

# **EUROHOLD BULGARIA**

## **INTERIM CONDENSED INDIVIDUAL REPORT**



**MARCH 31, 2022**

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#### **ABOUT THIS REPORT**

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

*Further information about Eurohold Bulgaria can be found on our website [www.eurohold.bg](http://www.eurohold.bg)*

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

*In order to obtain a complete view of the financial position of the Eurohold Group, users of this interim condensed separate report should read it together with the consolidated report of the Eurohold Group as at the same reporting period*

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# 1

## Interim condensed individual activity report - 31 March 2022

## OPERATIONAL REVIEW

### BUSINESS ACCENTS

#### **Eurohold Bulgaria AD,**

- ✓ is a leading independent business group in Central and Southeastern Europe (SEE) with leading positions in the insurance and energy businesses
- ✓ has a principal activity relating to the creation, acquisition and management of participations and the financing of related undertakings
- ✓ is the owner of the largest independent insurance group in SEE by gross premium income - Euroins Insurance Group
- ✓ owns a large energy group in Bulgaria
- ✓ has an experienced management team
- ✓ has a high level of corporate governance in line with best practice
- ✓ is a public joint-stock company within the meaning of the Securities Act, the company's shares are registered for trading on:
  - » Bulgarian Stock Exchange (BSE) - stock code EUBG
  - » Warsaw Stock Exchange (WSE) - with stock code EHG

### BUSINESS SEGMENTS

- » Insured
- » Energetics
- » Vehicles
- » Leasing
- » Investment brokerage and asset management

### БИЗНЕС ОПЕРАЦИИ

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

### BUSINESS ASSETS

- ↳ **Euroins Insurance Group**  
CEE and SEE insurer with leading positions in Romania and Bulgaria.  
Active operations in 9 markets in Europe.
- ↳ **Eastern European Electric Company II B.V. - Energy Group**  
Company uniting the energy companies acquired in 2021.
- ↳ **Auto Union - automotive group**  
Trade and service of cars in Bulgaria.
- ↳ **Eurolease Group - leasing group**  
Large leasing group operating in 2 markets in the Balkans.
- ↳ **Euro-Finance - investment intermediation and asset management**  
Market turnover leader on the Bulgarian Stock Exchange, Member of Deutsche Börse Group.  
More than 20 years of experience.

## MAIN ACTIVITY

Eurohold Bulgaria AD is a holding company primarily engaged in financial activities related to the acquisition, sale and management of interests and financing of related companies.

The Company does not engage in any activities subject to special permitting regimes requiring patents, licenses or other authorizations from regulatory authorities.

In order to optimize management, business processes and fixed costs, the Company has structured its businesses into subholding structures depending on the sector in which they operate. Eurohold Bulgaria AD together with its subsidiary subholding companies and their operating companies form an economic group, the Eurohold Group.

Eurohold manages and supports the business of its economic group through its strategy, risk, financing of affiliates, control, communication, legal advice, human resources, information systems and technology and other functions.

## ICONOMIC GROUP


The organizational structure of Eurohold is on three levels: parent company, subsidiaries and operating companies. Each of the three levels has its specific functions, business activities and objectives.

Subsidiaries are holding structures that bring together Eurohold Bulgaria's investments in the Insurance, Energy (with operations from the end of July 2021), Automotive Sales, Leasing, Investment Brokerage and Asset Management sectors.

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

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

## ASSIGNED CREDIT RATINGS

	<b>EuroHold</b> <b>Issuer Default</b> <b>Rating "B"</b>		<b>EuroHold</b> <b>Long-term: BBB-</b> <b>Outlook: stable</b> <b>Short-term: A-3</b>
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## SIGNIFICANT EVENTS 1 January - 31 March 2022

### INFORMATION ON SIGNIFICANT EVENTS, ACCORDING TO ARTICLE 100o, 4, S.2 OF THE POSA

#### IMPORTANT EVENTS FOR THE ACTIVITIES OF EUROHOLD BULGARIA DURING THE REPORTING PERIOD

##### January

- ✓ On 28.01.2022 a loan agreement in the amount of EUR 7 million was signed with the International Investment Bank, Russia and the entire amount was fully drawn down on 31.01.2022 at an interest rate of 5% maturing on 28.01.2029.
- ✓ On 14.01.2022, the Commission for Protection of Competition published a decision authorizing the concentration in connection with the preliminary agreement for the sale of Star Motors EOOD signed by Auto Union AD in November 2021 and the transaction is expected to be finalized in May 2022.

##### February

- ✓ No significant events have occurred

##### March

- ✓ On 08.03.2022 Eurohold issued a new corporate bond loan under private placement conditions, in the amount of € 40 million, distributed in 40 thousand bonds with a nominal and issue value of € 1,000, 3.25% interest, with a single repayment of the principal on the maturity date of the issue - 08.03.2029.
- ✓ On 17.03.2022 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 directly consolidating the energy business of Eurohold Bulgaria AD, 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 1 371 shares or 27.42%).
- ✓ On 17.03.2022. Auto Union AD, as the sole owner of the capital, signed a preliminary agreement for the sale of its subsidiary Daru Car EAD. The company is an official service centre of BMW. The transaction is expected to be finalised within May 2022.
- ✓ On 14.03.2022 Eurolease Group AD, as the sole owner of the capital of Eurolease Rent-a-Car Ltd. signed a preliminary agreement for its sale. The transaction is currently pending regulatory approval.

The Management Board of Eurohold Bulgaria AD is not aware of any other significant or material events occurring after the closing date of the reporting period.

## ACTIVITY RESULTS

### Results on an individual basis

Eurohold Bulgaria AD is a holding company with significant investments in subsidiaries and as such does not engage in regular trading transactions. Eurohold manages a portfolio of companies in the following sectors: insurance, energy (from 27.07.2021), automotive, leasing and investment intermediation and asset management (financial services). Eurohold Group has a long-term approach to its investments and holds leading positions in the markets in which it operates.

The Company's operating income on an individual basis is financial in nature, the most significant of which, gains on transactions in financial instruments and subsequent valuations, occur in different reporting periods and are not permanent in nature. Due to this material factor, investors and interested parties should read this individual report together with the consolidated management report for the relevant reporting period, which gives a clear and complete picture of the risks, performance, financial position, strategies and development prospects of the Eurohold Group.

## FINANCIAL OVERVIEW

### ANALYSIS OF THE FINANCIAL SITUATION

#### ACTIVITIES

The company's assets increased by BGN 49.3 million to BGN 769.6 million as of 31 March 2022 compared to BGN 720.5 million as of the end of 2021.

Assets		Δ	31.03.2022	Δ	2021
		%	thousand BGN	thousand BGN	thousand BGN
<b>Non-current assets</b>	Investments in subsidiaries	0.6%	721 005	3 912	717 093
	Property, plant and equipment, usufruct rights	(18.6)%	1 322	(302)	1 452
	Other non-current assets	-	172	-	172
<b>Current assets</b>	Financial assets	25171%	1 769	1 762	7
	Receivables from related parties	2436.9%	21 538	20 689	849
	Other receivables and current assets	3500.3%	23 186	22 542	644
	Cash	431.3%	611	496	115
<b>Total Assets</b>		<b>6.8%</b>	<b>769 603</b>	<b>49 271</b>	<b>720 332</b>



## » Investments in enterprises

Eurohold's core business determines the Company's asset structure, where investments in subsidiaries, associates and other companies account for 93.7% of total assets at the end of the current period (99% at the end of 2021).

The amount invested in subsidiaries increased by BGN 3.9 million in connection with a capital increase carried out during the period in Eastern European Electric Company II B.V. with a cash contribution of EUR 2,000,000.

In the first quarter of 2022, Eurohold made a further investment which has no impact on the total investment at the end of the period due to the following:

- On 24.02.2022. The Management Board of Eurohold Bulgaria AD resolves to establish the company Daru Invest EAD with a capital of BGN 11 740 000 distributed in 11 740 000 available, registered, non-privileged voting shares with a nominal and issue value of BGN 1 each.
- On March 22, 2022, an agreement was signed for the sale of shares of Daru Invest EAD, which finalized the sale of 100% of the capital of Daru Invest EAD. The partial settlement of the financial relations under the contract was made by acquiring 5,000 own bonds with ISIN BG2100002224, with a nominal value of EUR 1,000 each. The final settlement of the financial relations under the transaction will be made by transferring the ownership of another 1 000 own bonds with ISIN BG2100002224, with a nominal value of EUR 1 000 each, by 30 June 2022.

## » Financial assets

During the reporting period, Eurohold Bulgaria invested in financial assets totalling BGN 1.8 million, representing shares, equity investments and investment funds.

## » Receivables from related undertakings

In connection with concluded debt substitution agreements under which the liabilities were assigned and under which the financial relations to the Assignor were settled by transferring the ownership of 7,375 and 2,444 repurchased own bonds, respectively, with ISIN BG2100002224, with a nominal value of EUR 1,000 each, Eurohold increased its receivables from related parties by the amount of BGN 20.7 million.

## » Other receivables and assets

Other receivables and assets also recorded significant growth, due to the following:

- Receivable in the amount of BGN 2 million under an agreement for the purchase and sale of Daru Invest EAD representing the final settlement of the financial relations under the transaction when the ownership of 1 000 own bonds with ISIN BG2100002224, with a nominal value of EUR 1 000 each, is transferred by 30 June 2022.
- Receivable in the amount of BGN 21 million under a debt substitution agreement, under which the liability was assigned and the financial relationship to the Assignor was settled through the transfer of ownership of 10 681 repurchased own bonds with ISIN BG2100002224, with a nominal value of EUR 1 000 each.

## » Cash and cash equivalents

The cash at the Company's disposal as at 31.03.2022 is BGN 0.6 million. (BGN 0.1 million at the end of 2021).



 EQUITY AND LIABILITIES

EQUITY AND LIABILITIES		Δ	31.03.2022	Δ	2021
		%	thousand BGN	thousand BGN	thousand BGN
<b>Equity</b>	Share capital	-	260 500	-	260 500
	Premium reserve on issue of securities	-	14 030	-	14 030
	General reserves	-	7 641	-	7 641
	Profits / Losses	(1.9)%	(73 853)	(6 431)	(67 422)
<b>Subordinated debt</b>	Subordinated debt instruments	0.1%	7 205	4	7 201
<b>Non-current liabilities</b>	Debenture loans payable	77.8%%	139 118	60 885	78 233
	Due to related parties	(94.7)%	3 247	(57 679)	60 926
	Borrowings from financial and non-financial institutions	116.6%	19 509	10 503	9 006
	Other long-term liabilities	(4.2)%	1 189	(52)	1 241
<b>Current liabilities</b>	Notes payable	(2.9)%	133 002	(3 985)	136 987
	Due to related parties	(24.9)%	31 263	(10 340)	41 603
	Loans from financial and non-financial institutions	153.2%	95 283	57 653	37 630
	Trade payables	(56.3)%	581	(747)	1 328
	Other current liabilities	(37.8)%	888	(540)	1 428
<b>Total Equity and Liabilities</b>		<b>6.8%</b>	<b>769 603</b>	<b>49 271</b>	<b>720 332</b>

## » Equity

Eurohold's share capital remains unchanged at BGN 260.5 million. The Company's registered capital consists of 260,500,000 fully paid ordinary shares with a par value of BGN 1 per share. All shares are entitled to receive a dividend and a liquidation share and represent one vote at the Company's shareholders' meeting.

Shareholders with more than 5% of the capital of Eurohold Bulgaria AD are:

- Starcom Holding AD holding 50.65%
- KJK Fund II SICAV-SIF - Balkan Discovery holding 10.79%
- Boston Management and Research holding 9.02% 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 the first quarter of 2022, there was no change in the shareholders holding more than 5% of the Company's capital.

Eurohold's shareholders' equity as at 31 March 2021 amounted to BGN 338.3 million, with a decrease of 1.9% compared to the end of 2021 due to the realised loss for the reporting period.

### » Subordinated debts

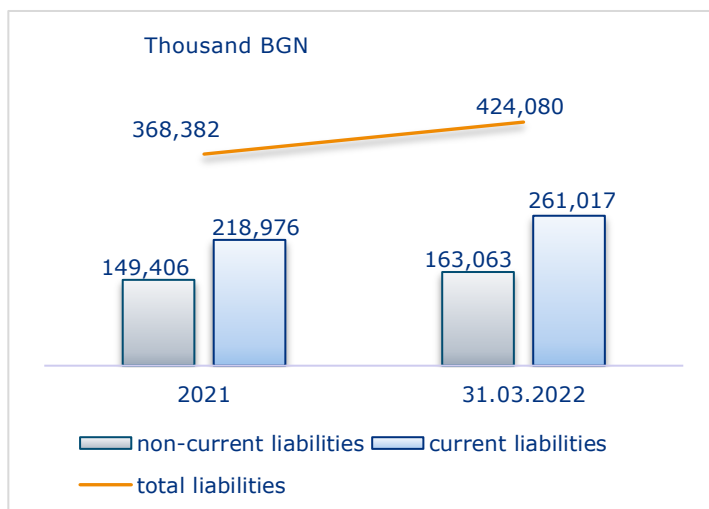
The subordinated debt has no fixed maturity and Starcom Holding AD may not demand its repayment regardless of whether there is an event of default under the agreement. Eurohold Bulgaria AD shall be entitled (but not obliged) to repay amounts of principal of the Loan corresponding to each Tranche received in succession after the expiry of five (5) years from the date of receipt of the relevant Tranche. The principal amount of the Subordinated Debt shall not be accelerated except, in the event of liquidation or insolvency, upon payment of amounts due to all Senior Creditors and all other Chirographic Creditors. Interest shall be payable at the rate of five percent (5%) per annum on the monies drawn for the period of their actual use.

### » Liabilities

The company's liabilities (excluding subordinated debt capital) amount to BGN 424.1 million and grow by 15% by the end of 2021.

The increase in the Holding's liabilities is related to its core business of acquiring, managing and financially supporting subsidiaries.

### » Liability analysis



#### Remark:

The data presented in the graph are without taking into account subordinated debt instruments in the total liabilities.

The 9.1% increase in **non-current** liabilities is mainly due to the following changes:

- an increase in the amount of liabilities on bond loans. In March 2022, Eurohold issued a new - third bond with ISIN: BG2100002224, in the amount of EUR 40 million, and at the end of March the principal obligation under this issue amounted to BGN 60,885 thousand (EUR 31,130 thousand) in connection with redeemed bonds. The bonds are corporate, ordinary, registered, book-entry, interest-bearing, secured, non-convertible, non-privileged and freely transferable bonds issued under the terms of a primary private (non-public) offering at a fixed interest rate of 3.25% per annum and interest payable every 6 /six/ months. The maturity date of the issue is 08.03.2029 and the principal is repayable once at maturity. Eurohold is committed to admit the new bond to trading on a regulated market of the Bulgarian Stock Exchange within 6 months of its issuance. TIB Bank EAD has been

elected by the Management Board as trustee of the bondholders and the election of the trustee was confirmed by the AGM held on 20 April 2022.

- reduction of long-term liabilities to related parties by BGN 57.7 million after repayment of a loan granted by Starcom Holding AD in the amount of BGN 59.5 million; assumption of a liability to Eurolease Group AD under a debt substitution agreement with an annual interest rate of 3.95%; repayment of a loan granted by Eurolease Auto AD in the amount of BGN 1.4 million.
- Increase in liabilities on loans from financial and non-financial institutions by BGN 10.5 million in connection with a bank loan from the International Investment Bank in the amount of EUR 7 million with an agreed interest rate of 5% and maturity in January 2029. The loan is secured by pledge of shares of a subsidiary.

Current liabilities increased by 19.2% mainly due to the following changes:

- Decrease in liabilities to related parties by 24.9% (BGN 10.3 million) after repayment of a loan to Euroins Insurance Group in the amount of BGN 14.2 million; drawdown of a loan in the amount of BGN 13.2 million under an agreed limit of BGN 70 million with Starcom Holding at 5.5% interest and maturing in January 2023, Separately, during the quarter under review, a loan to the parent company in the amount of BGN 8.8 million was repaid; a liability arose under a financial instruments loan agreement in the total amount of BGN 7.4 million at 6% interest and maturing in January 2023; and a liability was repaid under receivables assignment agreements at 7.5% interest per annum and maturing in October 2022.
- Current liabilities to financial and non-financial institutions increased by BGN 57.7 million mainly due to an increase in other current liabilities by BGN 56 million representing:
  - Euro Commercial Paper (ECP) with ISIN XS2344657163, maturity 05.2022, annual interest rate - 2.0% and nominal value 2 500 thousand EUR.
  - Euro Commercial Paper (ECP) with ISIN XS2430057443, maturity 05.2022, annual interest rate - 1.8% and nominal value 27 500 thousand EUR.

(As at 31.12.2021 other current liabilities to financial and non-financial institutions are in the form of Euro Commercial Paper (ECP) with ISIN XS2344657163, maturity 05.2022, annual interest rate - 2.0% and nominal value 2 500 thousand EUR)

### Structure of loan commitments by type and nature:

Loans payable	Δ	31.12.21	31.12.20
	%	thousand BGN	thousand BGN
<b>Subordinated debt instruments</b>	<b>0%</b>	<b>7 205</b>	<b>7 201</b>
<hr/>			
<b>Bank loan liabilities:</b>	<b>175%</b>	<b>114 792</b>	<b>41 781</b>
Non-current payables to banks	117%	19 509	9 006
Current liabilities to banks	191%	95 283	32 775
<hr/>			
<b>Liabilities on bonded loans:</b>	<b>26%</b>	<b>272 120</b>	<b>214 418</b>
Non-current liabilities on bonded loans:	78%	139 118	78 233
EMTN Programme ISIN: XS1542984288	-	19 558	19 558
Bond loan with ISIN code BG2100013205	-	58 675	58 675
Bond loan with ISIN code BG2100002224	n/a	60 885	-
Current liabilities on bonded loans:	(3)%	133 002	136 987
EMTN Programme ISIN: XS1731768302	(5)%	128 991	136 185
Interest payable on bond loans	400%	4 011	802
<hr/>			
<b>Due to non-financial institutions:</b>	<b>1154%</b>	<b>60 875</b>	<b>4 855</b>

Current other loans (Euro Commercial Paper - ECP)	1154%	60 875	4 855
<b>Loans payable to related parties:</b>	<b>(72)%</b>	<b>23 934</b>	<b>85 798</b>
Non-current	(95)%	3 247	60 926
Current	(17)%	20 687	24 872
<b>Total amount of loan commitments</b>	<b>35%</b>	<b>478 926</b>	<b>354 855</b>
Non-current liabilities	9%	169 079	155 366
Current liabilities	55%	309 847	199 489

During the first quarter of 2022, the following bond transactions occurred:

- Under a financial instruments loan agreement, 2,126 bonds were acquired from EMTN Programme in EUR with ISIN XS1731768302, under which the Company recorded interest expense of BGN 62 thousand.
- 1 650 bonds from EMTN Programme in EUR with ISIN XS1731768302 were acquired under a loan agreement for financial instruments, under which the company recorded interest expense of BGN 48 thousand.
- 35,000 own bonds with ISIN BG2100002224 were repurchased and a loss on transactions in investments and financial instruments of BGN 479 thousand was recorded
- A total of 10,648 own bonds with ISIN BG2100002224 were sold during the period and a loss on transactions in investments and financial instruments of BGN 6 thousand was recognised
- Under a contract for the sale and purchase of financial instruments, ownership of 5 thousand BGN was transferred. (acquired) repurchased own bonds with ISIN BG2100002224, which partially settled the financial relations under the purchase and sale agreement of Daru Invest EAD.
- Pursuant to a contract for the purchase and sale of financial instruments, the ownership of 20 500 repurchased own bonds with ISIN BG2100002224 was transferred, thereby settling the financial relations with the Assignor under three assignment contracts and their annexes.

## ACTIVITY RESULTS

### FINANCIAL RESULT

Eurohold Bulgaria AD for the period 1 January - 31 March 2021 reports a financial result on an individual basis of a loss of BGN 6.4 million.

## INCOME AND EXPENSES

### » Income

#### Revenue analysis

Income from operating activities	Δ	31.03.2022	31.03.2021
	%	thousand BGN	thousand BGN
- Gains on transactions in financial instruments and subsequent valuations	(46)%	241	448
- Interest income	1850%	78	4
- Other financial income	(99)%	5	398
<b>Total operating income</b>	<b>(62)%</b>	<b>324</b>	<b>850</b>

Eurohold Bulgaria AD's operating income for the first quarter of 2022 is primarily derived from transactions in financial instruments and subsequent valuations (shown below).

In the current period of 2022:

- ✓ Profits from operations with investments and financial instruments amount to BGN 4 thousand;
- ✓ Revaluation gains on financial instruments measured at fair value are:
  - BGN 144 thousand from revaluation of own bonds purchased by EMTN Programme in EUR with ISIN XS1731768302;
  - 62 thousand BGN from revaluation of purchased own bonds with ISIN BG2100002224;
  - 31 thousand BGN from revaluation of other financial instruments.

In the comparable period of 2021:

- ✓ Earnings from operations with investments and financial instruments include:
  - 206 thousand BGN gain on repossession of 10 500 own bonds redeemed by EMTN Programme in EUR with ISIN XS1731768302;
  - 97 thousand BGN Profit on redemption of 5 900 own bonds with ISIN BG2100013205.
- ✓ Revaluation gains on financial instruments measured at fair value are:
  - 113 thousand BGN from revaluation of 10 500 own bonds purchased by EMTN Programme in EUR with ISIN XS1731768302;
  - BGN 32 thousand from revaluation of purchased own bonds 900 with ISIN BG2100013205.

## » Expenses

Eurohold's operating expenses are mainly related to the costs of carrying out specific ongoing projects, interest expenses on borrowed funds used/raised to finance the Holding's operations and the development and support of its subsidiaries, as well as expenses from operations with financial instruments and other financial items.

Eurohold also records fixed costs for personnel and other external services such as office rents, consumables and other costs related to the normal course and conduct of business.

## Expenditure analysis

Operating expenses	Δ	31.03.2022	31.03.2021
	в %	thousand BGN	thousand BGN
- Interest expenses	3%	(5 070)	(4 913)
- Losses on transactions in financial instruments and subsequent valuations	674%	(859)	(111)
- Other financial expenses	(88)%	(12)	(104)
- Expenditure on external services	(18)%	(317)	(385)
- Personnel expenses	2%	(205)	(201)
- Amortization expense	(22)%	(132)	(170)
- (Accumulated)/Reversed impairment loss on financial assets, net	n/a	(306)	0
<b>Total operating expenses</b>	<b>17%</b>	<b>(6 901)</b>	<b>(5 884)</b>

Eurohold Bulgaria's principal operating expenses are interest expense and losses on transactions with financial instruments and subsequent valuations.

Interest expense increased by approximately BGN 0.2 million in the first quarter due to new financing used for the development of subsidiaries and a new bond loan issued in March. Interest expense can be grouped into three categories depending on the financing, namely:

- Interest on loans from banks and non-bank financial institutions amounted to BGN 0.8 million with a decrease of BGN 0.03 million;
- Interest on bond loans in the amount of BGN 2.9 million - with a reported increase of BGN 0.2 million;
- Interest on loans and leases received from related and third parties in the amount of BGN 0.7 million - a decrease of BGN 0.2 million was recorded.

Eurohold Bulgaria AD reports for 2021 losses on transactions with financial instruments and subsequent valuations (restated values) in the amount of BGN 0.9 million, while for the previous period losses in the amount of BGN 0.1 million were reported. (The transactions on which losses on financial instruments and subsequent valuations were formed are detailed in Note 8 of the Notes to the interim condensed separate financial statements for the first quarter of 2022.

## CASH FLOWS

Cash flows for 2021 are mainly generated from the Company's financing and investing activities related to the restructuring of long-term debt, as well as in the accumulation of free cash from subsidiaries and directing it to finance the current and investing activities of other subsidiaries.

### Cash flow analysis

Cash flows	Δ %	2021 thousand BGN	2020 thousand BGN
- Net cash flow from operating activities	379%	(3 382)	(706)
- Net cash flow from investing activities	303%	(15 762)	(3 909)
- Net cash flow from financing activities	326%	19 642	4 614
<b>Net cash flows</b>	<b>(49900)%</b>	<b>498</b>	<b>(1)</b>
- Effect of expected credit losses	(71)%	(2)	(7)
- Cash and cash equivalents at the beginning of the year	(57)%	115	267
<b>Cash and cash equivalents at the end of the period</b>	<b>136%</b>	<b>611</b>	<b>259</b>

## REVIEW OF THE MAIN RISKS

*This section describes our material risks, including how we manage them. If any of the risks described in this section were to occur, even in part or in combination with other risk factors or circumstances, it could have a material adverse effect on the Company.*

*The Company's future results of operations may differ materially from past results as a result of the occurrence of the risks described herein. Given the dynamic macroeconomic environment at this time, other risks and/or uncertainties may occur that are not currently known or that we are unable to estimate or are considered immaterial at this time and which risks could have a material adverse effect on the Company's business.*

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*We draw attention to the fact that Eurohold Bulgaria AD develops its business through its subsidiaries, in this regard the Company's financial position, operating results and development prospects are directly dependent on the position, results and prospects of its subsidiaries. Each business sector, including the segments in which we operate, is subject to common risks, such as changes in the macroeconomic environment, social, political, financial, regulatory and legislative changes. Our principal risks and uncertainties are those that may have the greatest impact on our group key priorities.*

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### **a) NON-SYSTEMATIC RISKS**

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

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#### **Risks related to Eurohold's operations and structure**

To the extent that Eurohold Bulgaria AD's activities are related to asset management of other companies, they cannot be attributed to a separate sector of the national economy and are exposed to the industry risks of the subsidiaries. Eurohold Bulgaria AD's group companies 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 sector in the structure of Eurohold's long-term investment portfolio.

The Holding's principal activities are carried out through its subsidiaries, which means that its financial performance is directly linked to the financial performance and development trends of its business units within the economic group.

The existence of companies in the portfolio whose net sales revenues are also generated by products sold to other subsidiaries (related parties) places the performance of these companies in direct dependence on the level of profitability of the customers (related parties), which may negatively affect the profitability of the entire group.

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



Deterioration in the performance of one or more subsidiaries could result in a deterioration in results on a consolidated basis. This in turn is also linked to the company's share price as a result of investors' expectations of the company's and Eurohold Group's prospects, as the share market price takes into account the business potential and assets of the economic group as a whole.

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### **Risks related to Eurohold's development strategy**

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

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

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### **Risks related to the management of Eurohold**

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

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

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### **Risks associated with Eurohold's inability to raise capital to fund its strategic objectives**

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

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

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

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### **Liquidity risk**

Liquidity risk relates to the possibility that Eurohold Bulgaria AD may not repay its liabilities in the agreed amount and/or on time when they become due. The Issuer seeks to minimise this risk through optimal cash

flow management within the Group. The Group adopts an approach to ensure that it has the liquidity resources necessary to meet liabilities as they arise under normal or exceptional conditions without incurring unacceptable losses or damaging the reputation of individual companies and the economic group as a whole.

Subsidiaries shall make financial planning to meet the payment of expenses and current liabilities over a ninety-day period, including the servicing of financial liabilities. This financial planning minimises or completely excludes the potential effect of contingencies.

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### **Risk of possible transactions between companies in the group, the terms of which differ from the market**

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

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

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

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

## **b) SYSTEMATIC RISKS**

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### **Macroeconomic risk**

Eurohold Bulgaria AD carefully monitors the possible risks that may occur both directly to it and to its subsidiaries operating in CEE.

At this point in time, economic activity is still supported by the recovery of the economy after the crisis phase of the pandemic. The delayed recovery of supply chain disruptions is leading to continued material and raw material shortages leading to disruptions in the production process. Inflation has increased significantly and is likely to remain high in the coming months, mainly due to the sharp rise in energy costs, with rising energy and commodity prices reducing demand and holding back production. This leads to a sharp rise in energy and commodity prices as households face higher living costs and companies face higher production costs.

Given today's uncertainties, the way in which the economy in Bulgaria and Europe will develop is material to the operations of the Eurohold Group companies, with the development of the military conflict between Russia and Ukraine and the impact that the current sanctions will have on economic activity and activity being crucial to the economy, with inflationary pressures likely to intensify. The sanctions are expected to affect the activities of a number of businesses in various sectors of the economy globally. With the global economy forecast to slow considerably due to events in Ukraine and increasing disruption in supply chains, this is expected to lead to a reduction in consumption and real incomes for the population.

The Eurohold Group holds interests in companies in conflict-affected regions, but their business size is relatively small and of insignificant contribution to consolidated revenues, earnings and assets compared to the Group's other investments. These companies operate only in the local territory while being well capitalised and the assessment of their operations at this time is that no material risk exists.

Overall, the military environment that has been created at this point in time is extremely dynamic and management cannot at this stage make a qualitative and quantitative assessment of its impact on the Group, but is actively monitoring the situation and is prepared to implement actions and measures depending on its development and duration. Should there be any indication of material impacts caused by the hostilities and the subsequent macroeconomic turmoil affecting the operations of the companies forming part of Starcom, the same will be analysed, assessed and disclosed in the next interim financial statements for 2022.

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

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### **Impact of the effects of Covid-19**

At the time of writing this report, the national epidemic emergency has been lifted and various recovery support measures introduced by the Government, including business interruption compensation, are expected to be discontinued in relation to COVID-19.

Growth in the euro area economy remained weak in the first quarter of 2022, largely due to pandemic-related constraints. An opening up of the sectors most affected by the pandemic, and a strong labour market with more people in employment, will support incomes and hence economic activity.

At the same time, fiscal and monetary policy support remains critical, especially in this difficult geopolitical situation.

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### **Political risk**

Currently, the political situation in Bulgaria is not very stable. In this regard, there may be political and public disagreements on possible legislative changes, in particular those concerning the economic and investment climate in the country. There is also no political consensus in the country at this point in time on the complicated geopolitical situation in the region as a result of the Russian-Ukrainian crisis.

A potential political instability in the country and in Europe could have a material adverse effect on the Company's and its Group's business, operating results and financial condition. The Company, through its subsidiaries, operates in the regions affected by the military conflict and is therefore also vulnerable to foreign political risks and their effects on the economy of the country, the regions affected by the conflict and Europe as a whole.

Given the uncertainty of the outcome of the dynamic political and economic environment that has been created, users of this Report should consider the existence of political risk according to their own understanding and expectations.

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### **Country credit risk**

Credit risk is the probability of a country's international credit ratings deteriorating. Low credit ratings of a country can lead to higher interest rates, more difficult financing conditions for economic entities, including Eurohold.

Credit ratings serve as a basis for measuring and determining a country's credit risk. The latest credit ratings assigned to Bulgaria are as follows:

On 22.01.2022, the international rating agency Fitch Ratings affirmed Bulgaria's long-term foreign and local currency sovereign credit rating at 'BBB' with a positive outlook.

The country's rating reflects the balance between its sound external and fiscal position, the credible policy framework of EU membership and the long-standing functioning of the monetary council regime, on the one hand, and relatively weaker potential growth compared to similarly rated countries, due in part to adverse demographic developments that could weigh on public finances in the long term. Analysts at Fitch Ratings also report a decline in governance indicators below the median for similarly rated countries due to a deterioration in government effectiveness and control of corruption before 2021.

The positive outlook reflects the country's plans for euro area membership. According to Fitch Ratings, the downside risks in the short term associated with the pandemic have diminished and are offset by the expected significant financial resources from the EU and the commitment to maintaining macroeconomic and fiscal stability (further supported by the inclusion of the Bulgarian lev in the Monetary Mechanism II).

Fitch Ratings' expectations for Bulgaria's economic growth remain favourable in the coming years, underpinned by significant EU funding (estimated at 36% of GDP in 2021) over the 2022-2027 period. Real GDP growth is projected to reach 3.7% in 2022 and accelerate to 4.5% in 2023.

The National Recovery and Resilience Plan (NRRP) is expected to be approved in the coming months, with the receipt of the first NRRP funds likely by mid-2022. Fitch Ratings notes the challenge the country faces in implementing the plan effectively, but in any case assesses that NRRP funds, in combination with other government investment programmes, will contribute to raising long-term growth prospects and potentially slowing population decline.

The agency projects that annual average inflation will rise to 5.2% in 2022, the highest rate since 2008, driven by higher commodity prices and, to a lesser extent, domestic demand pressures.

**Source:** [www.minfin.bg](http://www.minfin.bg)

On 30.11.2021, the international rating agency S&P Global Ratings affirmed Bulgaria's long-term and short-term foreign and local currency sovereign credit ratings at 'BBB/A-2'. The rating outlook remains stable.

According to the rating agency, the economic impact of the pandemic is manageable despite the significant health impact. Recovering domestic demand, especially private consumption, and increasing absorption of EU funds will boost growth prospects over the medium term. Bulgaria's allocations from the previous and current EU Multiannual Financial Framework, as well as the additional funds under the new EU Next Generation Instrument that will be available to the country, are estimated at around 40% of expected GDP in 2021.

S&P expects the budget deficit to remain significant in 2021 as a result of the support measures during the pandemic. Although some measures are projected to continue in 2022, the rating agency expects deficits to start declining from 2022, noting the prudent fiscal policies that have been achieved by several governments. Despite fiscal loosening and rising public liabilities, the country's net government debt remains low at around 20% of GDP, while government financing costs have fallen to record lows.

In line with global trends, S&P reports that inflation in Bulgaria has picked up in 2021 due to the combined impact of rising food and energy prices, as well as stronger domestic demand, affecting underlying inflation. Price increases should moderate in the second half of 2022.

External risks are manageable after several years of net external debt reduction, thanks to a series of current and capital account surpluses that the rating agency expects to continue.

The rating agency also considers positive the inclusion of the Bulgarian lev in the Monetary Mechanism II and Bulgaria's accession to the Banking Union in 2020.

The stable outlook reflects the expectation that Bulgaria's economic recovery will strengthen 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 a narrowing of budget deficits over the next two years, which will keep public debt low. The stable rating outlook also reflects the expectation that the economy will not be exposed to external or financial sector imbalances.

**Source:** [www.minfin.bg](http://www.minfin.bg)

The adoption of 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 favourable impact on Eurohold's economic group in terms of financing opportunities for the Group. In the event of a downgrade of Bulgaria's credit rating as a result of unstable country management, there could also be a negative impact on the Group's cost of funding, unless its borrowing arrangements are fixed rate.

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## **Inflation risk**

According to the latest NSI data, the consumer price index for March 2022 compared to February 2022 is 102.2%, with a monthly inflation of 2.2%. Annual inflation for March 2022 compared to March 2021 is 12.4%. The average annual inflation for the period April 2021 to March 2022 compared to the period April 2020 to March 2021 is 6.0%.

The Harmonised Index of Consumer Prices for March 2022 compared to February 2022 is 102.1%, i.e., the monthly inflation rate is 2.1%. Year-to-date inflation (March 2022 versus December 2021) is 4.5% and annual inflation for March 2022 versus March 2021 is 10.5%. Annual average inflation for the period April 2021 to March 2022 compared to the period April 2020 to March 2021 is 5.0%.

The price index for the small basket for March 2022 compared to February 2022 is 102.1% and year-to-date (March 2022 compared to December 2021) is 106.0%.

**Source:** [www.nsi.bg](http://www.nsi.bg)

According to the ECB's Economic Bulletin No.2/2022, inflation in Europe rose to 7.5% in March from 5.9% in February. Energy prices have risen since the war began and are now 45% above the level of a year ago. They continue to be the main cause of the high inflation rate. Market indicators suggest that energy prices will remain high in the short term, but will then fall somewhat. Food prices have also risen sharply. This is due to increased transport and production costs, as well as cost increases for energy.

**Source:** <https://www.ecb.europa.eu/>

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## **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, which would lead to either the devaluation of the lev or the appreciation of the lev against foreign currencies. 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.

Given the policy adopted by the government and the BNB, the expectations are to maintain the Currency Board until the country's accession to the Eurozone.

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 assumed that Bulgaria joins the currency mechanism with its existing currency board regime, as a unilateral commitment and without additional requirements to the ECB. Bulgaria will become a member of the Eurozone on January 1, 2024. The National Plan for the Introduction of the Euro in Bulgaria describes the principles, the institutional and legal framework for the adoption of the euro, as well as the main activities for the successful introduction of the euro from January 1, 2024. The document addresses all the important operational activities and measures that participants in the preparation for the introduction of the euro - the private, public sector and citizens - should carry out as part of the process of adopting the euro.

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.

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### **Interest rate risk**

Interest rate risk is related to the possibility of a change in the prevailing interest rates in the country. Its impact is expressed by the possibility that the net income of companies may decrease due to an increase in the interest rates at which the Issuer finances its operations. 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 occurrence of instability in the financial system as a whole. This risk can be managed through the balanced use of different sources of financial resources.

An increase in interest rates would, all other things being equal, affect the cost of the financial resources used by the Company in implementing various business projects. It may also affect the Company's cost base as a significant portion of the Company's liabilities are interest bearing and their servicing is linked to current interest rates. The current trend is towards gradual increase in interest rates by the Central Banks.

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### **Risk of high levels of unemployment**

Unemployment risk is characterised by a fall in labour demand, influenced by real aggregate demand in the economy, resulting in a decline in the real purchasing activity of some economic agents.

High levels of unemployment may seriously threaten economic growth in the country, which in turn may lead to a contraction in consumption and a reduction in the revenues generated by economic entities 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%, 5.5% and 5.0% for men and women, respectively. Compared to 2020, the rate decreases by 0.8 percentage points. Unemployed persons are 171.1 thousand, of which 95.5 thousand are men and 75.6 thousand are women. - The number of unemployed people is estimated at 75.5 %. 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)

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### **Risks associated with regulatory changes. Regulatory risk**

The Company's results may be impacted by regulatory changes. 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 implementing legislation, and in the divergence of legislation and regulations in Bulgaria and in the countries in which the Company operates, could have an adverse effect on its business as a whole, its operating results, and its financial condition.

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### **Financial risk**

Financial risk represents the additional uncertainty to the investor of receiving revenue in cases where the company uses borrowed or leveraged funds. This additional financial uncertainty adds to the business risk. Where 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 represent a fixed obligation.

Some of Eurohold's subsidiaries, in particular companies in the leasing and automotive divisions, due to the nature of their business, benefit from significant leverage. The lack of resources for their financing may lead to a disruption in the rhythm of their operations and to negative financial results, and this directly affects Eurohold's group financial position.

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### **Risk of increased competition**

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

## **c) RISK MANAGEMENT AND MINIMISATION MECHANISMS**

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

- market share, pricing policy, market research and market development and market share studies;
- active investment management in different sectors and industries;
- a comprehensive asset and liability management policy for the Company and the Group to optimise the structure, quality and return on assets;
- optimising the structure of funds raised with a view to ensuring liquidity and reducing financial costs across the Group;
- effective cash flow management at group level;
- optimising administration, management and external service costs;
- human resources management

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

The occurrence of unforeseen events, incorrect assessment of current trends, as well as a host of other micro- and macroeconomic factors, may affect the judgement of the Company's management team.



## EVENTS AFTER THE DATE OF THE REPORTING PERIOD

### SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD DATE

#### ⇒ Eurohold's energy subholding has submitted tender offers to minority shareholders in CEZ Distribution and CEZ Elektro to the FSC

На 6 април 2022 г., енергийната компания Eastern European Electric Company B.V. (EEEC), част от Eurohold Bulgaria S.A. and majority shareholder in CEZ Distribution Bulgaria S.A. and CEZ Elektro Bulgaria S.A., submitted for consideration to the Financial Supervision Commission (FSC) tender offers pursuant to Art. 1 of the Public Offering of Securities Act (POSA) for the purchase of the shares of the minority shareholders in the two companies.

As of the date of registration of the tender offers, EEEEC holds 98.93% of the capital of CEZ Distribution AD and 96.92% of the capital of CEZ Elektro Bulgaria AD. For the 20,581 shares held by the minority shareholders in CEZ Distribution, EEEEC is offering a price of BGN 300.29 per share or a total of nearly BGN 6.2 million. The price per share offered to the minority shareholders in CEZ Elektro is BGN 28,158.30 or a total of just over BGN 4.3 million for 154 shares. The offer for all remaining shares in the two companies is approximately BGN 10.5 million (EUR 5.4 million).

#### ⇒ Change in the names of energy companies

At the end of April 2022, a change in the name of some of Eurohold's energy companies was registered in the TR as follows:

##### Old name:

CEZ Distribution Bulgaria AD  
 CEZ Electro Bulgaria AD  
 CEZ Bulgaria EOOD  
 CEZ Trade Bulgaria EAD  
 CEZ Information and Communication  
 Technologies Bulgaria EAD (CEZ ICT Bulgaria  
 EAD)

##### New name:

Electrodistribution Grid West AD (EDG West AD)  
 Electrohold Sales AD  
 Electrohold Bulgaria EOOD  
 Electrohold Trade EAD  
 Electrohold ICT EAD

## CONCLUDED SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

### INFORMATION ON LARGE RELATED COMPANIE TRASAXIONS IN FIRST QUARTER OF2022

All transactions entered into with related parties, including material ones, are disclosed in the notes to the interim individual financial statement for the first quarter of 2022.

27 april 2022

**ASSEN MINCHEV**  
Executive director

**MILENA GUENCHEVA**  
Prosecutor

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# 2

Междинен съкратен  
индивидуален финансов отчет  
към 31 март 2022

**Interim condensed separate statement of profit or loss and other comprehensive income for the first quarter of 2022**

	<i>Notes</i>	31.03.2022 BGN '000	31.03.2021 BGN '000
<b>Revenue from operating activities</b>			
Dividend income	3	-	-
Gains from sale of investments and subsequent revaluation	4	241	448
Interest income	5	78	4
Other financial revenue	6	5	398
		<b>324</b>	<b>850</b>
<b>Expenses on operating activities</b>			
Interest expenses	7	(5 070)	(4 913)
Losses on sale of investments and subsequent revaluation	8	(859)	(111)
Other financial expenses	9	(12)	(104)
Hired services expenses	10	(317)	(385)
Salaries and related expenses		(205)	(201)
Depreciation	14.1, 14.2	(132)	(170)
(Expenses) / Revenue from impairment of financial assets, net	11	(306)	-
		<b>(6 901)</b>	<b>(5 884)</b>
<b>Loss from operating activities</b>		<b>(6 577)</b>	<b>(5 034)</b>
Other (expenses)/revenue, net	12	146	37
<b>Net Loss</b>		<b>(6 431)</b>	<b>(4 997)</b>
<b>Total comprehensive income for the period</b>		<b>(6 431)</b>	<b>(4 997)</b>

This interim condensed separate financial statement was approved by the Management Board of Eurohold Bulgaria AD on April 27, 2022.

Prepared by:

Signed on behalf  
of BoD:

/ Salih Trampov /

/ Asen Minchev /

/ Milena Guentcheva /

**Interim condensed separate statement of financial position  
as of March 31, 2022**

	<i>Notes</i>	31.03.2022 BGN '000	31.12.2021 BGN '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	<i>13</i>	721 005	717 093
Property, machinery and equipment, right-of-use	<i>14.1</i>	1 322	1 452
Intangible assets	<i>14.2</i>	3	3
Non-current receivables from related parties	<i>15</i>	169	169
		<b>722 499</b>	<b>718 717</b>
<b>Current assets</b>			
Financial assets	<i>16</i>	1 769	7
Related parties' receivables	<i>17</i>	21 538	849
Other receivables and assets	<i>18</i>	23 186	644
Cash and cash equivalents	<i>19</i>	611	115
		<b>47 104</b>	<b>1 615</b>
<b>TOTAL ASSETS</b>		<b>769 603</b>	<b>720 332</b>

This interim condensed separate financial statement was approved by the Management Board of Eurohold Bulgaria AD on April 27, 2022.

Prepared by:

Signed on behalf  
of BoD:

/ Salih Trampov /

/ Asen Minchev /

/ Milena Guentcheva /

**Interim condensed separate statement of financial position  
as of 31 March 2022 (continued)**

	<i>Notes</i>	31.03.2022 BGN '000	31.12.2021 BGN '000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20.1	260 500	260 500
Share premium	20.2	144 030	144 030
General reserves	20.2	7 641	7 641
Retained earnings		(67 422)	48 966
Loss for the period		(6 431)	(116 388)
<b>Total equity</b>		<b>338 318</b>	<b>344 749</b>
<b>Subordinated debts</b>			
	21	<b>7 205</b>	<b>7 201</b>
<b>Non-current liabilities</b>			
Bond liabilities	23	139 118	78 233
Non-current related parties' liabilities	24	3 247	60 926
Loans and borrowings	22	19 509	9 006
Other non-current liabilities	25	1 189	1 241
		<b>163 063</b>	<b>149 406</b>
<b>Current liabilities</b>			
Bond liabilities	23	133 002	136 987
Related parties' liabilities	27	31 263	41 603
Loans and borrowings	22	95 283	37 630
Trade payables	26	581	1 328
Other current liabilities	28	888	1 428
		<b>261 017</b>	<b>218 976</b>
<b>Total liabilities and subordinated debts</b>		<b>431 285</b>	<b>375 583</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>769 603</b>	<b>720 332</b>

This interim condensed separate financial statement was approved by the Management Board of Eurohold Bulgaria AD on April 27, 2022.

Prepared by:

Signed on behalf  
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/ Salih Trampov /

/ Asen Minchev /

/ Milena Guentcheva /

**Interim condensed separate statement of cash flows  
for the first quarter of 2022**

		31.03.2022	31.03.2021
	Notes	BGN '000	BGN '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before tax</b>		<b>(6 431)</b>	<b>(4 997)</b>
Adjusted for:			
Depreciation		132	170
Interest income	5	(78)	(4)
Interest expenses	7	5 070	4 913
Dividend income	3	-	-
(Gains)/ losses from sale of investments, net		641	(192)
Losses from revaluation of investments, net		(23)	(145)
Foreign exchange differences		2	(358)
(Expenses for)/reintegration of impairment of financial assets, net		306	-
Adjustments in working capital:			
Change in trade and other receivables		(2 701)	(54)
Change in trade and other payables and other adjustments		(300)	(39)
<b>Net cash flows from operating activities</b>		<b>(3 382)</b>	<b>(706)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for investments		(15 652)	(3 473)
Proceeds from sale of investments		-	-
Borrowings granted		(110)	(349)
Proceeds of borrowings		-	-
Dividends received		-	-
Other cash payments for investing activities		-	(87)
<b>Net cash used by investing activities</b>		<b>(15 762)</b>	<b>(3 909)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans		183 554	13 544
Repayments of loans		(159 321)	(7 892)
Interest and commissions paid		(2 552)	(860)
Lease payments		(128)	(175)
Paid dividends		-	-
Other cash receipts/ payments from financing activities		(1 911)	(3)
<b>Net cash generated/(used) by financing activities</b>		<b>19 642</b>	<b>4 614</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>498</b>	<b>(1)</b>
<i>Effect of expected credit losses</i>		(2)	(7)
Cash and cash equivalents at the beginning of the year	19	115	267
<b>Cash and cash equivalents at the end of the year</b>	19	<b>611</b>	<b>259</b>

This interim condensed separate financial statement was approved by the Management Board of Eurohold Bulgaria AD on April 27, 2022.

Prepared by:

Signed on behalf  
of BoD:

/ Salih Trampov /

/ Asen Minchev /

/ Milena Guentcheva /



**Interim condensed separate statement of changes in equity  
as of 31 March 2022**

	Share capital BGN '000	General reserves BGN '000	Share premium BGN '000	Retained earnings BGN '000	Total Equity BGN '000
<b>Balance as of 1 January 2021</b>	<b>197 526</b>	<b>7 641</b>	<b>49 568</b>	<b>48 966</b>	<b>303 701</b>
Loss for the year	-	-	-	(4 997)	(4 997)
<b>Total comprehensive loss for the year</b>	<b>197 526</b>	<b>7 641</b>	<b>49 568</b>	<b>43 969</b>	<b>298 704</b>
<b>Balance as of 31 March 2021</b>	<b>197 526</b>	<b>7 641</b>	<b>49 568</b>	<b>43 969</b>	<b>298 704</b>
<b>Balance as of 1 January 2022</b>	<b>260 500</b>	<b>7 641</b>	<b>144 030</b>	<b>(67 422)</b>	<b>344 749</b>
Loss for the period	-	-	-	(6 431)	(6 431)
<b>Total comprehensive loss for the year</b>	<b>260 500</b>	<b>7 641</b>	<b>144 030</b>	<b>(73 853)</b>	<b>338 318</b>
<b>Balance as of 31 March 2022</b>	<b>260 500</b>	<b>7 641</b>	<b>144 030</b>	<b>(73 53)</b>	<b>338 318</b>

This interim condensed separate financial statement was approved by the Management Board of Eurohold Bulgaria AD on April 27, 2022.

Prepared by:

Signed on behalf  
of BoD:

/ Salih Trampov /

/ Asen Minchev /

/ Milena Guentcheva /

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# 3

Приложения  
към междинен съкратен  
индивидуален финансов отчет  
към 31 март 2022

## Notes to the annual separate financial statements for the first quarter of 2022

### 1. Information about the company

Eurohold Bulgaria AD (the "Company") 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 31.03.2022:

#### Supervisory board:

Asen Milkov Christov, Bulgaria – Chairman;  
Dimitar Stoyanov Dimitrov, Bulgaria – Deputy Chairman;  
Radi Georgiev Georgiev, Bulgaria – Member;  
Kustaa Lauri Ayma, Finland – Independent Member;  
Ivaylo Krasimirov Angarski, Country: Bulgaria - Independent member;  
Louis Gabriel Roman, USA – Independent Member.

Mandate until 09.05.2022.

#### Management board:

Kiril Ivanov Boshov, Bulgaria - Chairman, Executive Member;  
Asen Minchev Minchev, 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 31.03.2022 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.

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 31.03.2022 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.

### 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. Basis for preparation of the interim condensed separate financial statement

The interim condensed separate financial statements of Eurohold Bulgaria AD have been prepared in accordance with IAS 34 Interim Financial Reporting, developed and published by the International Accounting Standards Board and adopted by the European Union. It does not contain all the information required to prepare an annual financial statement in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the company's annual financial statements as of December 31, 2021, prepared in accordance with International Financial Reporting Standards. Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

This interim condensed financial statement is individual, where investments in subsidiaries are presented at cost.

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

The interim condensed separate financial statements are prepared in Bulgarian levs, which is the functional and reporting currency of the Company. All amounts are presented in thousands of BGN (thousands of BGN) (including comparative information for 2021), unless otherwise stated. As of January 1, 1999, the Bulgarian lev has a fixed exchange rate against the euro: BGN 1.95583 per 1 euro.

These interim condensed separate financial statements have been prepared on a historical cost basis, modified in certain cases by revaluation of certain assets and / or liabilities at their fair value at the date of preparation of the interim separate financial statements, as set out in the relevant notes.

The interim condensed separate financial statements have been prepared in accordance with the going concern principle.

As at the date of preparation of these interim condensed separate financial statements, the management has assessed the ability of the Company to continue its activities as an operating enterprise 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 interim condensed separate financial statements.

Management believes that the Company is operational and will remain so for the foreseeable future. It has no intention or need to eliminate or make changes beyond its normal course of business.

Eurohold Bulgaria AD as a holding company does not perform regular commercial activity and does not provide financial services.

## **2.1. Accounting policy**

These interim condensed separate financial statements have been prepared in accordance with the adopted accounting policy in the last annual financial statements of the Company as of 31 December 2021. 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 1 January 2022, because during the period there were no objects or operations that are affected by the changes and amendments to IFRS.

### **2.1.1. New standards, interpretations and amendments effective January 1, 2022, 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 IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2: Disclosures of Accounting Policies, effective from 1 January 2023;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective from 1 January 2023;
- Amendments to IFRS 17 Insurance Contracts, effective from 1 January 2023;
- Amendments to IFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021, effective from 1 April 2021;
- 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.

### **2.1.2. 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 2022 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 IAS 1 Presentation of Financial Statements: Classification of liabilities as Current and Non-current, effective from 1 January 2023, has not yet been adopted by the EU;
- Amendments to IAS 12 Income Taxes: Deferred taxes related to Assets and Liabilities arising from Single Transactions, effective from 1 January 2023, have not yet been 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.

### 2.1.3. Changes to the approximate estimates

In the course of preparation of the interim condensed separate financial statement the management makes a number of assumptions, estimates and presumptions regarding the recognition and measurement of assets, liabilities, income and expenses.

Actual results may differ from the management's assumptions, estimates and presumptions and, in rare cases, entirely correspond to the previously assessed results.

In the preparation of the current interim condensed separate financial statement presented, the significant judgments of the management in the application of the Company's accounting policies and the main sources of uncertainty of the accounting estimates do not differ from those disclosed in the annual financial statements of the Company as at 31 December 2021.

For the purposes of presenting these interim condensed separate financial statements, no impairment reviews have been performed for investments in subsidiaries and other entities as management has determined that there are no unusual events or indications of impairment.

### 2.1.4. Risk management

The Company is exposed to various types of risks with respect to its financial instruments. The most significant financial risk to which the Company is exposed are market risk, credit risk and liquidity risk.

The interim condensed separate financial statement does not include the entire information on risk management and disclosures required in the preparation of annual financial statements and should be read together with the Company's annual financial statements as at 31 December 2021. There were no changes in the risk management policy related to financial instruments during the period.

### 2.1.5. 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 this interim condensed separate financial statement, 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 31.03.2022.

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:

	Evaluation				Forecast		Difference compared to October 2021	
	2020	2021	2022	2023	2022	2023	2022	2023
<b>World result</b>	<b>-3.1</b>	<b>5.9</b>	<b>4.4</b>	<b>3.8</b>	<b>-0.5</b>	<b>0.2</b>		
<b>Developed economies</b>	<b>-4.5</b>	<b>5.0</b>	<b>3.9</b>	<b>2.6</b>	<b>-0.6</b>	<b>0.4</b>		
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 not necessary to make a change in the general model compared to 31.12.2021. 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.

### 2.1.6. 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.

### 3. Dividend income

	31.03.2022	31.3.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Euro-Finance AD	-	-
	-	-

### 4. Gains from sale of investments and revaluations

	31.03.2022	31.3.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Gains from sale of investments and financial instruments*	4	303
Income from revaluation of investments measured at FVPL**	237	145
	<b>241</b>	<b>448</b>

\* In the first quarter of 2022, profits from investments and financial instruments worth BGN 4 thousand were realized.

\*\* In the first quarter of 2022 the revenues from revaluations of financial instruments measured at fair value are:

- o BGN 144 thousand from revaluation of own bonds purchased from EMTN Program in EUR with ISIN XS1731768302 (*Note 23*);
- o BGN 62 thousand from revaluation of repurchased own bonds with ISIN BG210002224 (*Note 23*);
- o BGN 31 thousand from revaluation of other financial instruments.

\* In the first quarter of 2021, gains from transactions with investments and financial instruments include:

- o BGN 206 thousand gains from transfer of ownership of repurchased own bonds 10,500 pcs. under the EMTN Program in EUR with ISIN XS1731768302 (*Note 23*);
- o BGN 97 thousand gains from the repurchase of own bonds 5 900 pcs. with ISIN BG2100013205 (*Note 23*).

\*\* In the first quarter of 2021 income from revaluations of instruments measured at fair value are:

- o BGN 113 thousand from revaluation of purchased own bonds 10,500 pcs. under the EMTN Program in EUR with ISIN XS1731768302 (*Note 23*);
- o BGN 32 thousand from revaluation of repurchased own bonds 900 pcs. with ISIN BG2100013205 (*Note 23*).

## 5. Interest income

	31.03.2022 <i>BGN'000</i>	31.3.2021 <i>BGN'000</i>
Interest income – from related parties' loans	78	4
	<b>78</b>	<b>4</b>

### 5.1. Interest income on loans to related parties

	31.03.2022 <i>BGN'000</i>	31.3.2021 <i>BGN'000</i>
Auto Union AD	11	1
Motobul EAD	3	2
Auto Union Service EOOD	-	1
Eurolease Group EAD	1	-
Euroins Insurance Group AD	63	-
	<b>78</b>	<b>4</b>

## 6. Other financial revenue

	31.03.2022 <i>BGN'000</i>	31.3.2021 <i>BGN'000</i>
Foreign exchange gains	5	398
	<b>5</b>	<b>398</b>

## 7. Interest expense

	31.03.2022	31.3.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Interest expense – loans and borrowings	803	838
Interest expense – bonds, EMTN program	2 940	2 714
Interest expense – bonds, ISIN: BG2100013205	630	470
Interest expense – from related parties' loans	697	875
Interest expense – from third party loans	-	16
	<b>5 070</b>	<b>4 913</b>

### 7.1. Interest expense on borrowings and related parties leasing

	31.03.2022	31.3.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD	515	545
Euroins Insurance Group AD	10	255
Auto Union AD	5	-
Auto Union Service EOOD	2	-
Eurolease Auto EAD	55	67
<i>incl. Leasing</i>	<i>1</i>	<i>1</i>
IC Euroins AD*	62	-
Euroins Romania Asiguarare – Reasiguarare S.A., Romania*	48	-
Star Motors EOOD	-	8
	<b>697</b>	<b>875</b>

\* Interest under financial instruments loan agreement (*Notes 23, 27.1 and 27.2*).

## 8. Losses from transactions with financial instruments and revaluations

	31.03.2022	31.3.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Losses on transactions of investments*	645	111
<i>Inc. Losses on transactions of investments – related parties</i>	<i>75</i>	<i>2</i>
Losses from revaluation of investments measured at FVPL **	214	-
	<b>859</b>	<b>111</b>

\* In the first quarter of 2022, losses from operations with investments and financial instruments include:

- BGN 485 thousand loss from operations with repurchased own bonds with ISIN BG2100002224 (*Note 23*);
- BGN 85 thousand loss from operations with other financial instruments.
- BGN 75 thousand fees and commissions for services of an investment intermediary (*Note 8.1*).

\*\* In the first quarter of 2022, the costs of revaluation of financial instruments measured at fair value include:

- BGN 201 thousand from revaluation of own bonds purchased from EMTN Program in EUR with ISIN XS1731768302 (*Note 23*);
- BGN 10 thousand from revaluation of repurchased own Euro Trade Securities (ECP) with ISIN: XS2430057443 (*Note 22*);
- BGN 3 thousand from revaluation of other financial instruments.

- \* In the first quarter of 2021, losses from operations with investments and financial instruments include:
- BGN 109 thousand from operations with repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 (*Note 23*);
  - BGN 2 thousand fees and commissions for services of an investment intermediary (*Note 8.1*).

### 8.1. Losses from transactions with financial instruments – related parties

	31.03.2022	31.3.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Euro-Finance AD	75	2
	<b>75</b>	<b>2</b>

### 9. Other financial expenses

	31.03.2022	31.3.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Foreign exchange losses	7	40
Other financial expenses – related parties	1	-
Bank guarantee fees	-	61
Other financial expenses	4	3
	<b>12</b>	<b>104</b>

### 9.1. Other financial expenses – related parties

	31.03.2022	31.3.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Euro-Finance AD	1	-
	<b>1</b>	<b>-</b>

### 10. Hired services expenses

	31.03.2022	31.3.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Hired services expenses	298	373
Hired services expenses – related parties	19	12
	<b>317</b>	<b>385</b>

### 10.1. Hired services expenses - related parties

	31.03.2022	31.3.2021
	<i>BGN'000</i>	<i>BGN'000</i>
IC Euroins AD	18	12
Auto Italia EAD	1	-
	<b>19</b>	<b>12</b>

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

	31.03.2022 <i>BGN'000</i>	31.3.2021 <i>BGN'000</i>
Recoverable loss from impairment of financial assets	15	-
Recognized loss from impairment of financial assets	(321)	-
	<b>(306)</b>	<b>-</b>

### 12. Other revenue/(expenses), net

	31.03.2022 <i>BGN'000</i>	31.3.2021 <i>BGN'000</i>
Other (expenses)	(46)	(112)
Other (expenses) – related parties	(2)	(3)
(Interest expenses) on right-of-use assets	(14)	(17)
Other revenue, incl.	134	69
<i>Rent income (sublease of right-of-use assets)</i>	<i>8</i>	<i>37</i>
<i>Revenues from discounts (on right-of-use assets)</i>	<i>13</i>	<i>32</i>
Other revenue – related parties, incl.	74	100
<i>Rent income (sublease of right-of-use assets)</i>	<i>60</i>	<i>100</i>
	<b>146</b>	<b>37</b>

#### 12.1. Other expenses – related parties

	31.03.2022 <i>BGN'000</i>	31.3.2021 <i>BGN'000</i>
IC Euroins AD	-	1
Motobul EAD	2	2
	<b>2</b>	<b>3</b>

#### 12.2. Other revenue – related parties

	31.03.2022 <i>BGN'000</i>	31.3.2021 <i>BGN'000</i>
IC Euroins AD	3	-
Euroins Romania Asiguarare – Reasigurare S.A., Romania	11	-
Hanson Asset Management Ltd, UK- office rental	60	100
	<b>74</b>	<b>100</b>

### 13. Investments in subsidiaries

	Value as at 01.01.2022 <i>BGN'000</i>	Increase <i>BGN'000</i>	Decrease <i>BGN'000</i>	Value as at 31.03.2022 <i>BGN'000</i>	Share capital of the subsidiary <i>BGN'000</i>	% control in the subsidiary %
Euroins Insurance Group AD	523 815	-	-	523 815	576 243	90.10%
Avto Union AD	2 003	-	-	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	3 912	-	145 907	4	100.00%
Daru Invest EAD	-	11 740	(11 740)	-	11 740	100.00%
	<b>717 093</b>	<b>15 652</b>	<b>(11 740)</b>	<b>721 005</b>	-	-

In the first quarter of 2022 Eurohold has made the following investments:

#### Daru Invest EAD:

- On February 24, 2022, the Management Board of Eurohold Bulgaria AD decided to establish Daru Invest EAD with a capital of BGN 11 740 000 distributed in 11 740 000 available, registered, non-preferred voting shares with nominal and issue value, from BGN 1 each.
- On 15.03.2022 the Management Board of Eurohold Bulgaria AD entered into a preliminary contract for the sales of 100% of the shares of Daru Invest EAD.
- On March 21, 2022 the Management Board of Eurohold Bulgaria AD decided to conclude the final contract for the sale of 100% of the shares of Daru Invest EAD.
- On March 22, 2022, a contract was concluded for the sale of shares of Daru Invest EAD, which finalized the sale of 100% of the capital of Daru Invest EAD. The partial settlement of the financial relations under the contract was made by acquiring 5 000 own bonds with ISIN BG2100002224, with a nominal value of EUR 1 000 each (*Note 23*). The final settlement of the financial relations under the transaction will be made by transferring the ownership of another 1 000 own bonds with ISIN BG2100002224, with a nominal value of EUR 1 000 each, by June 30, 2022 (*Note 18*).

#### Eastern European Electric Company II BV:

- 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.

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.

## 14. Fixed assets

### 14.1. Property, machinery and equipment

	Right-of-use assets – Properties BGN'000	Vehicles BGN'000	Equipment BGN'000	Total BGN'000
<b>Cost:</b>				
<b>At 1 January 2021</b>	<b>3 137</b>	<b>244</b>	<b>78</b>	<b>3 459</b>
Additions	-	-	4	4

<b>At 31 December 2021</b>	<b>3 137</b>	<b>244</b>	<b>82</b>	<b>3 463</b>
Additions	(1 378)	-	-	(1 378)
<b>At 31 March 2022</b>	<b>1 759</b>	<b>244</b>	<b>82</b>	<b>2 085</b>
<b>Depreciation:</b>				
<b>At 1 January 2021</b>	<b>1 149</b>	<b>114</b>	<b>77</b>	<b>1 340</b>
Depreciation	611	57	2	670
Other changes	1	-	-	1
<b>At 31 December 2021</b>	<b>1 761</b>	<b>171</b>	<b>79</b>	<b>2 011</b>
Depreciation	117	13	-	130
Other changes	(1 378)	-	-	(1 378)
<b>At 31 March 2022</b>	<b>500</b>	<b>184</b>	<b>79</b>	<b>763</b>
<b>Carrying value:</b>				
<b>At 1 January 2021</b>	<b>1 988</b>	<b>130</b>	<b>1</b>	<b>2 119</b>
<b>At 31 December 2021</b>	<b>1 376</b>	<b>73</b>	<b>3</b>	<b>1 452</b>
<b>At 31 March 2022</b>	<b>1 259</b>	<b>60</b>	<b>3</b>	<b>1 322</b>

There are no restrictions on the ownership of tangible fixed assets as of 31 March 2022 and 31 December 2021. There are no pledged tangible fixed assets as collateral for existing liabilities as of 31 March 2022 and 31 December 2021.

## 14.2. Intangible assets

	Software <i>BGN'000</i>	Acquisition costs <i>BGN'000</i>	Total <i>BGN'000</i>
<b>Cost:</b>			
<b>At 1 January 2021</b>	<b>21</b>	<b>-</b>	<b>21</b>
Additions	-	-	-
Disposals	-	-	-
<b>At 31 December 2021</b>	<b>21</b>	<b>-</b>	<b>21</b>
Additions	2	-	2
Disposals	-	-	-
<b>At 31 March 2022</b>	<b>23</b>	<b>-</b>	<b>23</b>
<b>Depreciation:</b>			
<b>At 1 January 2021</b>	<b>9</b>	<b>-</b>	<b>9</b>
Depreciation for the year	9	-	9
<b>At 1 December 2022</b>	<b>18</b>	<b>-</b>	<b>18</b>
Depreciation for the year	2	-	2
<b>At December 31, 2021</b>	<b>20</b>	<b>2</b>	<b>20</b>
<b>Carrying value:</b>			
<b>At 1 January 2021</b>	<b>12</b>	<b>-</b>	<b>12</b>
<b>At 31 December 2021</b>	<b>3</b>	<b>-</b>	<b>3</b>
<b>At 31 March 2022</b>	<b>3</b>	<b>-</b>	<b>3</b>

There are no restrictions on the ownership of intangible fixed assets as of 31 March 2022 and 31 December 2021. There are no pledged intangible assets as collateral for existing liabilities as of 31 March 2022 and 31 December 2021.



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

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Motobul EAD	170	170
	<b>170</b>	<b>170</b>
Impairment	(1)	(1)
	<b>169</b>	<b>169</b>

## 16. Финансови активи

	31.03.2022	31.12.2021
	<i>ХИЛ. ЛВ.</i>	<i>ХИЛ. ЛВ.</i>
Debt securities	7	7
Capital investments	659	-
Investment funds	124	-
Shares in companies with special investment purpose	979	-
	<b>1 769</b>	<b>7</b>

Financial assets are reported at fair value through profit or loss.

## 17. Receivables from related parties

### 17.1. Interest receivables

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Auto Union AD*	2 462	-
Auto Union AD	2	2
Motobul EAD	13	11
Euro Insurance Group AD	63	-
	<b>2 540</b>	<b>13</b>
Impairment	(15)	-
	<b>2 525</b>	<b>13</b>

### 17.2. Other receivables

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Auto Union Service EOOD	3	3
Auto Italia EAD	15	13
Bulvaria EOOD	6	5
IC Euroins AD	78	106
Eurolease Auto EAD	7	5
Star Motors EOOD	1	2
Autoplaza EAD	6	5
Euroins Insurance Group AD	14	14
Euroins Insurance Group AD*	14 426	-
Euroins Romania Asiguarare – Reasigurare S.A., Romania	86	214
Auto Union AD	24	24

Auto Union AD*	2 331	-
Eurolease Group AD	-	37
Hanson Asset Management Ltd, UK	-	81
Euro-Finance AD	-	1
Eastern European Electric Company B.V.	1 224	188
Eastern European Electric Company II B.V.	850	185
Eastern European Electric Company III B.V.	3	3
	<b>19 074</b>	<b>886</b>
Impairment	(61)	(50)
	<b>19 013</b>	<b>836</b>

\* Receivables under debt substitution contracts, under which the obligations have been assigned and under which the financial relations with the Assignor have been settled by transferring the ownership to 7 375 pcs. and 2 444 pcs. repurchased own bonds with ISIN BG2100002224, with a nominal value of EUR 1 000 each (Notes 23 and 29).

### 18. Other receivables and financial assets

	31.03.2022 BGN'000	31.12.2021 BGN'000
Tax receivables - VAT	141	194
Receivable from sale of investment*	1 956	-
Receivable from debt replacement contract **	21 000	-
Receivables from customers	8	20
Prepaid expenses, incl:	210	121
<i>Prepaid expenses to related parties – IC Euroins AD</i>	<i>102</i>	<i>85</i>
Other receivables, incl:	739	900
<i>Receivable from Erste Bank, Novi Sad *</i>	<i>734</i>	<i>734</i>
	<b>24 054</b>	<b>1 235</b>
Impairment	(868)	(591)
	<b>23 186</b>	<b>644</b>

\* Receivable under a concluded contract for sale of Daru Invest EAD, representing the final settlement of the financial relations under the transaction, when the ownership of 1 000 pcs. own bonds with ISIN BG2100002224 with a nominal value of EUR 1 000 each is transferred, by June 30, 2022 (Notes 13).

\*\* Receivables under a debt replacement contract, under which the obligation has been assigned and the financial relations with the Assignor have been settled by transferring the ownership of 10 681 pcs. repurchased own bonds with ISIN BG2100002224, with a nominal value of EUR 1 000 each (Notes 23 and 29).

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

### 19. Cash and cash equivalents

	31.03.2022 BGN'000	31.12.2021 BGN'000
Cash at banks	592	93
Cash in hand	21	22
	<b>613</b>	<b>115</b>
Impairment	(2)	-
	<b>611</b>	<b>115</b>

## 20. 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.

### 20.1. Share capital

	31.03.2022	31.12.2021
	<i>BGN</i>	<i>BGN</i>
Issued capital	260 500 000	260 500 000

As of 31.03.2022 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.	9.02%	23 492 667	23 492 667
Other legal entities	27.90%	72 675 515	72 675 515
Other individuals	1.64%	4 281 530	4 281 530
<b>Total</b>	<b>100.00%</b>	<b>260 500 000</b>	<b>260 500 000</b>

### 20.2. Reserves

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Share premium	144 030	144 030
General reserves	7 641	7 641
	<b>151 671</b>	<b>151 671</b>

## 21. Subordinated debts

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Subordinated debt instruments, not issued, tier 1 capital	7 205	7 201
	<b>7 205</b>	<b>7 201</b>

The subordinated debt has no fixed maturity and Starcom Holding AD cannot demand its repayment, regardless of whether this is the case of non-performance under the agreement. Eurohold Bulgaria AD has the right (is not obliged) to repay amounts from the loan principal, comparable to each consecutive tranche received after the expiration of 5 (five years) of data for receiving a transition. The early repayment 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 raised for the period of actual use.

## 22. Loans and borrowings

### Non-current loans and borrowings

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
International Investment Bank	19 509	9 006
	<b>19 509</b>	<b>9 006</b>

### Current loans and borrowings

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
International Investment Bank	4 782	3 152
International Bank for Economic Co-operation	29 626	29 623
Other*	60 875	4 855
	<b>95 283</b>	<b>37 630</b>

- \* As of 31.03.2022 other current liabilities to financial and non-financial institutions are in the form of:
- Euro Trade Securities (ECP) with ISIN XS2344657163, with maturity 05.2022, annual interest rate - 2.0% and nominal value EUR 2 500 thousand.
  - Euro Trade Securities (ECP) with ISIN XS2430057443, with maturity 05.2022, annual interest rate - 1.8% and nominal value EUR 27 500 thousand.

\* As of 31.12.2021 other current liabilities to financial and non-financial institutions are in the form of Euro Trade Securities (ECP) with ISIN XS2344657163, with maturity 05.2022, annual interest rate - 2.0% and nominal value EUR 2 500 thousand.

### Analysis of loans and borrowings

Bank	Type	Currency	Size contracted	Principal as of 31.03.2022	Principal as of 31.12.2020	Interest rate	Maturity date	Security
Inter-national Investment Bank	Loan - Principal	EUR	10 000 000 €	5 390 000 €	6 160 000 €	6.0%+ EURIBOR	03.2025	Pledge on subsidiary shares
Inter-national Investment Bank	Loan - Principal	EUR	7 000 000 €	7 000 000 €	-	5.0%+ EURIBOR	01.2029	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 31.03.2022 amounts to EUR 5 million (31.12.2021 - EUR 5 million).

## 23. Bond liabilities

### Non - current bond liabilities

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
EMTN Programme in PLN/EUR - ISIN: XS1542984288*	19 558	19 558
Corporate bond ISIN: BG2100013205**	58 675	58 675
Corporate bond ISIN: BG2100002224***	60 885	-
	<b>139 118</b>	<b>78 233</b>

**Current bond liabilities**

	31.03.2022 BGN'000	31.12.2021 BGN'000
EMTN Programme in EUR - ISIN: XS1731768302	128 991	136 185
EMTN Programme in EUR - ISIN: XS1731768302, interest	2 804	610
EMTN Programme in PLN/EUR - ISIN: XS1542984288, interest*	394	9
Corporate bond ISIN: BG2100013205, interest**	653	183
Corporate bond ISIN: BG2100002224, interest***	160	-
	<b>133 002</b>	<b>136 987</b>

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 31.03.2022 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.

\*\*\* Bond loan with ISIN: BG2100002224 in the amount of EUR 40 000 000 was registered by Central Depository AD on March 08, 2022. The issue is the third in a row corporate, ordinary, registered, dematerialized, interest-bearing, secured, non-convertible, unprivileged and freely transferable bonds under the conditions of initial private (non-public) offering to less than 150 participants - a predetermined circle of investors according to a decision of the Management Board of the public company dated February 23, 2022 - TBI Bank EAD. 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. The interest payments are 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.

In the first quarter of 2022 the following transactions with liabilities were made:

- Under the financial instruments loan agreement were acquired 2 126 pcs. bonds under the EMTN Programme in EUR with ISIN XS1731768302, by virtue of which the company has reported interest expenses in the amount of BGN 62 thousand (*Notes 7.1 и 27*).
- Under the financial instruments loan agreement were acquired 1 650 pcs. bonds under the EMTN Programme in EUR with ISIN XS1731768302, by virtue of which the company has reported interest expenses in the amount of BGN 48 thousand (*Notes 7.1 и 27*).
- 35 000 pcs. own bonds with ISIN BG2100002224 were bought back and a loss from operations with investments and financial instruments in the amount of BGN 479 thousand was reported (*Note 8*).

- A total of 10 648 pcs. purchased own bonds with ISIN BG2100002224 were sold for the period and a loss from operations with investments and financial instruments in the amount of BGN 6 thousand was reported (*Note 8*).
- On the grounds of the contract for purchase and sale of financial instruments has transferred ownership of 5 000 pcs. (acquired) repurchased own bonds with ISIN BG2100002224, which partially settled the financial relations under a contract of sale of Daru Invest EAD (*Note 18*).
- On the grounds of the contract for purchase and sale of financial instruments has transferred the ownership of 20 500 pcs. repurchased own bonds with ISIN BG2100002224, whereby the financial relations with the Assignor under three contracts for transfer of the receivable and the annexation to them are settled (*Notes 17.2, 18 and 29*).

## 24. Non-current liabilities to related parties

### Loans principal

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD – loan granted*	-	59 460
Eurolease Group AD**	3 190	-
Eurolease Auto EAD – loan granted***	-	1 400
Eurolease Auto EAD – leases****	57	66
	<b>3 247</b>	<b>60 926</b>

\* Liability 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.

\*\* Liability under a debt replacement contract with an annual interest rate of 3.95% (three whole and ninety-five tenths of a percent).

\*\*\* Liability 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.

\*\*\*\* Liabilities under financial leasing contracts with maturities on 10.02.2023, 20.05.2024 and 10.07.2024.

### 25. Other non-current liabilities

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Retirement benefit obligations	33	33
Lease liabilities – right-of use	1 156	1 208
	<b>1 189</b>	<b>1 241</b>

### 26. Trade payables

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Trade payables	581	1 328
	<b>581</b>	<b>1 328</b>

### 27. Current liabilities to related parties

#### 27.1 Interest payables

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Starcom Holding AD	2 483	2 126
Auto Union AD	35	30
Eurolease Auto EAD	-	963

Euroins Insurance Group AD	4	1 719
Eurolease Group AD	1 018	-
Auto Union Service EOOD	22	20
IC Euroins AD*	62	-
Euroins Romania Asiguarare – Reasigurare S.A., Romania*	48	-
	<b>3 672</b>	<b>4 858</b>

\* Interest under financial instruments loan agreement (*Notes 7.1, 23 and 27.2*).

### 27.2. Current borrowings - principal

	31.03.2022	31.12.2021
	BGN'000	BGN'000
Starcom Holding AD*	13 225	8 801
Euroins Insurance Group AD**	77	14 171
IC Euroins AD***	4 158	-
Euroins Romania Asiguarare – Reasigurare S.A., Romania***	3 227	-
Eurolease Auto EAD****	-	1 900
	<b>20 687</b>	<b>24 872</b>

\* Liability as of 31.03.2022 under a loan agreement with an annual interest rate of 5.5% (five and five tenths of a percent), maturing on 29.01.2023 and an agreed limit of BGN 70 million. The liability as of 31.12.2021 is under a contract for a loan 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. The latter was settled as of March 31, 2022.

\*\* Liability as of 31.03.2022 under a loan agreement with an annual interest rate of 6.0% (six percent), maturity on 01.07.2022 and an agreed limit of EUR 50 thousand. The liability as of 31.12.2021 is for 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 due on 08.02.2022 was settled without delay.

\*\*\* Liabilities under financial instruments loan agreements with an annual interest rate of 6.0% (six percent) and maturing on 13.01.2023 (*Notes 7.1, 23 and 27.1*).

\*\*\*\* 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.

### 27.3 Other payables

	31.03.2022	31.12.2021
	BGN'000	BGN'000
Starcom Holding AD*	5 895	5 895
Eurolease Auto EAD	-	38
Eurolease Auto EAD - leases	37	38
Eurolease Group AD	14	-
IC EIG RE EAD	12	54
Motobul EAD	1	-
Avto Union AD**	695	695
Avto Union Service EOOD**	244	244
Auto Italia EAD	1	-
IC Euroins AD	1	4
Euroins Romania Asiguarare – Reasigurare S.A., Romania	4	15
Eastern European Electric Company B.V.	-	4 890
	<b>6 904</b>	<b>11 873</b>

\* Liability for repurchased own bonds.

\*\* The liabilities under receivables transfer agreements are unsecured and have an annual interest rate of 3.0%.

## 28. Other current liabilities

	31.03.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Liabilities for purchases of investments and financial instruments*	-	14
Interest payables	22	22
Tax payables	231	529
Payables to employees and social security institutions	103	87
Dividend liabilities	249	249
Dividend liabilities – related parties – Starcom Holding AD	101	101
Lease liabilities – rights-of-use	174	342
Other liabilities	8	84
	<b>888</b>	<b>1 428</b>

\* Liability for repurchased own bonds.

## 29. 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:

### In the first quarter of 2022:

- Under a Debt replacement agreement, Eurohold Bulgaria AD as a Borrower has assumed a liability in the amount of BGN 14 426 thousand to a subsidiary - Lender and has replaced in debt another subsidiary - Initial Debtor.
- Under a Debt replacement agreement, Eurohold Bulgaria AD as a Borrower has assumed a liability in the amount of BGN 4 782 thousand to a subsidiary - Lender and has replaced in debt another subsidiary - Initial Debtor.
- Under an Assignment notification, Eurohold Bulgaria AD has transferred a liability to a subsidiary in the amount of BGN 4 782 thousand to a third party.
- Under an Assignment notification, Eurohold Bulgaria AD has transferred a liability to a subsidiary in the amount of BGN 14 426 thousand to a third party.
- Under a Set-off agreement with a subsidiary, Eurohold Bulgaria AD has set off a liability in the amount of EUR 2 500 thousand with a receivable in the amount of EUR 96 thousand up to the amount of the receivable.
- Under a Set-off agreement with a third party, Eurohold Bulgaria AD has set off a receivable in the amount of GBP 69 thousand with a liability of GBP 54 thousand up to the amount of the liability.
- Under a Receivables transfer agreement, a third party - Assignor has transferred to Eurohold Bulgaria AD - Assignee its receivable from a third company outside the group in the amount of BGN 21 000 thousand (*Note 18*). The financial relations are settled with the transfer to the patrimony of the Assignor a total of 10 681 pcs. repurchased own bonds with ISIN BG2100002224, with a nominal value of EUR 1 000 each (*Note 23*).



- Under a Receivables transfer agreement, a third party - Assignor has transferred to Eurohold Bulgaria AD - Assignee its receivable from a subsidiary of Eurohold Bulgaria AD in the amount of BGN 14 429 thousand (*Note 17.2*). The financial relations are settled with the transfer to the patrimony of the Assignor a total of 7 375 pcs. repurchased own bonds with ISIN BG2100002224, with a nominal value of EUR 1 000 each (*Note 23*).
- Under a Receivables transfer agreement, a third party - Assignor has transferred to Eurohold Bulgaria AD - Assignee its receivable from a subsidiary of Eurohold Bulgaria AD in the amount of BGN 4 782 thousand (*Note 17.2*). The financial relations are settled with the transfer to the patrimony of the Assignor a total of 2 444 pcs. repurchased own bonds with ISIN BG2100002224, with a nominal value of EUR 1 000 each (*Note 23*).
- Under a Set-off agreement with a subsidiary, Eurohold Bulgaria AD has set off a liability in the amount of BGN 55 thousand with a receivable of BGN 42 thousand up to the amount of the receivable.
- Under a Debt replacement agreement, a subsidiary of Eurohold Bulgaria AD as a Borrower has assumed liabilities in the amount of BGN 4 370 thousand to a subsidiary - Lender and has replaced in debt Eurohold Bulgaria AD - Initial Debtor.
- Under a Settlement agreement with a subsidiary, Eurohold Bulgaria AD has set off a liability in the amount of BGN 4 370 thousand with a receivable in the amount of BGN 148 thousand up to the amount of the receivable.

## 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.
- Under a Set-off 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.
- Under a Set-off agreement 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.
- Under a 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.
- Under 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*).
- Under a Set-off agreement 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.

### 30. Contingent, liabilities and commitments

#### Litigations

As of 31.03.2022 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 couldn't 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 18*).

#### 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 към 31.03.2022 г.	Amount in BGN'000 as of 31.03.2022	MATURITY (EUR'000)					
			2022	2023	2024	2025	2025	After 2026
<b>Lease sub-holding</b>								
Bank loans for funding of lease operations	20 482	40 059	6 331	5 556	4 080	2 567	1 683	265
<b>Automotive sub-holding</b>								
Working capital bank loans	13 889	27 165	11 819	450 <sup>1</sup>	181	181	181	77
<b>Energy sub-holding</b>								
Working capital loans	19 713	38 555	-	17 119	2 594	-	-	-
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
<b>Parent company</b>								
Working capital bank loans	6 000	11 735	6 000	-	-	-	-	-
Bank loans for investment purposes	5 000	9 779	-	-	5 000	-	-	-
<b>TOTAL:</b>	<b>288 584</b>	<b>564 421</b>	<b>24 150</b>	<b>27 625</b>	<b>11 855</b>	<b>2 748</b>	<b>1 864</b>	<b>220 342</b>

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

In connection with financing under a package transaction, Eurohold Bulgaria AD has established a pledge of shares in a subsidiary.

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

Company from:	Amount in EUR'000 as of 31.03.2022	Amount in BGN'000 as of 31.03.2022	Maturity date
Automotive sub-holding	150	293	30.4.2023
Automotive sub-holding	1 050	2 054	30.4.2030
Automotive sub-holding	2 000	3 912	30.4.2023
<b>TOTAL:</b>	<b>3 200</b>	<b>6 259</b>	

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

Company/ Guarantor	Currency	Guaranteed liability	Guaranteed amount as of 31.03.2022 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 31.03.2022 in original currency	Maturity date
Milena Milchova Cuentcheva, Procurator	BGN	Management guarantee	3 330	03/2023

### 31. 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;
- **Daru Invest EAD - subsidiary of Eurohold Bulgaria AD until 22.3.2022;**
- **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;
- FINACITY EAD (previous name 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.

### **32.1. The related parties' transactions**

#### **32.1.1. Transactions with subsidiaries and other related parties under common control**

##### **In the first quarter of 2022**

- o By virtue of a Debt replacement agreement, the Company as a Borrower has assumed a liability in the amount of BGN 14 426 thousand to Avto Union AD - Lender and has replaced Euroins Insurance Group AD - Initial Debtor in debt.

- In accordance with a Debt replacement agreement, the Company as a Borrower has assumed a liability in the amount of BGN 4 782 thousand to Daru Car EAD - Lender and has replaced in debt Auto Union AD - Initial Debtor.
- Pursuant to an Assignment Notification, the Company has transferred a liability to Daru Car EAD in the amount of BGN 4 782 thousand to a company outside the group.
- By virtue of an Assignment Notification, the Company has transferred a liability to Avto Union AD in the amount of BGN 14 426 thousand to a company outside the group.
- In accordance with a Set-off agreement with the Eastern European Electric Company B.V. Eurohold Bulgaria AD has set off a liability in the amount of EUR 2 500 thousand with a receivable of EUR 96 thousand up to the amount of the receivable.
- Pursuant to a Set-off agreement with EIG-Re Insurance Company AD, Eurohold Bulgaria AD has set off a liability in the amount of BGN 55 thousand with a receivable of BGN 42 thousand up to the amount of the receivable.
- By virtue of a Debt replacement agreement, Eurolease Group AD as a Borrower has assumed liabilities amounting to BGN 4 370 thousand to Eurolease Auto EAD - Lender and has replaced Eurohold Bulgaria AD - Initial Debtor in debt.
- Pursuant to a Set-off agreement with Eurolease Group AD, Eurohold Bulgaria AD has set off a liability in the amount of BGN 4 370 thousand with a receivable of BGN 148 thousand up to the amount of the receivable.

## 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 a Set-off agreement 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.
- In accordance with a Set-off agreement 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.
- By virtue of 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.
- In accordance with 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.
- By virtue of a Set-off agreement 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.

The other related party transactions for the first quarter of 2022 and 2021 are disclosed in the following *Notes 3, 5.1, 7.1, 8.1, 9.1, 10.1, 12.1 and 12.2*.

Estimates with related parties are disclosed in the following *Notes 13, 15, 17, 20, 21, 23, 24, 27 and 28*.

## 32. 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 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.

### 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 13*).

The Company has liabilities under bank loans to the International Economic Bank, Russia and the International Bank for Economic Cooperation, Russia (*Note 22*).

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.

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Internal information  
31 March 2022

## INTERNAL INFORMATION

### **under Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse**

Eurohold Bulgaria AD publicly discloses inside information pursuant to Article 7 of Regulation (EU) No 596/2014 of the European Parliament and of the Council to the Financial Supervision Authority, the Bulgarian Stock Exchange and the public through the financial media Extra News at the following internet address: [www.x3news.com](http://www.x3news.com), where the inside information is available at the following link: <http://www.x3news.com/?page=News&uniqid=626a088679483>

The publicly disclosed inside information can also be found on the website of Eurohold Bulgaria AD. [www.eurohold.bg](http://www.eurohold.bg), where it is available in the "Internal Information" section at the following link: <https://www.eurohold.bg/internal-information-645.html>.

The management of Eurohold Bulgaria AD believes that there is no other information that has not been publicly disclosed by it and that would be important to shareholders and investors in making an investment decision.

#### **March 31, 2022**

Eurohold Bulgaria AD publishes Annual Financial Statements for the activity - ESEF format as of 31.12.2021:

1. Annual activity report in ESEF format
2. Forms of financial statements approved by the Deputy. The Chairman, Head of the Investment Supervision Department of the Financial Supervision Commission;

#### **March 23, 2022**

Eurohold already owns 99% of CEZ Distribution and 97% of CEZ Electro;

#### **March 15, 2022**

Notice on Regulation (EU) №596 / 2014 of the European Parliament and of the Council of 16 April 2014;

#### **March 15, 2022**

Notice on Regulation (EU) №596 / 2014 of the European Parliament and of the Council of 16 April 2014;

#### **March 10, 2022**

ELECTROHOLD WILL BE CEZ'S NEW NAME IN BULGARIA;

#### **March 2, 2022**

Announcement of the results of Eurohold Bulgaria for 2021;

#### **March 1, 2022**

Eurohold Bulgaria AD-Sofia presented a quarterly report for the period 01-01-2021 - 31-12-2021 for compliance with the issuer's obligations to the bondholders for issue BG2100013205;

#### **March 1, 2022**

Interim consolidated financial statements for the fourth quarter of 2021:

1. Interim Consolidated Financial Statements as of December 31, 2021, prepared in accordance with IFRS;
2. Accounting policy and explanatory notes;
3. Interim consolidated activity report;
4. Interim consolidated financial statements by FSC forms;
5. Inside information;
6. Additional information;



7. Information under Appendix №4 of Ordinance №2 of the FSC;
8. Declarations by the responsible persons;

**March 1, 2022**

Change of the Investor Relations Director;

**February 3, 2022**

Notice on Regulation (EU) №596 / 2014 of the European Parliament and of the Council of 16 April 2014;

**February 1, 2022**

Interim financial report for the fourth quarter of 2021:

1. Interim Financial Statements as of December 31, 2021, prepared in accordance with IFRS;
2. Accounting policy and explanatory notes;
3. Interim activity report;
4. Interim financial report by FSC forms;
5. Inside information;
6. Additional information;
7. Information under Appendix №4 of Ordinance №2 of the FSC;
8. Declarations by the responsible persons;

**January 31, 2022**

Interim financial report for the fourth quarter of 2021:

1. Interim Financial Statements as of December 31, 2021, prepared in accordance with IFRS;
2. Accounting policy and explanatory notes;
3. Interim activity report;
4. Interim financial report by FSC forms;
5. Inside information;
6. Additional information;
7. Information under Appendix №4 of Ordinance №2 of the FSC;
8. Declarations by the responsible persons;

**January 5, 2022**

Notice concerning Regulation (EU) №596 / 2014 of the European Parliament and of the Council of 16 April 2014.

**Assen Minchev,**

*Executive Director of Eurohold Bulgaria AD*

**Milena Guencheva,**

*Prosecutor of Eurohold Bulgaria AD*

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# 5

## Additional information as at 31 March 2022

## ADDITIONAL INFORMATION

**to the interim condensed individual activity report  
for the period 1 January - 31 March 2022**

***pursuant to REGULATION No. 2 of 9 November 2021 on initial and subsequent disclosure of information in public offerings of securities and admission of securities to trading on a regulated market***

**1. Information about changes in accounting policies during the reporting period, the reasons for them and how they affect the issuer's financial result and equity**

There were no changes in the accounting policies of Eurohold Bulgaria AD during the reporting period.

**2. Information about changes in the issuer's group of companies within the meaning of the Accounting Act, if it participates in such a group**

**For the period of the first quarter of 2021, the following changes occurred in the group of companies of Eurohold Bulgaria AD:**

**2.1.** On 17.03.2022 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.

**2.2.** 2.2. In the second half of March 2022 - The energy subholding of Eurohold Bulgaria AD - Eastern European Electric Company B.V. (EEEEC), increased its stake in CEZ Razpredelenie Bulgaria AD with a new name Elektrodistributive Net Zapad AD (ERN Zapad AD) to 98.93% (by acquiring additional 207,095 shares or 10.74%) and in CEZ Elektro Bulgaria AD with a new name Elektrohold Prodazhbi AD to 96.76% (by acquiring additional 1,371 shares or 27.42%).

**3. Information on the results of organizational changes within the issuer, such as reorganization, sale of a group of companies within the meaning of the Accounting Act, in-kind contributions by the company, lease of property, long-term investments, discontinuation of operations**

No organizational changes were made within the issuer during the reporting period.

**4. 4. An opinion of the governing body on the feasibility of the published forecasts for the current financial year, taking into account the results of the current quarter, as well as information on the factors and circumstances that will affect the achievement of the forecast results at least until the end of the current year**

There are no published projections for 2021.

**5. 5Data on the persons directly and indirectly holding at least 5 per cent of the votes in the general meeting at the end of the relevant quarter and the changes in the votes held by the persons for the period from the beginning of the current financial year to the end of the reporting period**

	<b>Name</b>	<b>Shares</b>	<b>% of equity</b>
1.	Starcom Holding AD	131 933 415	50.65%
2.	KJK Fund II Sicav-Sif Balkan Discovery	28 116 873	10.79%
3.	Boston Management and Research, through the following funds managed by it: <ul style="list-style-type: none"> <li>- Global Opportunities Portfolio,</li> <li>- Global Macro Portfolio,</li> <li>- Global Macro Absolute Return Advantage Portfolio,</li> <li>- Global Macro Capital Opportunities Portfolio.</li> </ul>	23 492 667	9.02%

**6. Data on the shares held by the issuer's management and control bodies as of the end of the relevant quarter, as well as the changes that occurred for the period from the beginning of the current financial year to the end of the reporting period for each person separately**

	<b>Name</b>	<b>Shares</b>	<b>% of equity</b>
1.	Dimitar Stoyanov Dimitrov	200	-
2.	Assen Emanuilov Asenov	33 930	0,01%
3.	Veleslav Hristov	200	-

**7. Information on pending judicial, administrative or arbitration proceedings concerning debts or claims amounting to at least 10 per cent of the issuer's equity capital; if the total value of the issuer's debts or claims in all proceedings exceeds 10 per cent of its equity capital, information shall be provided for each proceeding separately**

There is no pending litigation or arbitration relating to the Company or any of its subsidiaries, with a value of the claim of at least 10 per cent of the equity of the Company.

**8. Information on loans, guarantees or commitments granted by the issuer or its subsidiary to a person or its subsidiary, including related persons, indicating the nature of the relationship between the issuer and the person, the amount of principal outstanding, the interest rate, the final repayment date, the amount of the commitment, the terms and period of**

Related party transactions for the period are disclosed in the Notes to the Interim Condensed Separate Financial Statements for the first quarter of 2022. The terms on which the transactions were carried out do not deviate from market terms for this type of transaction.

**Assen Minchev,**  
Executive Director of Eurohold Bulgaria AD

**Milena Guancheva,**  
Prokurist of Eurohold Bulgaria AD

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# 6

Appendix 4  
31 March 2022

## APPENDIX 4

**to Art. 12, para. 1, point 1, Article 14 and Article 21, point 3, letter "a" and point 4, letter "a" of the REGULATION No. 2 of 9.11.2021 on initial and subsequent disclosure of information in the case of public offer of securities and admission of securities to trading on a regulated market**

**for the period 1 January - 31 March 2022.**

- 1. No change in the persons exercising control over the company**
- 2. Opening of insolvency proceedings for the company or its subsidiary and all material stages related to the proceedings**


No insolvency proceedings have been opened for the company or its subsidiary

- 3. Conclusion or execution of material transactions**

All completed transactions, including material transactions, are disclosed in the Notes to the Interim Condensed Individual Financial Statements for the first quarter of 2022 and in the Interim Condensed Individual MD&A as of March 31, 2022.

- 4. No decision to enter into, terminate or cancel a joint venture agreement**
- 5. No change in the company's auditors and reasons for the change**
- 6. There has been no commencement or termination of any legal or arbitration proceedings relating to the debts or claims of the company or its subsidiary, with a cost of the claim of at least 10 per cent of the equity of the company**
- 7. Purchase, sale or pledge of shares in commercial companies by the issuer or its subsidiary**

**7.1. Acquisition of shares in the capital of Euroins Insurance Group AD through capital increase and purchase of shares as follows:**

-  In the second half of March 2022 - The energy subholding of Eurohold Bulgaria AD - Eastern European Electric Company B.V. (EEEC), increased its stake in CEZ Distribution Bulgaria AD with a new name Elektrodistributitelni meshitsii Zapad AD (EPM Zapad AD) to 98.93% (by acquiring additional 207,095 shares or 10.74%) and in CEZ Elektro Bulgaria AD with a new name Elektrohold Prodazhbi AD to 96.76% (by acquiring additional 1,371 shares or 27.42%).

**8. Other circumstances that the company believes may be relevant to investors in deciding whether to acquire, sell or continue to hold the publicly offered securities**

All significant events for Eurohold Bulgaria AD occurring in the period of the first quarter of 2022 and up to the date of this document are disclosed in detail in the Interim condensed individual management report as at 31 March 2022.

27.04.2022

**Assen Minchev,**  
*Executive Director of Eurohold Bulgaria AD*

**Milena Guencheva,**  
*Prosecutor of Eurohold Bulgaria AD*

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# 7

## Declaration of responsible persons



## DECLARATION

### Article 100n, paragraph 4, item 4 of POSA

The undersigned,

1. Assen Minchev - Executive Director of Eurohold Bulgaria AD
2. Milena Guencheva - Attorney of Eurohold Bulgaria AD
3. Salih Trampov - Chief Accountant of Eurohold Bulgaria AD (compiler of the financial statements)

#### **WE DECLARE that to the best of our knowledge:**

1. The interim condensed separate financial statements for the first quarter of 2022, prepared in accordance with applicable accounting standards, give a true and fair view of the assets and liabilities, financial position and profit or loss of Eurohold Bulgaria AD.;
2. The interim condensed individual management report as at 31.03.2022 contains a reliable overview of the development and performance of Eurohold Bulgaria AD, as well as a description of the main risks and uncertainties facing the company.

Declarators:

1. Assen Minchev
2. Milena Guencheva
3. Salih Trampov



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