	1 956	24.09.2019	24.03.2026	PRIME+ 1.85%/min2.85%	1 308
Piraeus Bank AD	Sofia Motors EOOD	Bank loan	EUR	550	07.02.2018	30.09.2023	PRIME+ 2.8%/min2.8%	292
Bulgarian Development Bank AD	Sofia Motors EOOD	Bank loan	EUR	3 000	08.06.2020	08.06.2030	3M Euribor + 3%/min 3%	645
Bulgarian-American Credit Bank AD	Autoplaza EAD	Bank loan	EUR	700	10.06.2016	20.09.2023	6M EURIBOR + 4.75%/min4.75%	1 108
Bulgarian-American Credit Bank AD	Amigo Leasing EAD	Bank loan	EUR	1 500	27.06.2018	20.09.2027	3M EURIBOR+ 5.25%/min 5.25%	2 267
Municipal Bank AD	Amigo Leasing EAD	Bank loan	EUR	2 850	03.05.2019	20.04.2026	6M EURIBOR+ 5.25%/min 5.25%	4 473
First Investment Bank	Mogo Bulgaria EOOD	Bank loan	BGN	6 000	17.12.2021	30.11.2026	MEDIUM-TERM INTEREST + 4.8927% /min 5%	5 000
UNIbanka	Eurolease Auto Macedonia	Bank loan	EUR	4 500	24.12.2008	31.12.2029	4.50%	8 730
Stopanska banka AD Skopje	Eurolease Auto Macedonia	Bank loan	EUR	1 000	11.06.2019	28.02.2025	1M EURIBOR + 4.25%/min 3.5%	1 328
Liabilities under obligation loans								
Eurolease Group AD	ISIN BG2100012173	Loan	EUR	1 250	06.07.2017	01.07.2023	3,75%	978
Eurolease Group AD	ISIN BG2100004188	Loan	BGN	1 500	09.03.2018	01.03.2022	4,25%	250
Eurolease Group AD	ISIN BG2100001200	Loan	BGN	6 000	05.02.2020	01.05.2025	4%	6 000
Loan and cessions liabilities - Related parties								
Eurolease Group AD	Eurolease Auto EAD	Loan	BGN	10 000	12.12.2013	31.12.2023	5.00%	8 619
Eurolease Group AD	Eurolease Auto EAD	Loan	BGN	7 000	25.02.2013	31.12.2023	5.00%	228
Eurolease Group AD	Amigo Leasing EAD	Loan	BGN	1 500	27.07.2017	27.07.2023	3.95%	
Eurolease Group AD	Mogo Bulgaria EOOD	Loan	EUR	318	01.12.2021	01.12.2022	5.00%	621
Eurolease Rent A Car EOOD	Eurolease Group AD	Loan	BGN	1 000	06.01.2021	06.01.2024	5.50%	214
Eurolease Auto DOOEL, Skopje	Eurolease Group AD	Loan	EUR	1 000	19.07.2017	19.07.2023	4.25%	978
Eurolease Auto IFN S.A.	Eurolease Group AD	Loan	EUR	1 000	28.07.2010	31.07.2022	1m Euribor+5%	1 163
Eurolease Auto IFN S.A.	Starcom Holding AD	Loan	EUR			31.12.2021	6%	156
Loan and cessions liabilities - Unrelated parties								
Eurolease Group AD	Delta Credit ADSIC	Cession	BGN	235	23.12.2021	30.11.2022	5.50%	235
Eurolease Rent A Car EOOD	Delta Credit ADSIC	Cession	BGN	83	23.12.2021	31.12.2022	5.00%	83

RECEIVABLES:

Loan and cessions receivables - Related parties

Eurolease Auto EAD	Eurohold Bulgaria AD	Loan	BGN	7 600	22.12.2008	31.12.2023	7.00%	1,390
Eurolease Auto EAD Cession	Eurohold Bulgaria AD	Cession	BGN	2 000	30.11.2018	25.10.2022	7.50%	1,883
Eurolease Auto EAD	Eurolease Group AD	Loan	BGN	10 000	12.12.2013	31.12.2023	5.00%	8,556
Eurolease Auto EAD	Eurolease Group AD	Loan	BGN	7 000	25.02.2013	31.12.2023	5.00%	226
Eurolease Auto EAD	Starcom Holding AD	Loan	BGN	300	21.10.2019	21.10.2021	5.00%	-
Autoplaza EAD	Starcom Holding AD	Loan	BGN	100	11.08.2011	11.08.2022	7.00%	5
Autoplaza EAD	Auto Italy EAD	Loan	BGN	150	01.12.2021	01.12.2023	3.95%	149
Mogo Bulgaria EOOD	Eurolease Group AD	Loan	EUR	318	01.12.2021	01.12.2022	5.00%	621
Amigo Leasing EAD	Eurolease Group AD	Loan	BGN	1 500	27.07.2017	27.07.2023	3.95%	-
Eurolease Group AD	Eurolease Rent A Car EOOD	Loan	BGN	1 000	06.01.2021	06.01.2024	5.50%	213
Eurolease Group AD	Eurolease Auto DOOEL, Skopje	Loan	EUR	1 000	19.07.2017	19.07.2023	4.25%	972
Loan and cessions receivables - Unrelated parties								
Amigo Leasing EAD	Individuals	Loans	BGN					87
Eurolease Auto EAD	Lada Taxi Ltd	Loan	BGN	200	18.10.2019	31.12.2022	5.95%	160
Eurolease Auto EAD	Other	Loan	BGN			2024		34

5 / *Information on events and indicators of an unusual nature for the Company, having a significant impact on its activities, and the revenues and expenses incurred by it; assessment of their impact on the results in the current year.*

During the reporting period there were no events of an unusual nature for the Company outside its usual activity.

However, there have been those of a one-time nature, which have a significant impact on its activities, and the revenues and expenses incurred by it.

The item "Influence of important events on the results of operations" above discloses the effects that occurred in 2021 in connection with numerous operations performed by Eurohold Bulgaria AD in the course of its normal activities and had a significant negative impact on the financial result for 2021 which effects are related to the following one-off costs:

1 / The acquisition of CEZ's energy companies in Bulgaria and the structuring of financing by attracting a number of managers and intermediaries, in connection with which one-time costs for external services were reported, representing consulting, intermediary services and success fees worth BGN 7,756 thousand.

2 / Eurohold Bulgaria AD managed to attract the European Bank for Reconstruction and Development (EBRD) as an investor in the insurance subholding by concluding a package deal for the acquisition by the bank of a minority share in the capital of Euroins Insurance Group AD (EIG). Apart from that, there was a simultaneous increase and decrease in the capital of the insurance subsidiary (see "Investments in enterprises" above). As a result of these operations, Eurohold reported a loss from operations with investments in the amount of BGN 20,360,000.

3 / After entering the energy market at the end of July 2021, Eurohold is actively working towards the implementation of its investment policy aimed at developing significant assets in the insurance and energy business and exemption from investments in the automotive and leasing business. As a result, the car subholding company Auto Union contracted the sale of its main car companies, which accounted for a significant part of the car group's revenue and profits. Following the annual review for impairment of investments in subsidiaries, the management of Eurohold has estimated based on the analysis of the recoverable / market

value to depreciate its investment in Auto Union AD to 97% of the net book value of the investment. As a result, by the end of 2021, an impairment loss was reported for investments in subsidiaries in the amount of BGN 64,772 thousand.

In the same item "Impact of significant events on the results of activities" is presented recalculated from one-time costs "Annual individual statement of profit or loss and other comprehensive income for 2021."

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

Eurohold Bulgaria AD has no concluded off-balance sheet transactions.

The Company has provided Guarantees and Guarantees to related parties, and the Company has guaranteed liabilities from related parties (see item 8 / below).

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 enterprises within the meaning of the Accounting and Sources Act / ways of financing.*

Detailed information on the Company's shares and its main investments in the country and abroad is presented in this report in the section "Economic Group".

8 / *Information on the loan agreements concluded by the Company, its subsidiary or the parent company, in their capacity as borrowers, indicating the terms of them, including the deadlines for repayment, as well as information on guarantees provided and commitments.*

Funds raised from financial institutions:

Bank	Type of loan	Currency	Contractual limit	Principal due 31.12.2021	Principal due 31.12.2020	Interest rate	Date of repayment	Collateral
International Investment Bank	Loan - Principal	EUR	15 000 000	-	5 400 000	6.0%+ EURIBOR	12.2021	Pledge of shares of a subsidiary
International Investment Bank	Loan - Principal	EUR	10 000 000	6 160 000	7 700 000	6.0%+ EURIBOR	03.2025	Pledge of shares of a subsidiary
International Bank for Economic Cooperation*	Loan - Principal	EUR	20 000 000	15 000 000	15 000 000	6.5%	07.2022	Pledge of shares of a subsidiary

* The unused amount of the loan from the International Bank for Economic Cooperation as of 31.12.2021 amounts to EUR 5 million (31.12.2020 - EUR 5 million).

Liabilities for borrowings from financial and non-financial institutions according to their maturity, as follows:

Non-current liabilities to financial and non-financial institutions	31.12.2021 thousand BGN	31.12.2020 thousand BGN
International Investment Bank	9 006	11 993
International Bank for Economic Cooperation	-	29 304
Other *	-	1 450
Total	9 006	42 747

As of 31.12.2020 the other loans are in the form of:

* Liability on received loan, with maturity 11.2023, annual interest rate - 5.5% and limit BGN 2,000 thousand;

Current liabilities to financial and non-financial institutions	31.12.2021 <i>thousand BGN</i>	31.12.2020 <i>thousand BGN</i>
International Investment Bank	3 152	13 887
International Bank for Economic Cooperation	29 623	206
Others **	4 855	4 852
Total	37 630	18 945

As of 31.12.2021 the other loans are in the form of:

** Euro Trade Securities (ECP), with maturity 05.2022, annual interest rate - 2.0% and face value EUR 2,500 thousand.

As of 31.12.2020 the other loans are in the form of:

** Euro Trading Securities ECP, with maturity 5.2021, annual interest rate - 2.0% and face value EUR 2,500,000.

In the period 2020, the Company issued and repurchased three issues of Euro Trade Papers (ECP), with a total face value of EUR 20,200,000. At the end of 2020, all three issues were repaid ahead of schedule and deleted from the registers, as a result of which a profit of BGN 478 thousand was reported.

Debt loan liabilities according to their maturity, as follows:

Non-current liabilities on debenture loans	31.12.2021 <i>thousand BGN</i>	31.12.2020 <i>thousand BGN</i>
EMTN Programme в EUR - ISIN: XS1731768302	-	115 856
EMTN Programme в PLN/EUR - ISIN: XS1542984288*	19 558	-
Debenture loan in EUR - ISIN: BG2100013205 **	58 675	58 675
Total	78 233	174 531

Current liabilities on debenture loans	31.12.2021 <i>thousand BGN</i>	31.12.2020 <i>thousand BGN</i>
EMTN Program in EUR - ISIN: XS1731768302	136 185	15
EMTN Program in EUR - ISIN: XS1731768302, interest	610	19 302
EMTN Program in PLN / EUR - ISIN: XS1542984288	-	688
EMTN Program in PLN / EUR - ISIN: XS1542984288, interest	9	
Debenture loan - ISIN: BG2100013205, interest	183	183
Total	136 987	20 188

Debt loan 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.

Information on the terms of the EMTN programs is publicly available and available on the Irish Stock Exchange website, Bonds section. The EMTN program with ISIN: XS1542984288 matures on December 29, 2026, has a fixed interest rate of 8.0% (eight percent) on an annual basis and a frequency of interest payments once a year in arrears. The EMTN program with ISIN XS1731768302 matures on December 7, 2022, has a fixed interest rate of 6.5% (six and a half percent) on an annual basis and a frequency of interest payments once a year in arrears.

* As of 31.12.2021 the bond issue with ISIN: XS1542984288 represents a restructured bond loan (under the EMTN program) with extended maturity until 29.12.2026, changed currency from PLN to EUR and changed

frequency of interest payment from six-month to one -annually. As a result of the restructuring, losses from operations with investments in the amount of BGN 440 thousand were reported.

** Debent loan 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 (non-public) 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.

✓ GUARANTEES AND GUARANTEES PROVIDED

Eurohold Bulgaria is a co-debtor of received bank loans to related parties, as follows:

Business direction	Amount in EUR'000 as at 31.12.2021	Amount in BGN'000 as at 31.12.2021.	MATURITY (EUR'000)					
			2022	2023	2024	2025	2026	after 2026
Leasing subholding								
Bank loans to finance leasing activities	15 252	29 830	5 791	3 870	2 906	1 643	869	173
Automotive subholding								
Bank loans for working capital	14 027	27 434	13 363	45	181	181	181	76
Energy holding								
Working capital loans funds	17 702	34 622	17 702	-	-	-	-	-
Corporate payment guarantee	3 500	6 845	-	3 500	-	-	-	-
Corporate guarantee for loans from a financial institution in connection with an acquisition	220 000	430 283	-	-	-	-	-	220 000
Insurance subholding								
Debenture loan *	10 000	19 558	10 000	-	-	-	-	-
Parent company								
Bank loans for working capital	6 000	11 735	6 000	-	-	-	-	-
Bank loans for investment purposes	5 000	9 779	-	-	5 000	-	-	-
TOTAL:	291 481	570 086	52 856	7 415	8 087	1 824	1 050	220 249

In connection with a loan of Automobile Subholding Eurohold Bulgaria AD has established a pledge of shares of a subsidiary.

In connection with financing under a package deal Eurohold Bulgaria AD a pledge of shares of a subsidiary has been established.

The company is a guarantor of issued bank guarantees to related parties, as follows:

Company from:	Contractual limit in EUR'000 as of 31.12.2021	Contractual limit in BGN'000 as of 31.12.2021	MATURITY (EUR'000)
			2022
Automotive subholding	3 750	7 334	3 750
Automotive subholding	1 050	2 054	1 050
Automotive subholding	6 150	12 028	6 150
TOTAL:	10 950	21 416	10 950

Guaranteed liabilities of the Company by related parties, as follows:

Company / Guarantor	Currency	Guaranteed obligation	Amount of the guaranteed amount as of 31.12.2021 in original currency	Maturity
Euroins Insurance Group AD	EUR	Bond issue (EMTN program)	70 000 000	12/2022
Euroins Insurance Group AD	EUR	Bond issue (EMTN program)	10 000 000	12/2026
Euroins Insurance Group AD	EUR	Bank loan	15 000 000	07/2022

Established guarantees in favor of the Company:

Company / Guarantor	Currency	Guaranteed obligation	Amount of the guaranteed amount as of 31.12.2021 in original currency	Maturity
Milena Milchova Gencheva, Procurator	BGN	Management guarantee	3 330	03/2022

9 / *Information on loan agreements concluded by the Company, its subsidiary or the parent company, in their capacity as lenders, including the provision of guarantees of any kind, including to related parties, indicating the specific conditions thereof, including the final payment deadlines and the purpose for which they were granted.*

All loans granted by Eurohold Bulgaria AD, including related parties, are disclosed in detail in the certified annual unconsolidated financial statements of the company for 2021, as well as in item 4 / above of this section.

All loans granted by the subsidiaries of Eurohold Bulgaria AD, including related parties, are disclosed in detail in the certified annual individual financial statements of the companies for 2021, as well as in item 4 / above of this section.

All certified financial statements of the subsidiaries mentioned above can be found on the websites of the respective companies.

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

Within 2021, a procedure was carried out to increase the share capital of the Company. July 7, 2021 was the deadline for subscription of shares from the capital increase of Eurohold Bulgaria AD, as the company attracted over BGN 157 million (EUR 80.5 million) through a public offering of new shares on the Bulgarian Stock Exchange (BSE).

The new issue of shares from the capital increase of Eurohold Bulgaria AD in the amount of 62,974,400 shares with a nominal value of BGN 1 was entered in the Commercial Register at the Registry Agency on 13.07.2021, and the same were admitted to trading on regulated on the Bulgarian Stock Exchange, actions have been taken to admit the newly issued shares to trading on the Warsaw Stock Exchange (WSE).

The funds raised from the increase were used for a contribution to the capital increase of the subsidiary Euroins Insurance Group AD and to the capital increase of the Eastern European Electric Company II BV in order to finance the acquisition of the seven energy companies of the PM Group in Bulgaria.

11 / *Analysis of the ratio between the achieved financial results, reflected in the financial report for the financial year, and previously published forecasts for these results.*

Eurohold Bulgaria AD has not published and presented profit forecasts.

12 / *Analysis and evaluation of the policy on the management of financial resources, indicating the possibilities for servicing the obligations, possible threats and measures that the issuer has taken or is about to take in order to eliminate them.*

The main activity of Eurohold Bulgaria AD, as a holding company, is to effectively manage the monetary resources accumulated in the entire structure and, accordingly, to distribute them depending on the needs of the individual subsidiaries. The Company's policy in this area is to provide financing only in the area of "parent subsidiaries" and not "subsidiary - subsidiary". The management of the free financial resources of the subsidiaries is carried out in accordance with the regulatory requirements and in order to achieve a good return with reasonable risk-taking.

The investment program of Eurohold Bulgaria AD in 2021 has been implemented through own and borrowed funds.

13 / *Assessment of the possibilities for realization of the investment intentions with indication of the amount of the available funds and reflection of the possible changes in the structure of financing of this activity.*

Information regarding the planned economic policy, including forthcoming transactions essential to the company's activities is presented in the item "Current trends and likely future development".

14 / *Information on changes during the reporting period in the basic principles of management of the Company and its group of enterprises within the meaning of the Accounting Act.*

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

15 / *Information on the main characteristics 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 a well-established and functioning system for risk management and internal control, which guarantees the effective functioning of the systems for accounting and financial reporting and for disclosure of information. The internal control system is established and operated in order to identify the risks associated with the activities of the Group and support their effective management.

The main features of the internal control system are the following:

▪ **Control environment:**

- built on the basis of integrity and ethical behavior;
- availability of experienced management with direct participation in the business processes of the Company and critical review of the activity;
- the organizational structure is consistent with the nature of the business and ensures the division of responsibilities;
- the levels of competence are tailored to the specific positions;
- hierarchy and clear rules, rights, obligations and levels of reporting;
- the policy of delegation of powers and responsibilities;
- human resources policies and practices are addressed to the recruitment of competent and reliable staff

- **Risk management** - a process for identifying, assessing and controlling potential events or situations that may adversely affect the achievement of the Company's objectives through direct participation of management in the activity;

- **Control activities** - control activities aimed at minimizing the risk and increasing the probability that the goals and objectives of the Group will be achieved. Such are the procedures for:
 - approval and permission in decision making (authorization);
 - preliminary control for legality, carried out by the executive director immediately before signing the decision taken;
 - complete, accurate, accurate and timely accounting of all operations (information processing);
 - operational control and review of the results of the work, carried out daily by the executive director in the assignment and implementation of the work;
 - division of responsibilities

- **Information and communication** - availability of effective and reliable information and communication systems, ensuring the collection and dissemination of complete, reliable and reliable information, horizontal and vertical communication from and to all levels, as well as a timely reporting system.

- **Monitoring** - there is a system for current monitoring and evaluation of controls, and in case of deviations, corrective and corrective measures are taken.

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

In 2021 there were changes in the Supervisory Board of the Company, as the GMS held on 30.06.2021 terminated the term of Lyubomir Stoev - Member of the Supervisory Board, and elected a new member of the Supervisory Board, namely Ivaylo Angarski. At the same GMS, the contract for the prosecutor's office of the Procurator Hristo Stoev was terminated.

17 / *Information on the amount of remuneration, rewards and / or benefits of each of the members of the management and supervisory bodies for the reporting financial year and its subsidiaries, regardless of whether they were included in the Company's expenses or result from the distribution of profits, including:*

- a) amounts received and non-monetary remuneration;
- b) contingent or deferred remuneration incurred during the year, even if the remuneration is due at a later date;
- c) amount due from the Company or its subsidiaries for the payment of pensions, retirement benefits or other similar benefits.

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

18 / *For public companies - information on shares of the Company held by the members of the management and control bodies, procurators and senior management, including shares held by each of them separately and as a percentage of shares of each class, as well as provided to them by The Company's options on its securities - type and amount of securities on which the options are based, price of exercising the options, purchase price, if any, and term of the options.*

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

The members of the Management and Supervisory Boards do not have options on the issued securities of the Company.

19 / *Information on the arrangements known to the company (including after the end of the financial year), as a result of which in the future there may be changes in the relative share of shares or bonds held by current shareholders or bondholders.*

As of the reporting period and after the end of the financial year of the Company, no agreements are known from which changes in the relative share of shares and bonds held by the current shareholders or bondholders may occur.

20 / *Information on pending court, administrative or arbitration proceedings concerning liabilities or receivables of the Company in the amount of at least 10 percent of its equity; if the total value of the liabilities or receivables of the Company in all initiated proceedings exceeds 10 percent of its equity, information is provided for each proceeding separately.*

As of 31.12.2021 no significant lawsuits have been filed against the Company.

The Company is appealing against penal decrees imposed by the Financial Supervision Commission with a general material interest in the amount of BGN 124 thousand. provisions for the same.

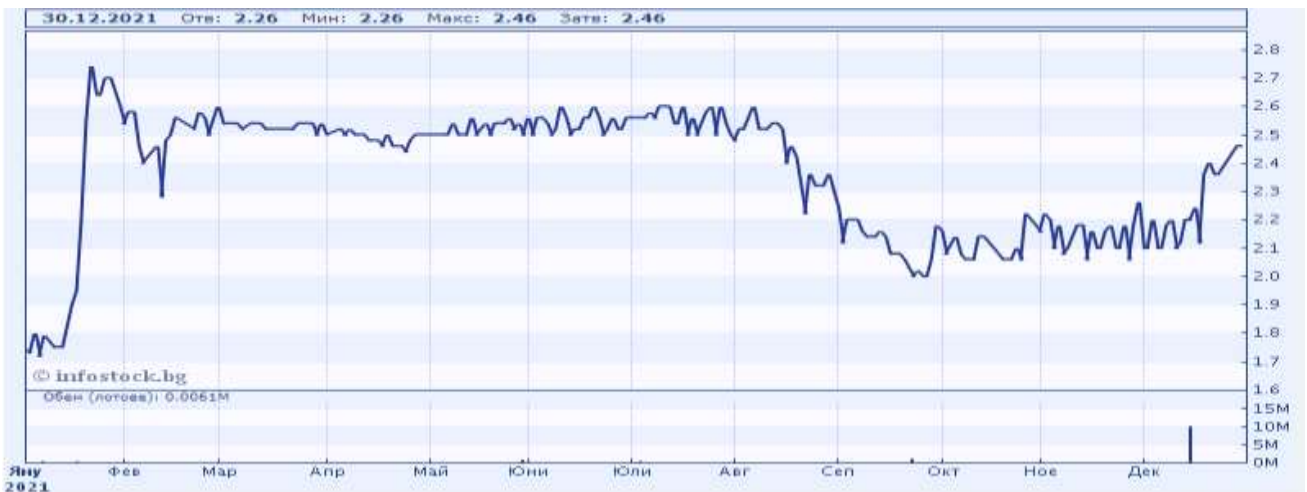
The company is a plaintiff in a case with a material interest of EUR 375,363.21. The company wants a refund of the amount it transferred. The transferred amount was completely blocked on the account in Erste Bank, Novi Sad, based on a prosecutor's order and an order of the civil court, and will be returned to the company after a formal decision on the above case. A final decision on the case is expected within the next 12 months, but the deadline may be extended depending on the workload of the court hearing the case.

21 / *Non-financial declaration, under Article 41 of the Accounting Act, for financial statements and individual basis.*

Eurohold Bulgaria AD prepares a Non-Financial Declaration on a consolidated basis and it will be presented and disclosed together with the annual consolidated financial statements of the company for 2021.

22 / *Changes in the share price of Eurohold Bulgaria AD*

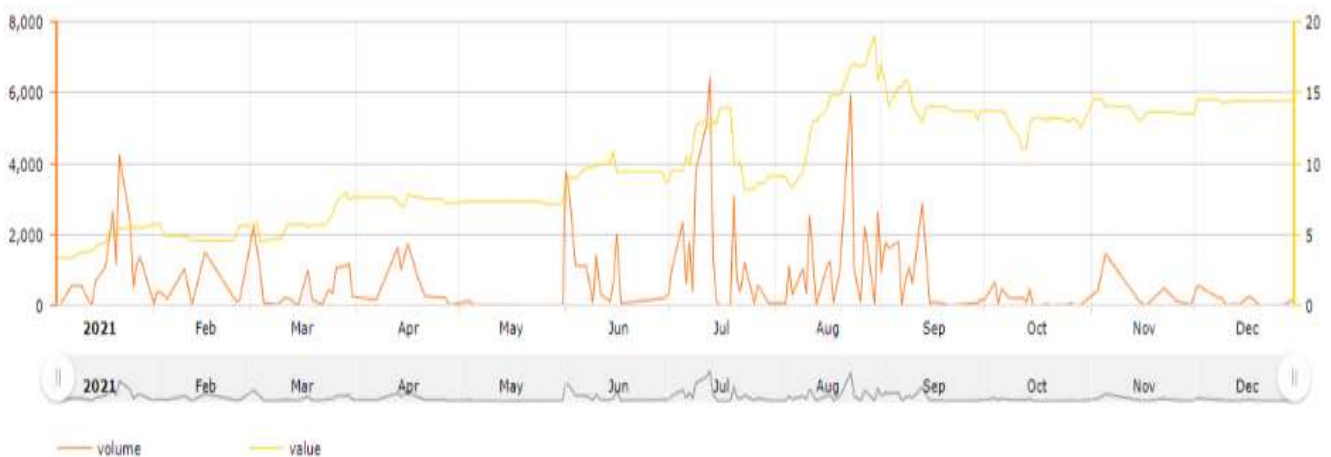
All shares of Eurohold Bulgaria AD are registered for trading on the Main Market of BSE AD, Standard Segment, with stock exchange code - **EUBG**.



The chart shows the movement of the prices of the shares of Eurohold Bulgaria AD on the BSE for the period 04.01.2021 - 30.12.2021 (respectively the first and last stock exchange quotation for the reporting year 2021).

- Starting price: BGN 1.74 (01.01.2021)
- Last price: BGN 2.46 (30.12.2020)
- Maximum price: BGN 2.74 (21.01.2021)
- Minimum rate: BGN 1.72 (06.01.2021)
- Value change: BGN +0.72
- Relative change: + 29.27%
- Average price: BGN 2.25

After the double listing in 2011, the shares of Eurohold Bulgaria AD are also traded on the Warsaw Stock Exchange, Main Stock Market, with stock exchange code - **EHG**.



The chart shows the movement of the prices of the shares of Eurohold Bulgaria AD on the Warsaw Stock Exchange for the period 04.01.2021 - 30.12.2021.

- Starting price: 3.32 PLN (04.01.2021)
- Last price: 14.40 PLN (30.12.2021)
- Maximum price: 19.00 PLN (30.08.2021)
- Minimum rate: 3.32 PLN (04.01.2021)
- Value change: PLN 11.08
- Relative change: 333.73%
- Average price: 8.86 PLN

EVENTS AFTER THE DATE IN THE REPORTING PERIOD

⇒ COVID-19 (coronavirus)

At the end of 2019, news about COVID-19 (Coronavirus) first appeared from China, when a limited number of cases of an unknown virus were reported to the World Health Organization. In 2020, the virus spread worldwide and its negative impact gained momentum. On March 11, 2020, after cases of the new coronavirus strain were reported in 114 countries, the World Health Organization (WHO) declared the COVID-19 epidemic a pandemic. On March 13, 2020, at the request of the government, the National Assembly declared a state of emergency in Bulgaria due to the coronavirus, which lasted until 13.05.2020 and was replaced by an emergency epidemic situation until 31.08.2021 and is currently extended until 31.03.2022.

The company takes all necessary measures to preserve the health of employees and minimize the impact of the crisis at this stage of its occurrence. The actions are in accordance with the instructions of the National Operational Headquarters and strictly follow the orders of all national institutions.

Management is closely monitoring the situation and looking for ways to reduce its impact on the Company, but the decline in stock prices on global stock exchanges could affect the fair value of the Company's investments if the negative trend continues.

⇒ Military conflict between Russia and Ukraine

As a result of the ongoing military conflict between Russia and Ukraine, a number of countries around the world, including European Union countries, have imposed drastic sanctions on Russia, and in part on Belarus, which supports it.

Eurohold Bulgaria owns, through its subsidiary Euroins Insurance Group AD, investments in insurance companies in Ukraine, Belarus and Russia (associated participation) (Note 15).

The Company has liabilities under bank loans to the International Economic Bank, Russia and the International Bank for Economic Cooperation, Russia (Note 21).

Eurohold's management is concerned about the development of the military conflict between Russia and Ukraine, and assesses its impact on the Group's business by analysing the impact on both sides of the conflict.

Currently, the current military situation is a non-corrective event, at the same time it is extremely dynamic and the leadership at this stage cannot make a qualitative and quantitative assessment of the impact of the war on the Society, and will be assessed over time depending on its development, as well as from: the effects of the imposed sanctions on the Russian and Belarusian states and the effects of the reverse sanctions that Russia will impose on the states that do not support it. As the situation is extremely dynamic, the Company's management is not able to fully assess all future indirect effects, but the impact may be negative. This, in turn, could lead to a change in the carrying amounts of the Company's assets, which are determined in the separate financial statements when performing a number of judgments and assumptions by management and reporting the most reliable information available at the date of estimates.

The Management Board of Eurohold Bulgaria AD is not aware of any other important or significant events that occurred after the end of the reporting period.

⇒ **New bond loan issued**

Debenture loan in the amount of EUR 40,000,000 with ISIN: BG2100002224 was registered by the Central Depository on March 8, 2022. The issue is the third in a row of ordinary, commemorative, dematerialized, interest-bearing, secured, non-convertible, non-preferred and freely transferable bonds.) 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 March 8, 2029, and the principal is repaid once at maturity. Interest payments are every six months from the date of registration of the issue (March 8, 2022), with a fixed nominal interest rate - 3.25% on an annual basis.

The current bond issue is secured by insurance concluded between the issuer Eurohold Bulgaria AD, as an insurer and EUROINS Insurance Company AD, UIC 121265113, as an insurer, for the benefit of all bondholders.

The purpose of the debenture loan is to raise funds that will be used to purchase receivables, with the following parameters: 1. Reduction of the Issuer's indebtedness by repaying maturing short-term and / or long-term liabilities of the Company;

2. Support for the operational activities of the issuer's existing subsidiaries, which may be supported by:

- increase of share capital of a subsidiary;
- granting an interest loan to a subsidiary of the issuer or its subsidiary.

3. Part of the raised funds, the Issuer may use to finance new acquisitions of participations in companies in the sectors in which Eurohold Bulgaria AD operates, through its subsidiaries;

4. Providing working capital for the needs of the issuer;

In case, after the issuance of the bond issue, the Issuer has a free monetary resource, it intends to repurchase such part of the bond as it deems appropriate and to resell it if necessary for cash for the purposes specified above.

⇒ **New loan concluded with the International Investment Bank**

On January 28, 2022, a loan agreement was concluded with the International Investment Bank, Russia, and the entire amount was fully utilized on January 31, 2022.

The principal amounts to EUR 7 million, the interest rate is 5% on an annual basis, and the maturity date is January 28, 2029.

⇒ **Capital increase of Eastern European Electric Company II, the Netherlands**

On March 17, 2022, Eurohold Bulgaria AD increased the capital of its subsidiary Eastern European Electric Company II, the Netherlands, with a cash contribution of EUR 2,000,000.

In March 2022, Eastern European Electric Company B.V., the Netherlands - the holding company consolidating the energy business of Eurohold Bulgaria AD through its subsidiary Eastern European Electric Company II B.V. (EEEC), increased its shares in the capital of the electricity distributor - CEZ Distribution Bulgaria AD to 98.93% (by acquiring additional 207,095 shares or 10.74%), and the electricity supplier - CEZ Electro Bulgaria AD to 96.76% (by acquiring additional 1371 shares or 27.42%).

⇒ **Contract for sale of Star Motors and Daru Car**

On November 16, 2021, Auto Union AD, in its capacity as sole owner of the capital of Star Motors EOOD, signed a preliminary contract for its sale. Star Motors EOOD is the official importer of MaICa cars for Bulgaria, and through its subsidiary Star Motors DOOEL for the Republic of Northern Macedonia. To date, the Commission for Protection of Competition has published a decision authorizing the concentration on 14.01.2022, and the deal is expected to be finalized soon.

On March 17, 2022, Auto Union AD, in its capacity as sole owner of the capital, signed a preliminary contract for the sale of its subsidiary Daru Car EAD. The company is an official BMW service. The deal is currently being approved by regulators.

⇒ **Contract for sale of Eurolease Rent a Car EOOD**

On March 14, 2022, Eurolease Group AD, in its capacity of sole owner of the capital, Eurolease Rent Car EOOD signed a preliminary contract for its sale. The deal is currently being approved by regulators.

The Management Board of Eurohold Bulgaria AD is not aware of any other important or significant events that occurred after the end of the reporting period.

MORE INFORMATION

All financial statements and materials provided to the Financial Supervision Commission and the Bulgarian Stock Exchange AD can be found in a complete set on the website of Eurohold Bulgaria AD www.eurohold.bg, where inside 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 Service Financial Markets Ltd. at the following Internet address: www.x3news.com, where inside 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 when making an investment decision.

Details of the Investor Relations Director

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e-mail: investors@eurohold.bg

g_georgieva@eurohold.bg

Eurohold Bulgaria AD, Sofia

March 31, 2022

Kiril Boshov

Executive Director

KIRIL Date:
IVANOV 2022.03.31
BOSHOV 22:44:02
+03'00'

Assen Minchev

Executive Director

ASEN 2022.03.3
MINCHEV¹
MINCHEV 22:51:58
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C

CORPORATE GOVERNANCE
DECLARATION

DECLARATION ON CORPORATE GOVERNANCE OF

EUROHOLD BULGARIA AD FOR 2021

(according to the provisions of art. 100n, para. 8 of the POSA)

I. Information on compliance, as appropriate, by Eurohold Bulgaria AD with the Corporate Governance Code approved by the Commission or another corporate governance code (Art. 100n, para 8, item 1, letters a /, b / and c / of POSA)

Eurohold Bulgaria AD adheres, as appropriate, to the National Code of Corporate Governance (NCCU), adopted by the National Commission for Corporate Governance (last amended in July 2021) and approved as a code of corporate governance under Art. 100n, para. 8, item 1 in connection with para. 7, item 1 of the Public Offering of Securities Act (POSA) by the Financial Supervision Commission with Decision № 850-CCU of 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 given in the National Code of Corporate Governance, guided by the best practices in the field of corporate governance.

Eurohold Bulgaria AD does not carry out significant additional practices beyond those set out in the National Corporate Governance Code.

II. Explanation by Eurohold Bulgaria AD which parts of the corporate governance code under item 1, letter "a" or letter "b" are not observed and what are the grounds for this, respectively when the issuer has decided not to refer to any of the rules of the Corporate Governance Code - grounds for this (Art. 100n, para. 8, item 2 of POSA)

1 / CORPORATE MANUALS

In 2021 the activity of the Management Board and the Supervisory Board of Eurohold Bulgaria AD was carried out in full compliance with the National Corporate Governance Code. The corporate management believes that there are no parts of the National Code of Corporate Governance that the company does not comply with.

The Code is applied on the basis of the "observe or explain" principle. This means that the company complies with the Code, and in case of deviation, management should clarify the reasons for this. (NCCU, Preamble).

The corporate management of Eurohold Bulgaria AD respects the rights of the shareholders and guarantees the equal treatment of all shareholders, including minority and foreign shareholders. The management is obliged to protect their rights, as well as to facilitate their exercise within the limits allowed by the current legislation and in accordance with the provisions of the articles of association of the Company. Management ensures that all shareholders are informed in a timely manner about their rights. Each member of the Supervisory and Management Board in carrying out its activities and in accordance with the objectives and strategies of the Company, as well as in the interest of shareholders, is guided by the principles of transparency, independence and accountability. The rights of the interested parties are recognized and timely and accurate disclosure of information on all issues related to the company, results of operations, investments in enterprises, financial situation and management is ensured.

Eurohold Bulgaria AD has a two-tier management system. The governing bodies are the Management Board (MB) and the Supervisory Board (SB). The Articles of Association of the Company define the structure of management, composition and functions of the members of the Supervisory and Management Boards.

MANAGEMENT BOARD

The Management Board consists of five individuals.

⇒ Functions and responsibilities

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:

- manages the company in accordance with the established vision, goals and strategies of the company and the interests of the shareholders.
- monitors the results of the company's activities and, if necessary, initiates changes in the management of the activity.
- treats all shareholders equally, acts in their interest and with the care of a good trader.
- in the performance of their activities they are guided by the generally accepted principles of integrity, managerial and professional competence. The Management Board has adopted and complies with the Code of Ethics.
- strives to achieve the goals of sustainable development by developing and implementing the policy of engagement of stakeholders approved by the Supervisory Board.
- has provided and controls the construction and operation of the risk management system, incl. for internal control and internal audit, promptly informing the Supervisory Board of its actions.
- encourages the implementation and observance of the principles of sustainable development at the group level by the subsidiaries.
- has built the financial information system of the company in accordance with the guidelines given by the Supervisory Board and ensures its reliable operation.
- coordinates its actions with the Supervisory Board regarding the business plan of the company, transactions of a substantial nature and all other operations and activities established in the bylaws of the company.
- informs and reports on its activities to the Supervisory Board. For this purpose, it shall provide the information required within the relevant deadlines and format.

⇒ Structure and competence

The main powers and functions of the Management Board are regulated in the Articles of Association of the Company and in the adopted Rules of Procedure of the Management Board, which are in accordance with the National Code of Corporate Governance. The members of the Management Board are elected for a term of 5 years and can be re-elected without restriction.

The structure and the number of members of the Management Board of Eurohold Bulgaria AD guarantee the effective activity of the company.

In case of proposals for 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 activity are observed.

The contracts for assignment of management, concluded with the members of the Management Board of Eurohold Bulgaria AD, define their obligations and tasks, the criteria for the amount of their remuneration, their obligations for loyalty to the company and the grounds for dismissal.

The competencies, rights and obligations of the members of the Management Board of Eurohold Bulgaria AD follow the requirements of the law, the by-laws and the standards of good professional and managerial practice.

⇒ Remuneration

In accordance with the legal requirements and the good practice of corporate governance, the amount and structure of the remuneration of the members of the Management Board of Eurohold Bulgaria AD report:

- a) The obligations and the contribution of each member of the Management Board of Eurohold Bulgaria AD in the activity and the results of the company;
- b) The possibility for selection and retention of qualified and loyal managers;
- c) The need for compliance of 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 definable and are linked to clear and specific criteria and indicators regarding the company's results and / or the achievement of pre-determined goals by the Supervisory Board of Eurohold Bulgaria AD, in accordance with the adopted Remuneration Policy.

Eurohold Bulgaria AD may provide as additional incentives to the members of the Management Board shares, stock options and other appropriate financial instruments.

The disclosure of information about the remuneration of the members of the Management Board of Eurohold Bulgaria AD is in accordance with the legal norms and the bylaws of the company. The shareholders have easy access to the adopted company policy for determining the remuneration and royalties of the members of the Management Board of Eurohold Bulgaria AD, as well as to information on the annual remuneration and additional incentives, if any, received by them.

⇒ Conflict of interests

The members of the Management Board of Eurohold Bulgaria AD avoid and do not allow real or potential conflicts of interest.

The procedures for avoiding and disclosing conflicts of interest are regulated in the company's bylaws.

The members of the Management Board of Eurohold Bulgaria AD immediately disclose conflicts of interest and provide the shareholders with access to information on transactions between the company and members of the Management Board of Eurohold Bulgaria AD and related parties by submitting a declaration under Art. 114b of the POSA.

The Management Board of Eurohold Bulgaria AD guarantees that all related party transactions are approved and carried out in a way that ensures reliable management of conflicts of interest and protects the interests of the company and its shareholders.

Any conflict of interest is disclosed to the Supervisory Board of Eurohold Bulgaria AD. The members of the Management Board of Eurohold Bulgaria AD inform the Supervisory Board as to whether directly, indirectly or on behalf of third parties they have a significant interest in any transactions or issues that have a direct impact on the company.

SUPERVISORY BOARD

The Supervisory Board consists of six individuals.

⇒ Functions and responsibilities

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:

- appoints, directs and controls the Management Board of Eurohold Bulgaria AD according to the division of functions within the two-tier structure.
- provides guidance to the Board of Directors in determining the vision, goals and strategy of the company and the interests of shareholders and stakeholders, including in the context of sustainable

development and monitors their implementation in accordance with the economic, social and environmental priorities of the company.

- gives guidelines to the Management Board of Eurohold Bulgaria AD in building a risk management system, incl. for internal control and internal audit, the financial information system and controls their functioning.
- once a year evaluates the activity of the Management Board and the work of each of its members.
- treat all shareholders and stakeholders equally, act loyally in their interest and with the care of a good trader
- in the performance of their duties, the members of the Supervisory Board must have access to the necessary information about the activities of the company
- controls the observance of the laws and the rules, laid down in the structural acts of the company.
- carries out its activities in the effective exchange of information with the Management Board 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 Management Board in accordance with the legal requirements, the bylaws of the company, the principles of continuity and sustainability of the Management Board and the standards of good corporate governance practice.

The policy of the Supervisory Board of Eurohold Bulgaria AD regarding the remuneration guarantees 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, incl. the number of independent members and the distribution of tasks between them is regulated in the bylaws of the company.

The independent members act in the best interest of Eurohold Bulgaria AD and the shareholders impartially and impartially. The number of consecutive terms is limited.

The members of the Supervisory Board have the appropriate knowledge and experience required by the position they hold, at least one of whom has financial competence. They should also be informed about new trends and in the field of corporate governance and sustainable development.

After the election of new members of the Supervisory Board of Eurohold Bulgaria AD, they get 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 constant commitment.

The members of the Supervisory Board of Eurohold Bulgaria AD must have the necessary time to perform their tasks and obligations. The members of the Supervisory Board may hold managerial positions in other companies, and the number of companies in which the members may participate should be determined in the articles of association of the company.

The procedures for 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 of the company.

⇒ Remuneration of the members of the Supervisory Board

The Supervisory Board, in its capacity of acting as the Remuneration Committee, develops a clear and specific policy on the remuneration of the members of the Management Board and the Supervisory Board, which is approved by the GMS. The policy sets out the principles for the formation of the amount and structure of remuneration and should be in line 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 obligations and is not tied to the results of the company's activities.

The remuneration of the independent members is only mainly without additional incentives and reflects their participation in meetings, as well as the implementation of their tasks to control the actions of the executive management of Eurohold Bulgaria AD and to participate effectively in the work of the company.

The members of the Supervisory Board are not compensated for their activities with shares or options and other additional incentives.

The disclosure of information about the remuneration of the members of the Supervisory Board is in accordance with the legal norms and the by-laws of the company. Shareholders have easy access to information on remuneration.

⇒ Conflict of interest

The members of the Supervisory Board avoid and do not allow real or potential conflicts of interest.

The procedures for avoiding and disclosing conflicts of interest are regulated in the company's bylaws.

The members of the Supervisory Board immediately reveal conflicts of interest and provide the shareholders with access to information on transactions between Eurohold Bulgaria AD and members of the Supervisory Board or related persons by submitting a declaration under Art. 114b of the POSA.

The Supervisory Board of Eurohold Bulgaria AD guarantees that all transactions with related parties are approved and carried out in a way 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 can be supported by committees, as the Supervisory Board determines the need for their establishment according to the specifics of the company.

In accordance with the requirements of the current legislation and on the basis of the criteria determined by it, the Supervisory Board of Eurohold Bulgaria AD approves the proposal of the Management Board to the General Meeting of Shareholders to elect an Audit Committee composed of legal requirements and specific needs. of Eurohold Bulgaria AD.

The establishment of committees is based on a written structure, scope and tasks, mode of operation and reporting procedures.

In 2009 the first Audit Committee of Eurohold Bulgaria AD was established, elected by the General Meeting of Shareholders of the company on 26.05.2009. The composition of this committee was elected at a meeting of the General Meeting held on 30.06.2017 with a five-year term. Its activities are in accordance with the Statute of the Audit Committee approved by the General Assembly. 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, based on a written recommendation from the audit committee, proposes to the General Meeting its proposal for selection of an 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 with respect to independent financial audit.

The rotation principle applies to the proposals and selection of an external auditor.

The Audit Committee oversees the 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 established system for internal control, which identifies the risks associated with the company's activities and supports their effective management. The internal control system ensures the effective functioning of the reporting and disclosure systems.

3 / PROTECTION OF SHAREHOLDERS' RIGHTS

The corporate management of Eurohold Bulgaria AD guarantees equal treatment of all shareholders, including minority and foreign shareholders. Protects their rights, as well as facilitates their exercise within the limits permitted by applicable law and in accordance with the provisions of the articles of association of the company. The corporate management of Eurohold Bulgaria AD provides information to all shareholders about their rights, financial results and corporate events through the information disclosure system and the company's website.

GENERAL MEETING OF THE SHAREHOLDERS

In connection with the holding of a general meeting of bondholders, the corporate management:

- informs all shareholders about the rules according to which the general meetings of shareholders are convened and held, including the voting procedures.
- provides sufficient and timely information on the date and place of the general meeting, as well as complete information on the issues to be considered and resolved at the meeting.
- maintains a database with contacts of its shareholders holding 5 or more than 5% of the company's capital.
- ensures the right of all shareholders to express their opinion, as well as to ask questions during a meeting of the General Meeting.
- enables the shareholders with the right to vote have the right to exercise their right to vote at the General Meeting of Shareholders in person or through representatives. Eurohold Bulgaria AD receives and accepts as valid powers of attorney electronically the following e-mail: investors@eurohold.bg and the electronic messages should be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal and be attached to them. attached electronic document (electronic image) of the power of attorney with notarized signature, which must also be signed with a universal electronic signature (UES) or a qualified electronic signature (QES) by the principal.
- carries out effective control by creating the necessary organization for the voting of the authorized persons in accordance with the instructions of the shareholders or in the ways permitted by law.
- guarantees equal treatment of all shareholders and the right of each shareholder to express his opinion on the items on the agenda of the General Meeting by strictly following the rules for organizing and conducting meetings of the General Meeting.

- organizes the procedures and the procedure for holding the General Meeting of Shareholders in a way that does not complicate and does not make voting unnecessarily expensive.
- takes actions to encourage the participation of shareholders in the General Meeting, incl. if necessary, it also provides the possibility for remote presence.
- makes every effort to ensure that all members of the management attend the meetings of the General Assembly, except in cases of provable apologetic reasons.

MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS

The texts in the written materials related to the agenda of the General Meeting are always specific and clear, without misleading the shareholders. All proposals regarding major corporate events are presented as separate items on the agenda of the General Meeting, incl. the proposal for the distribution of profits.

The company maintains a special section on its website regarding the rights of shareholders and their participation in the General Meeting of Shareholders.

The corporate management assists the shareholders entitled under the current legislation to include additional issues and to propose solutions to issues already included in the agenda of the General Meeting.

The corporate management guarantees the right of the shareholders to be informed about the decisions taken by the General Meeting of Shareholders by publishing full minutes of the meetings.

The corporate management of Eurohold Bulgaria AD guarantees equal treatment of shareholders of one class.

As of the date of preparation of this declaration, all shares of Eurohold Bulgaria AD are of one class - ordinary, registered, dematerialized, with voting rights. Each share gives the right to 1 vote in the General Meeting of Shareholders, the right to dividend and the right to liquidation share, proportional 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 guarantees the provision of sufficient information to investors regarding the rights granted by all shares of each class, in case the company issues such shares of another class before their acquisition.

Within the limits allowed by the current legislation and in accordance with the provisions of the Company's bylaws, the corporate management of Eurohold Bulgaria AD does not prevent shareholders, including institutional ones, from consulting with each other on issues related to their basic shareholder rights. in a way that prevents abuse.

The corporate management of Eurohold Bulgaria AD does not allow the implementation of transactions with shareholders with controlling rights, which violate the rights and / or legitimate interests of other shareholders, including under the terms of negotiations with itself. In this type of transaction, an explicit decision of the Management Board is required and the interested parties are excluded from the voting. In case of indications for crossing the statutory thresholds under Art. 114, para 1 of the POSA, the Management Board prepares a motivated report and initiates the convening and holding of a General Meeting of Shareholders, at which the transactions are to be put to a vote.

4 / DISCLOSURE OF INFORMATION

In the process of disclosing information, corporate management:

- approves a policy for disclosure of information in accordance with the legal requirements and the by-laws.
- in accordance with the approved policy for disclosure of information, creates and maintains a system for disclosure of financial and non-financial information, which ensures equality of the addressees of information (shareholders, stakeholders, investment community) and not to allow misuse of inside information.
- ensures that the disclosure system provides complete, timely, accurate and comprehensible information that allows for objective and informed decisions and assessments.
- promptly discloses the capital structure of the company and agreements that lead to the exercise of control in accordance with the approved rules for disclosure of information.
- has approved and controls the observance of internal rules for preparation of the annual and interim reports and the procedure for disclosure of information.
- has adopted internal rules that ensure the timely disclosure of any material periodic and incidental information about the company, its management, its operating activities, its shareholder structure.
- Adopt rules that ensure the disclosure of non-financial information on an annual basis on a consolidated basis in accordance with national law and applicable European law. Corporate governance includes non-financial reporting in its annual reports by disclosing: how and to what extent the company's activities can be classified as environmentally sustainable, including what part of its turnover is due to products and services related to economic activities qualified as environmentally sustainable, at the same time what part of its capital costs and its operating costs are related to assets and processes are related to qualified as environmentally sustainable economic activities.
- As part of the information disclosure system, the management of Eurohold Bulgaria AD maintains a bilingual website of the company www.eurohold.bg - in Bulgarian and English, with approved content, scope and frequency of the information disclosed through it. The content of the page fully covers the recommendations of the National Code of Corporate Governance.
- Monitors the periodic disclosure of information on corporate governance in accordance with the "comply or explain" principle.
- Ensures the disclosure of any relevant periodic and incidental information about the company through channels that provide equal and timely access to relevant information by consumers. Eurohold Bulgaria AD uses a single point for disclosure of information electronically, thus the information reaches both the public and the Commission, the Financial Supervision Commission and the regulated securities market in an uncorrected form.

5 / INTERESTED PERSONS. 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 sustainable development of the company, including the disclosure of information related to climate and social aspects of their activities.
- Ensures effective interaction with stakeholders, provides guidelines, approves and controls the policy for stakeholder engagement. Stakeholders are groups of persons who are directly affected by the company and who in turn can influence its activities, incl. suppliers, customers, employees, creditors, public pressure groups and others. The company identifies the stakeholders in relation to its activities based on their degree and areas of influence, role and attitude to its sustainable development.

- In its policy towards stakeholders complies with legal requirements, ensures respect for the rights of stakeholders established by law or by mutual agreement with the company. The management of Eurohold Bulgaria AD, observing the good practices of corporate governance, complies with the stakeholders in accordance with the principles of transparency, accountability and business ethics and protection of human rights.
- The management of Eurohold Bulgaria AD guarantees sufficient information to all interested parties about their legally established rights.
- In accordance with the established policy towards stakeholders, it should prepare and approve rules for taking into account the interests of stakeholders, which ensure their involvement in resolving certain issues requiring their position, which rules ensure the balance between development of society and economic, social and the environmentally sound development of the environment in which it operates.
- Maintains effective relations with stakeholders, and in accordance with legal norms and good international practice for disclosure of non-financial information, the company informs about economic, social and environmental issues concerning stakeholders, including the fight against corruption, work with employees, suppliers and customers, social responsibility of the company, environmental protection and human rights violations.
- Guarantee 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 characteristics of the internal control and risk management systems of Eurohold Bulgaria AD in connection with the financial reporting process (Art. 100n, para 8, item 3 of POSA)

Eurohold Bulgaria AD has a well-established and functioning risk management and internal control system, which guarantees the effective functioning of the accounting and financial reporting and disclosure systems. The system for internal control is built and operated in order to identify the risks associated with the activities of the Company and support their effective management.

Internal control and risk management aim to provide a reasonable degree of certainty regarding the achievement of the strategic objectives of the holding in the direction of achieving efficiency and effectiveness of operations, reliability of financial statements, compliance with and application of existing legal and regulatory frameworks. The internal control and risk management is carried out by the management and supervisory bodies, as well as by the heads of the structural divisions of the holding and the executive directors of the subsidiaries.

Eurohold Bulgaria AD has adopted and applies rules and procedures regulating the effective functioning of the accounting and financial reporting systems and 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 management, the different levels of access to the types of information of the responsible persons and the deadlines for processing and managing information flows.

The established risk management system ensures the effective implementation of internal control in the creation and management of all company documents, including the financial statements and other regulated information that the Company is obliged to disclose in accordance with the legal provisions.

One of the main objectives of the implemented system for internal control and risk management 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 achieves an objective external opinion on the manner in which they are prepared and presented. The company prepares and maintains its financial statements in accordance with the International Financial Reporting Standards adopted in 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 activity report for 2021.

IV. Information referred to in Article 10, Paragraph 1, letters (c), (d), (e), (h) and (i) of Directive 2004/25 / EC of the European Parliament and of the Council of 21 April 2004 on proposals for absorption (Art. 100n, para. 8, item 4 of POSA)

The members of the Supervisory Board and the Management Board of Eurohold Bulgaria AD provide information under Article 10 (1), letters "c", "d", "e", "h" and "i" of Directive 2004/25 / EC of the European Parliament and of Council of 21 April 2004 on takeover bids:

Par 1, b. "c"	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 has significant direct or indirect shareholdings, which are described in detail in the section "Business Operations" of the Report on the activities of the company for 2021.
Par 1, b. "d"	Holders of all securities with special control rights and description of these rights	There are no shares that give special rights of control.
Par 1, b. "e"	All restrictions on voting rights, such as restrictions on the voting rights of holders of a certain percentage or number of votes, deadlines for exercising voting rights or systems through which, in cooperation with the company, the financial rights granted to the securities are separated from the possession of the securities;	There are no restrictions on the voting rights of holders of a certain percentage or number of votes, deadlines for exercising voting rights or systems through which, in cooperation with the company, the financial rights granted to the securities are separated from the ownership of the securities.
Par 1, b. "h"	The rules governing the appointment or replacement of members of the board and amendments to the memorandum of association;	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 defined in the bylaws of Eurohold Bulgaria AD, the adopted regulations for the work of both bodies.
Par 1, b. "i"	The powers of the members of the board, and in particular the right to issue or repurchase 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 the two bodies.

V. Composition and functioning of the administrative, management and supervisory bodies and their committees (Art. 100n, para 8, item 5 of POSA)

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 comply with the interested parties.

As of 31.12.2021 the Company is represented and managed by Kiril Ivanov Boshov and Assen Minchev Minchev, Executive Members of the Management Board, and Milena Gencheva - Procurator, jointly by the two Executive Directors or by one Executive Director and Procurator.

MANAGEMENT BOARD

The Management Board of Eurohold Bulgaria AD consists of five individuals, namely:

- Kiril Ivanov Boshov - Chairman, Executive Member;
- Assen Minchev Minchev - Executive Member;
- Velislav Milkov Christov - Member;
- Assen Emanuilov Assenov - Member;
- Divorced Stefan Lefter - Member.

SUPERVISORY BOARD

The Supervisory Board of Eurohold Bulgaria AD consists of six individuals, namely:

- Assen Milkov Christov - Chairman;
- Dimitar Stoyanov Dimitrov - Deputy Chairman;
- Louise Gabrielle Roman - Member
- Radi Georgiev Georgiev - Member;
- Lyubomir Stoev - Independent member;
- Kustaa Lauri Aima - Independent member.

The Management Board and the Supervisory Board of Eurohold Bulgaria AD have adopted and apply regulations for the work of the two bodies, which determine their powers and manner of work in order to ensure their effective operation within the two-tier management system of the company. the requirements of the law and 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 26.05.2009. The composition of this committee was elected at a meeting of the General Meeting held on 30.06.2017 with a five-year term. Its activities are in accordance with the Statute of the Audit Committee approved by the General Assembly. The Audit Committee reports annually to the General Meeting of Shareholders on the results of its activities.

The Audit Committee consists of three individuals, namely:

- Ivan Georgiev Mankov - Chairman;
- Dimitar Stoyanov Dimitrov - Member;
- Rositsa Mihailova Pencheva - Member.

Remuneration Committee

The function of the Remuneration Committee is performed by the Supervisory Board of the company, according to the new Remuneration Policy adopted on 30.09.2020 by the General Meeting of Shareholders of Eurohold Bulgaria AD. The Supervisory Board reports to the General Meeting of Shareholders on the performance of its functions on the Remuneration Committee.

VI. A description of the diversity policy applied to the issuer's administrative, management and supervisory bodies in relation to aspects such as age, gender or education and professional experience, the objectives of this diversity policy, how it is implemented and the results during the reporting period; when such a policy is not applied, the declaration contains an explanation of the reasons for this (Art. 100n, para. 8, item 6 of POSA)

DIVERSITY POLICY

Eurohold Bulgaria AD has not adopted an explicit policy regarding the diversity of the members of the Supervisory and Management Boards, the managers and the employees.

Nevertheless, Eurohold Bulgaria, as well as the companies part of the Eurohold economic group in adhering to the overall activity of the companies adhere to the principles of:

- equality,
- impartiality,
- avoidance of any form of discrimination and
- providing equal opportunities,

In the internal regulations of the companies part of Eurohold there is no division by sex, age, nationality, race, ethnicity, religion, disadvantaged people and any other form of illegal and unjust discrimination.

The main criteria and principles applied in the selection and evaluation of the members of the management and supervisory bodies of Eurohold Bulgaria AD regarding individuals without introducing any restrictions related to age, gender, nationality and education are:

- to be capable of acting;
- 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;
- to 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 adopted Remuneration Policy of the company. The determination of the remuneration of the members of the Supervisory Board and the Management Board is consistent with the size, internal organization, as well as the nature, scope and complexity of the activities carried out in the company and the group of Eurohold Bulgaria AD. The members of the Management Board and the Supervisory Board may be re-elected without restriction.

This Corporate Governance Declaration of Eurohold Bulgaria AD is an integral part of the Annual Activity Report for 2021, which was approved by the Management Board of the company.

March 31, 2022

Kiril Boshov

Executive Director

KIRIL Date:
IVANOV 2022.03.31
BOSHOV 22:44:34
 +03'00'

Assen Minchev

Executive Director

ASEN 2022.03.31
MINCHEV 22:52:34
MINCHEV +03'00'

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REMUNERATION REPORT

Prepared on the basis of Art. 12 of Ordinance № 48 of the Financial Supervision Commission of 20 March 2013 on the requirements for remuneration.

REMUNERATION REPORT FOR 2021

1 / Information on the decision-making process in determining the remuneration policy, including, if applicable, information on the mandate and composition of the remuneration committee, the names of the external consultants whose services were used in determining the remuneration policy

The remuneration policy of the members of the Management and Supervisory Boards of Eurohold Bulgaria AD (the Policy), amendments or supplements, as well as the program for its implementation, is developed at the proposal of the Supervisory Board and approved by the General Meeting of Shareholders. The policy also applies to the company's procurators.

The remuneration of the members of the Supervisory and Management Board of Eurohold Bulgaria AD is formed in accordance with the following basic principles:

- ✓ Transparency of remuneration practices;
- ✓ Compliance of the remuneration with the commitment of the members of the management and control body with the implementation of the strategy for the development of the public company, the short-term and long-term goals with reasonable risk assessment;
- ✓ Support for long-term value creation for shareholders;
- ✓ Non-discrimination, conflict of interest and unequal treatment of the members of the supervisory and management board of the company in determining the remuneration

The current policy was developed by the Supervisory Board of the company and approved by the General Meeting on 30.09.2020, repealing the remuneration policy of the members of the Management and Supervisory Boards, adopted by the General Meeting on 02.10.2013.

With this policy the General Meeting of Shareholders determines that the function of the Remuneration Committee will be performed by the Supervisory Board of Eurohold Bulgaria AD within the meaning of Art. 21, para. 3 of Ordinance №48 of the FSC.

The services of external consultants were not used in determining the remuneration policy.

2 / Information on the relative weight of the variable and permanent remuneration of the members of the management and supervisory bodies

The members of the supervisory and management boards and the procurators of the company receive only a permanent remuneration, which represents 100% of the agreed remuneration.

The permanent remunerations received by the members of the Supervisory Board and the Management Board and the procurators are in compliance with the basic principles described in item 1, as well as with the general provisions set out in the remuneration policy.

The remuneration structure is formed by elements that in combination guarantee an appropriate ratio and fair remuneration, in accordance with the strategy, goals, values and long-term value creation for the group of Eurohold Bulgaria AD as a whole.

The members of the Supervisory Board and the Management Board and the procurators may also receive other remuneration from subsidiaries of Eurohold Bulgaria AD, in which they perform management and / or control functions.

3 / Information regarding the criteria for achieved results, on the basis of which options on shares, shares of the company or other type of variable remuneration are provided and an explanation of how the criteria under Art. 14, para. 2 and 3 contribute to the long-term interests of the company

The remuneration policy provides for the possibility in the next period for the GMS to approve, upon a proposal of the Supervisory Board, the provision of variable remuneration by determining the specific criteria for their receipt.

At present, the members of the Supervisory and Management Boards and the procurators do not receive variable remuneration, including options on shares.

4 / Explanation of the applied methods for assessment of whether the criteria for the achieved results are met

The remunerations received by the members of the Supervisory Board and the Management Board and the procurators for the reporting year 2021 are only permanent and are based on the basic principles in determining the remunerations specified in item 1.

The company does not pay variable remuneration and has not developed criteria, respectively methods for evaluating their implementation.

5 / Clarification of the relationship between the remuneration received and the results achieved

The members of the Management Board and the Supervisory Board and the procurators receive only a permanent remuneration, which corresponds to the basic principles set out in item 1.

In 2021, the remuneration is determined based on the contribution of each member to the management to meet the strategic goals of the company to enter new regulated markets, investments in acquisitions of new companies in markets with growth potential. The main measure is the growth of the company's assets.

6 / The main payments and justification of the annual scheme for payment of bonuses and / or all other non-monetary additional remunerations

In addition to the permanent remuneration received, the members of the Management Board and the Supervisory Board and the procurators have the right to receive additional health insurance, according to the applicable policy for additional incentives for the employees of Eurohold Bulgaria AD.

7 / Description of the main characteristics of the supplementary voluntary pension scheme and information on the contributions paid and / or due by the company to the respective member of the management or supervisory body for the respective financial year, where applicable

The company does not pay at its own expense contributions for additional voluntary pension insurance to the executive director, as well as to the members of the supervisory, management board, incl. and the procurators. Due to this circumstance, a description of the applied scheme for voluntary pension insurance is not applicable.

8 / Information on the periods of deferral of payment of variable remuneration

The Company does not pay variable remuneration to the members of the Supervisory Board and the Management Board, incl. and to procurators, which is why no scheme for postponing such remuneration has been adopted. Disclosure in this report of information related to periods of deferral of variable remuneration is not applicable.

9 / Information on the compensation policy upon termination of contracts

The contracts of the members of the Supervisory Board and the Management Board do not provide for benefits in case of termination of the contracts, therefore information on such benefits is not applicable. The same is true for the procurators of the company.

10 / Information for the period in which the shares cannot be transferred and the options on shares cannot be exercised, in case of variable remuneration based on shares

At present, the company does not envisage granting options on shares or shares of the company to the members of the Supervisory and Management Boards, as well as to the procurators, therefore information on the period in which the shares cannot be transferred and options on shares is not applicable. cannot be exercised.

11 / Information on the policy for keeping a certain number of shares until the end of the term of office of the members of the management and control bodies after the expiration of the period under item 10

The company does not follow a policy of retaining a certain number of shares until the end of the term of the members of the supervisory and management boards and procurators after a certain period. Providing information in this sense is not applicable.

12 / Information on the contracts of the members of the management and supervisory bodies, including the term of each contract, the term of the notice of termination and details of the compensation and / or other payments due in case of early termination

a) Information on the contracts of the members of the Supervisory and Management Boards of the Company

Name and position	Date of appointment	Term of the mandate, according to art. 33 (2) and Art. 43 (2) of the Articles of Association	Possibility to extend the contract	Term of the contract	Term of notice for termination
Supervisory Board					
Assen Christov, Chairman	12.12.2006	Five years	unlimited	until the end of the term	without notice
Dimitar Dimitrov, Deputy Chairman	12.12.2006	Five years	unlimited	until the end of the term	without notice
Radi Georgiev, Member	17.04.2015	Five years	unlimited	until the end of the term	without notice
Kustaa Lauri Aima, Independent Member	27.07.2017	Five years	unlimited	until the end of the term	without notice
Ivaylo Krasimirov Angarski	20.07.2021	Five years	unlimited	until the end of the term	without notice
Louise Gabrielle Roman, Member	27.11.2018	Five years	unlimited	until the end of the term	without notice

Management Board					
Kiril Boshov, Chairman	12.12.2006	Five years	unlimited	until the end of the term	without notice
Asen Minchev, Executive Director	12.12.2006	Five years	unlimited	until the end of the term	without notice
Velislav Christov, Member	22.10.2012	Five years	unlimited	until the end of the term	without notice
Assen Assenov, Member	20.08.2009	Five years	unlimited	until the end of the term	without notice
Razvan Lefter, Member	22.08.2017	Five years	unlimited	until the end of the term	without notice

b) Information about the contract of the procurator of the Company

Name and position	Date of appointment	Term of the mandate, according to art. 33 (2) and Art. 43 (2) of the Articles of Association	Possibility to extend the contract	Term of the contract	Term of notice for termination
Procurator					
Milena Milchova Guencheva	22.12.2020	not applicable	not applicable	until the withdrawal of the power of attorney	without notice

c) Details of benefits and / or other payments due in the event of early termination - the Remuneration Policy Implementation Program does not provide for such benefits and / or other payments

The Company does not have an agreement for payment of amounts for compensations upon termination of a contract with the members of the Management and Supervisory Boards, as well as with the procurators, regardless of the termination of the person's functions. In the reporting year 2021 there are cases of early termination of the contract with a member of the Supervisory Board and procurator of the Company;

13 / Full amount of the remuneration and other material incentives of the members of the management and control bodies for the respective financial year

General information on the summarized annual amount of remuneration paid to the members of the Supervisory Board, the Management Board and the Procurators:

The total annual amount of the remuneration paid to the members of the Supervisory Board by EUROHOLD BULGARIA AD amounts to **BGN 163,140.00**.

The annual amount of remuneration paid to all members of the Supervisory Board by other companies in the same group amounts to **BGN 247,469.00**.

The total annual amount of the remuneration paid to the members of the Management Board by EUROHOLD BULGARIA AD amounts to **BGN 130,540.00**.

The total annual amount of remuneration paid to all members of the Management Board by other companies from the same group amounts to **BGN 1,160,807.00**.

The total annual amount of the remuneration paid to the Procurators of the company by EUROHOLD BULGARIA AD amounts to **BGN 18,618.00**.

The total annual amount of remuneration paid to the Procurators of the company by other companies in the same group - **BGN 147,775.00**.

14 / Information on the remuneration of each person who has been a member of a management or supervisory body in the public company for a certain period during the respective financial year

a) Information on the full amount of the permanent remuneration for 2021, paid by Eurohold Bulgaria AD to the members of the Supervisory and Management Boards of the company

Name and position	Amount of permanent gross remuneration paid by Eurohold Bulgaria for 2021	Amount of the paid and / or accrued remuneration for 2021, if the person has held the position only for a certain period in 2021.	Amount of the paid and / or accrued compensation on the occasion of termination of the functions of the person in 2021 *	Total amount of remuneration received and / or accrued from Eurohold Bulgaria for 2021
	BGN	BGN	BGN	BGN
Supervisory Board				
Assen Christov, Chairman	14 640	not applicable	not applicable	14 640
Dimitar Dimitrov, Deputy chairman	7 200	not applicable	not applicable	7 200
Radi Georgiev, Member	there is no agreed and paid remuneration	not applicable	not applicable	there is no agreed and paid remuneration
Kustaa Lauri Aima, Independent Member	there is no agreed and paid remuneration	not applicable	not applicable	there is no agreed and paid remuneration
Lyubomir Stoev, Independent Member *	there is no agreed and paid remuneration	51 563	not applicable	51 563
Ivaylo Krasimirov Angarski, Independent Member **	there is no agreed and paid remuneration	23 455	not applicable	23 455
Louise Gabrielle Roman, Member	66 282	not applicable	not applicable	66 282
Total remuneration paid to the National Assembly	88 122	75 018	-	163 140
Management Board				
Kiril Boshov, Chairman	24 000	not applicable	not applicable	24 000
Assen Minchev, Executive Director	94 540	not applicable	not applicable	94 540
Velislav Christov, Member	there is no agreed and paid remuneration	not applicable	not applicable	there is no agreed and paid remuneration
Assen Assenov, Member	12 000	not applicable	not applicable	12 000
Razvan Lefter, Member	няма	not applicable	not applicable	none
Total remuneration paid to the Management Board	130 540	-	-	130 540

* In 2021 there is a termination of the functions of the member of the Supervisory Board Lyubomir Stoev

** In 2021 there is an election of a new member of the Supervisory Board, namely Ivaylo Angarski

b) Information on the full amount of the permanent remuneration for 2021 paid by Eurohold Bulgaria AD to the procurators of the Company

Name and position	Amount of permanent gross remuneration paid by Eurohold Bulgaria for 2021	Amount of the paid and / or accrued remuneration for 2021, if the person has held the position only for a certain period in 2021	Amount of the paid and / or accrued compensation on the occasion of termination of the functions of the person in 2021 *	Total amount of remuneration received and / or accrued from Eurohold Bulgaria for 2021
	BGN	BGN	BGN	BGN
Procurators				
Hristo Lyubomirov Stoev*	remuneration for a certain period in 2021	7 518	not applicable	7 518
Milena Milchova Gencheva	11 100	not applicable	not applicable	11 100
Total remuneration paid to procurators	11 100	7 518	-	18 618

* In 2021 there is a procurator whose functions have been terminated.

The permanent gross remuneration paid by Eurohold Bulgaria AD to the members of the Supervisory Board is in accordance with the agreements in the current contract for supervision of the respective member of the Supervisory Board, to the members of the Management Board in accordance with the agreements in the current contract for assignment. of procurators - in relation to the contracts for procuration.

Eurohold Bulgaria AD pays to the members of the Supervisory and Management Boards, as well as to the procurators of the Company, determined and agreed permanent remuneration on a monthly basis.

According to the Remuneration Policy, the members of the Supervisory and Management Boards may receive different amounts of remuneration. Also, the GMS, respectively the Supervisory Board may not decide to receive a permanent remuneration from a member of the Supervisory Board or the Management Board, with the express consent of this member and the same applies to the procurators of the Company. In this regard, some of the members of the management or supervisory body of Eurohold Bulgaria AD do not have an agreed remuneration and accordingly such remuneration has not been paid to them for the reporting financial year 2021.

c) Information on the full amount of the permanent remuneration and other material and intangible incentives received from the members of the Supervisory and Management Boards of the Company from other companies from the same group (Eurohold Group)

Name and position (basis for remuneration received)	Amount of total paid permanent gross remuneration and bonuses from companies - part of the Eurohold Bulgaria group for 2021	Amount of the paid and / or accrued remuneration for 2021, if the person has held the position only for a certain period in 2021.	Amount of the paid and / or accrued compensation on the occasion of termination of the functions of the person in 2021 *	Total amount of remuneration received and / or accrued by companies - part of the Eurohold Bulgaria group for 2021
	BGN	BGN	BGN	BGN
Supervisory Board				
Assen Christov (according to the management and control contracts)	13 591	not applicable	not applicable	13 591
Dimitar Dimitrov (according to the power of attorney contract)	169 608	not applicable	not applicable	169 608
Radi Georgiev (according to the current control contract and consulting contract)	64 270	not applicable	not applicable	64 270
Kustaa Lauri Aima	there is no agreed and paid remuneration	not applicable	not applicable	there is no agreed and paid remuneration

Lyubomir Stoev	held office for a certain period in 2021	there is no agreed and paid remuneration	not applicable	there is no agreed and paid remuneration
Ivaylo Krasimirov Angarski, Independent Member	held office for a certain period in 2021	there is no agreed and paid remuneration	not applicable	there is no agreed and paid remuneration
Louise Gabrielle Roman	there is no agreed and paid remuneration	not applicable	not applicable	there is no agreed and paid remuneration
Total remuneration paid to the National Assembly	247 469	-	-	247 469
Management Board				
Kiril Boshov (according to management contracts)	550 973	not applicable	not applicable	550 973
Assen Minchev (according to the power of attorney contract)	74 050	not applicable	not applicable	74 050
Velislav Christov (according to management contract and consulting contract)	160 956	not applicable	not applicable	160 956
Assen Assenov (according to management contracts)	374 825	not applicable	not applicable	374 825
Razvan Lefter	there is no agreed and paid remuneration	not applicable	not applicable	there is no agreed and paid remuneration
Total remuneration paid to the Management Board	1 160 804	-	-	1 160 804

* In 2021 there is no person who is a member of the management or supervisory body of Eurohold Bulgaria AD, whose functions have been terminated in connection with a contract concluded by other companies of the same economic group (Eurohold group).

d) Information on the full amount of the permanent remuneration and other material and intangible incentives received from the procurators of the Company from other companies from the same group (Eurohold group)

Name and position (basis for remuneration received)	Amount of total paid permanent gross remuneration and bonuses from companies - part of the Eurohold Bulgaria group for 2021	Amount of the paid and / or accrued remuneration for 2021, if the person has held the position only for a certain period in 2021.	Amount of the paid and / or accrued compensation on the occasion of termination of the functions of the person in 2021 *	Total amount of remuneration received and / or accrued by companies - part of the Eurohold Bulgaria group for 2021
	BGN	BGN	BGN	BGN
Procurators				
Hristo Lyubomirov Stoev	there is no agreed and paid remuneration	not applicable	not applicable	there is no agreed and paid remuneration
Milena Milchova Gencheva	147 775	not applicable	not applicable	147 775
Total remuneration paid to procurators	147 775			147 775

* In 2021 there is no person who is a procurator of Eurohold Bulgaria AD, whose functions have been terminated in connection with a contract concluded by other companies from the same group (Eurohold group).

According to the remuneration policy, the members of the Supervisory and Management Boards, as well as the procurators, may receive other remunerations, including fixed and variable, agreed in subsidiaries of Eurohold Bulgaria AD, in which they perform management and / or control functions. Information on the

companies with which some of the members of the Supervisory and Management Boards and the procurators have concluded contracts for control and management, power of attorney and / or consulting contracts is presented below:

- e) Remuneration received from the person in the form of distribution of profits and / or bonuses from Eurohold Bulgaria, as well as from subsidiaries of Eurohold Bulgaria and the grounds for their provision*

There is no person, member of the Supervisory or Management Board, or procurator who has received remuneration in the form of profit distribution and / or bonuses from Eurohold Bulgaria.

There are no specific cases in the remuneration policy for 2021 in which the persons in charge of management or control functions receive additional (variable) remuneration linked to the results of the activity in the form of profit distribution and / or bonuses.

- f) Compensation paid and / or accrued on termination of service during the last financial year*

The contracts of the members of the Supervisory and Management Boards, as well as of the procurators, do not provide for compensation in case of termination of the contracts, therefore such information is inapplicable.

- g) Any additional payments for services provided by the person outside his normal functions, where such payments are eligible under the contract concluded with him*

In the contracts for management and control, as well as in the contracts for power of attorney, there is no agreement for payment of additional amounts in case of services provided by the person outside his usual functions. In this regard, such additional services provided were not performed, respectively not paid.

- h) All other non-monetary benefits equal to remuneration, other than those mentioned above in this report*

For some of the members of the Management and Supervisory Boards and the procurators there are agreed non-monetary benefits, depending on the functions they perform in Eurohold Bulgaria AD or in companies of the Eurohold Group. Such non-monetary benefits can be a business phone and additional health insurance. These additional non-monetary benefits are also provided to all employees on a basic employment contract in Eurohold Bulgaria AD.

- i) Information on all provided loans, payments for social and household expenses and guarantees from Eurohold Bulgaria AD or its subsidiaries, as well as other companies that are subject to consolidation in the annual financial statements of Eurohold Bulgaria AD, including and the remaining unpaid portion of them and interest*

Eurohold Bulgaria AD, its subsidiaries, as well as other companies that are subject to consolidation in the annual financial statements of Eurohold Bulgaria AD, have not provided loans to the members of the Management and Supervisory Boards and the procurators, have not performed instead, payments for social and household expenses have not issued guarantees in his favor, therefore information on the unpaid part of such obligations and interest on them is not applicable.

15 / Information regarding shares and / or stock options and / or other share-based incentive schemes

At present, the company does not provide the members of the supervisory and management boards, as well as the procurators with stock options or stock options and / or other incentive schemes based on the company's shares..

Due to this circumstance, the company does not submit information under Art. 13, item 15 of Ordinance № 48 of the Financial Supervision Commission of 20 March 2013 on the requirements for remuneration, regarding the following circumstances:

- a) number of options offered on shares or shares granted by the company during the respective financial year and the conditions under which they were offered, respectively granted - None.*

- b)** number of options exercised on shares during the financial year in question and for each of them, number of shares and the exercise price of the option or the value of interest under the share-based incentive scheme at the end of the financial year - None.
- c)** number of unused options on shares at the end of the financial year, including data on their price and date of exercise and essential conditions for exercising the rights - None.
- d)** any changes in the terms and conditions of existing stock options accepted during the financial year - None.

16 / Information on the annual change in remuneration, the results of the company and the average amount of remuneration based on full-time employees of the company who are not directors in the previous at least five financial years, presented together in a way that allows comparison - Appendix 1 to the Report on the Implementation of the Remuneration Policy of the Members of the Board of Directors of EUROHOLD BULGARIA AD for 2021.

Annual change in the remuneration, assets of the company and the average average remuneration of full-time and part-time employees who are not directors (outside the Management Board and the Supervisory Board) during the previous at least five financial years, presented together in a way that allows comparison

Year	2016	Change	2017	Change	2018	Change	2019	Change	2020	Change	2021
		2017 / 2016				2018 / 2017				2019 / 2018	
Indicator	BGN	%	BGN	%	BGN	%	BGN	BGN	BGN	%	BGN
Gross remuneration of the members of the National Assembly for a year	21,840	0.00%	21,840	214.93%	68,780	130.10%	158,264	12.66%	178,307	-8.51%	163,140
Gross remuneration of the members of the Management Board for one year	72,000	3.33%	74,400	9.68%	81,600	57.00%	128,114	-12.89%	111,600	16.97%	130,540
Gross remuneration of persons with a contract for the Prosecutor's Office	9,540	33.33%	12,720	0.00%	12,720	4.72%	13,320	0.00%	13,320	39.77%	18,618
Average amount of remuneration per member of the Supervisory Board and the Management Board per year	14,768	5.40%	15,565	29.19%	20,108	65.61%	33,300	1.18%	33,692	23.06%	41,460
Gross remuneration of executive directors for the year	48,000	5.00%	50,400	14.29%	57,600	81.67%	104,640	-4.82%	99,600	19.02%	118,540
Average remuneration of executive directors per year	24,000	5.00%	25,200	14.29%	28,800	81.67%	52,320	-4.82%	49,800	19.02%	59,270
Amount of assets for the period	534,517	4.38%	557,922	3.86%	579,442	1.13%	585,962	8.15%	633,741	-100.00%	720,332
Regarding remuneration of employees in the company on a FULL TIME basis											
Gross remuneration of non-directors per year	182,793	16.08%	212,191	27.11%	269,721	17.95%	318,148	8.17%	344,131	14.83%	395,170
Average remuneration of non-directors per year	30,465	16.74%	35,565	26.40%	44,953	1.11%	45,450	8.17%	49,162	32.13%	64,960
Regarding remuneration of part-time employees in the company equated to full-time employees											

Gross remuneration of non-directors per year	46,888	-0.84%	46,495	59.73%	74,267	88.59%	140,062	61.36%	225,999	39.39%	315,026
Average remuneration of non-directors per year	23,444	-0.84%	23,248	-20.14%	18,567	-16.18%	15,562	107.46%	32,286	2.71%	33,161
Regarding remuneration of FULL-TIME employees together with PART-TIME employees											
Average amount of remuneration of employees in the company who are not directors for a year	26,954	19.10%	32101.5	-1.06%	31,760	-3.95%	30,506	33.49%	40,724	11.91%	45,574

17 / Information for exercising the possibility to demand a refund of variable remuneration

No additional remuneration has been paid to the members of the Management Board and the Supervisory Board and the procurators in any form, therefore information on the possibilities for returning variable remuneration is inapplicable.

18 / Information on all deviations from the procedure for the implementation of the Remuneration Policy in connection with extraordinary circumstances under Article 11, paragraph 13, including an explanation of the nature of the extraordinary circumstances and an indication of the specific components that have not been implemented

The remuneration policy does not provide for deviations from the procedure for its application in connection with extraordinary circumstances under Article 11, paragraph 13, including an explanation of the nature of the extraordinary circumstances and an indication of the specific components that have not been applied.

Remuneration policy implementation program for the next financial year or longer

The Basic Principles of Remuneration of the members of the Supervisory Board and the Management Board, adopted at the regular annual General Meeting of Shareholders in 2020, set out the basic principles of Ordinance № 48 of the FSC. The remuneration policy aims to support the long-term business goals of the company and to promote behavior that supports the creation of value for shareholders, while providing competitive remuneration that is sufficient to attract and retain directors with qualities necessary for successful management and development of the company. This policy is designed to be implemented for a long period of time, unless the company's shareholders request its update and change. Amendments to the Policy approved by the General Meeting of Shareholders shall be adopted in the order of its preparation and approval. Their implementation will continue to be a priority of the Board of Directors

The Supervisory Board, in its function as the Remuneration Committee, considers that the criteria for determining the remuneration are currently effective, in view of the financial results achieved during the reporting period.

Their implementation will continue to be a priority of the Supervisory Board.

For the next 2022 financial year, the Remuneration Committee of Eurohold Bulgaria AD proposes that the remuneration of the members of the Management Board, the Supervisory Board and the procurators remain unchanged compared to 2021, paying them only permanent remuneration, as follows:

- Kiril Ivanov Boshov - BGN 24,000.00
- Assen Minchev Minchev - BGN 94,540.00
- Velislav Milkov Christov - without remuneration
- Assen Emanuilov Assenov - BGN 12,000.00
- Divorced Stefan Lefter - free of charge.

Supervisory Board

- Assen Milkov Christov - BGN 14,640.00
- Dimitar Stoyanov Dimitrov - BGN 7,200.00
- Louise Gabrielle Roman - \$ 66,282.00
- Kustaa Lauri Aima - free of charge
- Radi Georgiev Georgiev - free of charge
- Ivaylo Krasimirov Angarski - BGN 48,000

Procurators

- Milena Milchova Gencheva - BGN 13,320.00

The members of the Supervisory Board and the Management Board agree that in case of a sharp change in the financial and economic indicators, regardless of whether they are in an upward or downward direction, the Remuneration Program will be revised and the changes reflected in it will be duly adopted.

Information on recommendations made in the previous remuneration report and disclosure of how these recommendations have been taken into account

No recommendations were made on the previous remuneration report by a shareholder or his representative participating in the regular meeting of the General Meeting of Eurohold Bulgaria AD.

This report was prepared in accordance with the recommendations of the Supervisory Board and adopted at a meeting of the Management Board together with the annual financial statements for 2022.

The report is published on the website of Eurohold Bulgaria AD (www.eurohold.bg) simultaneously with the annual financial report for 2021 and is available for a period of 10 years.

March 31, 2022

Kiril Boshov

Executive Director

KIRIL Date:
IVANOV 2022.03.31
BOSHOV 22:45:00
+03'00'

Assen Minchev

Executive Director

ASEN 2022.03.3
MINCHEV1 22:53:10
MINCHEV+03'00'

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INFORMATION ABOUT THE PUBLIC
COMPANY

INFORMATION ABOUT THE PUBLIC COMPANY

(according to Appendix 3 to Art. 10, Item 2 of Ordinance № 2 OF 09.11.2021 for initial and subsequent disclosure of information in public offering of securities and admission of securities to trading on a regulated market)

1 / Information on securities that are not admitted to trading on a regulated market in the Republic of Bulgaria or another Member State.

The shares of Eurohold Bulgaria AD are listed on the Main Market of the Bulgarian Stock Exchange AD, Segment Standard, stock exchange code EUBG and Warsaw Stock Exchange (WSE) Poland with the exchange code EHG.

All issued shares of the company are in circulation and are admitted to trading on the Bulgarian Stock Exchange and Warsaw Stock Exchange.

As of 31 December 2021, Eurohold Bulgaria AD has no securities that are not admitted to trading on a regulated market in the Republic of Bulgaria or another Member State.

2 / Information on the direct and indirect holding of 5 per cent or more of the voting rights in the general meeting of the company, including data on the shareholders, the amount of their share participation and the manner in which the shares are held.

As of 31 December 2021, the authorized capital of Eurohold Bulgaria AD amounts to BGN 260,500,000 distributed in 260,500,000 ordinary shares with a nominal value of BGN 1 (one) each. All shares have been paid. All issued shares are of the same class and give 1 (one) voting right in the general meeting of shareholders.

According to the book of shareholders as of 31.12.2021 shareholders in Eurohold Bulgaria AD are:

- ✓ 103 legal entities holding 246,803,392 total voting rights from shares or 94.74% of the capital of the Company;
- ✓ 7 legal entities Global Trustee holding 9,440,882 total voting rights from shares or 3.62% of the Company's capital;
- ✓ 9,298 natural persons holding 4,255,726 total voting rights from shares or 1.63% of the Company's capital.

Information about the shareholders holding over 5% of the votes in the General Meeting

Shareholders	Manner of possession	% Share in the share capital	Number of shares /voting rights/	Nominal value, BGN
Starcom Holding AD	Direct	50.65%	131 933 415	131 933 415
KJK Fund II SICAV-SIF - Balkan Discovery	Direct	10.79%	28 116 873	28 116 873
Boston Management and Research, through the following funds managed by it:	Indirect	9.07%	23 629 421	23 629 421
Global Opportunities Portfolio,	Direct	1.97%	5 140 100	5 140 100
Global Macro Portfolio,	Direct	2.04%	5 313 401	5 313 401
Global Macro Absolute Return Advantage Portfolio,	Direct	4.36%	11 361 600	11 361 600
Global Macro Capital Opportunities Portfolio	direct	0.70%	1 814 320	1 814 320
Other legal entities		27.86%	72 564 565	72 564 565
Other individuals		1.63%	4 255 726	4 255 726
Total		100.00%	260 500 000	260 500 000

The majority shareholder in Eurohold Bulgaria is Starcom Holding AD, holding 131,933,415 shares. shares as of 31.12.2021 representing a controlling interest of 50.65% of the capital of Eurohold. Starcom Holding AD is a holding company registered in the Republic of Bulgaria, which operates in accordance with Bulgarian law.

KJK FUND II SICAV-SIF BALKAN DISCOVERY is the second major shareholder in Eurohold Bulgaria AD, which has a qualifying holding in the capital of the Company. At the end of 2021 KJK FUND II SICAV-SIF BALKAN DISCOVERY owns 28,116,873. shares representing 10.79% of the issued shares from the capital of Eurohold.

Boston Management and Research owns 23,629,421. shares representing 9.07% of Eurohold's capital through the following funds managed by it:

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

In addition to the above persons, through their shareholding in the capital of the majority shareholder in the Company Starcom Holding AD, indirect participation in Eurohold Bulgaria AD in excess of 5 percent, have the following person:

Assen Milkov Christov - through his shareholding of 51% in Starcom Holding AD - majority shareholder in the Company, the person has an indirect participation in Eurohold Bulgaria AD in an amount equal to the participation of Starcom Holding AD in Eurohold Bulgaria "AD or 50.65%;

Apart from the above-mentioned persons, the Issuer is not aware of any other natural or legal persons who may own directly or indirectly in the hypotheses of Art. 145 et seq. Of the POSA shareholding in the amount of 5 or more per cent of the voting shares in the General Meeting of the Issuer.

There are no natural persons shareholders who directly own more than 5 percent of the voting shares in the General Meeting of the Issuer.

3 / *Data for the shareholders with special control rights and description of these rights.*

All shares of the company give equal voting rights in the general meeting of shareholders of the Company. There are no shareholders with special controlling voting rights.

4 / *Agreements between the shareholders, which are known to the company and which may lead to restrictions in the transfer of shares or the right to vote.*

The company is not aware of any agreements between shareholders that may lead to restrictions on the transfer of shares or voting rights.

5 / *Significant contracts of the company, which give rise to, change or terminate due to a change in the control of the company in the implementation of mandatory bidding, and their consequences, except in cases where disclosure of this information may cause serious harm to the company; the exception under the previous sentence shall not apply in the cases when the company is obliged to disclose the information by virtue of the law.*

As of 31.12.2021 such circumstances are not available for the Company.

March 31, 2022

Kiril Boshov
Executive Director

KIRIL Date:
IVANOV 2022.03.31
BOSHOV 22:56:32
+03'00'

Assen Minchev
Executive Director

ASEN 2022.03.3
MINCHEV 1 22:53:55
MINCHEV +03'00'

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DECLARATION BY THE
RESPONSIBLE PERSONS

DECLARATION**under Art. 100n, para 4, item 4 of POSA**

The undersigned,

1. Kiril Boshov - Chairman of the Management Board of Eurohold Bulgaria AD
2. Assen Minchev - Executive Director of Eurohold Bulgaria AD
3. Salih Trampov - Chief Accountant of Eurohold Bulgaria AD (compiler of financial statements)

WE DECLARE that as far as we know:

1. The annual financial statements for 2021, 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 Activity Report for 2021 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.

Declarators:

- | | | |
|----|---------------|------------------|
| | KIRIL IVANOV | Date: 2022.03.31 |
| | BOSHOV | 22:45:32 +03'00' |
| 1. | Kirill Boshov | |
| | ASEN MINCHEV | 2022.03.31 |
| | MINCHEV | 22:54:40 +03'00' |
| 2. | Assen Minchev | |
| | SALIH | Date: |
| | REDZHEPOV | 2022.03.31 |
| | TRAMPOV | 22:40:46 +03'00' |
| 3. | Salih Trampov | |

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DECLARATION BY THE
INDEPENDENT AUDITOR



Eurohold Bulgaria AD

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43 Christopher Columbus Blvd.**

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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 Separate Financial Statements

Qualified Opinion

We have audited the separate financial statements of Eurohold Bulgaria AD („the Company“), which comprise the separate statement of financial position as of 31 December 2021 and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year ended and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion” section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2021, its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted from the EU and the Bulgarian legislation.

Basis for Qualified Opinion

As disclosed in note 15 “investments in subsidiaries” to the separate financial statements, the Company has investments with carrying value of BGN 717 093 thousand as of 31 December 2021 and management has carried out assessment of these. Due to the specific nature of the subsidiary Euroins Insurance Group AD and the group of insurance companies under its management on Bulgarian and foreign markets, as well as due to the specific assumptions and estimates used in the calculation of its recoverable amount in accordance with IAS 36 “Impairment of assets”, we are unable to obtain sufficient appropriate audit evidence regarding the reasonableness of the estimates and judgements on which the valuation is based. Consequently, we are unable to determine whether adjustments are necessary and what is the appropriate amount of these adjustments to the carrying value of BGN 523 815 thousand of the investment in the subsidiary Euroins Insurance Group AD as of 31 December 2021.

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Separate Financial Statements” section of our report. We are independent of the Company 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 ethical 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 qualified opinion.

Emphasis of Matter

We draw attention to note 2.1 “Basis for preparation of the separate financial report” and note 31 “Events after the end of the reporting period” to the separate financial statements, which disclose the complicated international situation in recent weeks related to the tension between the Republic of Ukraine and the Russian Federation, which led to military hostilities between the countries and imposition of sanctions and restrictions by the European Union, USA, Canada, Great Britain and others in relation to the Russian Federation, the Russian Central Bank, credit institutions and companies, as well as individuals related to the events in Ukraine. In connection with the above and in view of the uncertainties regarding the effect of the imposed sanctions and restrictions, the Company has analysed its relationships with customers, creditors and its investments in Russian, Ukrainian and Belarusian companies and disclosed those that could be directly negatively influenced

in the future. However, other investments in subsidiaries, debt and equity instruments and receivables could be indirectly affected by the situation in Ukraine, the long-term effects of the Covid-19 coronavirus pandemic and trends in the Bulgarian economy related to energy prices, inflation, the stock market, the energy market, etc. As the situation is extremely dynamic, the management of the Company is not able to fully assess all future indirect effects, but it is possible that the influence of some of the above factors will be negative. This, in turn, could lead to a change in the carrying amounts of the Company's assets, which are determined in the separate financial statements by using a number of judgments and assumptions by management and taking into account the most reliable information available at the date of estimates. Eurohold Bulgaria AD is in the process of optimizing its investments in companies of the Eurohold Group and taking measures to restructure current loan liabilities maturing in 2022, incl. bonds issued. To date, no negative impacts are expected from the above factors or delays in the measures and actions taken. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit issues are those issues that, in our professional judgment, were of the greatest importance in the audit of the separate financial statements for the current period. These matters are considered as part of our audit of the separate financial statements as a whole and the formation of our opinion on it, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Basis for Qualified Opinion" section, we have identified the matter described below as a key audit matter to be communicated in our report.

Disclosure of the going concern principle	
The disclosures of the Company regarding the going concern principle are presented in note 2.1 to the separate financial statements.	
Key audit matter	How this matter was addressed during the audit
<p>In 2020 and 2021 the activity of Eurohold Bulgaria AD and the companies managed by it was indirectly affected by the coronavirus pandemic Covid-19. Apart from the pandemic, other factors such as the economic environment and the global financial markets had an impact on the Company, both in its operating activities, related to investing in and managing subsidiaries under the control of Eurohold Bulgaria AD and in its managing its cash flows, related to sales and funding.</p> <p>The main sources of revenue of the holding company are from management and return on investment.</p> <p>In 2021 the Company expanded its investment activities and successfully completed the acquisition of a group of companies in the Energy sector. At the same time, the company took steps to release part of the car sales business. That is why large expenses related to the changes in the investment focus of the holding were incurred, which led to the reporting of a net loss of BGN 116 388 thousand in 2021.</p> <p>The Company's management has analysed the effect of the pandemic on the value of investments in subsidiaries in view of the application of IAS 36 "Impairment of Assets". Measures have been taken to restructure the current liabilities of Eurohold Bulgaria AD, some of which have already been implemented as of the date of this report, and the rest are in the process of implementation. In 2022, the management will continue the policy of disposal of non-key assets of Eurohold Group and will improve its dividend policy in order to provide cash inflows to cover its current indebtedness.</p> <p>Measures have been taken to counter the volatile economic situation, and although the Covid-19 pandemic and the military conflict between the</p>	<p>In this area, our audit procedures included, but were not limited to, evaluating management's assessment of Company's compliance with the going concern principle and performing the following audit procedures:</p> <ul style="list-style-type: none"> – making inquiries of management to assess what is the progress of the implementation of the measures taken for disposal of non-key assets, extension of the deadlines of loans from related parties, repayment of bank loans with funds from a new bond issue and renegotiation of deadlines of bonds, which are going to mature in the short-term; – monitoring the development of the Covid-19 pandemic worldwide and in Bulgaria and analysing how it could affect the long-term investment activities of the Company; – evaluation and assessment of the direct and indirect impacts of the military conflict that began on 24 March 2022 between the Russian Federation and the Republic of Ukraine on the investment and financing activities of the Company; – analysis and evaluation of the past experience and actual results of the budgeting and forecasting processes, including management's cash flows forecasts prepared for the next 12 months; – use of our experience and knowledge of business, industry and economic data in critically assessing the reasonableness of the assumptions made by management in preparing

<p>Russian Federation and the Republic of Ukraine, which began on 24 March 2022, will continue to affect activities in 2022, their impact is expected to be less negative. Management's business plan are expected to be implemented without undergoing significant changes as a result of unforeseen events related to the dynamic economic environment.</p>	<p>cash flows forecasts and scenarios, analysis of the implementation of measures taken and possible changes to them;</p> <ul style="list-style-type: none"> – performing procedures for subsequent events review after the end of the reporting period and the results for the first months of 2022 and comparing them with the forecasts made by management. – assessment and critical analysis of the sources of funding, the renewal status and the level of collateral for them, for which it is applicable; – evaluation and assessment of the assumptions and calculations according to the adopted models of the Company for testing the value of investments in subsidiaries in view of the application of IAS 36 "Impairment of Assets". With the support of our internal valuation experts, we tested, recalculated and checked the models against comparable market information or historical data, where applicable. <p>In addition, we considered the adequacy of the Company's disclosures in the attached separate financial statements regarding factors and non-adjusting events that may affect Company's financial position and financial results.</p>
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Other Matter

The separate financial statements of the Company for the year ended 31 December 2020 have been audited by another auditor, who expressed a qualified opinion on these statements on 26 April 2021.

Information Other than the Separate Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information consists of the annual individual activity report, incl. the corporate governance statement and the report on compliance with the remuneration policy prepared by management in accordance with the Accounting Act, but does not include the separate financial statements and our audit report thereon.

Our opinion on the separate financial statements does not cover other information and we do not express any form of assurance about it unless expressly stated in our report and to the extent that it is stated. In connection with our audit of the separate financial statements, our responsibility is to read the other information and thereby determine whether that other information is materially inconsistent with the separate financial statements or our knowledge of the audit, or otherwise it appears to contain material misstatement. In the event that, based on the work we have done, we conclude that there is a material misstatement in this other information, we are required to report this fact.

As described in the "Basis for Qualified Opinion" section of this report, we have not been able to obtain sufficient appropriate audit evidence on the issues identified in this section. Accordingly, we are unable to conclude whether the other information does not contain material misstatement in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Accounting Standards (IAS), adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council (IFRS) adopted by the EU and Bulgarian law, and

for such an internal control system as management deems necessary to ensure the preparation of financial statements that do not contain material misstatements, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain a reasonable degree of assurance as to whether the separate financial statements as a whole do not contain material misstatements, whether due to fraud or error, and to issue an audit report that includes our audit opinion. A reasonable level of assurance is a high level of assurance, but there is no guarantee that an audit performed in accordance with ISA and the Independent Financial Audit Act will always reveal material misstatement, where such exists. Incorrect readings may arise as a result of fraud or error and are considered material if it could reasonably be expected that they, alone or as a whole, could influence the economic decisions of consumers made on the basis of this financial statement. report.

As part of our audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement in the separate financial statements, whether due to fraud or error, develop and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not disclosing material misstatement resulting from fraud is higher than the risk of material misstatement resulting from error, as fraud may include collusion, falsification, intentional omissions, introductory statements the auditor's misrepresentation, as well as neglect or circumvention 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 Company'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 accounting base based on the going concern assumption and, based on the audit evidence obtained, whether there is material uncertainty about events or conditions that could give rise to significant doubts about the Company's ability to continue to operate as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the disclosures related to this uncertainty in the separate 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 audit report. However, future events or conditions may cause the Company to cease to operate as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 separate 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 Separate Financial Statements and Auditor's Report Thereon", regarding annual management report, 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, as well as Article 100m, paragraph 14 in relation to Article 116c, paragraph (1) 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 management report is consistent with the separate financial statements for the same reporting period, on which we have issued qualified opinion in the section "Report on the Audit of the Separate Financial Statements" above;
- (b) the management report is prepared in accordance with the applicable legal requirements;
- (c) as a result of the acquired knowledge and understanding of the Company's activities and the environment in which it operates, we have not identified cases of material misstatement in the individual activity report, except for the possible effect described in "Information Other than the Financial Statements and Auditor's Report Thereon" in "Report on the audit of the separate financial statements";
- (d) the 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 report on compliance with the remuneration policy has been prepared in accordance with the requirements of the ordinance pursuant to Article 116c, paragraph 1 of Bulgarian Public Offering of Securities Act and the information in it is consistent with the separate financial statements for the same reporting period.

Statement Pursuant to Article 100m, Paragraph (10) of Bulgarian Public Offering of Securities Act

Based on the procedures performed and our knowledge of the Company 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 Company 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 corporate governance statement, being a component of the annual management report.

Additional reporting concerning the audit of financial statements in connection with Article 100m, paragraph (4), subparagraph (3) of Bulgarian Public Offering of Securities Act

- *Statement on Article 100m, paragraph 4, subparagraph (3), item "b" of Public Offering of Securities Act*

Related party transactions are disclosed in note 30 to the separate financial statements. Based on the performed audit procedures on related party transactions as part of our audit of separate financial statements as a whole, no facts, circumstances or other information have come to our attention that caused us to conclude that the related party transactions are not disclosed in the accompanying separate financial statements for the year ended on 31 December 2021, in all material respects, in accordance with the requirements of IAS 24 „Related Party Disclosures“. The results of our audit procedures on related party transactions were taken into consideration for the purposes of issuing an auditor's opinion on the separate financial statements as a whole, not for issuing a separate opinion only on related party transactions.

- *Statement on Article 100m, paragraph (4), subparagraph 3, item "c" of Public Offering of Securities Act*

Our responsibilities for audit of the separate financial statements as a whole, described in our report in section „Responsibilities of the Auditor for the Audit of Separate Financial Statements“, include assessment whether the financial statements present fairly the significant transactions and events. Based on the performed audit procedures on the significant transactions, which are fundamental to the separate financial statements for the year ended on 31 December 2021, no facts, circumstances or other information have come to our attention that caused us to conclude that there are instances of unfair presentation and disclosure in accordance with the requirements of IFRS, as adopted by the European Union. The results of our audit procedures on the significant transactions and events of the Company, which are material to the separate financial statements, were taken into consideration for the purposes of issuing an auditor's opinion on the separate financial statements as a whole, not for issuing a separate opinion only on the significant transactions.

Reporting on compliance of the electronic format of the separate financial statements included in the annual separate financial report on the activity under Art. 100n, para 4 of Bulgarian Public Offering of Securities Act with the requirements of ESEF Regulation

In addition to our responsibilities and reporting under ISA, described above in the section "Auditor's Responsibilities for the Audit of the Separate Financial Statements", we have followed the procedures in accordance with the Guidelines on Issuing of Audit Opinion regarding the Implementation of the European Single Electronic Format (ESEF) for the financial statements of companies whose securities are admitted to trading on a regulated market in the European Union (EU)" of Bulgarian Institute of Chartered Accountants (ICPA) in Bulgaria". These procedures include verifying the electronic file format and whether the human readable part of it corresponds to the audited separate financial statements and expressing an opinion regarding the compliance of the electronic format of the separate financial statements of Eurohold Bulgaria AD for the year ended 31 December 2021, contained in the electronic file „74780000JOW85Y204X80-20211231-BG-SEP.xhtml“, 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"). Based on these requirements, the electronic format of the separate financial statements included in the annual separate financial report on the activity under Art. 100n, para. 4 of Bulgarian Public Offering of Securities Act, must be submitted in XHTML format.

The management of the Company is responsible for the application of the requirements of ESEF Regulation when preparing the electronic format of the separate financial statements in XHTML.

Our opinion is only regarding the electronic format of the separate financial statements included in the electronic file „74780000JOW85Y204X80-20211231-BG-SEP.xhtml“ and does not include the other information contained in the annual separate financial report on the activity under art. 100n, para. 4 of Bulgarian Public Offering of Securities Act.

Based on the performed procedures, our opinion is that the electronic format of the separate financial statements of the Company for the year ended 31 December 2021, contained in the attached electronic file „74780000JOW85Y204X80-20211231-BG-SEP.xhtml“, on which we are issuing a qualified audit opinion, 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 separate financial statements of "Eurohold Bulgaria" AD for the year ended on 31 December 2021 by the general meeting of shareholders, held on 18 October 2021, for a period of one year.

- The audit of the separate financial statements of the Company for the year ended on 31 December 2021 of the Company represents first, consecutive year of continuous commitment for mandatory audit of this company, performed by us.
- In support of the audit opinion, we have provided in the "Key Audit Matter" section a description of the most important assessed risks, a summary of the auditor's response and important observations regarding those risks, where appropriate.
- We confirm that our audit opinion is consistent with the additional report to the audit committee of the Company, 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 Company in conducting the audit.
- For the period covered by our statutory audit, in addition to the audit, we have not provided other services to the Company and its controlled undertakings, which are not disclosed in the annual separate financial statements.

Mariy Apostolov
Managing partner

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Silvia Dinova
Registered auditor responsible for the audit

SYLVIA BORISLAVOVA
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Grant Thornton Ltd., registered № 032
Audit firm

31 March 2022
Bulgaria, Sofia, 26, Cherni Vrah Blvd.

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DECLARATION under Art. 100n, para. 4, item 3 of the Public Offering of Securities Act

**To the shareholders of
EUROHOLD BULGARIA AD
Sofia, 43 Christofor Columbus Blvd.**

Undersigned:

1. Mariy Georgiev Apostolov, in my capacity as Manager of an **audit firm** Grant Thornton OOD, registered with UIC 831716285, with registered office, address of management and address for correspondence: Sofia, 1421, Cherni Vrah Bld. № 26 and
2. Silvia Borislavova Dinova, in my capacity as a registered auditor (with reg. № 737 from the register under Art. 20 of the Independent Financial Audit Act), responsible for the audit engagement on behalf of audit firm Grant Thornton (with reg. № 032 from the register under Art. 20 of the Independent Financial Audit Act), **we declare that:**

The audit firm Grant Thornton OOD was engaged to perform a statutory financial audit of the financial statements of Eurohold Bulgaria AD for 2021, prepared in accordance with International Financial Reporting Standards, adopted by the EU, the common name of the accounting base, defined in item 8 of the Additional Provisions of the Accounting Act under the name „International Accounting Standards“. As a result of our audit, we issued an auditor's report dated 31 March 2022.

We hereby CERTIFY THAT, as reported in our auditor's report on the annual separate financial statements of Eurohold Bulgaria AD for 2021, issued on 31 March 2022:

1. ***Statement of Article 100n, paragraph 4, subparagraph 3, item „a“ Qualified Audit opinion:*** In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinion” section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2021, its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted from the EU and the Bulgarian legislation. *(page 1 of audit report);*
2. ***Statement on Article 100n, paragraph 4, subparagraph (3), item "b" Information, relating to transactions of Eurohold Bulgaria AD with related parties.*** Related party transactions are disclosed in note 30 to the separate financial statements. Based on the performed audit procedures on related party transactions as part of our audit of financial statements as a whole, no facts, circumstances or other information have come to our attention that caused us to conclude that the related party transactions are not disclosed in the accompanying financial statements for the year ended on 31 December 2021, in all material respects, in accordance with the requirements of IAS 24 „Related Party Disclosures. The results of our audit procedures on related party transactions were taken into consideration for the purposes of issuing an auditor's opinion on the separate financial statements as a whole, not for issuing a separate opinion only on related party transactions. *(page 5 of auditor's report).*
3. ***Statement on Article 100n, paragraph (4), subparagraph 3, item "c" of Public Offering of Securities Act***

Our responsibilities for audit of the financial statements as a whole, described in our report in section „Responsibilities of the Auditor for the Audit of Financial Statements“, include assessment whether the financial statements present fairly the significant transactions and events. Based on the performed audit procedures on the significant transactions, which are fundamental to the financial statements for the year ended on 31 December 2021, no facts, circumstances or other information have come to our attention that caused us to conclude that there are instances of unfair presentation and disclosure in accordance with the requirements of IFRS, as adopted by the European Union. The results of our audit procedures on the significant transactions and events of the Company, which are material to the financial statements, were taken

into consideration for the purposes of issuing an auditor's opinion on the financial statements as a whole, not for issuing a separate opinion only on the significant transactions. (*page 6 of auditor's report*).

The verifications made with this statement should be considered only in the context of the auditor's report issued by us as a result of the independent financial audit of the annual separate financial statements of Eurohold Bulgaria AD for the reporting period ending 31 December 2021, with date of auditor's report 31 March 2022. This declaration is intended only for the above-mentioned addressee and has been prepared solely in compliance with the requirements set out in Art. 100n, para. 4, item 3 of the Public Offering of Securities Act (POSA) and should not be taken as a substitute for our conclusions contained in the auditor's report issued by us on 31 March 2022 with regard to the issues covered by Art. 100n, item 3 of Bulgarian POSA.

Mariy Apostolov
Managing partner

Grant Thornton OOD
Audit firm

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Silvia Dinova
Registered auditor responsible for the audit

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31 March 2022
Sofia, Bulgaria