EUROHOLD BULGARIA AD

INTERIM CONSOLIDATED MANAGEMENT REPORT AND FINANCIAL STATEMENTS

1 January – 30 June 2020

INTERIM CONSOLIDATED MANAGEMENT REPORT

containing information on important events that occurred during the first half of 2020 according to Art. 100o, paragraph 4, item 2 of POSA

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EUROHOLD BULGARIA - ACTIVITY

Eurohold Bulgaria AD is a holding company with over 20 years of history.

Mainly performs financial activities related to the acquisition, sale and management of participations and financing of related companies.

EUROHOLD BULGARIA – TODAY

- ***The largest public holding in Bulgaria***
- ***One of the largest independent financial groups in the region of Southeast Europe (SEE)***
- ***Non-bank financial holding company, which takes advantage of the synergies between its subsidiaries to offer unique and innovative services to its clients***
- ***Company focused through its subsidiaries (sub-holding structures) in the business sectors - insurance, leasing, car sales and financial services (investment intermediation and asset management)***
- ***Public joint stock company within the meaning of POSA. The shares of the company are registered for trading on the Main Market of the Bulgarian Stock Exchange - Sofia with stock exchange code 4EH. As of December 15, 2011, the company's shares are listed on the Warsaw Stock Exchange (WSE) - with the stock exchange code EHG***

BUSINESS MODEL

The business model built by Eurohold is based mainly on synergies and relationships between subholding structures, through which subsidiaries create new innovative, competitive and combined products and services. A system has been created for continuous monitoring of consumer behavior and satisfaction in order to meet the needs and expectations of customers.

Our business model gives the following opportunities to the Group:

- ***adequate risk management;***
- ***opening up market opportunities;***
- ***reduction of certain operating costs;***
- ***fast integration in newly acquired markets;***
- ***factor for innovation and modern unique products.***

SUBSIDIARIES (sub-holding structures)

Euroins Insurance Group – insurance group *operating in Central and Eastern Europe with leading positions in Romania and Bulgaria. Active operations in 10 markets in the CEE and SEE regions.* ***Main asset of the Eurohold group.***

Avto Union, investments in the automotive sector - *a leading car dealer in Bulgaria and operating in 2 markets in the Balkans.*

Eurolease Group, leasing group *- providing leasing services, sales of used cars and rental cars, operating in Bulgaria and North Macedonia.*

Euro-Finance - investment intermediation and asset management - *turnover leader on the Bulgarian Stock Exchange, member of Deutsche Börse Group. A company with a 24-year history, with a full license to provide financial and investment services within the European Union and third countries.*

The Eurohold Group has imposed a unified model of process management at each subholding level depending on the specific requirements of the business, legal requirements and regulations.

Business goals and strategies

- Through our business activities we strive to ensure a sustainable return on investment for our shareholders, financial stability of the group, to create value for all stakeholders, supporting them to the best of our ability and maintaining the high trust built between us

- We continue to work on our chosen development strategy with a focus on expanding our positions in CEE and SEE regions, both through acquisitions in our existing markets and new ones with appropriate opportunities

- In the insurance segment, we consistently follow our long-term strategy for making EIG one of the leading independent groups in the region

- Our long-term strategy is aimed at entering new regulated markets that offer good return on shareholders and opportunities for sustainable growth

- Our goal is to enter other regulated businesses that generate value and we will strive to diversify our product portfolio and distribution channels with priority for the development of digital ones.

EUROHOLD GROUP - ACTIVITY

Strategy

Eurohold Group operates in the countries of Central, Eastern and South-Eastern Europe (CEE and SEE). Based in Bulgaria, the Group is also positioned in Romania, Northern Macedonia, Ukraine, Russia, Georgia, Greece, as well as in other EU markets such as Spain, Italy and Poland. In May 2020, the Group also entered the insurance market in Belarus.

Eurohold Bulgaria's strategic focus is to expand its business, both through expansion in current and new regulated business segments, offering great opportunities for sustainable growth and organically in the markets in which it operates, and increasing the market shares of each subsidiary. The Group focuses on innovative companies showing dynamic growth and a stable structure.

Types of services and activities offered by the operating companies in the Eurohold group

Insurance	Car Sales	Leasing	Investment Intermediation
Insurance	Car sales	Financial leasing	Investment intermediation
Health insurance	Car service	Operating leasing	Investment banking
Life Insurance	Spare parts sales	Rent a car	Asset management
		Sale of used cars	

Structure of the economic group Eurohold as of 30.06.2020

Listed Company	**EUROHOLD BULGARIA AD** (majority shareholder STARCOM HOLDING AD - 52.79% as of 30.06.2020)				
Business Segments	**Insurance**	**Leasing**	**Energy ***	**Finance**	**Automotive**
Subsidiaries	**Euroins Insurance Group AD**	**Eurolease Group AD**	**Eastern Europian Electric Company II B.V.**	**Euro_Finance AD**	**Avto Union AD**
Operating Companies	**IC Euroins AD** - Bulgaria	**Eurolease Auto** –Bulgaria	**Eastern Europian Electric Company B.V.-** The Netherlands		**Auto Italia** -Bulgaria
	Euroins Romania Asigurare – Reasigurare - Romania	**Eurolease Auto DOOEL** -North Macedonia			**Auto Italia Sofia** -Bulgaria
	Euroins Scopje – North Macedonia	**Eurolease Auto Rent a car** -Bulgaria			**N Auto Sofia** -Bulgaria
					Espace Auto -Bulgaria
	IC EIG Re -Bulgaria	**Amigo Leasing** -Bulgaria			**EA Properties** -Bulgaria
	IC Euroins Life -Bulgaria	**Autoplaza** - България			**Daru Car** -Bulgaria
	IC Euroins Ukraine – Ukraine	**Sofia Motors** -Bulgaria			**Bulvaria Varna** -Bulgaria
	European Travel Insurance - Ukraine	**Eurolease Auto** - Romania			**Bulvaria Sofia** - Bulgaria
	Euroins Claims - Greece				**Star Motors** -Bulgaria
	Euroins Gorgia - Georgia				**Star Motors DOOEL** - North Macedonia
	Russian Insurance Company Euroins ** – Russia				**Star Motots SH.P.K.** - Kosovo
					Motohub -Bulgaria
					Motobul -Bulgaria
					Bopar Pro – Romania
					Benzin Finance -Bulgaria

* the companies in the Energy segment have no activity as of the date of the report
** associated participation (48,606%)
*** As of the date of this report, the Insurance Group also owns 93.12% of the insurance company **ERGO, Belarus**

IMPORTANT EVENTS FOR THE EUROHOLD GROUP

occurred during the period 1 January – 30 June, 2020 and until the date of this report

- **COVID-19**

Global reflection

The nature, scale and spread of the coronavirus pandemic affecting the world have dramatically affected global macroeconomics and economic growth.

Due to the Covid-19 pandemic, much of the world economy slowed and activity in some sectors was almost completely stopped. As a result of the measures imposed by governments, a significant part of international trade has been hampered. At the global level, the subsequent results for the business from the economic disturbances caused by the pandemic are - worsened economic prospects, a significant increase in expected credit losses and other impairments, as well as a decrease in revenues caused by lower volumes and reduced customer activity.

The effects of the coronary crisis on the automotive industry worldwide are significant, with a sharp reduction in production in some countries and even a cessation of the production process. As a result of the pandemic, car manufacturers around the world realised significant losses.

Impact in the countries in which we operate

In connection with the worldwide announced COVID-19 pandemic, strict measures have been announced in the countries where we operate to reduce the spread of the infection, which has led to significant uncertainty about future economic developments and has had a negative impact on the performance of local economies.

For Eurohold, that meant three things. First, that reduced economic activity in local economies will inevitably have a negative impact on the Group's financial results. Secondly, it is the support for our employees and customers during the pandemic. And thirdly, ensuring business continuity and financial stability for our companies.

Our actions to deal with the macroeconomic situation

In the current market environment marked by the dynamic environment and significant uncertainty, we believe that the strategic orientation of our group in terms of highly diversified business model by product, brand, territory and channel in all businesses is highly effective.

Our approach to the expansion of the insurance business, as well as the advanced level of digitalization in the provision of our products and services have allowed us to continue our business activities without major shocks. The only business that was moderately affected by the situation and saw a decline in revenue for the first quarter of 2020 is the automotive industry due to disruption of the supply chain and reduced customer activity.

Adequate and timely measures necessary for the protection of employees and prevention against the spread of COVID-19 were taken and introduced in all companies of the group, such as:

- organization, control and monitoring of work process - teams, schedules, including ensuring the work regime "home office";
- periodic briefing of employees;
- introduction of the necessary protection measures at the companies' presence points, including instructions for disinfection at the workplace, as well as measures / work plan in case of information about an employee in contact with a coronavirus patient and specific actions in such a situation. As always, during a pandemic, ensuring the health and well-being of our employees remains our primary concern.
- A full formalization of processes has been introduced, ensuring an adequate and transparent organization with a clear and appropriate division of responsibilities and an effective system

ensuring the transmission of information and reducing the risk of business interruption in any of the elements - system interruption, procedures, the risk to essential data and functions, as well as the performance of the main activity specific to each company in the Eurohold Group. This organization was realized through:

- formation of a Crisis Staff;
- - review of the business plan, risk assessment, preparation of a specific action plan and crisis management, in connection with the complicated virological situation of COVID-19 and risk minimization;
- regular risk measurement and management;
- others.

The crisis caused by the COVID-19 pandemic presented us with new challenges and seriously affected the activities of our customers. Guided by the belief that in addition to shareholder returns, we must create value for all stakeholders, we try to support them to the best of our ability and maintain the high trust built between us.

We have taken action for business continuity to support our customers and support our business operations. To this end, some of our staff continued to provide critical services in offices, branches, showrooms and repair shops, all with increased safety measures and schedules, and the rest of the staff continued to work remotely.

In many of our markets we have initiated specific measures to support our staff and business clients. The Group expressed its readiness to support its clients and partners in finding solutions for their support and limiting the negative effects of the crisis, by deferred payments under lease and rental agreements, as well as other decisions were made according to specific needs. These measures have been well received and we continue to respond to the changing needs of our customers.

We have also timely improved our digital capabilities to serve more customers remotely, with faster access and improved security. The coronavirus epidemic allowed us to take advantage of the opportunities for digitalization of business and the development of digital channels for sales and customer service. For the current year we have a fivefold increase in our digital development budget.

Although our offices remained open, we committed to our customers to offer products and services through remote consulting and sales. In Romania, a quarter of Euroins customers already use our mobile application and receive service entirely online without physically stepping into our offices. We are currently in the final stage of development of our digital platform in Bulgaria. We also developed new products, in Bulgaria, for example, we were the only ones to offer an insurance product that guarantees vouchers for postponed trips issued by our customers - tour operators at a time when they were forced to temporarily suspend their activities at 100%. In this way, we have given a clear signal that Euroins is a reliable and stable partner that can be relied on.

Over the years, in parallel with the growth of business and regional expansion, we have built good financial stability, which gives us peace of mind and confidence that we will cope and pass successfully through the current crisis. Even in the conditions of Covid-19 we continue not to deviate from our goals, to follow our strategy and to expand our activities, finalizing already prepared deals in the region. This is confirmed by the deal for the acquisition of ERGO Belarus, which was finalized at the beginning of May after approval by the regulatory authorities in the country. The company acquired by our insurance subholding Euroins Insurance Group AD is a subsidiary of the German ERGO, one of the leading insurance groups in Europe. Last year, the Bulgarian company agreed to acquire ERGO insurance companies in Belarus, the Czech Republic and Romania. The deals for the German group's insurers in the Czech Republic and Romania are currently awaiting approval from local regulators.

The pandemic has had a negative impact and a collapse in global stock markets. Eurohold Bulgaria AD, as a public company whose shares are traded on the Bulgarian Stock Exchange (BSE) and Warsaw Stock Exchage (WSE), was also not overlooked by the stock market crash, as the share price fell. To date, Eurohold has managed to overcome the negative impact and restore the price level of its shares to the level before the announcement of the pandemic.

Impact of the coronavirus crisis in the following reporting periods

The outbreak of Covid-19 has had and continues to be (currently declining) a significant impact on the world's business and the economy in which the companies in our group operate. The impact and duration of the Covid-19 crisis on a global scale is likely to affect our business in the coming periods.

Prolonged reduced economic activity due to the effects of coronavirus could have an adverse effect on our business, lower revenues due to reduced customer activity and due to stock market volatility and a disrupted supply chain, may also have an impact on the capital position and liquidity of the group. The extent of the impact of the coronary crisis on the Eurohold Group depends on many factors, the most significant being the measures taken by the governments of the countries in which we operate, as well as our supplier countries (mainly cars), also depends on the purchasing power of our customers. These are factors we cannot influence.

At present, significant uncertainties remain in estimating the duration of coronavirus spread and its effects. This is supported by the monitoring of coronavirus activation in some Western European countries in the last few weeks after a period of attenuation of the virus.

As of the date of this report, Eurohold is a stable business structure with maintained stable market positions and preserved operating profitability, able to guarantee good prospects to its shareholders and partners in the conditions of an unprecedented health and economic crisis.

In 2020 and the following reporting periods, we will continue to assess the impact of the Covid-19 crisis and review our financial results, assess risk accordingly and take appropriate flexible actions in business management to limit the negative impact.

ACTIVITY OF THE EUROHOLD GROUP

(The information is presented in descending order and includes information for the period 1 January 2020 to the date of this report)

1. *The Administrative Court of Sofia District annulled the decision of the Commission for Protection of Competition (CPC)*

By a decision of 22.07.2020, the Administrative Court of Sofia District annulled the decision of the Commission for Protection of Competition (CPC), which in October 2019 banned the transaction between Eurohold Bulgaria and CEZ for the assets of the Czech company in Bulgaria. The court returned the case in the form of a file to the Commission for Protection of Competition for a new ruling, according to the obligatory instructions given in the reasons of the court decision.

2. *Euroins enters Belarus by finalizing deal for German ERGO insurer*

The acquisition is part of a package deal by the German company's Bulgarian subsidiary group in three Eastern European countries and fifth in a total of four countries in the former Soviet Union.

On May 4, 2020 - One of the leading insurance groups in Southeast Europe (SEE) - the Bulgarian Euroins Insurance Group AD (EIG) AD (EIG), part of Eurohold Bulgaria AD, finalizes the acquisition of ERGO Belarus after approval by the regulatory authorities in the country - Ministry of Antimonopoly Regulation and Trade and Ministry of Finance.

ERGO Belarus is a subsidiary of the German ERGO, one of the leading insurance groups in Europe, which in turn is owned by Munich Re, one of the leaders in world reinsurance.

Last year, the Bulgarian company agreed to acquire ERGO insurance companies in Belarus, the Czech Republic and Romania. The deals for the insurers of the German group in the Czech Republic and Romania are awaiting approval from local regulators.

The newly acquired company in Belarus in figures and facts

ERGO Belarus specializes in the segment of non-life insurance (liability, property, medical, transport, accidents, travel assistance, etc.) and is the third largest private insurer in the country in a sector dominated at this stage by state-owned companies. In 2019, the company realized nearly EUR 10 million in gross premium income, which is a 7.4% increase compared to the previous year. According to this indicator, the Belarusian company ranks tenth among insurers in the country with a market share of about 2%. ERGO Belarus is at a profit, realizing a net result of EUR 0.15 million last year. The coverage of the capital solvency requirement (SCR) of the company - a key indicator for the stability of an insurance business, is nearly 300% or 2 times above the regulatory requirements.

As of the end of 2019, ERGO Belarus has 92 thousand active contracts with 67.7 thousand clients. The company's employees number nearly 100. The same number are its insurance agents. The company is expected to be rebranded and operate under the Euroins brand. The results of ERGO Belarus will be consolidated in the EIG from the second quarter of 2020.

The Belarusian insurance market is estimated at about 600 million euros per year and last year increased by nearly 15% compared to 2018. A specific feature is that the popular and compulsory motor third party liability insurance (MTPL) at this stage can be provided only from state insurance companies. At the same time, all insurances can be taken out remotely and completely digitally.

In the context of an epidemic of coronavirus (Covid-19), Belarus is one of the few countries in the world where no restrictions are imposed and the country's economy is operating at full speed as far as possible.

3. *Acquisition of shares from the capital of Euroins Insurance Group AD*

After the reporting period (in the second quarter of 2020), Eurohold Bulgaria AD has acquired another 3,356,120 shares of the capital of Euroins Insurance Group AD. As a result, the participation in the capital of the insurance subholding was increased to 95.54% or 519,219,049 shares held by Eurohold Bulgaria.

The acquisition is carried out in accordance with an agreement signed by Eurohold Bulgaria AD in 2018 for the acquisition of the remaining minority share in the amount of 10.64% of its subsidiary Euroins Insurance Group AD. Eurohold has agreed to buy the shares by the South Eastern Europe

Fund L.P. (SEEF), managed by the Greek investment company Global Finance. After the completion of the transaction, Eurohold will own 100% of the capital of Euroins Insurance Group AD.

4. *Capital increase of EIG Re EAD Insurance Company*

On February 28, 2020, an increase in the capital of EIG Re EAD was registered, which is part of the plan for restructuring the capital structure of EIG Re EAD, approved by the Financial Supervision Commission with a Decision 1326-OZ from 23.12.2019. On January 15, 2020, the Board of Directors of Euroins Insurance Group AD decided to increase the capital of IC EIG Re EAD by BGN 600 thousand, while IC EIG Re EAD should fully repay the subordinated term debt in the same amount. On February 19, 2020, EIG Re EAD paid its debt in full. After the operation, the capital of the subsidiary now amounts to BGN 19,112,000, divided into 19,112,000 shares with a par value of BGN 1 each.

5. *Capital increase of IC Euroins Life EAD*

On February 27, 2020, an increase in the capital of Euroins Life EAD was registered, which is part of the plan for restructuring the capital structure of IC Euroins Life EAD, approved by the Financial Supervision Commission with a Decision 1327-ЖЗ dated 23.12.2019. On January 3, 2020, the Board of Directors of Euroins Insurance Group AD decided to increase the capital of IC Euroins Life EAD by BGN 1,250,000, while Euroins Life EAD should fully repay the subordinated term debt in the same amount. On February 18, 2020, Euroins Life Insurance EAD paid its debt in full. After the operation, the capital of the subsidiary now amounts to BGN 11,375,070, distributed in 1,137,507 shares with a par value of BGN 10 each.

6. *Capital increase of IC Euroins AD*

On January 21, 2020, as part of the restructuring plan of the capital structure of IC Euroins AD, approved by the Financial Supervision Commission, an increase in the capital of IC Euroins AD by BGN 8,700 thousand was entered in the Commercial Register as part of the increase is a result of repayment of the existing subordinated term debt in the amount of BGN 8,500, 000 on January 13, 2020. Thus, the share capital of IC Euroins AD now amounts to BGN 40,970,000, distributed in 40,970,000 shares, as Euroins Insurance Group AD owns 40,410,171 shares, which is approximately 98.63% of the capital.

EUROHOLD BULGARIA

Our business

We serve our clients through four subsidiaries, of which three sub-holding structures and one separate company.

The following pages provide an overview of the performance in the first quarter of 2020 of the Eurohold Group as a whole, and of each of our business lines.

INTERIM CONSOLIDATED RESULTS FOR THE FIRST QUARTER OF 2020

The Eurohold Group reports stable results for the first half of 2020 and continued to grow, despite the global economic turmoil caused by the pandemic in the first quarter.

All subsidiaries have done well in the changing environment of Covid-19. For the reporting period, in which half of the time economic activity worldwide was almost suspended and a significant part of international trade was hindered, the Group achieved only a 2% decline in the amount of consolidated revenues and a net loss of BGN 3 million. The economic impact of the Covid-19 pandemic on our customers had an adverse effect on the performance of some of the companies in the group (especially affected the automotive industry), which is the main reason for the not so significant growth in our financial results for the first quarter compared to the same period last year.

The best performance in the group results is again distinguished by the insurance business Euroins Insurance Group, which reports an increase by over 4% in total consolidated insurance revenues (after intra-group eliminations), incl. and the recorded gross insurance premiums by over 6%.

Key group indicators as of 30 June, 2020

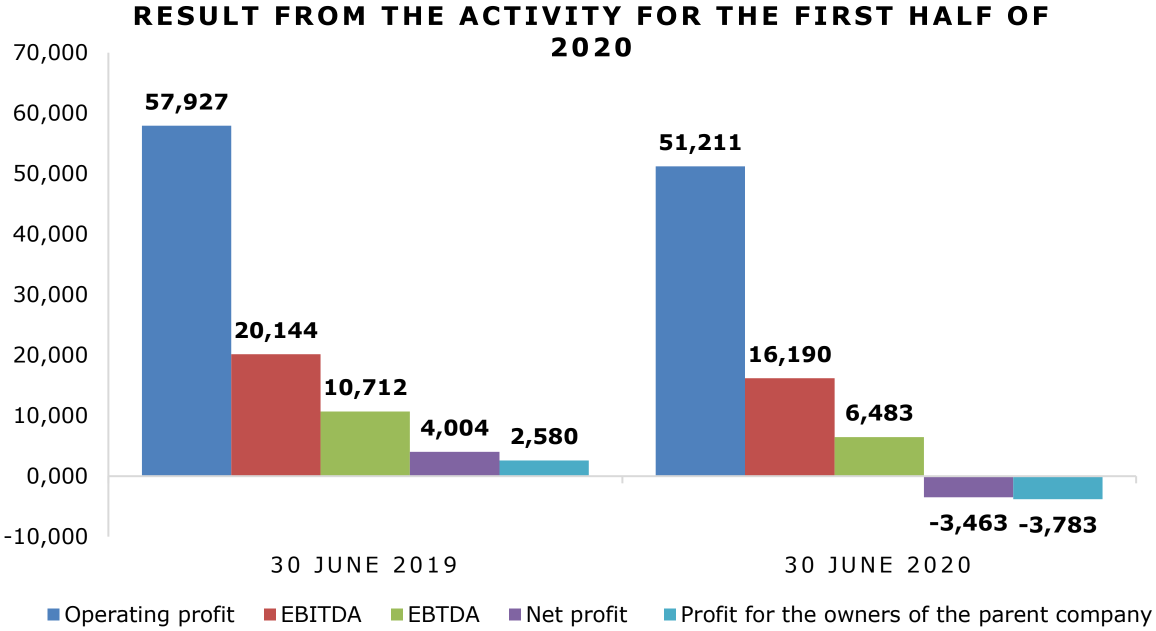
	Income	Gross profit	EBITDA	Net profit
	-2%	-12%	-20%	-175%
H1 2020	770 million BGN	51 million BGN	16 million BGN	(3) million BGN
H1 2019	786 million BGN	58 million BGN	20 million BGN	4 million BGN

	Assets	Equity	Liabilities and subordinated debts	Insurance reserves
	-2%	+2%	+6%	-1%
H1 2020	1,539 mln BGN	195 mln BGN	587 mln BGN	757 mln BGN
2019	1,510 mln BGN	191 mln BGN	551 mln BGN	768 mln BGN

FINANCIAL RESULT FROM THE ACTIVITIES OF THE EUROHOLD GROUP

PROFIT

For the first half of 2020 the Eurohold Group realized a net loss of BGN 3 million, compared to a profit of BGN 4 million as of June 31, 2019. For the reporting period the net loss related to the owners of the parent company amounts to BGN 3.7 million compared to a profit of BGN 2.6 million realized in the first half of 2019.



The group profit from operating activity reported a decrease of 11.5% representing BGN 6.7 million as for the period amounted to BGN 51.2 million. At the same time, the consolidated result before interest, taxes and depreciation decreased by BGN 3.9 million, while the profit before depreciation and taxes decreased by BGN 4.2 million.

CONSOLIDATED OPERATING RESULTS BY SEGMENTS (after deduction of intragroup estimates)

Consolidated operating income by segments

Eurohold Bulgaria AD reports consolidated income related to the activities of its subsidiary sub-holding structures operating in the sectors: insurance, motor vehicles, leasing and investment intermediation. As of the date of this Interim Consolidated Management Report, the energy companies are not operating. The activity of the parent company on a non-consolidated basis is related to the investment in subsidiaries and their management, in this regard, the company does not conduct regular trading activities, and the amount of reported revenue depends on the occurrence of transactions in different reporting periods that do not have a permanent occurrence.

000'BGN	Insurance	Automotive	Leasing	Investment banking	Parent company	Group operating income
30.06.2020	683 856	70 866	9 937	4 018	1 031	769 708
30.06.2019	656 465	114 573	11 809	2 778	825	786 450
Change 000'BGN	**27 391**	**-43 707**	**-1 872**	**1 240**	**206**	**-16 742**
Change %	**4%**	**-38%**	**-16%**	**45%**	**25%**	**-2%**

According to the interim consolidated financial report for H1'2020, the consolidated operating income of Eurohold group decreased slightly by 2% to BGN 770 million, while for the comparable period they amounted to BGN 786 million.

In the segment performance the highest growth of 4% or BGN 27 million was recorded in the operating income generated by the insurance sector, amounting at the end of period to BGN 684 million. The gross written premiums for the first six months (on consolidated level after intagroup eliminations) amounted to BGN 437.4 million compared to BGN 410.5 million as of 30 June 2019, with an increase of 6.6% on this indicator.

Globally, the automotive sector of the economy has been one of the worst affected by the coronavirus pandemic, with some car companies and car dealers suffering significant losses due to total or partial blockage of local economies, supply chain disruptions, reduced demand and etc.

In accordance with the realized declines at the global level, the automotive division of Eurohold - Avto Union AD, despite the good performance at the beginning of the year, was also affected by the adverse impact caused by the measures taken to control the pandemic and reduced economic activity, realized decline by 38% in its income. The consolidated revenues from the automotive activity for the reporting period amounted to BGN 70.9 million, while for the comparable period they amounted to BGN 114.6 million. For the first half of 2020 the sales of Avto Union Group decreased by 50% compared to the same period of 2019 as the total number of vehicles sold is 1,322, while for the comparable period were 2,653 units.

The main reason for the decrease in sales of car companies is related to the fact that in the past 2019 the companies in Avto Union have traditionally realized a large number of corporate (fleet) deals. During the reporting period under the influence of the Covid-19 pandemic lead to the closure of entire businesses, industries and state borders for a longer period of time, car dealers were inevitably negatively affected by the reduced activity not only of individual customers but also of higher percentage of corporate partners. Management believes, based on the observed economic "awakening" and recovery, that by the end of 2020 and the beginning of 2021, Avto Union will be able to regain its strong market position (in terms of market share) before Covid-19.

The leasing division reported at a consolidated level a decrease of its income in amount of BGN 1.9 million, representing a decrease of 16%. The leasing division performing leasing of new and used cars, car rental services and sale of used cars was also affected by the impact of the coronavirus crisis situation and generated revenues of BGN 9.9 million compared to BGN 11.8 million for the first half of 2019.

Investment banking and asset management activities increased significantly by over 45%, with reported revenues amounting to BGN 4 million compared to BGN 2.8 million.

Revenues realized by the parent company on a non-consolidated basis and participating in the consolidated financial statements amounted to BGN 1 million compared to BGN 0.8 million for the previous period.

Consolidated operating expenses by segments

000' BGN	Insurance	Automotive	Leasing	Investment banking	Parent company	Group operating expenses
30.06.2020	(651 680)	(59 621)	(3 494)	(3 701)	(1)	(718 497)
30.06.2019	(620 108)	(102 101)	(4 784)	(1 517)	(13)	(728 523)
Change 000'BGN	**31 572**	**-42 480**	**-1 290**	**2 184**	**-12**	**-10 026**
Change %	**5%**	**-42%**	**-27%**	**144%**	**-92%**	**-1%**

The Group's operating expenses amounted to BGN 718 million representing a growth of 1% vs. comparable period.

Changes in operating expenses by segments:
- Comparable to the growth of the business in the insurance activities, total operating expenses increased by the largest amount by BGN 31.6 million and amounting to BGN 651.7 million.

- The reported expenses of the automotive activity decreased compared to the revenues, amounting to BGN 59.6 million, reporting a decrease of 42%.

- The leasing activity reports in the consolidated group report for the current period a decrease in its operating expenses by BGN 1.3 million and at the end of the reporting period they amounted to BGN 3.5 million.

- The operating expenses for investment banking activities increased by BGN 2.2 million.

Consolidated operating result (gross profit) by segments

000' BGN	Insurance	Automotive	Leasing	Investment banking	Parent company	Group's gross profit
30.06.2020	32 176	11 235	6 443	317	1 030	51 211
30.06.2019	36 357	12 472	7 025	1 261	812	57 927
Change 000'BGN	**-4 181**	**-1237**	**-582**	**-944**	**218**	**-6 716**
Change %	**-11%**	**-10%**	**-8%**	**-75%**	**27%**	**-12%**

The consolidated gross profit from operating activities of the Eurohold Group amounted to BGN 51.2 million compared to BGN 57.9 million as at 30 June 2019. The group's gross profit decreased during the current period by 12%. Despite the impact of the global economic crisis caused by the pandemic, all companies in the Eurohold Group made significant operating profits from their operations.

Other consolidated results

000' BGN	Other income/expenses net	Financial income/expenses net	Depreciation expense	Tax expense	Total for the Group
30.06.2020	(35 021)	(9 707)	(10 491)	545	(54 674)
30.06.2020	(37 783)	(9 432)	(6 380)	(328)	(53 923)
Change 000'BGN	**-2 762**	**275**	**4 111**	**873**	**751**
Change %	**-7%**	**3%**	**64%**	**266%**	**1%**

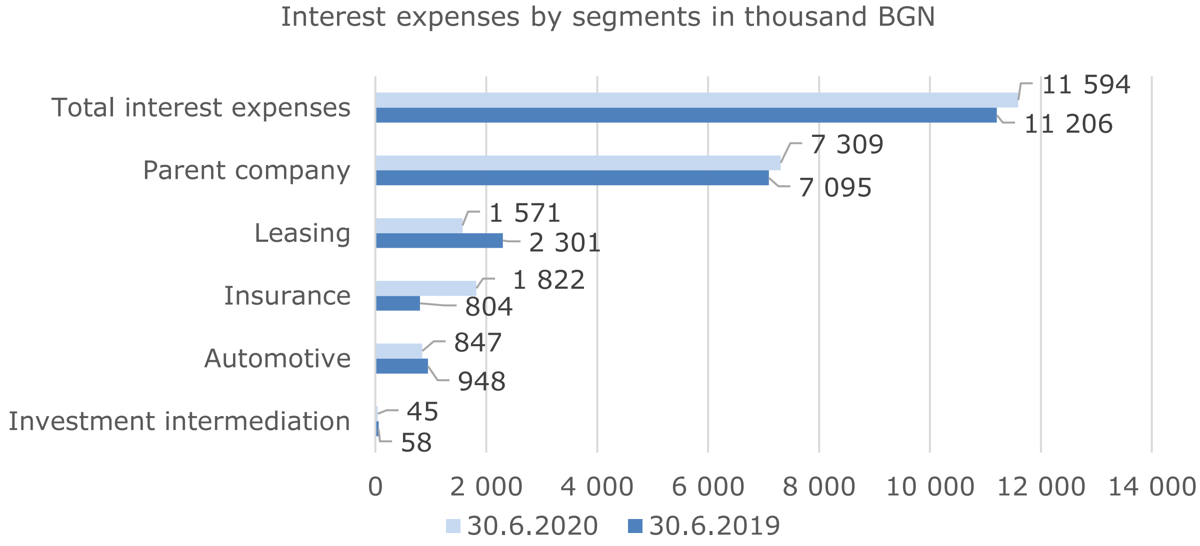
The net other income/expenses for the Group's activities decreased by 1% and amounted to BGN 54.7 million, without significant changes in the values of the positions included in it for the previous comparable period.

Financial income/expenses include: financial income, financial expenses and the net effect of changes in foreign exchange rates. For 2019, their total net amount was BGN 21.7 million, a decrease of 3% compared to the previous comparative period. The most significant part of financial income expense was financial expenses, which include interest expense, interest expense - usage rights and other financial expenses.

- ➢ Interest expenses:

- The amount of interest expense includes the relevant costs of the insurance and automotive sectors, as well as the parent company. For the period from 1 January to 30 June, 2020 the reported interest expenses amounted to BGN 9.98 million, increasing by BGN 1.13 million vs. the comparable period.

- Interest expense for the leasing sector and for investment banking reported for the period was an operating expense because of the nature of its business, in relation to which it was attributed to the operating expenses of those segments. For further details, the graph below shows data on changes in interest expenses, including the leasing segment and investment banking.



As of 30 June, 2020, the Eurohold Group has increased its interest expenses by 3% to BGN 0.39 million.

As shown in the graph above, the largest interest expense was generated by the parent company in connection with the borrowing of interest-bearing borrowings for the purpose of the Group's expansion, incl. new acquisitions of insurance companies in the CEE region. During the reporting period, the parent company increased its interest expenses by 3% (an increase of BGN 0.2 million), which is mainly due to an increase in the value of debt obligations.

The automotive group also uses borrowed capital for working capital. The amount of these attracted funds is determined by the expansion of the automotive business, transactions with corporate customers, stock - cars and spare parts, etc. For the reporting period the interest expenses of the automobile group decreased by BGN 0.1 million.

The leasing business is accompanied by high levels of interest expense due to the specific nature of attracted financing. For the reporting period, the leasing activity reported BGN 1.57 million of interest expenses, with an decrease of 32% on this indicator.

The insurance business does not require borrowing, so interest expense reported in this business line represent a loan resource of the parent company of the insurance group - Euroins Insurance Group. For the first six months of 2020, interest expenses reported by the insurance sub-holding amounted to BGN 1.8 million, an increase by BGN 1 million versus the comparable period.

The interest expenses reported in the field of investment intermedistion are not generated by loan capital, they represent interest from brokerage and trading in securities and financial instruments, in this sense they are extremely small and insignificant.

- Interest expenses from assets with right of use

During the reporting period in connection with the application of IFRS 16, the Group reported interest expense on eligible assets of BGN 0.85 million.

- Depreciation expenses

Depreciation expenses for Eurohold Group companies increased from BGN 6.38 million to BGN 10.49 million during the reporting period. The increase in depreciation expense in H1'2020 is mainly due to reported depreciation of assets with a right to use amounting to BGN 4.22 million, while in the previous period such were not reported.

RESULTS BY TYPE OF ACTIVITY BASED ON UNCONSOLIDATED DATA (before eliminations)

The table below provides information on the revenues earned by the subsidiaries as at 30 June, 2020 vs. 30 June, 2019. There is also a comparison of EBITDA earned by Eurohold subsidiaries, as well as the financial result before intragroup eliminations.

Revenue			
Sectors	*Change*	H1.2020	H1.2019
	%	'000 BGN	'000 BGN
Insurance and Health assurance, including	*4%*	684 724	656 956
- - gross written premiums from insurance	*7%*	*437 742*	*410 751*
Automotive	*-37%*	74 632	118 407
Leasing	*-19%*	10 457	12 908
Asset management and brokerage	*49%*	4 619	3 100
Total for the subsidiaries	***-2%***	**774 432**	**791 371**
Parent company	*2%*	1 662	1 631
Totalbefore eliminations	***-2%***	**776 094**	**793 002**
Intragroup eliminations	*-3%*	*(6 386)*	*(6 552)*
Total income	***-2%***	**769 708**	**786 450**

EBITDA			
Sectors	*Change*	H1.2020	H1.2019
	%	'000 BGN	'000 BGN
Insurance and Health assurance	*-24%*	10 679	14 051
Automotive	*44%*	4 070	2 834
Leasing	*-30%*	2 411	3 438
Asset management and brokerage	*-70%*	2 411	3 438
Total for the subsidiaries	***-18%***	**17 428**	**21 208**
Parent company	*-102%*	-8	482
Totalbefore eliminations	***-20%***	**17 420**	**21 690**
Intragroup eliminations	*-20%*	*(1 230)*	*(1 546)*
Total EBITDA	***-20%***	**16 190**	**20 144**

Financial results			
Sectors	*Change*	H1.2020	H1.2019
	%	'000 BGN	'000 BGN
Insurance and Health assurance	*-54%*	5 290	11 375
Automotive	*21%*	(392)	(323)
Leasing	*-257%*	(736)	468
Asset management and brokerage	*-80%*	153	771
Total for the subsidiaries	***-65%***	**4 315**	**12 291**
Parent company	*-5%*	(7 237)	(7 618)
Totalbefore eliminations	***-163%***	**(2 922)**	**4 673**
Intragroup eliminations	*-19%*	*(541)*	*(669)*
Total	***-186%***	**(3 463)**	**4 004**

Revenues from the activities of the companies in the Eurohold Group realized a decline by 2%, marking a decrease of BGN 16.9 million before accounting for the intragroup eliminations. As of 30.06.2020 their amount was BGN 6.4 million compared to BGN 6.5 million as of 30.06.2019.

Earnings before interest, taxes,depreciation and amortization (EBITDA) decreased by 20% or in digital terms by BGN 4.27 million before reporting intragroup eliminations as at the end of reporting period amounted to BGN 17.42 million.

The financial results of the Group companies before intragroup eliminations amounted is a loss of BGN 2.92 million, with a decrease of BGN 7.59 million on this indicator compared to the comparable period when the total financial result before eliminations amounted to BGN 4.67 million.

FINANCIAL CONDITION

Consolidated Assets

The consolidated assets increased by 1.9% at the end of June 2020, amounting to BGN 1.539 billion at the end of the reporting period compared to BGN 1.510 billion as of 31.12.2019.

The most significant change in consolidated assets was observed in: Cash, cash equivalents and time deposits; Receivables; Reinsurers' share of technical provisions; Financial assets; Inventories, as well as in the value of Land and buildings.

- At the end of the reporting period, the Eurohold Group has free cash and deposits in banks amounting to BGN 70.66 million, decreasing by BGN 36.8 million, or 34%. For comparison, as of the end of 2019 cash and deposits amounted to BGN 107.5 million.

- Receivables increased by BGN 12.28 million for the reporting period reaching BGN 293.2 million, of which the current receivables amounted to BGN 224.51 million decreasing by BGN 2.2 million vs. the end of the year 2019. The largest share of current receivables was accounted by receivables from insurance operations, amounting to BGN 145.87 million for the reporting period compared to BGN 127.8 million as of March 31, 2019. Non-current receivables amounted to BGN 68.69 million, marking an increase of BGN 14.49 million. They mainly represent financial lease receivables amounting to BGN 52.2 million at the end of the current reporting period, while at the end of 2019 their amount was BGN 51.9 million.

- As of the end of the reporting period, the share of reinsurers in technical reserves of the insurance companies in structure of EIG decreased by BGN 7.34 million as they amounted to BGN 456.49 million, marked decline of 1.6%.

- As of 30 June 2020, the financial assets held by Eurohold Group companies reported an increase by BGN 43 million compared to the end of 2019 as they amounted to BGN 304.93 million.

- The inventories of the companies participating in the consolidation amounted to BGN 41.63 million, decreasing by BGN 0.5 million for the current reporting period, compared to the end of 2019, when they amounted to BGN 42.17 million.

- In the interim consolidated financial statements as of 30 June 2020, the Group has presented the assets with the right to use in a similar position, giving detailed information about own and leased assets in the notes to the financial statements. At the end of the reporting period the value of the owned lands and buildings increased from BGN 53.9 million to BGN 54.5 million. As of December 31, 2019 the Group owned acquired (leased) assets - lands, buildings and structures with the right of use amounting to BGN 47 million, while at the end of the reporting period their amount was BGN 39 million.

Consolidated equity and liabilities

Total equity of Eurohold Bulgaria amounted to BGN 195.2 million, increasing by BGN 4.5 million compared to 31.12.2019. The capital belonging to the parent company amounted to BGN 163.78 million, while the capital belonging to the non-controlling interest for the period amounted to BGN

31.4 million. For comparison, at the end of 2019, the capital belonging to the parent company was amounted to BGN 157.3 million, and the capital belonging to the non-controlling interest - of BGN 33.4 million.

The consolidated liabilities of the Eurohold Group amounted to BGN 1.343 billion, reporting a growth of 1.8% compared to the previous period, when their value amounted to BGN 1.319 billion. The consolidated liabilities of the Group represent the following positions: subordinated debt, loans to banking and non-bank institutions and bond, non-current liabilities, current liabilities, trade and other liabilities, liabilities under reinsurance operations and insurance reserves.

- In support of its equity, the Group holds subordinated debt instruments in the amount of BGN 19.6 million, which remain unchanged compared to 31.12.2019. The subordinated debt is to the insurance business in the form of a bond loan issued on 18 December 2014 and maturing on 18 December 2021.

- The main part of liabilities was debt on loans to banks and non-bank financial institutions and bond loans. As of the reporting date, total debt on borrowings amounted to BGN 301.58 million after an increase of BGN 3.18 million compared to 31 December 2019, when they amounted to BGN 298.4 million. The non-current portion of these liabilities amounted to BGN 270.89 million, while at the end of 2019 their amount was BGN 240.78 million. Respectively, the current portion of loan commitments amounted to BGN 30.69 million compared to BGN 57.62 million at the end of 2019.

	%	30.06.2020	31.12.2019
Liabilities, bond issues and financial leasing:	*Change*	*'000 BGN*	*'000 BGN*
To banks and non-banking financial institutions, including:	2%	**143 009**	**140 735**
- non-current liabilities	29%	*120 652*	*93 259*
- current liabilities	-53%	*22 357*	*47 476*
Bond issues, including:	1%	**158 574**	**157 664**
- non-current liabilities	2%	*150 238*	*147 516*
- current liabilities	-18%	*8 336*	*10 148*
Total liabilities, including:	2%	**301 583**	**298 399**
- total non-current liabilities	12%	*270 890*	*240 775*
- total current liabilities	-46%	*30 693*	*57 624*

- The amount of non-current liabilities at the end of H1'2020 amounted to BGN 23.12 million, decreasing by BGN 0.1 million compared to 2019. Non-current liabilities have included mainly non-current financial leasing liabilities of automotive and leasing segments in the total amount of BGN 18.2 million, respectively BGN 18.8 million for the comparable period. Other non-current liabilities amounted to BGN 4.89 million, which increased by BGN 0.49 million during the reporting period and come mainly from the motor vehicle segment.

The table below summarizes the Group's financial liabilities on the financial leasing, including non-current and current liabilities:

	%	30.06.2020	31.12.2019
Financial leasing obligations:	*Change*	*'000 BGN*	*'000 BGN*
Total financial leasing obligations, including:	-14%	**22 551**	**26 324**
- non-current liabilities	-3%	*18 231*	*18 844*
- current liabilities	-42%	*4 320*	*7 480*

- Consolidated current liabilities increased by 16% from BGN 43.9 million to BGN 50.9 million. This item includes the Group's liabilities to staff and insurance companies, tax and other current liabilities, current financial leasing liabilities (shown in table above), revenue for future periods and provisions.

- Trade and other payables amounted to BGN 147 million compared to BGN 139.7 million as of 2019. The increase of BGN 7.2 million was due to the following positions and changes:
- Growth of the amount of trade and other liabilities by BGN 6.9 million from BGN 98 million at the end of 2019 to BGN 104.9 million for the current period;
- Liabilities under leasing contracts - rights of use (application of IFRS 16 with effective date January 1, 2019) in the amount of BGN 42 million, increasing by BGN 0.4 million.

The table below summarizes the total Group's lease obligations with usage rights, including non-current and current:

Group's lease obligations with usage rights:	% Change	30.06.2020 '000 BGN	31.12.2019 '000 BGN
Total obligations on lease contracts – usage rights, including:	**1%**	**42 057**	**41 699**
- non-current liabilities	6%	*35 828*	*33 855*
- current liabilities	-20%	*6 229*	*7 844*

In connection with the growth of the insurance business, liabilities for reinsurance operations increased by 69%, as from BGN 26 million reached BGN 44.3 million at 30.06.2020.

The insurance reserves as of 30.06.2020 amounted to BGN 756.65 million as for the current reporting period they decreased by BGN 11 million compared to the end of 2019.

ACTIVITY OF THE SUBSIDIARIES FOR THE PERIOD

1 JANUARY – 30 JUNE 2020

EUROINS INSURANCE GROUP

In the second quarter of 2020, Euroins Insurance Group (EIG, the Group) reported consolidated gross written premiums amounting to BGN 438 million compared to BGN 411 million for the same period of 2019. EIG reported unaudited consolidated profit before taxes (PBT) amounting to BGN 4.7 million as at June 31,2020, compared to BGN 11.7 million reported for the comparative period.

Despite the Covid-19 pandemic wave, which took global proportions in early March 2020 and resulted in a significant reduction of financial activity worldwide, the sound financial performance of most of the Group's companies continued, including the new acquisitions from Central and Eastern Europe.

As a part of the Group's development strategy in the region of Central and Eastern Europe, at the end of April 2020 was acquired insurance company Ergo Belarus. It is the fifth company in the region of the former Soviet Union that was acquired by the Group. Thus, the Group expects to generate more than 15% of its revenues from this region. The acquisition was part of a larger package acquisition of other companies in the CEE region, which are still in approval process by the relevant regulatory authorities. The consolidation of the Company started from May 2020 and for Q2 2020 were reported gross written premiums in the amount of BGN 2.2 million and profit before taxes - BGN 641 thousand.

For the first time since the acquisition of PJSC Euroins Ukraine in 2016, the Company reported a profit before taxes for the second quarter of 2020 amounting to BGN 1.4 million, respectively reporting an increase of 29% in the gross written premiums, reaching BGN 10.5 million.

EIG confirms its presence in the insurance markets of Central and Eastern Europe and through its associated participation in Euroins Russia, which reported gross written premiums of BGN 26.2 million and a profit before taxes amounting to BGN 482 thousand.

The insurance company acquired in the end of 2018 in the Republic of Ukraine - European Travel Insurance (ETI) / former name ERV / was the most affected Company of the Group as a result of the global pandemic of COVID-19 (Coronavirus) that resulted in a historic slowdown of the tourism sector. The expectations of the Group are related to the gradual recovery in the coming years of the tourism industry, which will lead to an improvement of the financial performance of the Company. ETI reported revenues for Q2 2020 amounting to BGN 3.8 million or a decrease of 60% compared to Q2 2019. However, the Company is still profitable (BGN 468 thousand before taxes), as a result of the timely measures taken by the management of the Company and the Group itself. Some of the measures included entering new insurance lines of business thus expanding the Company's portfolio, outside the tourism sector.

The other Companies, including the presence of foreign markets through the freedom of services and freedom of establishment mechanisms, have sustained a positive development and trend in the recorded business. The subscribed business of IC Euroins AD increased to BGN 125 million for Q2 2020 (Q2 2019 – BGN 118 million), of which the businesses in the Republic of Greece and the Republic of Poland were respectively 21% and 24%. Euroins Northern Macedonia and EIG Re, following their sustainable development strategy, also reported positive results – respectively profits before taxes amounting to BGN 1.2 million and BGN 516 thousand.

On 4 October 2018 a decision has been voted by the Extraordinary General Meeting of the Shareholders of Euroins Insurance Group to increase the capital of the Group from BGN 483,445,791 to BGN 543,445,791 by way of issuing 60,000,000 ordinary, registered, materialized, non-privileged shares with nominal and issue value of 1 (one) Bulgarian lev per share, with 1 (one) voting right in the General Meeting of the Shareholders, with dividend right and liquidation quota. The newly issued shares have been entirely subscribed by the majority shareholder Eurohold Bulgaria AD. The increase has been entered in the Trade Register on 25 October 2018. On 5 October 2018 25% of the nominal value of the newly issued shares, BGN 15,000,000, have been paid in. Further BGN 3,950 thousand have been paid in in 2019.

In 2018 Fitch Ratings confirmed the ratings that were assigned to Eurohold Bulgaria and Euroins Romania in 2017, namely Long-Term Default Rating "B" to Eurohold Bulgaria with Stable outlook and Insurer Financial Strength Rating "BB-" with Stable outlook to Euroins Romania. As part of the same process, because Euroins Romania and Euroins Bulgaria were the key components of Eurohold Bulgaria, Fitch Ratings assigned Insurer Financial Strength Rating "BB-" with Stable outlook to Euroins Bulgaria as well. And in addition, Fitch Rating assigned the same rating to EIG Re reflecting the expected strategic importance of the company as a captive reinsurer within Euroins Insurance Group.

- **Euroins Bulgaria**

In the second quarter of 2020 Euroins Bulgaria reported a total GWP of BGN 125 million compared to BGN 118 million for the same period of 2019. The reason for the growth of 6% is the direct insurance business written in Greece and Poland. The Greek business has been written according to the EU directive for Freedom of establishment, while the Polish – according to the EU directive for Freedom of services.

Main non-motor lines of business reported growth: Accident and Travel (27%), Liability (7%), Cargo (12%) and Property (17%). MTPL grew by 24%, Motor Hull – a small decrease by 3%. The increase of the sales in Poland was behind the MTPL growth, where Euroins Bulgaria reported gross premiums of BGN 28 million for Q2 2020 compared to BGN 6 million for the same period of 2019.

Net earned premiums amounted to BGN 64 million, while net incurred claims reached BGN 27 million.

As a result, Euroins Bulgaria reported a profit for Group purposes amounting to BGN 3 million before taxation compared to profit amounting to BGN 5.8 million for Q2 2019. The main reason for the decrease of the profit was the application of more conservative method of calculation of the technical reserves, IBNR in particular. However, as a result of this approach a better financial performance is assured.

The sound financial condition of the Company was also reaffirmed by the updated Long-Term Claims Paying Ability Rating assigned by BCRA, Credit Rating Agency, in January 2020. The assigned rating is "BBB-" with Stable long-term outlook.

- **Euroins Romania**

For Q2 2020 Euroins Romania reported gross written premiums amounting to BGN 270 million compared to BGN 256 million for the same period of 2019. The total growth of 5% is mainly down to the growth in MTPL of more than 7%. However, the non-Motor lines of business also grew: Liabilities (14%) and Property (4%). There was a serious increase in the Credit insurance, where the Company reported gross written premiums amounting to BGN 2.7 million compared to BGN 593 thousand for Q2 2019.

Net earned premiums amounted to BGN 151 million and net claims incurred amounted to BGN 107 million.

Euroins Romania reported for Q2 2020 a loss for Group purposes of BGN 4.8 million before taxes compared to a profit of BGN 4.3 million profit for the comparable period.

The main reason for the reported loss was the increase of the technical reserves of the Company due to the use of a new methodology in their calculation in order to meet the requirements imposed by local regulatory authorities.

- **Euroins North Macedonia**

For Q2 2020 gross premiums written by Euroins Macedonia decreased by 3% reaching BGN 12.4 million. The Company continued to strengthen its positions in Agricultural insurance with the written business growing to reach BGN 4.5 million for Q2 2020 (BGN 3.2 million for Q2 2019). There was a decrease in the MTPL gross written premium with 15%, which amounted to BGN 5 million and represented 41% of the total GWP for Q2 2020.

There was an increase in the claims incurred, net of reinsurance with 6% and an increase of earned premium with 15%.

There was a slight increase in the expense ratio from 7.6% for Q2 2019 to 8% for Q2 2020, and the acquisition ratio decreased from 27.1% to 24.9%, due to the decrease in marketing costs and advertising, the reduction in the amount of commissions to intermediaries and the increase in gross premiums earned.

As a result, a profit for Group purposes of BGN 1.2 million before taxes was reported compared to a profit of BGN 959 thousand for Q2 2019.

- **Euroins Life**

Gross written premiums of Euroins Life for Q2 2020 amounted to BGN 1.3 million, which represented a growth of nearly 9% compared to Q2 2019.

However, The Company reported a loss for group purposes amounting to BGN 250 thousand before taxation compared to a profit of BGN 513 thousand for Q2 2019. This result is mainly due to the increase of the acquisition costs imposed due to the change in sales strategy from direct sales to the use of distribution channels - financial institutions and brokers.

- **Euroins Ukraine**

For Q2 2020 the Company reported written gross premiums of BGN 10.5 million, which represented an increase of 29% compared to Q2 2019. All main lines of business increased: MTPL- 53%, Cargo- 16%, Health- 118%, Liabilities- 4% and Property- 19%. There was also a significant improvement in the technical result of the Company, which was mainly due to the measures taken in connection with the reduction of the average damage in motor insurance.

The Company reported a profit for Group purposes amounting to BGN 1.4 million before taxation, which was a significant improvement of the financial result compared to Q2 2019 – a loss before tax amounting to BGN 1 million.

- **EIG Re**

For Q2 2020 EIG Re reported gross premiums of BGN 4.3 million or an increase compared to Q2 2019 due to an increase in the share of active reinsurance in the structure of the insurance portfolio. The Company reported a profit for group purposes of BGN 516 thousand before taxation (Q2 2019- BGN 164 thousand loss).

The strategy of the management of Euroins Insurance Group and EIG Re is for the Company to continue its development as a reinsurer. The foundations were laid down in 2017 when the first proportional and non-proportional insurance treaties were signed off. There were also series of initiatives in 2018 to analyze the potential for the development of EIG Re also as a captive reinsurer optimizing the entire reinsurance program of the Group. One of the starting points of these projects was also a possible participation of EIG Re as captive reinsurer in the optimization of the capital requirements of the Group and its subsidiaries in the context of Solvency II.

In Q2 2020 EIG RE signed new intragroup active reinsurance quota share contracts, that cover Property, Cargo, Marine and Carrier Liability.

- **European Travel Insurance, Ukraine**

European Travel Insurance is one of the top Travel insurers in Ukraine and is the only one that specializes only in these insurance products by offering them both to individual and to corporate clients. In its portfolio ETI offers tailor made products developed for its partners in banking and tourist business sectors such as travel agencies and tour operators. The Company relies on innovative products offered via extremely well-developed distribution channels. Results from the planned and already in motion processes to use the potential for synergies and know-how share with the other subsidiaries in the Group are to be seen soon.

For Q2 2020 the Company had written gross premiums of BGN 3.8 million, which represented a decrease with 60% compared to Q2 2019. The decrease was due to the outbreak of the COVID-19 epidemic in mid-March 2020, which resulted in the introduction of a number of restrictive measures regarding the right to move globally and had a strong negative impact on the tourism sector, in which the Company specializes. The profit for Group purposes amounted to BGN 468 thousand before taxation and represented a decrease of 75% compared to Q2 2019.

- **Euroins Georgia**

The acquisition of Euroins Georgia is part of the strategy of Euroins Insurance Group for development in the region where markets have huge growth potential. With Georgia this is mainly due to the low insurance market penetration, positive regulatory changes and the expected introduction of compulsory third-party liability insurance both in motor and construction lines of business.

Insurance Company Euroins Georgia is specialized in Accident and Health. For Q2 2020 this line of business formed app. 44% of the insurance portfolio of the Company, while the rest is split between Motor Hull (32%), MTPL (9%), etc. Total gross premiums written in Q2 2020 amounted to BGN 10 million, which represented an increase of nearly 95%. This increase was due to state tenders in connection with Casco insurance and concluded new large contracts related to Health Insurance.

However, the financial result for Group purposes was a loss of 907 thousand before taxation. The main reason for the loss was the small premium earnings coming from the new business written predominantly in Motor Hull for Q2 2020.

- **Ergo Belarus**

The acquisition of Ergo Belarus was in line with the global development strategy of Euroins Insurance Group and was part of a larger package acquisition of several companies in Central and Eastern Europe (still not acquired due to not finalized regulatory approval) from the German-based Ergo, one of the largest insurance Groups in Europe and part of Munich Re. The Company is specialized in non-life insurance and is the third largest private insurer in the country, in a sector still dominated by state-owned companies.

EIG has been consolidating the Company since the beginning of May 2020, with gross premiums amounting to BGN 2.2 million and a profit before taxes of BGN 641 thousand reported for the period. The largest share of the written premiums falls on Casco insurance or 81% of the Company's portfolio, while the right to conclude MTPL insurance is provided only to state insurance companies in Belarus.

- **Euroins Russia**

Entering the Russian insurance market has been in line with the development strategy of the Group in Central and Eastern Europe.

For Q2 2020 the Company, which is associate to EIG had written gross premiums of BGN 26.2 million, a 4% decrease compared to Q2 2019. The Company reported a profit before taxation amounting to BGN 482 thousand.

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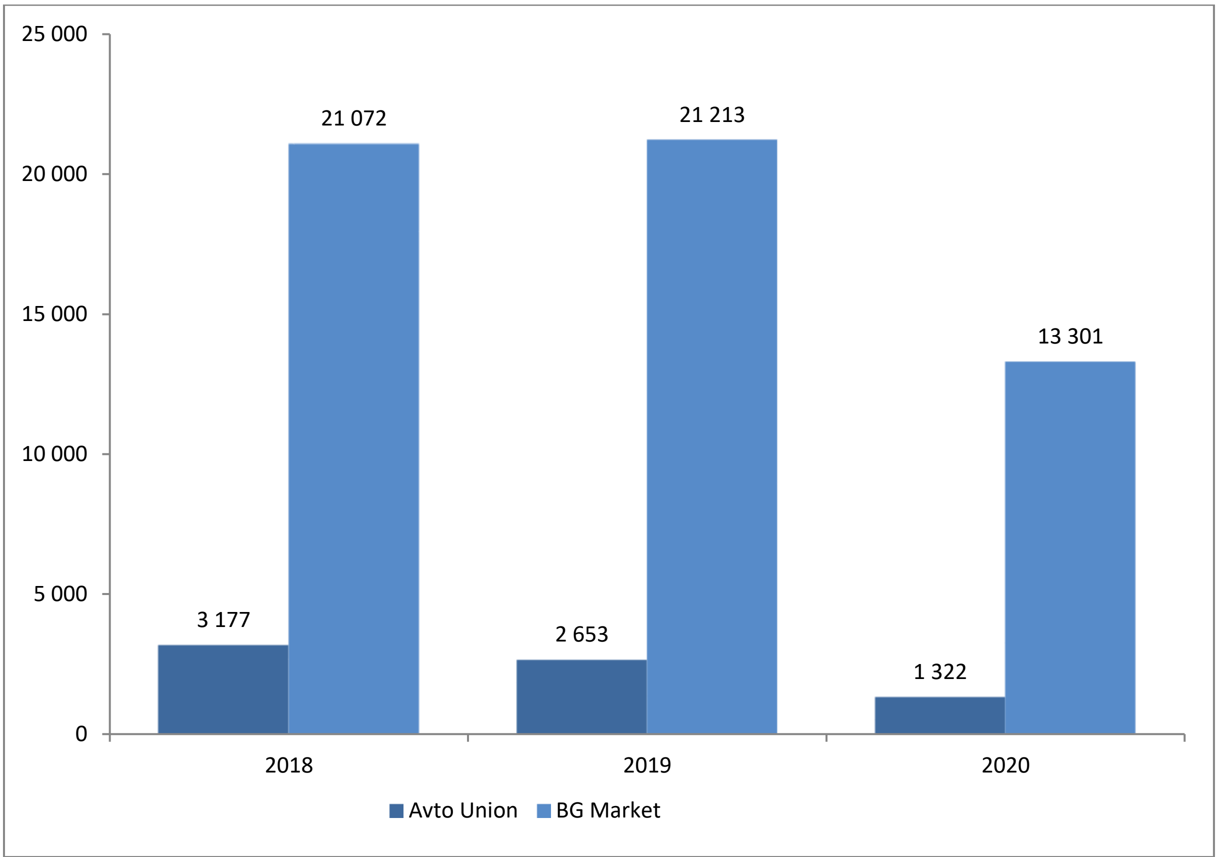
AVTO UNION

The consolidated financial result of the Group for the period from 01.01.2020 until 30.06.2020 was a loss of BGN 392 thousand (2019 – a loss of BGN 323 thousand). The consolidated financial result for the parent company's owners for the same period was a loss of BGN 815 thousand, compared to the same period in 2019 when it was a loss of BGN 1055 thousand.

The number of cars sold for H1'2020 decreased by 50% compared to the same period of 2019. Revenues from sales of cars, spare parts, oils and fuels decreased by 38%, and the revenues from service sales decreased by 4%.



Sales of new cars from Avto Union as of the end of H1'2020 compared to those on the Bulgarian market as a whole, number of cars – H1 YTD 2018, H1 YTD 2019 and H1 YTD 2020, source: ACM

Operating expenses for H1'2020 decreased by 9% compared to the same period in 2019, or by BGN 1,342 thousand. This is largely the result of efforts and other additional measures taken by the Group's Governing Bodies to minimize the negative impact of the Covid-19 (Coronavirus) pandemic. The main ones include:

- optimization of the staff structure and increase of the efficiency of the labor process;
- centralization of supplies and further optimization of costs

All types of operating expenses, with the exception of depreciation, are down compared to the same period last year, as a result of the actively implemented management policy to optimize costs in the automotive holding.

Depreciation expenses at a glance were up 71.8% from the same period in 2019, but it's due to the newly adopted IFRS 16 Leasing, applied by the Group as of 1 January 2019 and reported cumulatively in the annual audited report of the Group as of 31.12.2019.

With the application of IFRS 16, the group Avto Union AD during the reporting period reported depreciation expenses for assets with the right to use leased property and buildings under operating lease terms were in the amount of BGN 1,471 thousand. In this regard, the Company's depreciation expenses increased from BGN 1,941 thousand for 2019 to BGN 3,335 thousand for 2020.

However, as noted above, the decrease in all other expenditure items is clearly visible - Staff costs decreased by 8.3% or BGN 561 thousand, Other expenses decreased by 11.2% or BGN 561 thousand, and Material costs decreased by 26.9% or BGN 230 thousand. A large decrease of 36.0% or BGN 1,876 thousand is also observed in the Expenses for services, the large amount of which, however, is also due to the newly introduced IFRS 16 "Leasing", applied by the Group as of 01.01.2019 and accrued in the annual audited report of the Group as of 31.12.2019.

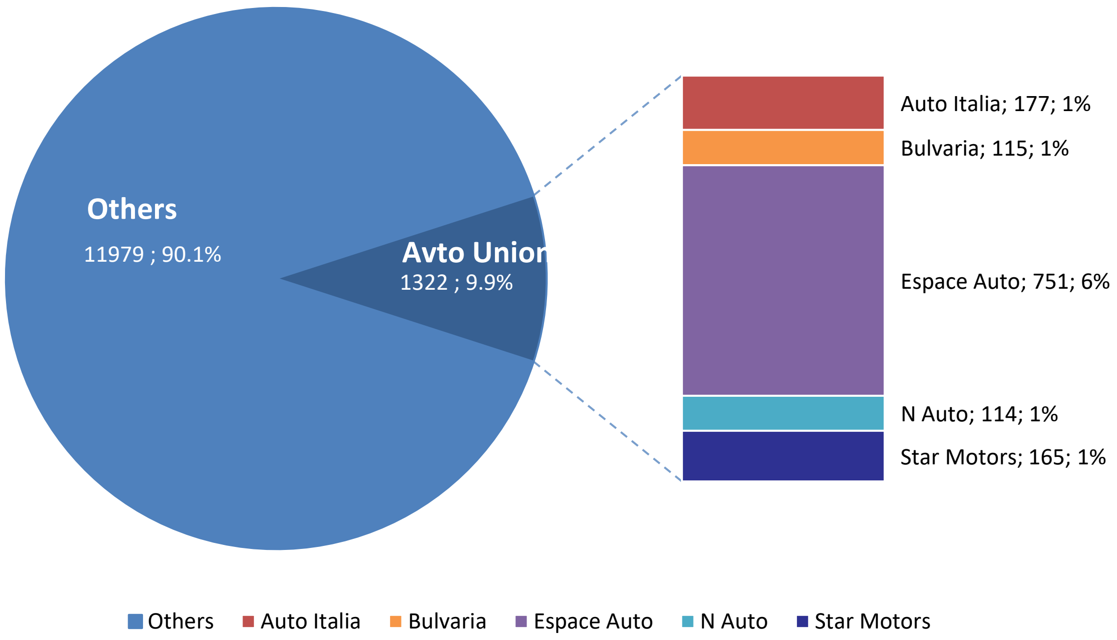
An increase compared to the same period of the previous year was observed in financial expenses (an increase of 12.8% or BGN 88 thousand), which, however, was due to the new IFRS 16 Leasing, applied by the Group as of 1 January 2019 and reported cumulatively in the annual audited report of the Group as of 31.12.2019. With the application of IFRS 16, the group Avto Union AD reported interest expenses on used assets with the right to use leased property and buildings under operating lease terms in the amount of BGN 335 thousand. In this regard, interest expenses of the company increased from BGN 1,094 thousand for 2019 to BGN 1,243 thousand for 2020. Financial revenues increased its levels compared the same period of 2019, registering an increase of BGN 143 thousand.

For the period ending on 30.06.2020 the sales of new personal cars and light commercial vehicles realized by Avto Union - the automobile holding in the group of Eurohold Bulgaria, amounted to 1,322 units, compared to 2,653 units sold in the same period in 2019, which represents a decline of 50%. According to the Union of Automobile Importers in Bulgaria, for the year 2020 the new car market decreased by 37.5% compared to the same period of 2019. During the reporting period Opel registered a decline of 56% for Sofia and a decline of 38% for Varna. Espace Auto OOD registered 16% decline in sales of Dacia and decline in sales of Renault by 39%. In N Auto EAD, there was a decline in sales by 56% for Nissan cars. Auto Italia EAD decreased its sales of Fiat by 78%, as well as a decline by 69% of brand Alfa Romeo. In the Maserati lux car brand, Auto Italia AD recorded a increase by 75%. Star Motors marks a 48% decline in sales of new Mazda cars compared to the same period of previous year.

The decline in car sales in the Avto Union group is mainly due to the following two reasons:

- The first is a derivative of the Covid-19 pandemic and is related to the fact that in 2019 the companies in Auto Union have traditionally realized large and a large number of corporate (fleet) deals. Closing entire businesses, industries and state borders for a longer period of time inevitably has a negative impact on car dealers, and this impact has a greater impact on those dealers who have had a higher percentage of corporate partners in their mix of customers (as is the case with the companies in the Auto Union group). Management believes, based on the observed economic "awakening" and recovery, that by the end of 2020, Auto Union will be able to regain its strong market position (in terms of market share) before Covid-19;
- The second is related to the fact that one of the main partners and suppliers of original equipment (OEM) of Avto Union, namely - Fiat-Chrysler Automobiles (FCA), has a steady

trend of losing market position both in the world and in Europe. . Uncertainty about the future development of the Italian concern (merger with PSA), together with the inadequately-responsive to the consumer demand model range of Fiat, lead to a shrinking market share of FCA worldwide, which unfortunately is reflected in Bulgaria. The management hopes that very soon the Italian car manufacturer "will get back on its feet" and will be able to quickly regain its otherwise traditionally strong position in the automotive market.



Number of cars sold and market share of automotive companies in the Auto Union Group for H1'2020, source: ACM

Avto Union Group	**Sales**		**%**
	H1'20	**H1'19**	**Change**
January – March (YTD)	1 322	2 653	-50.2%
By quarter:			
Q1 (January-March)	754	1 015	-25.7%
Q2 (April-June)	568	1 638	-65.3
Q3 (July-September)	n/a	n/a	n/a
Q4 (October-December)	n/a	n/a	n/a

For the period under review of this Activity Report, the subsidiary Espace Auto EOOD has distributed a dividend in the amount of BGN 663 thousand to its parent company (N Auto Sofia EAD). These income from distributed dividend is eliminated for the purposes of the consolidated financial statements of the Group as of 31.03.2020.

On 20.01.2020 an annex to the Agreement with Municipal Bank AD for issuing bank guarantees to subsidiaries in the Group was concluded on 14.07.2017. By signing the annex in question above the Agreement ends its action at the request of Avto Union AD, all assets pledged under it in favor of the bank have been released and the relations between the parties have been terminated.

At a meeting of the Board of Directors of Avto Union AD on 09.03.2020 a decision was made for Avto Union AD to establish a special pledge on its shares of EA Properties OOD, and the said special pledge to be established in favor of Diagnostic and Consulting Center Pulmed EOOD, to secure all receivables of the last company under a Loan Agreement concluded between the two companies in the amount of BGN 2 million.

At a meeting of the Board of Directors of N Auto Sofia EAD on 09.03.2020, a decision was made for N Auto Sofia EAD to establish a special pledge on its company shares of Espace Auto OOD, and the specified special pledge to be established in favor of Diagnostic and Consulting Center Sofiamed EOOD, to secure all receivables of the last company under a Loan Agreement concluded between the two companies in the amount of BGN 2 million.

On April 22, 2020, Mr. Milen Assenov Hristov was entered in the Commercial Register as Chairman of the Board of Directors and legal representative of the subsidiary Daru Car EAD - in place of Mr. Assen Emanuilov Assenov, who held these positions until then.

On May 28, 2020, Avto Union AD entered into a Revolving Credit Line Agreement with First Investment Bank AD for the purposes of financing the activities of its subsidiaries. The credit facility provided to the Borrower is divided into 2 separate tranches - one for the purposes of issuing bank guarantees with the main suppliers and one for current working needs of the companies. The total amount of the granted credit limit as of the date of issuance of this report amounts to EUR 2,300 thousand.

On 01.06.2020 the Board of Directors of Avto Union AD, among other decisions, has taken a decision to reduce the capital of the subsidiary Motobul EAD from BGN 3,000,000 to BGN 1,600,000, pursuant to Art. 200, item 1 of the CA by reducing the nominal value of the shares of the subsidiary. This action was performed in order to cover the accumulated loss from previous years in the company, in order to overcome the decapitalization of the company and in connection with the requirements of the Commercial Law.

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EUROLEASE GROUP

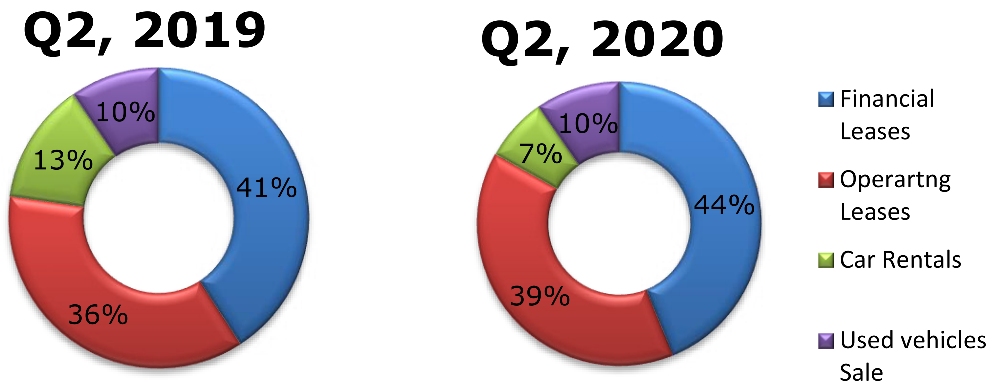
EUROLEASE GROUP

Eurolease Group reports consolidated loss at BGN 736 thousand in H1 2020 compared to BGN 468 thousand profit in H1 2019.

As of March 14, 2020 the declared State of emergency in the country in connection with the spread of COVID - 19 worldwide posed significant difficulties for the development of a significant part of the sectors in Bulgaria. As a result, the volumes of new business in the subsidiaries during H1, 2020 are characterized by a significant decline.

By order of the Council of Ministers dated 14.05.2020 the State of emergency in the country was lifted, but the uncertainty from the development of the pandemic outlines continuing difficulties for small and medium businesses and rising unemployment, which will inevitably lead to a decline in new business levels until the end of 2020. International financial institutions and international credit agencies expect a significant economic effect in the short term, with overall levels of economic growth expected to recover in 2021-2022.

The consolidated revenues of the company are formed by the different business lines of the subholding, namely: revenue from financial and operating leases, rent-a-car services and sale of used cars, the distribution of which is shown in the following graphic.



The observed change in the shares of the business lines is due to the following:

- In H1 2020 total revenues of the different business lines amount at BGN 8,576 thousand declining from BGN 9,818 thousand in H1 2019.
- Finance lease – the increase in the relative share of revenue is due to the growth in new business generated by Amigo Leasing as well as the decline in rent a car revenue. In absolute terms finance lease revenue amounts at BGN 3,776 thousand;
- Operating lease – revenues slightly decline in H1 2020. They amount at BGN 3,380 thousand;
- Rent a Car services – revenues decline substantially by 55% to BGN 581 thousand compared to BGN 1,287 in H1 2019. The key reason is Covid 19, the decreased number of flights and foreign tourists in Bulgaria;
- Used car sales – the relative share of revenue from used car sales remains unchanged. Their absolute amount is BGN 830 thousand.

Operating expenses decline to BGN 6,804 thousand in H1 2020 from BGN 6,925 thousand in H1 2019.

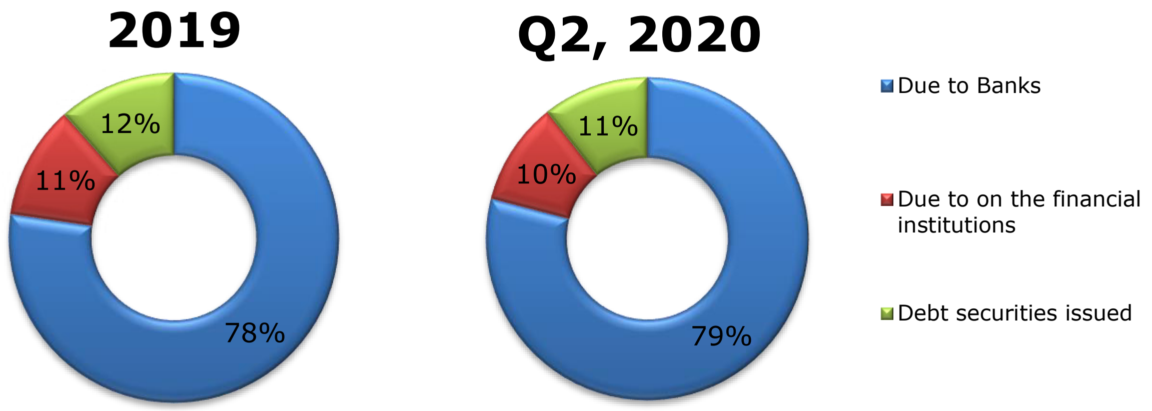
Company's consolidated assets amount at BGN 121,735 thousand compared to BGN 124,717 thousand as at the end of 2019.

Consolidated net investment in finance lease slightly declines to BGN 77,809 thousand from BGN 79,362 thousand in the end of 2019.

In the end of H1 2020 consolidated fixed assets amount at BGN 26,997 thousand compared to BGN 27,946 thousand in the end of 2019.

At the end of June, 2020 there are no significant changes in the relative share of the type of funding used:

- Liabilities to banks as at 30 June 2020 г. amount at BGN 79,446 thousand, relatively unchanged from BGN 80,464 thouand in the comparable period;
- Liabilities to other financial institutions stand at BGN 10,402 thousand. The amount is mainly due by Eurolease Rent a Car to lease companies financing company's fleet;
- In the end of H1 2020 debt securities issued stand at BGN 10,667 thousand down from BGN 12,089 thousand in the end of 2019.



Eurolease Group individual financial result in H1 2020 is loss at BGN 379 thousand compared to loss at BGN 297 thousand a year ago. Company's assets amount at BGN 36,399 thousand.

- **Eurolease Auto Bulgaria**

The financial result of Eurolease Auto in H1 2020 is profit at BGN 380 thousand, down YoY from BGN 630 thousand for the same period a year ago. In Q2 2020 Eurolease Auto has accrued impairment expense in the amount BGN 252 thousand which has negatively affected company's bottom line.

Company's results are affected by Covid 19 and the decreased economic ativity in Bulgaria, the lower new business levels, the request of some of the clients to postpone their lease payments and respectively the rescheduling of bank financing by Eurolease Auto.

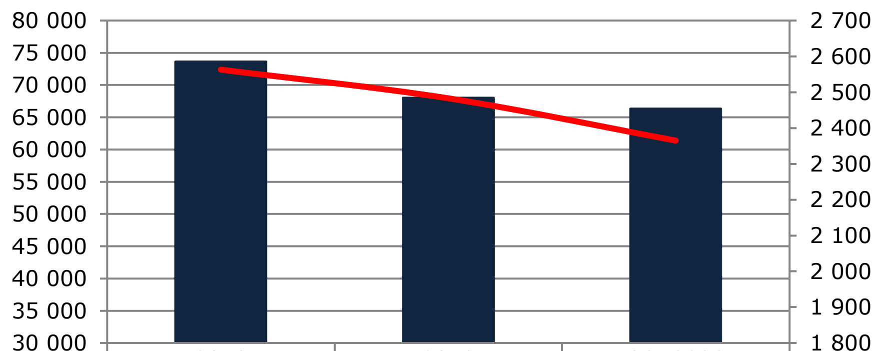
Eurolease Auto interest income in H1 2020 amounts at BGN 2,329 thousand, interest expense is BGN 1,072 thousand and respectively net interest income is BGN 1,257 thousand in H1 2020.

Company's administrative expenses decline to BGN 896 thousand in H1 2020 compared to BGN 999 thousand in H1 previous year.

As of the end of June 2020 companys assets stand at BGN 85,083 thousand compared to BGN 86,773 thousand in the end of 2019.

Net investment in finance lease slightly declines (2.5%) to BGN 66,355 thousand from BGN 68,023 thousand in the end of 2019.

The following graph shows change in net investment in financial lease of the company for the specified period, together with change in the number of leased assets.

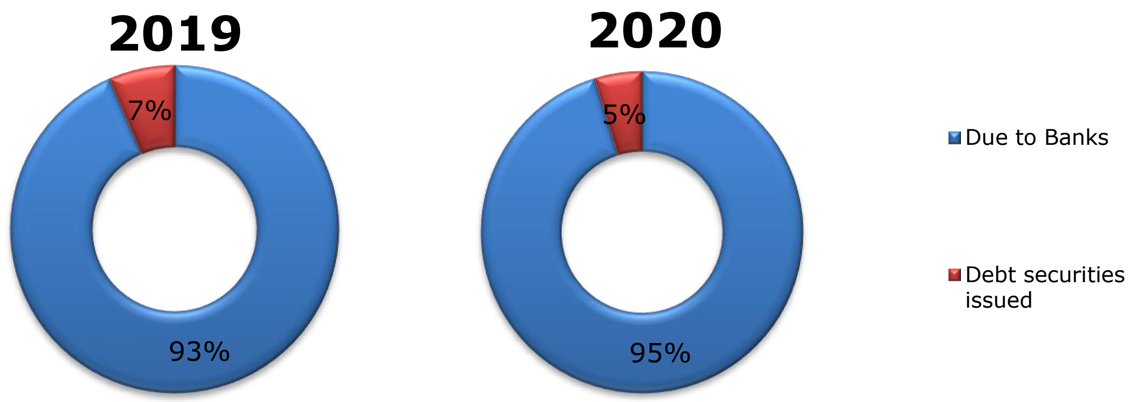


	2018	2019	Q2, 2020
Net investment in finance lease	73 647	68 023	66 355
Number of leased assets	2 563	2 483	2 365

As of June 2020 company's equity stands at BGN 21,317 thousand; at year end 2019 equity was BGN 20,937 thousand.

As of the end of the reporting period company's liabilities amount at BGN 63,766 thousand compared to BGN 65,836 thousand in the end of 2019.

Eurolease Auto finances its activities through borrowed funds in the form of bank loans from local and international financing institutions and issuance of debt instruments. The following table shows the distribution of the funding used by the company.



During the reporting period no significant changes have occurred in the liabilities structure:

- Bank loans – as of the end of June 2020 they amount at BGN 56,562 thousand;
- Company's liabilities on debt instruments issued amount at BGN 2,840 thousand.

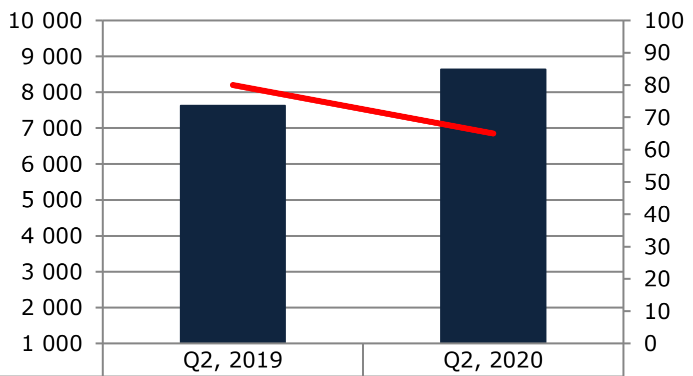
➢ Eurolease Auto North Macedonia

Financial result of Eurolease Auto North Macedonia for H1 2020 is profit at BGN 14 thousand compared to BGN 77 thousand in the same period a year ago. Company's results are affected by Covid-19 and the decreased economic activity, lower level of new business and some clients request to temoporarily postpone lease payments.

As at 30.06.2020 interest income is BGN 258 thousand and interest expense stands at BGN 193 thousand. As a result net interest income of Eurolease Auto North Macedonia in H1 2020 is BGN 65 thousand. Income from operating lease amounts at BGN 72 thousand in H1 2020.

In H1 2020 net investment in finance lease amounts at BGN 8,635 thousand compared to BGN 7,625 thousand a year ago.

The following graph shows the change in the net investment in financial lease of the company for the specified period, together with the change in realized interest income.



	Q2, 2019	Q2, 2020
Нетна инвестиция във финансов лизинг (в '000 BGN)	7 625	8 635
Нетен лихвен приход	80	65

As at 30 June 2020 company's assets amount at BGN 10,355 thousand compared to BGN 9,816 thousand a year ago.

Bank loans of Eurolease Auto North Macedonia stand at BGN 8,113 compared to BGN 7,018 thousand a year ago.

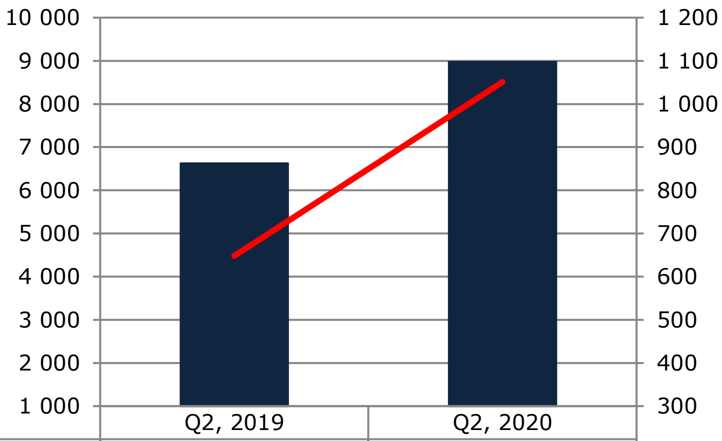
- ### Amigo Leasing

The main activity of the Company is financial lease of used cars and provision of loans to individuals. Amigo Leasing has a well developed branch network in 9 cities in Bulgaria.

In H1 2020 Amigo Leasing realized BGN 1,051 thousand interest income which is 62% higher compared to H1 2019г. (BGN 648 thousand interest income was realized in the period 01.01.2019 - 30.06.2019).

Net investment in financial lease as at 30.06.2020 reached BGN 8,972 thousand, increasing by 35% YoY. (BGN 6,625 thousand).

The following graph shows the change in the net investment in financial lease of the company for the specified period, together with the change in interest income realized.



	Q2, 2019	Q2, 2020
Portfolio (BGN '000)	6 625	8 972
Interest income (BGN '000)	648	1 051

Loan reaceivables amount at BGN 159 thousand compared to BGN 262 thousand as at 30.06.2019.

In H1 2020 Amigo Leasing administrative expenses are BGN 556 thousand and accrued impairment in the same period is BGN 267 thousand. Company's financial result in H1 is profit at BGN 185 thousand.

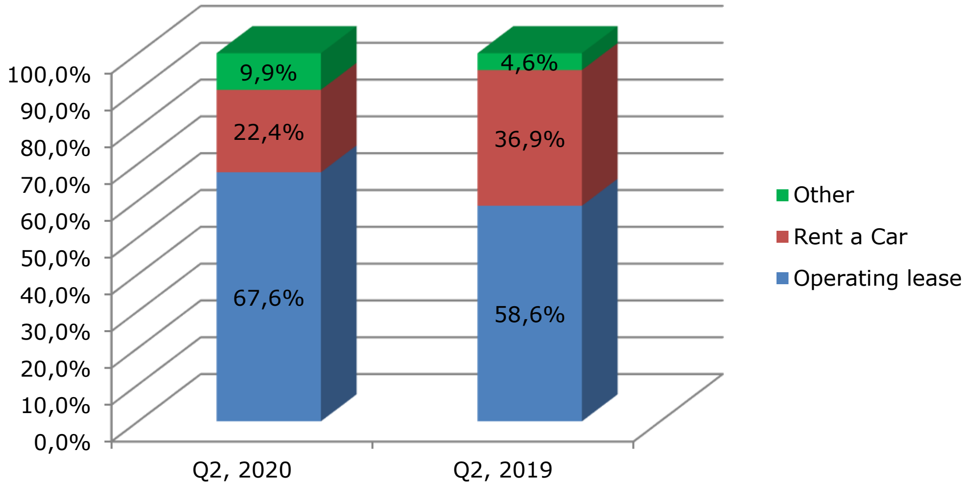
The company finances its activity with own funds, bank loans from Bulgarian American Credit Bank AD and Municipal Bank AD. Liabilities to banks amount at BGN 6,451 thousand as at the end of H1 2020.

- ### Eurolease Rent a Car

Eurolease Rent a Car is a provider of short-term and long-term rent of vehicles under AVIS and BUDGET brands.

Company's financial result in H1 2020 is loss at BGN 701 thousand compared to loss at BGN 143 thousand in H1 2019. Traditionally stronger quarters for Eurolease Rent a Car are Q2 and Q3 due to the seasonality exhibited by the business but in 2020 the company is seriously affected by Covid-19 and respectively the decreased flights and number of tourists in Bulgaria.

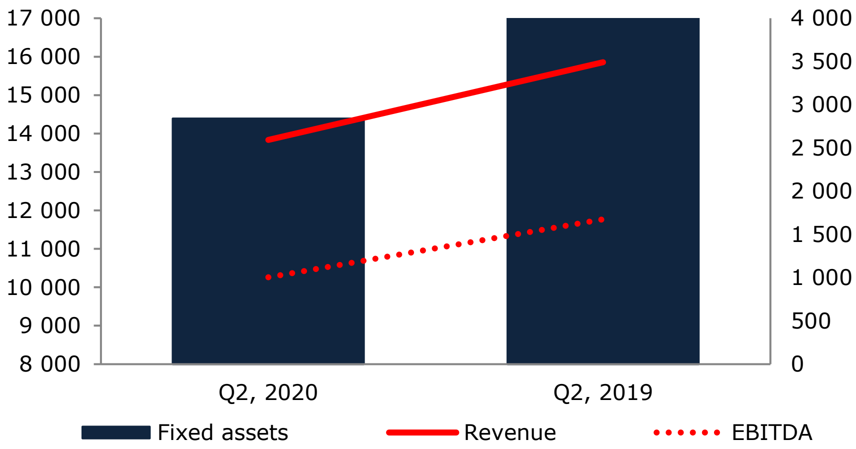
The following chart shows the breakdown of company's revenues by business line in H1 2020 and H1 2019:



As of the end of the second quarter of 2020 company's interest expenses decline to BGN 231 thousand compared to BGN 281 thousand as of June 2019.

Administrative expenses of Eurolease Rent a Car amount at BGN 2,985 thousand in H1 2020 compared to BGN 3,339 thousand in H1 2019.

The chart below shows non-current assets of Eurolease Rent a Car, company's revenues and EBITDA.



Company's assets amount at BGN 16,261 thousand as at the end of H1 compared to BGN 20,435 a year earlier.

Eurolease Rent a Car liabilities amount at BGN 16,814 thousand, declining from BGN 19,582 thousand in the comparable period.

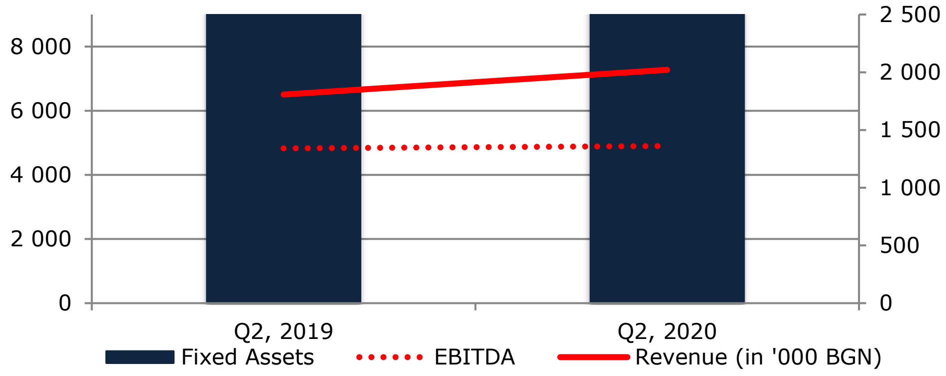
- **Sofia Motors**

The main activity of Sofia Motors is related to the rental of vehicles to individuals and small and medium enterprises.

At the end of 2019 the company launched its newest product under the brand Simpl that includes long term car rent and complete car care by a personal assistant.

The financial result of Sofia Motors at the end of the second quarter of 2020 is loss of BGN 142 thousand compared to profit of BGN 18 thousand for the comparable period.

The chart below shows the relationship between the company's fixed assets, revenue and EBITDA.



Total assets of the company as of 30 June 2020 amounted at BGN 11,023 thousand compared to BGN 10,128 thousand as at 31 December 2019.

Sofia Motors share capital is increased in 2020 to BGN 610 thousand from BGN 310 thousand as at the end of 2019. Company's liabilities amount at BGN 10,703 thousand compared to BGN 9,966 thousand as at 31 December 2019.

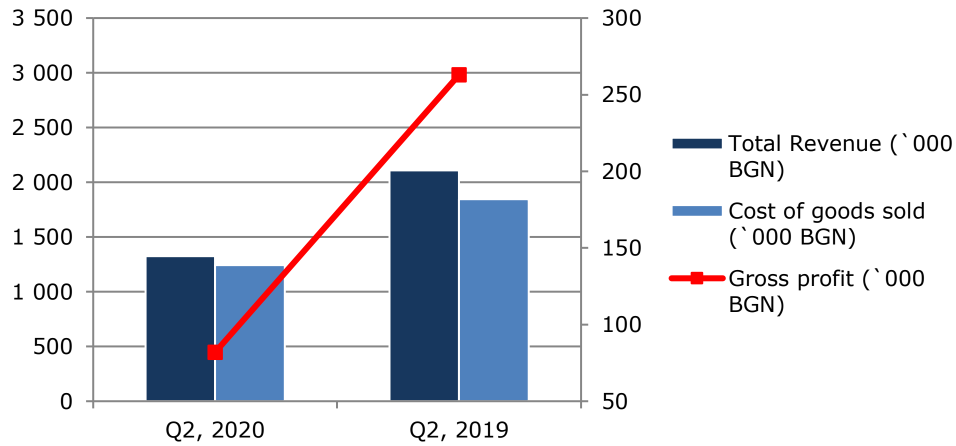
- **Autoplaza**

The main activity of Autoplaza EAD involves sale of vehicles returned from lease, rent-a-car and "buy-back". The company operates in close cooperation with Auto Union, Eurolease Auto Bulgaria and Eurolease Rent Car. Autoplaza experts participate in international tender procedures aiming to be able to offer their clients a larger variety of automobiles as brands and level of equipment. In the last year Autoplaza affirmed its reputation as a preferred client and loyal partner in the tender procedures.

Autoplaza's financial result is loss at BGN 121 thousand in H1 2020 compared to profit at BGN 6 thousand in the comparable period a year ago.

Autoplaza's gross income from car sales amounts at BGN 246 thousand in H1 2020 compared to BGN 408 thousand in H1 2019.

The chart below shows the change in revenues from car sales, book value of sold cars and company's realized gross income from car sales. The company is affected by Covid 19 and the decreased economic activity in Bulgaria – in the first half of 2020 car sales are lower and respectively so is the realized gross income by Autoplaza.



Company's assets amount at BGN 2,213 thousand compared to BGN 3,268 thousand as at the end of 2019.

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EURO-FINANCE

EURO-FINANCE is an investment intermediary, a member of the Frankfurt Stock Exchange, providing a direct access to Xetra® through the EFOCS trade platform. The Company also offers trade in currencies, indexes, shares and precious metals by way of contracts for difference through the EF MetaTrader 5 platform.

The company also has the highest equity of all investment intermediaries, according to FSC data.

During the reporting period, Euro-Finance AD continued to follow the activities included in the development program in the direction of developing online customer service, increasing the funds under management and participating in projects related to corporate consulting and restructuring.

The company realized net incomes from core operations in the amount of BGN 961 thousand for H1' 2020, generated by:

- Interest revenue – BGN 193 thousand;
- Other revenue from main activities – BGN 768 thousand;

The expenses for the reported period, related to the day-to-day operations of the company, amounted to BGN (806) thousand.

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EUROHOLD BULGARIA
(Standalone base)

Eurohold Bulgaria AD as a holding company does not carry out regular commercial transactions, and in this respect, its main (operating) revenues are of a financial nature, as the most significant of them - revenues from financial operations occur in different reporting periods and do not have a permanent occurrence. In this respect, investors and stakeholders should read this individual report together with the consolidated statement giving a clear and complete picture of the results, financial situation and prospects for the development of the Eurohold Group.

FINANCIAL RESULT

For the period 1 January – 30 June 2020 Eurohold Bulgaria AD reported a financial result on a standalone base a loss of BGN 7.2 million. For comparison, the financial result realized for the comparable period of the previous year was a loss of BGN 7.6 million. The realized financial result for the observed period reported a decrease of the loss by BGN 0.4 thousand (representing 5%) compared to the same period of the previous year.

INCOME

The income of the company over the reporting period amounted to BGN 2.8 million, of which:

- Dividend income in the amount of BGN 0.5 million, distributed by the subsidiary Euro-Finance;
- Income from profits from operations with financial instruments and subsequent valuations totaling BGN 0.8 million, including:
  - ✓ Gains from operations with investments and financial instruments in amount of BGN 0.1 million;
  - ✓ Revaluation gains on debt instruments, measured at fair value - BGN 0.6 million;
- Other financial income (positive exchange rate differences) amounting to BGN 1.5 million.

At the date of preparation of these financial statements, there are no interest income due to the lack of interest-bearing loans from Eurohold to related and third parties.

For comparison, the income reported by the Holding as of 30.06.2019 amounted to BGN 1.3 million, formed by:

- Dividend income in the amount of BGN 0.7 million, distributed by the subsidiary Euro-Finance;
- Income from profits from operations with financial instruments and subsequent valuations totaling BGN 0.3 million, including:
  - ✓ Gains from operations with investments and financial instruments in amount of BGN 0.2 million;
  - ✓ Revaluation gains on debt instruments, measured at fair value - BGN 0.1 million;
- Interest income on loans in amount of BGN 0.3 million;
- Other financial income (positive exchange rate differences) amounting to BGN 0.005 million.

EXPENSES

In the second quarter of this year, Eurohold Bulgaria saw a slight increase in its operating expenses, which amounted to BGN 10.2 million for the reporting period, compared to BGN 9.1 million as of 30.06.2019.

The reported increase in operating expenses amounted to BGN 1 million or 11.6% and it was characterized by the following changes:

- ➢ Interest expenses - there is an increase in interest expenses by BGN 0.35 million, from BGN 7.77 million as of 30.06.2019 to BGN 8.12 million for the current period;

  Interest expenses are grouped into three categories, namely:
  - Interest on loans and guarantees from banks and non-banking financial institutions amounting to BGN 1.29 million, accounting a decrease of BGN 0.33 million;
  - Interest rates on the EMTN Programme bonds amounting to BGN 5.53 million - a slight increase of BGN 0.08 million;
  - Interests on borrowings and leasing from related parties amounting to BGN 1.3 million - an increase of BGN 0.6 million was reported.

- ➢ Losses from transactions with financial instruments and subsequent valuations - no expenses of this nature occurred in the first half of current FY, as well as in the comparable period, their amount is BGN 0.004 million respectively compared to BGN 0.034 million;

- ➢ Other financial expenses - decreased by BGN 0.1 million and amounted to BGN 0.2 million. These financial expenses represent: negative differences from changes in foreign exchange rates; other financial expenses to related parties; bank guarantor fee and other financial expenses;

- ➢ Expenditure on external services - this type of expense reports a change in the current period by BGN 0.5 million for the reporting period amounting to BGN 1.13 million;

- ➢ Personnel expenses - the noted change is in the direction of increase by BGN 0.03 million, in connection with the recruitment of new qualified employees in the second half of 2019;

- ➢ Depreciation expenses - their amount was BGN 0.34 million, while for the comparable period the depreciation of the company was only BGN 0.015 million. This significant change was due to accrued depreciation over the current period of recognized assets held for use, leased office space under operating leases, in connection with the application of IFRS 16.

RESULTS FROM OPERATING ACTIVITIES

For the first half of 2020, Eurohold Bulgaria realized a loss from operating activities of BGN 7.38 million, accounting a decrease of the loss by BGN 0.5 million compared to the same period in 2019.

OTHER INCOME / (EXPENSES) NET

During the first half of 2020, the Company generated other income / (expenses) in the amount of BGN 0.14 thousand, of which other expenses amounted to BGN (0.2) thousand and the value of other income amounted to BGN 0.34 million, of which BGN 0.2 million represents rental income (rent of rights to use assets).

ASSETS

As of 30th of June 2020 the company's assets increased by BGN 3 million and amounted to BGN 589 million compared to BGN 586 million as of the end of 2019.

The assets of Eurohold Bulgaria AD mainly represent investments in subsidiaries and other enterprises, amounting to BGN 584 million at the end of 2020 compared to BGN 581 million at the end of 2019. The growth by BGN 3 million was entirely due to an increase of BGN 3.4 million on the investment in the subsidiary Euroins Insurance Group AD. The increase is in connection with the purchase of part of the residual minority interest in the subsidiary insurance sub-holding, in connection with the concluded in 2018 agreement for the acquisition of the residual minority interest from South Eastern Europe Fund L.P. (SEEF) in amount of 10.64%. As of the date of this report, Eurohold has purchased 6.18% of the minority interest. Upon completion of the transaction, Eurohold will own 100% of the capital of Euroins Insurance Group AD.

Non-current assets include property, plant and equipment, and intangible assets. During the reporting period, non-current assets decreased by BGN 03 million with the application of IFRS 16 effective from 1 January 2019. The value of the assets with rights to use as of 30 June 2020 amounts to BGN 2.3 million.

Current assets also reported a decrease during the reporting period, from BGN 2.15 million to BGN 1.99 million.

The company has cash and cash equivalents amounting to BGN 0.19 million at the end of the reporting period.

EQUITY AND LIABILITIES

As of 30.06.2020 the total equity of Eurohold Bulgaria amounted to BGN 313.2 million compared to BGN 320.5 million at 31.12.2019 accounting a decrease of 2% due to the realized loss in the current reporting period.

The company's liabilities reached BGN 275.7 million increasing for the period by 4%.

The change in liabilities was due to the following factors:

- Non-current liabilities amounted to BGN 157.9 million, decreasing by 4% compared to the end of 2019 (BGN 165 million). They are mainly formed by liabilities from loans from financial and non-financial institutions and from debt on bond issues with total amount of BGN 154.6 million at the end of June 2020. During the reporting period, a decrease of BGN 5 million in loans from banking institutions was recorded due to their reporting in short-term liabilities, as well as a decrease in the amount of debt on bonds (within the EMTN Programme) by BGN 1.7 million.

  Other long-term liabilities and liabilities to related parties account for a minor part of non-current assets and amounted to BGN 3.3 million.

- Current liabilities increased by BGN 17.2 million, amounting to BGN 117.7 million. Current liabilities on loans to financial and non-financial institutions amounted to BGN 47.4 million. In the same time the amount of related parties' liabilities increased by BGN 8.6 million at the end of the reporting period.

The table below provides detailed information on the size of the loan obligations, their structure and nature.

	Change %	30.06.2020 000'BGN	31.12.2019 000'BGN
Liabilities for financial and non-financial loans, including:	**-0,4%**	**67 925**	**68 170**
- *Non-current liabilities to banks*	**-19,6%**	*20 525*	*25 531*
- *Current liabilities to banks*	**-0,9%**	*10 412*	*10 509*
- *Other current borrowings (Euro Commercial Papers – ECPs)*	**15,1%**	*36 988*	*32 130*
Bond Loan Obligations (EMTN Programme), including:	**2,0%**	**139 218**	**136 523**
- *Non-current liabilities on bond loans*	**-1,2%**	*134 097*	*135 768*
- *Current liabilities on bond loans (interests)*	**578,3%**	*5 121*	*755*
Liabilities to related parties	**15,5%**	**64 118**	**55 493**
- *Non-current*	**-1,1%**	1 521	1 538
- *Current*	**16,0%**	62 597	53 955
Total loans obligations	**4,3%**	**271 261**	**260 186**

Liabilities to financial institutions represent borrowings on 2 loans extended by International Investment Bank. The first loan has a contractual limit of EUR 15 million and a principal due as of 30.06.2020, amounting to EUR 7.2 million, with a maturity date of December 2021. The other loan has a contractual limit of EUR 10 million and a principal due as at 30.06.2020 amounting to EUR 8.5 million, maturing in March 2025. The agreed interest rate on both loans is 6.0% + EURIBOR.

Debenture loans are presented at amortized cost, net of treasury bonds, which are subsequently measured at fair value based on information from Bloomberg and other sources, reflecting the effect of profit or loss for the period. As of December 31, 2019 and June 30, 2020 the Company owns 10,500 repurchased own bonds from the EMTN Programme in EUR. Information on the terms of the two bonds is publicly available on the Irish Stock Exchange, Debt section.

Liabilities on other current loans as of the end of June, 2020 amounting to BGN 37 million in the form of Euro Trading Papers (ECP) have a maturity of 03.2021 - 05.2021, an annual interest rate of 2.0%. and a total face value of EUR 19,200 thousand.

GUARANTEES PROVIDED

Eurohold Bulgaria is a co-debtor for borrowings to related parties, as follows:

Business division	Amount in EUR'000 as at 30.06.2020	Amount in BGN'000 as at 30.06.2020	MATURITY (EUR'000)					
			2020	2021	2022	2023	2024	After 2024
Lease sub-holding								
For funding of lease operations	**12 062**	**23 591**	**2 850**	**3 739**	**2 472**	**1 618**	**1 143**	**239**
Automotive sub-holding								
Working capital loans	**2 071**	**4 051**	**2 071**	**-**	**-**	**-**	**-**	**-**
TOTAL:	**14 133**	**27 642**	**4 921**	**3 739**	**2 472**	**1 618**	**1 143**	**239**

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

Company from:	Contracted limit in EUR'000 as at 30.06.2020	Contracted limit in BGN'000 as at 30.06.2020	MATURITY(EUR'000)		
			2020	2021	2022
Automotive sub-holding	**3 750**	**7 334**	3 750	-	-
Automotive sub-holding	**1 050**	**2 054**	-	-	1 050
Automotive sub-holding	**6 150**	**12 028**	6 150	-	-
Energy sub-holding	**5 000**	**9 779**	5 000		
TOTAL:	**15 950**	**31 195**	**14 900**	**-**	**1 050**

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

Company/ Guarantor	Currency	Guaranteed liability	Guaranteed amount as at 30.06.2020 in original currency	Maturity date
Euroins Insurance Group AD	EUR	Issue of bonds (EMTN programme)	70 000 000	12/2022 г.
Euroins Insurance Group AD	PLN	Issue of bonds (EMTN programme)	45 000 000	12/2021 г.
Euroins Romania	EUR	Possible payment and/or compensation claims of the Beneficiary in connection with an offer	5 000 000	31.12.2020

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DESCRIPTION OF THE MAIN RISKS AND UNCERTAINTIES

Potential investors should keep in mind that Eurohold Bulgaria AD develops its activities through its subsidiaries, in this regard its financial condition, operating results and prospects are directly dependent on the condition, results and prospects of its subsidiaries.

1. Systematic risks

Influence of the international environment

The Group's strategy focuses on maintaining its position as a leader in the CEE / SEE region in insurance, incl. general, life and health insurance; leasing; sale of new cars, and car service; sale of used cars and car rental; financial services and investment intermediation. The implementation of the strategy of Eurohold Bulgaria AD depends on a number of factors that are beyond the control of the Group, including, in particular, market conditions, the general business environment, the regulatory environment and the activities of its main competitors in business. Any failure of the Group to maintain its leading position in the CEE / SEE region in terms of the services and products it offers can significantly reduce its attractiveness to existing and potential customers, reduce its credit rating as well as the ratings of its subsidiaries, and led to a decrease in revenue or an increase in costs. The Eurohold Group operates in Bulgaria, Romania, Macedonia, Ukraine, Greece, Spain, Italy, Poland, Russia and Georgia and respectively its overall financial position and the results of its operations are affected by the economic, legal and political conditions in these countries.

Macroeconomic risk

Macroeconomic risk is the risk of shocks that may affect economic growth, household income, supply and demand, profits and more. These shocks include global economic and business conditions, fluctuations in national currencies, political developments, changes in legislation and regulatory requirements, the priorities of national governments, and more. The macroeconomic situation and economic growth worldwide are essential for the development of the Group, including the government policies of the respective countries and in particular the regulations and decisions taken by the respective Central Banks, which influence the monetary and interest rate policy, the foreign exchange policies. exchange rates, taxes, GDP, inflation, budget deficit and external debt, unemployment rate and income structure. Macroeconomic risks include: political risks; the credit risk of the state; inflation, currency and interest rate risk; the risks associated with high unemployment levels, emerging markets and regulatory changes.

Risk of force majeure

Force majeure - these are risks of all unforeseen events such as natural, political and other natural disasters: floods, earthquakes, civil disobedience, collisions, strikes, pandemics and other unforeseen events. Force majeure circumstances can also be errors and accidents on the material base of mechanical nature, due to human or non-systemic error.

The occurrence of such events may have a direct and immediate impact on all activities related to the activities performed by the company (group) by disrupting its normal activities and have an immediate effect on its financial condition.

Force majeure may also have a strong impact on the overall macroeconomic and international environment. An example of such a risk is the new coronavirus COVID-2019 (Covid-19), announced by the world health organization Pandemic, which developed at the end of 2019 and quickly spread around the world, with Europe being severely affected.

A number of countries have taken drastic measures to control the coronavius infection, including Bulgaria.

The Republic of Bulgaria has declared a state of emergency on the territory of the country, as such has been declared in a number of countries in Europe and around the world. Strict anti-epidemic measures and restrictions have been introduced in the country, aimed at limiting social contacts and the spread of the virus.

The pandemic has an adverse effect on economic activity in the country and the world, stock markets, tourism, transport, the automotive industry and many other industries.

The disruption of normal economic activity in the Republic of Bulgaria as a result of Covid-19 may adversely affect the operations of Eurohold Group companies, and in particular the decline in share prices on global stock exchanges could affect the fair value of the Group's investments, if the negative trend persists.

Timely and flexible measures have been taken throughout the group to address the global force majeure circumstance. An analysis and assessment of the unforeseen situation has been carried out - see below in "Risk Management and Minimization Mechanisms".

Due to the dynamic situation and the new measures taken by the governments of the countries concerned to deal with the epidemic, as of the date of this report, Eurohold is unable to make long-term assessments of the impact of the pandemic, its development and financial his condition. Overall, the current crisis raises significant uncertainties about future processes in the global macroeconomy in 2020 and beyond.

Political risk

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

The Republic of Bulgaria is a country with political and institutional stability, based on modern constitutional principles such as a multiparty parliamentary system, free elections, ethnic tolerance and a clear system of separation of powers. Bulgaria is a member of NATO and has been a member of the European Union (EU) since January 1, 2007. The desire for European integration, the presence of a dominant political formation, the pursuit of strict fiscal discipline and the adherence to a moderate deficit create predictability and minimize political risk.

In the long run, no sharp deterioration of the political situation is expected, as there is a political and public consensus on the factors that maintain long-term economic stability and a stable macroeconomic framework.

No changes are expected with regard to the current tax policy on the taxation of income of individuals and legal entities, including in connection with their transactions on the capital market, as it is essential for attracting foreign investment.

Unemployment

In market economies, unemployment is recognized as a social risk due to work. As a socially assessed risk, unemployment is subject to compulsory social security and compensation under certain conditions. The overall activity in the formation and implementation of the state policy on social insurance of unemployment, as well as the promotion and support of the unemployed in finding and starting work and / or other type of economic activity, gives the content of the process of managing this social risk.

High levels of unemployment can seriously jeopardize the economic growth in the country, which in turn can lead to shrinking consumption and reducing revenues generated by businesses in the country, including revenues generated by the Issuer and its subsidiaries.

In the second quarter of 2020 the unemployment rate in Bulgaria decreased compared to the previous quarter. According to the latest published NSI data, the unemployment rate in the country for the second quarter of 2020 is 5.9% or 0.2 percentage points lower than in the second quarter of 2019. The number of people in 2020 without a job is equal to 192.2 thousand people. During the same period, the unemployment rate was 6.2 percentage points for men and 5.5 percentage points for women. Unemployment rates by level of education are 13.1% for higher education, 5.9% for secondary education and 13.4% for primary and lower education, respectively.

Source: www.nsi.bg

Government credit risk

Credit risk is the probability that a country's international credit ratings will deteriorate. The low credit ratings of the country can lead to higher interest rates, more difficult financing conditions for economic entities, including the Issuer.

On August 21, 2020, the rating agency Fitch Ratings confirmed the outlook on Bulgaria's credit rating as stable. The Agency strengthened the long-term credit rating of Bulgaria "BBB" in foreign and local currency and confirmed the ceiling for the country's rating "BBB", as well as the short-term credit rating in foreign and local currency "F2". Confirming the outlook as positive reflects Fitch Ratings' assessment that Bulgaria's external sector development indicators have improved significantly. The long period of constant decline in the external debt-to-GDP ratio and the positive trends in the current account have led to a better performance of Bulgaria's external finances compared to the countries in the BBB group. Compared to other countries with a similar rating, the country's public finance indicators have a positive effect on the confirmation of the rating assessment. Government debt to GDP will continue to fall below that of BBB countries.

On 29.05.2020 the rating agency S&P Global Ratings assessed the outlook on Bulgaria's credit rating as stable. At the same time, the agency raised the long-term and short-term foreign and local currency credit ratings of BBB- / A-2. The consolidated outlook for Bulgaria's credit rating reflects S&P Global Rartings' expectations that fiscal and external indicators will continue to improve and that the authorities will take further steps to strengthen the financial sector, where the level of non-performing loans remains high. The agency notes that in 2020. the country's economic recovery will continue with a growing contribution of domestic demand to net exports. The improvements affect the labour market, thus increasing disposable income and private consumption. Public investment financed by European funds will also be an important factor in economic recovery. At the same time, Bulgaria continues to face structural constraints from demographic challenges. Net emigration, especially for the skilled workforce and an aging population, poses challenges to economic policy and opportunities for social cohesion.

Source: www.minfin.bg

Inflation risk

Inflation risk is associated with the likelihood that inflation will affect the real return on investment. The current issue of shares is issued in BGN and inflation in the country may affect the value of investments over time.

The main risks associated with the inflation forecast relate to the dynamics of international prices and the rate of economic growth in Bulgaria. International commodity prices may rise more significantly as a result of political crises or rising demand. The limited supply of some agricultural goods, and especially cereals, internationally in connection with adverse climatic events, may further cause higher inflation in the country. With the recovery of domestic demand, higher relative consumer prices of services are expected compared to food and non-food goods.

With the recovery of domestic demand, higher relative consumer prices of services are expected compared to food and non-food goods. Over the last three years, the inflation rate, measured by the consumer price index, has been growing on an annual basis from 2.1% to 2.8% in 2018 compared to 2017, and in 2019 it increased to 3.8%. According to the forecast of the Ministry of Finance, the growth rate of the country's economy is expected to slow down slightly to 3.3% for the period 2020-2022.

As far as the Bulgarian government maintains a course towards our country's accession to the Eurozone, in the foreseeable future the inflation rate is not expected to exceed 2-3% per year. Thus, at present the mechanism of the currency board provides guarantees that inflation in the country will remain under control and will not have an adverse impact on the economy of the country, and in particular on the activities of the Company.

Inflation may affect the Group's expenses as part of its liabilities are interest bearing. Their service is related to the current interest rates, which also reflect the levels of inflation in the country. Therefore, the maintenance of low inflation levels in the country is considered a significant factor for the activity of Eurohold Bulgaria AD.

At present, and in general, the currency board mechanism provides guarantees that inflation in the country will remain under control and will not adversely affect the country's economy, and in particular the Group's activities.

Currency risk

This risk is related to 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. Given the policy adopted by the government and the BNB, the expectations are to keep the Currency Board until the country's accession to the Eurozone.

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

Changes in the various exchange rates did not have a material impact on the Group's operations until controlling interests were acquired in Romania, Macedonia and Ukraine. The financial results of these companies are presented in local currency, respectively - Romanian Leu (RON), Macedonian Denar (MKD), Ukrainian Hryvnia (UAH) and Georgian GEL (GEL), whose exchange rate is determined almost freely on the local foreign exchange market. The consolidated revenues of Eurohold Bulgaria AD will be exposed to currency risk depending on the movement of these currencies against the euro.Валутен риск

Interest rate risk

The interest rate risk is related to the possibility for unfavorable change of the prevailing interest rates in the country. Its influence is expressed in the possibility for the net incomes of the companies to decrease due to an increase in the interest rates at which the Issuer finances its activity. Interest rate risk is included in the category of macroeconomic risks due to the fact that the main prerequisite for a change in interest rates is the emergence of instability in the financial system as a whole. This risk can be managed through the balanced use of different sources of financial resources. A typical example of this risk is the global economic crisis caused by liquidity problems of large mortgage institutions in the United States and Europe. As a result of the crisis, interest rate surcharges on credit risk have been rethought and raised globally. The effect of this crisis is palpable in Eastern Europe and the Balkans, expressed in the restriction of free access to credit.

The increase in interest rates, other things being equal, would affect the price of the financial resources used by the Group in the implementation of various business projects. It may also affect the amount of the Group's expenses, as not a small part of its liabilities are interest-bearing and their servicing is related to the current interest rates.

2. Unsystematic risks

Risks related to the activity and structure of the company

Eurohold Bulgaria AD is a holding company and the possible deterioration of the operating results, financial condition and prospects for development of its subsidiaries may have a negative effect on the results of operations and financial condition of the Company.

Insofar as Eurohold's activity is related to the management of assets of other companies, it cannot be assigned to a separate sector of the national economy and is exposed to the industry risks of the subsidiaries. The companies from the Eurohold Bulgaria group operate in the following sectors: insurance, leasing, the car sales sector and investment intermediation.

The main risk related to the activity of Eurohold Bulgaria AD is the possibility to reduce the sales revenues of the companies in which it participates and to receive dividends. In this regard, this may have an impact on the Group's revenue growth as well as on the change in profitability.

Deteriorating results of one or more subsidiaries could lead to deteriorating results on a consolidated basis. This, in turn, is related to the share price of the Company, as the market price of the shares takes into account the business potential and assets of the economic group as a whole.

Risks related to the company's development strategy

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

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

Risks associated with the management of the company

The risks associated with the management of the Eurohold Group are the following:

- • making wrong decisions for the current management of investments and liquidity of the Group, both by the senior management and the operational employees of the companies of the Group;
- the inability of the management to start the implementation of planned projects or lack of appropriate guidance for specific projects;
- possible technical errors of the unified management information system;
- possible errors of the internal control system;
- leaving key employees and inability to hire staff with the necessary qualities;
- risk of excessive increase in management and administration costs, leading to a decrease in the overall profitability of the Group.

Risks related to future acquisitions and their integration into the structure

At present, the economic group of Eurohold Bulgaria AD develops its operations mainly in Bulgaria and other countries such as Romania, Macedonia and Ukraine, through acquisitions of companies and assets. The strategy for Eurohold's expansion is for these acquisitions to continue in the future. The Group intends to implement a strategy of identifying and acquiring businesses, companies and assets with a view to expanding its activities. The risk for Eurohold lies in the uncertainty as to whether it will be able to identify suitable acquisitions and investment opportunities in the future. On the other hand, there is uncertainty regarding the assessment of the profitability of future acquisitions of assets and whether they will lead to comparable results with the investments made so far. Also, acquisitions and investments are subject to a number of risks, including possible adverse effects on the results of the economic group as a whole, unforeseen events, as well as obligations and difficulties in integrating the activities.

Risks related to attracting and retaining qualified personnel

Given the problems observed in recent years in the education system in Bulgaria and as a consequence - insufficient quality staff, many sectors of the national economy are experiencing a shortage of qualified staff. The demographic crisis in the country - an aging population and low birth rate - has an additional impact. As a result of these and other factors, competition between employers is very serious.

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

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

Financial risk

The financial risk represents the additional uncertainty regarding the investor for the receipt of income in the cases when the Group uses borrowed or borrowed funds. This additional financial uncertainty complements the business risk. When part of the funds with which the Group finances its activities are in the form of loans or debt securities, the payments for these funds represent a fixed obligation.

Currency risk

In general, the activity of Eurohold Bulgaria AD on the territory of the Republic of Bulgaria does not generate currency risk due to the current currency board and fixing of the national currency BGN to the euro since 1997. Currency risk exists for the group's investments outside the country, mainly from insurance in Romania, Macedonia, Ukraine, Georgia and Poland, as well as leasing in Macedonia, where each country has a freely convertible currency, the relative price of which to other currencies is determined by the free financial markets. A sharp change in the macro-framework of any of the countries where the Company through its subsidiaries is active may have a negative effect on its consolidated results. Ultimately, however, the Company reports its consolidated financial results in Bulgaria, in Bulgarian levs, which in turn are pegged to the euro through a fixed exchange rate. On the other hand, the euro also changes its value against other global currencies, but is significantly less exposed to drastic fluctuations.

Liquidity risk

The liquidity risk is related to the possibility for Eurohold Bulgaria AD not to repay its obligations in the agreed amount and / or in time, when they become due. The presence of good financial indicators for profitability and capitalization of a company are not a guarantee for a smooth meeting of current payments. Liquidity risk may also arise in the event of late payments by customers.

Eurohold Bulgaria AD strives to minimize this risk through optimal cash flow management in the group itself. The Group applies an approach that provides the necessary liquidity resources to meet the incurred liabilities under normal or extraordinary conditions, without realizing unacceptable losses or damaging the reputation of individual companies and the economic group as a whole.

The policy of the management of Eurohold is aimed at raising financial resources from the market in the form of mainly issuance of equity securities (shares) and debt instruments (bonds) to invest in its subsidiaries in the form of loans or capital increases. them.

Risk of possible transactions between the companies in the group, the conditions of which differ from the market ones, as well as the dependence on the activity of the group

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

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

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

Risk Management

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

- market share, pricing policy, conducting market research and market development research and market share;
- active management of investments in various sectors of the industry;
- overall policy for the management of the company's assets and liabilities in order to optimize the structure, quality and return of the company's assets;
- optimizing the structure of the attracted funds in order to provide liquidity and reduce the financial costs of the company;
- effective cash flow management;
- optimization of costs for administration, management and external services;
- human resource management.

The occurrence of unforeseen events, the incorrect assessment of current trends, as well as many other micro- and macroeconomic factors can affect the judgment of the company's management team. The only way to overcome this risk is to work with professionals with many years of experience, as well as maintaining this team as complete and up-to-date information base for the development and market trends in these areas.

The Group has implemented a comprehensive corporate integrated risk management system. The system covers all business segments in the Group and the goal is to identify, analyze and organize risks in all areas. In particular, the risks in the insurance business, which is the largest segment of the Group, are minimized by optimal selection of the insurance risks to be assumed, adjustment of the duration and maturity of assets and liabilities, as well as minimization of currency risk. An effective risk management system guarantees the Group financial stability, despite the continuing financial and economic problems worldwide.

Risk management aims to:

идентифицира потенциални събития, които могат да повлияят на функционирането на Групата и постигането на определени оперативни цели;

- identifies potential events that may affect the functioning of the Group and the achievement of certain operational objectives;
- controls the significance of the risk to an extent that is considered acceptable in the Group;
- achieve the financial objectives of the Group with as little risk as possible.

Pandemic Contingency Assessment and Analysis (Covid-19)

In connection with the pandemic wave of Covid-19 (Coronavirus), which gained global dimensions in late February and early March 2020 and led to a significant reduction in financial activity worldwide, the Group analyzed on the basis of currently available data the potential effect on their financial condition and in particular on the models used, according to IFRS 9.

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

As of the date of preparation of these Interim Consolidated Financial Statements, economic activity has significantly recovered, but insufficient statistical information is still available, both on the real effect on the Bulgarian and world economy and on available significant forecast data for their recovery in the coming years. months.

Development of the Covid-19 Pandemic (Coronavirus)

A decision of the National Assembly of the Republic of Bulgaria of 13 March 2020 introduced a state of emergency, which expired on 13 May 2020. Similar measures were taken by all Member States of the European Union, as well as by the main trading partners (outside the European Union). of the Republic of Bulgaria.

Similar measures have been introduced in other countries where the Group operates, 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.

Despite the subsequent repeal of the measures, international financial institutions and international credit agencies expect a significant economic effect in the short term, and the overall levels of economic growth are expected to recover in 2021-2022.

The Group's management has analyzed the expected effect both on the economic growth and on the credit quality 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, including forecast data after the occurrence of the pandemic situation related to Covid-19 (Coronavirus).

	Historical data			**Forecast**			
	2017	**2018**	**2019**	**2020 (formerly Covid-19)**	**2020 (Covid-19)**	**Average 2021-24 (formerly Covid-19)**	**2021 (Covid-19)**
Economic GDP growth	3.5%	3.1%	3.4%	3.2%	(4.0)%	2.8%	6.0%

***Source**: International Monetary Fund - World Economic Outlook*

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 post-pandemic data related to Covid-19 (Coronavirus).

	Historical data			**Forecast**			
	2017	**2018**	**2019**	**2020 (formerly Covid-19)**	**2020 (Covid-19)**	**Average 2021-24 (formerly Covid-19)**	**2021 (Covid-19)**
Economic GDP growth	1.9%	2.5%	1.9%	1.4%	(7.5)%	1.3%	4.7%

The Group's management has also analyzed the expected economic development of the countries in whose markets it operates, as the historical and forecast data from the International Monetary Fund are presented in the table below:

	Historical data			Forecast			
	2017	**2018**	**2019**	**2020 (formerly Covid-19)**	**2020 (Covid-19)**	**Average 2021-24 (formerly Covid-19)**	**2021 (Covid-19)**
Republic of Romania	7.1%	4.4%	4.1%	3.5%	(5.0)%	3.0%	3.9%
Republic of Northern Macedonia	1.1%	2.7%	3.6%	3.4%	(4.0)%	3.5%	7.0%
Republic of Ukraine	2.5%	3.3%	3.2%	3.0%	(7.7)%	3.3%	3.6%
Republic of Georgia	4,8%	4,8%	5,1%	4.8%	(4,0)%	5.2%	3,0%
The Russian Federation	1.8%	2.5%	1.3%	1.9%	(5.5)%	1.8%	3.5%
Republic of Greece	1,5%	1,9%	1,9%	2.2%	(10,0)%	0.9%	5,1%
Republic of Poland	4,9%	5,1%	4,1%	3.1%	(4,6)%	2.5%	4,2%
Republic of Italy	1,7%	0,8%	0,3%	0.5%	(9,1)%	0.6%	4,8%
Kingdom of Spain	2,9%	2,4%	2,0%	1.8%	(8,0)%	1.6%	4,3%
Kingdom of Great Britain	1,9%	1,3%	1,4%	1.4%	(6,5)%	1.5%	4,0%

As can be seen from the above data, the Management takes into account the possible short-term risks to the general economic development of the main countries in which it operates, and in some markets the expected reduction in Gross Domestic Product would be significant. 2021-2022 with expectations of a return to average projected 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 outlook on long-term debt positions, both in terms of sovereign debt and in terms of corporate debt positions. The table below presents information on the change in the credit rating (including the outlook) assigned by **Fitch** to the Republic of Bulgaria and the Parent Company.

	Before Covid-19		**After Covid-19**	
	Rating	Perspective	Rating	Perspective
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 outlook) assigned by Fitch to the countries in which the Group has operations:

	Before Covid-19		**After Covid-19**	
	Rating	Perspective	Rating	Perspective
Republic of Romania	BBB	Stable	BBB	Negative
Republic of Northern Macedonia	BB+	Stable	BB+	Negative
Republic of Ukraine	B	Positive	B	Stable
Republic of Georgia	BB	Stable	BB	Negative
The Russian Federation	BBB	Stable	BBB	Stable
Republic of Greece	BB	Stable	BB	Stable
Republic of Poland	A-	Stable	A-	Stable
Republic of Italy	BBB	Negative	BBB-	Stable
Kingdom of Spain	A-	Stable	A-	Stable
Kingdom of Great Britain	AA	Negative	AA-	Negative

Management continues to monitor the development of credit risk in relation to the countries in which the Group operates, as well as in relation to the main investments (subject to both markets and credit risk) of the Group companies.

At present, despite the overall downgrading and limited cases of credit rating deterioration, the Management believes that before a significant period of time elapses during which symptoms of deterioration in the overall credit quality of both investments and and in the general environment in which the Group operates, it cannot make a sufficiently robust and reliable assessment of the effect that Covid-19 (Coronavirus) may have.

Analysis of the expected effect on the IFRS model 9

The Group applies IFRS 9 from 1 January 2018, although the Insurance Business was entitled to defer its application until 1 January 2023 (joint application with IFRS 17).

The Group's management has analyzed the expected effect on the overall model of IFRS 9, the results of which are presented in detail below. It should be noted that the focus of the analysis in question was on:

- 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 overall conclusion of the Group's Management is that at the time of issuing this interim report in the short term no significant deterioration in the credit quality of counterparties is expected due to:

- The measures taken by the Government of the Republic of Bulgaria, the governments of the countries in which the Group operates, including with regard to the applied private and public moratoriums, which currently do not lead to additional indications of significantly deteriorated credit quality of Counterparties. Management continues to monitor closely for long-term indications of deterioration, with total temporary potential counterparty liquidity problems caused directly by Covid-19 (Coronavirus) not being considered indications of credit deterioration;
- o At present, despite the overall downgrade and limited cases of credit rating deterioration, the Management believes that before a significant period of time elapses during which symptoms of deterioration in the overall credit quality as well as investments may appear, nor in the general environment in which the Group operates can it make a sufficiently robust and reliable assessment of the effect that Covid-19 (Coronavirus) may have.

With regard to the model (including the complete and simplified one) for calculating the expected credit losses, the Management Board considers that due to the lack of stable data it is still not possible to make a change in the general model. However, the Guide recognizes the possible short-term risks to the overall economic development of the main countries in which the Group operates, and in some markets the expected reduction in Gross Domestic Product would be significant, but also takes into account the general expectations for a rapid recovery in 2021-2022. with expectations of a return to average predicted growth levels before Covid-19 (Coronavirus). For these reasons, the Group's management has decided to review its model for calculating expected credit losses under IFRS 9 as of the first half of 2020 and to update some of its expectations. This is because the Management believes that some of the Group's counterparties may be affected by the deteriorating economic situation and in this regard has taken action to update some of the parameters in its calculation model. As insufficiently reliable information is available as of 30 June 2020 for both macroeconomic statistics and medium-term levels of probability of default, Management has decided to take a conservative approach and worsen its forecast of the amount of the "loss-in-loss". case-of-default "(LGD, Loss Given Default), as follows:

- Arithmetic mean increase by 5.16 percentage points of the Loss Given Default parameter (LGD) for assets that are subject to the calculation of Expected Credit Loss, of exposures that are part of the simplified model;
- Arithmetic mean increase by 6.00 percentage points of the Loss Given Default parameter (LGD) for the assets that are subject to the calculation of the Expected Credit Loss, of the exposures that are part of the full model (ie. deposits and cash in banking institutions, sovereign and corporate bonds);
- Increase by 8 percentage points of the Loss Given Default parameter (LGD) for assets subject to the calculation of Expected Credit Loss, of exposures that are part of the full model and represent lease receivables within the scope of IFRS 16.

The Management notes that the Insurance segment is weakly affected by the deteriorating economic situation and for this reason did not apply the above adjustments in this segment.

Date: 21 September 2020

Asen Minchev,

Executive Member of the Management Board

Eurohold Bulgaria AD
Interim Consolidated Statement of profit or loss
for the period ended June 30, 2020

In thousand BGN	*Notes*	30.06.2020	30.06.2019
Revenue from operating activities			
Revenue from insurance business	*3*	683 856	656 465
Revenue from car sales and after sales	*5*	70 866	114 573
Revenue from leasing business	*6*	9 937	11 809
Revenue from asset management and brokerage	*8*	4 018	2 778
Revenue from the activities of the parent company	*10*	1 031	825
		769 708	**786 450**
Expenses of operating activities			
Expenses of insurance business	*4*	(651 680)	(620 108)
Cost of cars and spare parts sold		(59 621)	(102 101)
Expenses of leasing business	*7*	(3 494)	(4 784)
Expenses of asset management and brokerage	*9*	(3 701)	(1 517)
Expenses of the activities of the parent company	*11*	(1)	(13)
		(718 497)	**(728 523)**
Gross Operating Profit		**51 211**	**57 927**
Other income/(expenses), net	*12*	10	13
Other operating expenses	*13*	(34 444)	(37 828)
(Accrued)/recovered impairment loss on financial assets, net	*14*	(587)	32
EBITDA		**16 190**	**20 144**
Financial expenses	*15*	(11 240)	(9 198)
Financial income	*16*	94	48
Foreign exchange gains/(losses), net	*17*	1 439	(282)
EBTDA		**6 483**	**10 712**
Depreciation and amortization	*18*	(10 491)	(6 380)
EBT		**(4 008)**	**4 332**
Tax expenses	*19*	545	(328)
Net profit for the period		**(3 463)**	**4 004**
Net profit, attributable to:			
Equity holders of the parent		(3 783)	2 580
Non-controlling interests		320	1 424

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

21.09.2020

These interim consolidated financial statements have been approved by the Board of Directors of Eurohold Bulgaria AD.
The notes are an integral part of the interim consolidated financial statements.

Eurohold Bulgaria AD
Interim Consolidated Statement of other comprehensive income
for the period ended June 30, 2020

In thousand BGN	*Note*	30.06.2020	30.06.2019
Net profit for the period	*45*	**(3 463)**	**4 004**
Other comprehensive income			
Other comprehensive income to be reclassified subsequently to profit or loss:			
Net loss from change in the fair value of financial assets through other comprehensive income		-	-
Net loss from change in the fair value of available-for-sale financial assets		(343)	1 727
		(343)	**1 727**
Exchange differences on translating foreign operations		(3 655)	(1 081)
		(3 655)	**(1 081)**
Other comprehensive income for the period, net of tax		**(3 998)**	**646**
Total comprehensive income for the period, net of tax		**(7 461)**	**4 650**
Total comprehensive income, attributable to:			
Equity holders of the parent		(7 546)	2 982
Non-controlling interests		85	1 668
		(7 461)	**4 650**

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

21.09.2020

Eurohold Bulgaria AD
Interim Consolidated statement of financial position
as at June 30, 2020

In thousand BGN	*Note*	30.06.2020	31.12.2019
ASSETS			
Cash and cash equivalents	*20*	39 785	91 690
Time Deposits at banks	*21*	30 871	15 787
Reinsurers' share in technical reserves	*22.1*	456 494	463 829
Insurance receivables	*22.2*	145 873	127 796
Trade receivables	*23*	48 327	47 151
Other receivables	*24*	60 309	51 765
Machinery, plant and equipment	*25, 25.3-5*	49 189	53 150
Intangible assets	*27*	3 975	3 546
Inventory	*28*	41 633	42 168
Financial assets	*29*	304 928	261 899
Deferred tax assets	*30*	13 373	13 061
Land and buildings	*25, 25.1-2*	54 507	53 906
Investment property	*26*	9 712	15 703
Investments in associates and other investments	*31*	17 863	18 113
Other financial investments	*32*	2 781	5 650
Non-current receivables	*33*	68 686	54 199
Goodwill	*34*	190 397	190 397
TOTAL ASSETS		**1 538 703**	**1 509 810**

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/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

21.09.2020

These interim consolidated financial statements have been approved by the Board of Directors of Eurohold Bulgaria AD.
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Eurohold Bulgaria AD
Interim Consolidated statement of financial position (continued)
as at December 31, 2020

In thousand BGN	*Notes*	30.06.2020	31.12.2019
EQUITY AND LIABILITIES			
Equity			
Issued capital	*44.1*	197 526	197 526
Treasury shares	*44.1*	(5 688)	(1 353)
Share Premium	*44.2*	49 568	49 568
General reserves		7 641	7 641
Revaluation and other reserves		(45 796)	(52 943)
Retained earnings/(losses)		(35 686)	(40 279)
Profit for the year	*45*	(3 783)	(2 885)
Equity attributable to equity holders of the parent		**163 782**	**157 275**
Non-controlling interests	*46*	31 453	33 423
Total equity		**195 235**	**190 698**
Subordinated debts	*35*	**19 558**	**19 558**
LIABILITIES			
Bank and non-bank loans	*36*	143 009	140 735
Obligations on bond issues	*37*	158 574	157 664
Non-current liabilities	*38*	23 119	23 242
Current liabilities	*39*	50 954	43 891
Trade and other payables	*40*	146 981	139 749
Payables to reinsurers	*41*	44 300	26 193
Deferred tax liabilities	*42*	319	397
		567 256	**531 871**
Insurance reserves	*43*	756 654	767 683
		756 654	**767 683**
Total liabilities and subordinated debts		**1 343 468**	**1 319 112**
TOTAL EQUITY AND LIABILITIES		**1 538 703**	**1 509 810**

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

21.09.2020

These interim consolidated financial statements have been approved by the Board of Directors of Eurohold Bulgaria AD.
The notes are an integral part of the interim consolidated financial statements.

Eurohold Bulgaria AD
Interim Consolidated statement of cash flows
for the period ended June 30, 2020

In thousand BGN	*Note*	30.06.2020	30.06.2019
Operating activities			
Profit for the period before tax:		**(4 008)**	**4 332**
Adjustments for:			
Depreciation and amortization	*18*	10 491	6 380
Foreign exchange gain/(loss)		(3 872)	(3 429)
Dividend income		(25)	(124)
Net investment income (interest income and expense)		4 687	3 572
Tax expenses		(545)	328
Provision costs		618	-
Change in Investments in associates and other enterprises		(250)	-
Other non-monetary adjustments		(4 379)	(1 739)
Operating profit before change in working capital		**2 717**	**9 320**
Change in trade and other receivables		42 284	76 024
Change in inventory		(535)	(11 790)
Change in trade and other payables and other adjustments		(28 980)	(48 672)
Cash generated from operating activities		**15 486**	**24 882**
Interest (paid)/received		2 074	746
Income tax paid		(2 095)	(1 263)
Net cash flows from operating activities		**15 465**	**24 365**
Investing activities			
Purchase of property, plant and equipment		(1 962)	(2 859)
Proceeds from the disposal of property, plant and equipment		506	7 529
Loans granted		(4 478)	(33 051)
Repayment of loans, including financial leases		(9 567)	15 371
Interest received on loans granted		628	1 468
Purchase of investments		(172 645)	(52 547)
Sale of investments		105 636	39 703
Dividends received		2 049	2 489
Effect of exchange rate changes		(23)	80
Other proceeds/(payments) from investing activities, net		4 161	(913)
Net cash flows from investing activities		**(75 695)**	**(22 730)**

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

21.09.2020

These interim consolidated financial statements have been approved by the Board of Directors of Eurohold Bulgaria AD.
The notes are an integral part of the interim consolidated financial statements.

Eurohold Bulgaria AD
Interim Consolidated statement of cash flows (continued)
for the period ended June 30, 2020

In thousand BGN	*Note*	30.06.2020	30.06.2019
Financing activities			
Proceeds from loans		47 441	50 669
Repayment of loans		(27 195)	(28 491)
Lease repayments		(10 149)	(4 311)
Payment of interest, charges, commissions on investment loans		(1 754)	(3 470)
Dividends paid		-	(367)
Other proceeds/(payments) from financing activities, net		(18)	(1 164)
Net cash flows from financing activities		**8 325**	**12 866**
Net increase / (decrease) in cash and cash equivalents		**(51 905)**	**14 501**
Cash and cash equivalents at the beginning of the period	*20*	91 690	49 540
Cash and cash equivalents at the end of the period	***20***	**39 785**	**64 041**

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

21.09.2020

Eurohold Bulgaria AD
Interim Consolidated Statement of Changes in Equity
for the period ended June 30, 2020

In thousand BGN	Share capital	Share premium	General reserves	Revaluation and other reserves	Retained earnings/ (losses)	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance as at 31 December 2018 (recalculated)*	**197 449**	**49 568**	**7 641**	**(57 616)**	**(36 931)**	**160 111**	**40 464**	**200 575**
Adjustment for initial application Of IFRS 16	-	-	-	-	(1 245)	**(1 245)**	**(82)**	**(1 327)**
Error correction	-	-	-	-	(74)	**(74)**	-	**(74)**
Balance as at 1 January 2019 (recalculated)	**197 449**	**49 568**	**7 641**	**(57 616)**	**(38 250)**	**158 792**	**40 382**	**199 174**
Treasury shares repurchased	(1 276)	-	-	-	-	**(1 276)**	-	**(1 276)**
Dividends	-	-	-	-	(2 469)	**(2 469)**	(859)	**(3 328)**
Change in non-controlling interest due to transactions without change of control	-	-	-	(1 666)	440	**(1 226)**	(8 392)	**(9 618)**
Profit for the period	-	-	-	-	(2 885)	**(2 885)**	1 955	**(930)**
Other comprehensive income:								
Revaluation reserve from recalculations in the foreign currency presentation	-	-	-	1 130	-	**1 130**	28	**1 158**
Changes in the fair value of financial assets through other comprehensive income	-	-	-	(8)	-	**(8)**	-	**(8)**
Change in the fair value of investments in associates	-	-	-	5 217	-	**5 217**	309	**5 526**
Total other comprehensive income	**-**	**-**	**-**	**6 339**	**-**	**6 339**	**337**	**6 676**
Total comprehensive income	**-**	**-**	**-**	**6 339**	**(2 885)**	**3 454**	**2 292**	**5 746**
Balance as at 31 December 2019	**196 173**	**49 568**	**7 641**	**(52 943)**	**(43 164)**	**157 275**	**33 423**	**190 698**
Balance as at 1 January 2020	**196 173**	**49 568**	**7 641**	**(52 943)**	**(43 164)**	**157 275**	**33 423**	**190 698**
Treasury shares repurchased	(4 335)	-	-	-	-	**(4 335)**	-	**(4 335)**
Dividends	-	-	-	-	-	**-**	**(637)**	**(637)**
Change in non-controlling interest due to transactions without change of control	-	-	-	10 910	7 478	**18 388**	(1 418)	**16 970**
Profit for the period	-	-	-	-	(3 783)	**(3 783)**	320	**(3 463)**
Other comprehensive income:								
Revaluation reserve from recalculations in the foreign currency presentation	-	-	-	(3 477)	-	**(3 477)**	(178)	**(3 655)**
Change in reserve for subsequent valuations of associates	-	-	-	40	-	**40**	(40)	**-**
Reserve for subsequent valuations of assets	-	-	-	(326)	-	**(326)**	(17)	**(343)**
Total other comprehensive income	**-**	**-**	**-**	**(3 763)**	**-**	**(3 763)**	**(235)**	**(3 998)**
Total comprehensive income	**-**	**-**	**-**	**(3 763)**	**-**	**(7 546)**	**85**	**(7 461)**
Balance as at 30 June 2020	**191 838**	**49 568**	**7 641**	**(45 796)**	**(39 469)**	**163 782**	**31 453**	**195 235**

Prepared by: Signed on behalf of BoD: Procurator:

/Ivan Hristov/ /Asen Minchev/ /Hristo Stoev/

21.09.2020

These interim consolidated financial statements have been approved by the Board of Directors of Eurohold Bulgaria AD.
The notes are an integral part of the interim consolidated financial statements.

Consolidated statement of profit or loss by Business Segments
for the period ended June 30, 2020

In thousand BGN	Note	30.06.2020 Consolidated	30.06.2020 Insurance business	30.06.2020 Automotive	30.06.2020 Leasing business	30.06.2020 Asset manage-ment and brokerage	30.06.2020 Parent company	30.06.2020 *Elimination*
Revenue from operating activities								
Revenue from insurance business	3	683 856	684 724	-	-	-	-	*(868)*
Revenue from car sales and after sales	5	70 866	-	74 632	-	-	-	*(3 766)*
Revenue from leasing business	6	9 937	-	-	10 457	-	-	*(520)*
Revenue from asset management and brokerage	8	4 018	-	-	-	4 619	-	*(601)*
Revenue from the activities of the parent company	10	1 031	-	-	-	-	1 662	*(631)*
		769 708	**684 724**	**74 632**	**10 457**	**4 619**	**1 662**	***(6 386)***
Expenses of operating activities								
Expenses of insurance business	4	(651 680)	(656 024)	-	-	-	-	*4 344*
Cost of cars and spare parts sold		(59 621)	-	(59 758)	-	-	-	*137*
Expenses of leasing business	7	(3 494)	-	-	(3 592)	-	-	*98*
Expenses of asset management and brokerage	9	(3 701)	-	-	-	(3 651)	-	*(50)*
Expenses of the activities of the parent company	11	(1)	-	-	-	-	(4)	*3*
		(718 497)	**(656 024)**	**(59 758)**	**(3 592)**	**(3 651)**	**(4)**	***4 532***
Gross profit		**51 211**	**28 700**	**14 874**	**6 865**	**968**	**1 658**	**(1 854)**
Other income/(expenses), net	12	10	-	-	-	11	-	*(1)*
Other operating expenses	13	(34 444)	(18 021)	(10 721)	(3 931)	(717)	(1 679)	*625*
(Accrued)/recovered impairment loss on financial assets, net	14	(587)	-	(83)	(523)	6	13	*-*
EBITDA		**16 190**	**10 679**	**4 070**	**2 411**	**268**	**(8)**	***(1 230)***
Financial expenses	15	(11 240)	(2 224)	(1 483)	(83)	(24)	(8 334)	*908*
Financial income	16	94	-	364	-	-	-	*(270)*
Foreign exchange gains/(losses), net	17	1 439	-	(8)	-	-	1 447	*-*
EBTDA		**6 483**	**8 455**	**2 943**	**2 328**	**244**	**(6 895)**	***(592)***
Depreciation and amortization	18	(10 491)	(3 712)	(3 335)	(3 064)	(89)	(342)	*51*
EBT		**(4 008)**	**4 743**	**(392)**	**(736)**	**155**	**(7 237)**	***(541)***
Tax expenses	19	545	547	-	-	(2)	-	*-*
Net profit for the period		**(3 463)**	**5 290**	**(392)**	**(736)**	**153**	**(7 237)**	***(541)***

Consolidated statement of profit or loss by Business Segments
for the period ended June 30, 2019

In thousand BGN	Note	30.06.2019 Consolidated	30.06.2019 Insurance business	30.06.2019 Automotive	30.06.2019 Leasing business	30.06.2019 Asset manage-ment and brokerage	30.06.2019 Parent company	30.06.2019 *Elimination*
Revenue from operating activities								
Revenue from insurance business	3	656 465	656 956	-	-	-	-	*(491)*
Revenue from car sales and after sales	5	114 573	-	118 407	-	-	-	*(3 834)*
Revenue from leasing business	6	11 809	-	-	12 908	-	-	*(1 099)*
Revenue from asset management and brokerage	8	2 778	-	-	-	3 100	-	*(322)*
Revenue from the activities of the parent company	10	825	-	-	-	-	1 631	*(806)*
		786 450	**656 956**	**118 407**	**12 908**	**3 100**	**1 631**	***(6 552)***
Expenses of operating activities								
Expenses of insurance business	4	(620 108)	(623 840)	-	-	-	-	*3 732*
Cost of cars and spare parts sold		(102 101)	-	(102 116)	-	-	-	*15*
Expenses of leasing business	7	(4 784)	-	-	(5 319)	-	-	*535*
Expenses of asset management and brokerage	9	(1 517)	-	-	-	(1 518)	-	*1*
Expenses of the activities of the parent company	11	(13)	-	-	-	-	(34)	*21*
		(728 523)	**(623 840)**	**(102 116)**	**(5 319)**	**(1 518)**	**(34)**	***4 304***
Gross profit		**57 927**	**33 116**	**16 291**	**10 130**	**1 582**	**1 597**	***(2 602)***
Other income/(expenses), net	12	13	-	-	-	13	-	*-*
Other operating expenses	13	(37 828)	(19 065)	(13 457)	(4 151)	(742)	(1 115)	*702*
(Accrued) / recovered impairment loss on financial assets, net	14	32	-	-	-	32	-	*-*
EBITDA		**20 144**	**14 051**	**2 834**	**3 438**	**885**	**482**	***(1 546)***
Financial expenses	15	(9 198)	(1 008)	(1 437)	-	-	(7 803)	*1 050*
Financial income	16	48	-	221	-	-	-	*(173)*
Foreign exchange gains/(losses), net	17	(282)	-	-	-	-	(282)	*-*
EBTDA		**10 712**	**13 043**	**1 618**	**3 438**	**885**	**(7 603)**	***(669)***
Depreciation and amortization	18	(6 380)	(1 342)	(1 941)	(2 970)	(112)	(15)	*-*
EBT		**4 332**	**11 701**	**(323)**	**468**	**773**	**(7 618)**	***(669)***
Tax expenses	19	(328)	(326)	-	-	(2)	-	*-*
Net profit for the period		**4 004**	**11 375**	**(323)**	**468**	**771**	**(7 618)**	***(669)***

Notes to the Interim Consolidated Financial Statements for H1.2020

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

1. INFORMATION ABOUT THE ECONOMIC GROUP

Eurohold Bulgaria AD (parent company) is a public joint stock company established by virtue of article 122 of the Public Offering of Securities Act and article 261 of the Commerce Act.

The parent company is registered in Sofia City Court under corporate file 14436/2006 and is established by merger of Eurohold AD registered under corporate file № 13770/1996 as per the inventory of Sofia City Court and Starcom Holding AD registered under corporate file № 6333/1995 as per the inventory of Sofia City Court.

The seat and registered address of Eurohold Bulgaria AD are as follows: city of Sofia, 43 Christopher Columbus Blvd.

The parent company has the following managing bodies: General Meeting of Shareholders, Supervisory Board /two-tier system/ and Management Board, with the following members as at 30.06.2020:

Supervisory board:
Asen Milkov Christov, Country:Bulgaria – Chairman;
Dimitar Stoyanov Dimitrov, Country:Bulgaria – Deputy Chairman;
Radi Georgiev Georgiev, Country:Bulgaria – Member;
Kustaa Lauri Ayma, Country:Finland – Independent Member;
Lyubomir Stoev, Country:Austria – Independent Member;
Louis Gabriel Roman, Country:USA – Independent Member.

Mandate until 09.05.2022.

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

Mandate until 14.08.2022.

As at 30.06.2020, the Parent company is represented and managed by Kiril Ivanov Boshov and Assen Mintchev Mintchev – Executive Members of the Management Board, and Hristo Stoev – Procurator, jointly by the one of the executive members and the Procurator of the Parent Company only.

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

As at 30.06.2020, the Audit Committee of the Parent Company comprises the following members:
Ivan Georgiev Mankov– Chairman;
Dimitar Stoyanov Dimitrov – Member;
Rositsa Mihaylova Pencheva – Member.

1.1 Scope of Activities

The scope of activities of the parent company is as follows: 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 parent company participates, funding companies, in which the Parent company participates.

1.2 Structure of the economic group

The investment portfolio of Eurohold Bulgaria AD comprises three economic sectors: insurance, finance and automobile. The insurance sector has the biggest share in the holding's portfolio, and the automobile sector is the newest line.

Companies involved in the consolidation and percentage of participation in equity

Insurance Sector

Company	% of participation in the share capital 30.06.2020	% of participation in the share capital 31.12.2019
Euroins Insurance Group AD (EIG AD) *	**95.13%**	**94.41%**
Indirect participation through EIG AD:		
Insurance Company Euroins AD, Bulgaria	98.63%	98.28%
Euroins Romania Asigurare-Reasigurare S.A., Romania	98.51%	98.51%
Euroins Osiguruvanje AD, North Macedonia	93.36%	93.36%
Euroins Health Insurance EAD, Bulgaria	100.00%	100.00%
Insurance Company EIG Re AD, Bulgaria	100.00%	100.00%
Euroins Ukraine PrAT, Ukraine	92.62%	92.62%
Euroins Ukraine PrAT, Ukraine through European Travel Insurance PrAT, Ukraine	5.74%	5.74%
Euroins Claims I.K.E., Greece	100.00%	100.00%
Insurance Company Euroins Georgia JCS, Georgia	50.04%	50.04%
European Travel Insurance PrAT, Ukraine	99.99%	99.99%
CJSC Insurance company ERGO, Belarus	93.12%	-

*direct participation

Automobile Sector

Company	% of participation in the share capital 30.06.2020	% of participation in the share capital 31.12.2019
Avto Union AD (AU AD)*	**99.99%**	**99.99%**
Indirect participation through AU AD:		
Avto Union Service EOOD, Bulgaria	100.00%	100.00%
N Auto Sofia EAD, Bulgaria	100.00%	100.00%
Espace Auto OOD, Bulgaria through N Auto Sofia EAD	51.00%	51.00%
EA Properties EOOD, Bulgaria	51.00%	51.00%
Daru Car AD, Bulgaria	100.00%	100.00%
Auto Italy EAD, Bulgaria	100.00%	100.00%
Auto Italy – Sofia EOOD, Bulgaria through Auto Italy EAD	100.00%	100.00%
Bulvaria Varna EOOD, Bulgaria	100.00%	100.00%
Bulvaria Sofia EAD, Bulgaria	100.00%	100.00%
Star Motors EOOD, Bulgaria	100.00%	100.00%
Star Motors DOOEL, North Macedonia through Star Motors EOOD	100.00%	100.00%
Star Motors SH.P.K., Kosovo through Star Motors EOOD	100.00%	100.00%
Motohub OOD, Bulgaria	51.00%	51.00%
Motobul EAD, Bulgaria	100.00%	100.00%
Benzin Finance EAD, Bulgaria	100.00%	100.00%
Bopar Pro S.R.L., Romania through Motobul EAD	99.00%	99.00%

*direct participation

Finance Sector

Company	% of participation in the share capital 30.06.2020	% of participation in the share capital 31.12.2019
Euro-Finance AD, Bulgaria*	**99.99%**	**99.99%**

*direct participation

Company	% of participation in the share capital 30.06.2020	% of participation in the share capital 31.12.2019
Eurolease Group EAD*	**90.01%**	**90.01%**
Indirect participation through Eurolease Group EAD:		
Eurolease Auto EAD, Bulgaria	100.00%	100.00%
Eurolease Auto Romania AD, Romania	77.98%	77.98%
Eurolease Auto Romania AD through Euroins Romania Asigurare-Reasigurare S.A., Romania	20.45%	20.45%
Eurolease Auto DOOEL, North Macedonia	100.00%	100.00%
Eurolease Rent A Car EOOD, Bulgaria	100.00%	100.00%
Amigo Leasing EAD, Bulgaria	100.00%	100.00%
Autoplaza EAD, Bulgaria	100.00%	100.00%
Sofia Motors EOOD, Bulgaria	100.00%	100.00%

*direct participation

Energy sector

Company	% of participation in the share capital 30.06.2020	% of participation in the share capital 31.12.2019
Eastern European Electric Company II B.V., The Netherlands	**100.00%**	**100.00%**
Indirect participation through Eastern European Electric Company II B.V. (established on 25.07.2019)		
Eastern European Electric Company II B.V., The Netherlands (established on 26.07.2019)	100.00%	100.00%

* direct participation

Currently, the energy sector companies are not active.

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1 Basis for Preparation of the Interim Consolidated Financial Statement

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

In preparing these interim consolidated financial statements, the same accounting policies, accounting techniques and calculation methods and basic assumptions have been applied as in the last consolidated annual financial statements for 2019.

The interim consolidated financial statements for the first half of the year ended 30 June 2020 should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2019, prepared in accordance with all International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS adopted by the EU). For the purposes of paragraph 1 (8) of the Supplementary Provisions of the Accounting Act applicable in Bulgaria, the term "IFRS adopted by the EU" means International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and the Council.

The consolidated financial statements have been prepared in accordance with the going concern assumption.

Eurohold Bulgaria as a holding company does not carry out regular commercial activity.

ACCOUNTING POLICY

The most significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

The consolidated financial statements have been prepared in accordance with the principles for measuring the individual types of assets, liabilities, income and expenses, in accordance with IFRS. The measurement bases are disclosed in detail further in the accounting policy to the interim consolidated financial statements.

It should be noted that accounting estimates and assumptions have been used in preparing the consolidated financial statements. Although they are based on information provided to management at the date of preparation of the consolidated financial statements, the actual results may differ from the estimates and assumptions made.

2.2 Comparative data

The interim consolidated financial statements have been presented in accordance with IAS 1 "Presentation of Financial Statements". The Group agreed to present the consolidated statement of profit or loss and other comprehensive income in a single statement.

The consolidated statement of financial position presents two comparative periods when the Group:
a) apply accounting policies retrospectively;
b) retrospectively recalculates items in the consolidated financial statements; or
c) reclassifies items in the consolidated financial statements.
and this has a material effect on the information in the consolidated statement of financial position at the beginning of the prior period.

2.3 Consolidation

The interim consolidated financial statements include a interim consolidated statement of financial position, an interim consolidated statement of profit or loss and other comprehensive income, an interim consolidated cash flow statement and an interim consolidated statement of changes in equity as of 30.06.2020. These statements include the Parent Company and all subsidiaries. A subsidiary is consolidated by the Parent Company by holding, directly or indirectly, more than 50% of the voting shares of the capital or by the ability to manage its financial and operating policies in order to obtain economic benefits from its activities.

The full consolidation method is applied. Reports are aggregated in order, with items such as assets, liabilities, property, income and expense aggregated. All domestic transactions and balances between the group companies are eliminated. There is elimination of counter-elements: capital, financial, trade, goodwill on the acquisition date.

The non-controlling interest in the net assets of the subsidiaries is determined by the shareholder structure of the subsidiaries at the date of the consolidated statement of financial position.

For business combinations covering enterprises or businesses under common control, the Group has opted to apply the purchase method in accordance with IFRS 3 Business Combinations. The Group has made an accounting policy choice regarding these transactions as they are currently outside the scope of IFRS 3 and do not contain guidance for them in existing IFRSs. According to IAS 8, in the absence of a standard or explanation that is specifically applicable to an operation, other event or condition, management uses its own judgment to develop and apply accounting policies.

Principles of consolidation
Business combinations are accounted for using the purchase method. This method requires the acquirer to recognize, separately from goodwill, acquired acquiree's identifiable assets, liabilities assumed and participation that does not constitute control in the acquiree. Costs that are not directly related to the acquisition are attributable to profit or loss for the period.

The identifiable assets acquired and the liabilities assumed and contingent liabilities in a business combination are measured at fair value at the acquisition date regardless of the extent of the non-controlling interest. The Group has the ability to measure participations that do not represent control of the acquiree either at fair value or as a pro rata share in the identifiable net assets of the acquiree.

The excess of the acquisition cost over the acquirer's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree is recognized as goodwill. If the cost of acquisition is lower than the investor's interest in the fair values of the net assets of the company, the difference is recognized directly in the consolidated statement of profit or loss and other comprehensive income for the period.

Self-recognized goodwill on the acquisition of subsidiaries is tested for impairment at least annually. Impairment losses on goodwill are not reversed. Gains or losses on disposal (disposal) of a subsidiary of the Group also include the carrying amount of the goodwill, the deductible for the (released) company.

Each recognized goodwill is identified as belonging to an object generating cash proceeds when a business combination is realized, and this object is applied when carrying out the impairment tests. In determining the cash-generating entities, the entities that were expected to benefit from future business combinations in the business combination and for which the goodwill itself arose.

Transactions with non-controlling interest

Non-controlling operations are treated by the Group as transactions with entities owning the equity instruments of the Group. The effects of the sale of units of the Parent Company without loss of control to non-controlling interests are not treated as components of the Group's current profit or loss but as movements in the components of its equity. Conversely, in the case of purchases by the Parent Company of non-controlling interests of any non-controlling interests, any difference between the amount paid and the corresponding share of the net book value of the subsidiary's net assets is recognized directly in the consolidated statement of changes in equity, usually to the "unallocated profit / (uncovered loss)" line.

When the Group ceases to have control and significant influence, any remaining minority investment as a share in the capital of the company concerned is remeasured at fair value, the difference to carrying amount being recognized in current profit or loss, respectively all amounts previously recognized in other components of comprehensive income are accounted for, as in the case of a direct exemption operation, of all those associated with the initial investment (in the subsidiary or associate).

2.4 Functional and reporting currency

Transactions in foreign currency are reported in the functional currency of the respective company by the Group at the official exchange rate as of the date of the transaction (announced fixing of the Bulgarian National Bank). Foreign exchange gains and losses arising from the settlement of these transactions and the revaluation of foreign currency positions at the end of the reporting period are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the transactions (not revalued). Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate at the date that the fair value was determined.

The functional currency of the individual companies of the Group has not changed during the reporting period.

Upon consolidation, all assets and liabilities are translated into Bulgarian levs at the closing rate as of the date of the consolidated financial statements. Income and expenses are translated into the presentation currency of the Group at the average exchange rate for the reporting period. Foreign exchange differences lead to an increase or decrease in other comprehensive income and are recognized in the allowance for translation into equity. Upon disposal of a net investment in a foreign operation, the accumulated foreign exchange differences from restatements recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on sale. Goodwill and adjustments related to the determination of fair values at the acquisition date are treated as assets and liabilities of the foreign enterprise and are translated into BGN at the closing rate.

2.5 Accounting assumptions and approximate accounting estimates

The presentation of the consolidated interim financial statements in accordance with International Financial Reporting Standards requires the Group's management to make the best estimates, accruals and reasonable assumptions that affect the reported values of assets and liabilities, income and expenses, and the disclosure of contingent receivables and payables at the reporting date. These estimates, accruals and assumptions are based on information available at the date of the consolidated interim financial statements, so future actual results could differ (as in a financial crisis, the uncertainties are more significant).

Significant judgments

Deferred tax assets
Tax loss
The assessment of the probability of future taxable income for the use of deferred tax assets is based on the last approved estimate, adjusted for significant non-taxable income and expense, and specific restrictions on the transfer of unused tax losses or loans. If a reliable estimate of taxable income implies the probable use of a deferred tax asset, particularly in cases where the asset can be used without a time limit, the deferred tax asset is recognized as a whole. Recognition of deferred tax assets that are subject to certain legal or economic constraints or uncertainties is judged by the management on a case-by-case basis based on the specific facts and circumstances.

Revenue from contracts with customers
When recognizing revenue under contracts with customers, the management makes various judgments, estimates and assumptions that affect the reported revenue, expense, assets and liabilities under contracts.

2.6 Uncertainty of accounting estimates

In preparing the consolidated financial statements, management makes a number of assumptions, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Actual results may differ from management's assumptions, estimates and assumptions and, in rare cases, are consistent with previously estimated results.

Information about the significant assumptions, estimates and assumptions that have the most significant impact on the recognition and measurement of assets, liabilities, income and expenses is presented below.

Evaluation of the pending payment reserve
The Reserve for Outstanding Payments includes RBNS claims as at the date of the consolidated financial statements as well as unrecognized claims (IBNRs).

Liabilities on claimed but unpaid claims are individually assessed for each claim based on the best estimate of expected cash outflows for them.

The assessment of the liabilities for the IBNR is based on the assumption that the Group's experience in the development of claims from past years can be used to predict the future development of claims and their ultimate obligations. The development of claims is analyzed by year of event. Additional qualitative judgment is made to assess the extent to which past trends may not be applicable in the future.

The nature of the business makes it difficult to accurately determine the likely outcome of a particular damage and the overall amount of damage sustained. Any damage claimed is individually reviewed due to the circumstances, the information provided by damage experts and the historical data on the amount of such damage. Estimates of damage are reviewed and updated regularly with new information available. Reserves are based on the current available information.

The final amount of liabilities, however, may differ as a result of subsequent events and catastrophic cases. The impact of many circumstances that determine the final cost of settling the damage is difficult to predict. Difficulties in assessing reserves vary from one business class to another, depending on the insurance contracts, the complexity, the volume and the significance of the damage, the date of occurrence of the damage and the delay in making the claim.

The reserve for incurred but unproven damages is calculated on the basis of statistical and actuarial methods. The key method used or a combination of methods depends on the business class and the observed historical level of the loss ratio. The biggest share in this reserve is Motor Third Party Liability (civil liability of a motor vehicle).

The actuarial approach with regards to reserving is in line with commonly accepted actuarial practices and targets unified approach to assessing the reserve for incurred and not reported claims for Motor Third Party Liability (MTPL) in all companies in the Group. The methodology applies chain ladder method, which is based on the aggregated amount of paid claims for a period of not less than 3 years. The amount of the provision for claims incurred but not claimed is calculated on the basis of the expected final loss taking into account the expectations for the development of the claims during the respective year of occurrence.

Claims on recourse claims

Claims on recourse claims by insurance companies and other individuals (physically and legally) are recognized as an asset and income when recourse is made to the extent that future economic benefits to the Group are expected. Receivables are reviewed on an individual basis on recognition and subsequently on any impairment indications.

The Group has the practice of settling claims on regressions from insurance companies by offsetting its claims on recourse claims.

Share of reinsurers in technical provisions

The insurance companies of the Group are a party to quota reinsurance contracts that provide for the transfer of a share in the existing technical reserves upon the entry into force of the contract. IFRS does not provide for specific reporting requirements for such contracts. Due to the specific nature of this type of contract, the Group has made an analysis of the degree of risk transfer to the reinsurer and the results show that there is such a transfer, contracts meet the objective criteria for reinsurance. For the analysis, a commonly agreed stochastic model was used and the accepted reinsurer risk limit of 1%.

The Group has adopted an accounting policy for accounting for reinsurance contracts that at the date of entry into force of the contract, the Group recognizes the reinsurers share of the technical provisions as an asset and the corresponding change in the reinsurer's share of the technical provisions in the consolidated statement of profit or loss and other comprehensive income; other comprehensive income, and the liabilities to reinsurers under these contracts are recorded in the subsequent periods of the contracts.

During the effective time of contracts in the subsequent periods the Group will cede to the reinsurers the respective percentage of its premiums and claims for Motor third party liability insurance. When the reinsurance contacts expire or are terminated the reinsurers’ share in the technical reserves will be released or transferred to other reinsurer. The terms of these contracts are indefinite and, by their nature, the contracts are with indefinite period of validity. Due to the contingencies related to the future development of contracts and the cash flows the Group’s management considers that the adopted accounting policy is appropriate.

Inventories - Impairment

At the end of the reporting period, the management reviews the available inventories - materials, commodities to determine whether there are those with a net realizable value below their carrying amount. In determining net realizable value, management takes into account the most reliable information available at the date of the estimate. During this review as of 30.06.2020. no indications for impairment of inventories were established.

Impairment of property, plant and equipment
In accordance with IAS 36, at the end of the reporting period, an estimate is made as to whether there is any indication that the value of an asset in property, plant and equipment is impaired. In the case of such indications, the recoverable amount of the asset is calculated and the impairment loss is determined. As of 30.06.2020 there is no impairment of property, plant and equipment.

Actuarial assessments
In determining the present value of long-term employee retirement liabilities, calculations of certified actuaries based on mortality assumptions, staff turnover rates, future salary levels, and discount factors have been used, which assumptions have been judged by management to be reasonable and relevant for the Group.

Impairment of goodwill
The Group performs an impairment test of goodwill at least once a year. The recoverable amounts of the units that generate cash are determined on the basis of the value in use or the fair value, net of the cost of the sale. These calculations require the use of estimates.

Impairment of loans and receivables and net investment in finance leases

- **Net investment in finance leases**

In determining the impairment of finance lease receivables, the Group is based on a three-tier approach that seeks to reflect the deterioration in the credit quality of the financial instrument. At each reporting date after the initial recognition, the Group assesses to what extent the financial asset that is the subject of the impairment test is at which stage. The stage defines the relevant impairment requirements. The Group uses a 5-point credit rating system for each transaction, with the criteria of the system being used to consider both the lease asset, transaction parameters (initial installment, term, residual value) and the financial status of the individual client.

- **Cash and cash equivalents**

The Group categorizes the banks in which it holds cash on the basis of their rating agencies (Moody's, Fitch, S & P, BCRA) and, depending on it, applies a different percentage for the expected credit losses for 12 months.

- **Loans receivables**

The Group has loan receivables that are categorized depending on whether the borrower has a rating, and whether or not the receivables from such loans are overdue.

- **Litigation and claims**

The Group's court and assignment receivables are categorized in Group 3, respectively as such, they are individually reviewed by the management and each such receivable is assigned an individual impairment.

Fair value of financial instruments
The management uses techniques to measure the fair value of financial instruments in the absence of quoted prices in an active market. Details of the assumptions used are presented in the notes on financial assets and liabilities. In applying valuation techniques, management uses the market data and assumptions that market participants would use when evaluating a financial instrument. When no applicable market data is available, management uses its best estimate of the assumptions that market participants would make. These estimates may differ from the actual prices that would have been determined in a fair market transaction between informed and willing parties at the end of the reporting period.

2.7 Revenues

Revenue from contracts with customers is recognized when the control of the goods or services is transferred to the client in an amount that reflects the remuneration the Group expects to be entitled to in exchange for those goods or services.

The Group recognizes revenue when (or is) satisfied the obligation to perform, under the terms of the contract, by transferring the promised product or service to the client. An asset (product or service) is transferred when (or as) a customer has control over that asset.

Clients' contracts typically include a single performance obligation:

- Sales of cars (spare parts);
- Car Services.

Sales are made under contracts with clients. Sales contracts with customers meet the criteria set out in IFRS 15. Typically, the Group expects to collect the remuneration for contracts with clients.

The following table provides information on the Group's accounting policy for recognition of revenue and time to satisfy obligations for the execution of contracts with clients under IFRS 15 and IAS 18.

Type of product / service	**Nature and timing of fulfillment of performance obligations, including essential payment arrangements**	**Recognition of income under IFRS 15**
Car sales	Performance obligations satisfied at a certain point. Customers receive control when: 1 / the client has a legal right of ownership; 2 / The Group has transferred the physical possession of the asset; 3 / the client carries significant risks and benefits from the asset; 4 / The Group has an existing payment entitlement. The asset is derecognised at the time the control is transferred to the sold asset. Invoices are payable within 30-40 days.	Revenue from the sale of vehicles is recognized by the liability method at a specified time, in accordance with IFRS 15, when the control of the vehicle is transferred to the customer. This is usually done by passing the vehicles and the physical knowledge of them to the customer and the buyer has accepted the goods in accordance with the sales contract. The transaction price can be defined as a market price, reduced by discounts (net of taxes), which may include fixed remuneration and variable remuneration. The allocation of the transaction price to the performance obligations is based on unit sales prices (market).
Revenue from sales of short-term assets (spare parts and accessories)	Delivery occurs when the assets have been shipped to the customer, the risks of potential losses have been passed on to the buyer and / or he has taken the assets in accordance with the sales contract. The usual payment term is up to 30 days after delivery.	Revenues from sales of short-term assets are recognized when the control of the assets sold is transferred. Delivery occurs when the assets have been shipped to the client, the risks of potential losses are passed on to the buyer and either he has accepted the assets in accordance with the sale contract.
Revenue from services	The control is transferred when the service is performed. Receipt is due immediately.	Revenue from services is recognized using the liability method over time. If, at the end of the reporting period, the service contract is not fully realized, revenue is recognized on the basis of the actual service provided by the end of the reporting period as a proportion of the total services to be provided as the client receives and consumes the benefits simultaneously . This is determined on the basis of actual time spent or reported time for work, in relation to the total expected

Type of product / service	Nature and timing of fulfillment of performance obligations, including essential payment arrangements	Recognition of income under IFRS 15
		time of service.
Extended warranties	Separate obligation to implement. They are deferred if the Group is the principal of the extended guarantees. It is analyzed whether the Group is a principal or an agent.	The Group has found that, when selling extended warranties, the Group companies providing extended guarantees have the role of agent and the way of reporting extended guarantees changed. The Group considers that all sales of extended warranties and repairs should be accounted for at the expense of the manufacturer or the insurance company Car-Guarantie Vesrsiherung AG (whichever is the principal).

IFRS 15 does not have a material effect on the Group's accounting policies with respect to the other types of income it recognizes.

The transaction price is the amount of the consideration the Group expects to be entitled to in exchange for the customer's transfer of the promised goods or services, except for amounts collected on behalf of third parties (eg value added tax). The consideration promised in the contract with the client may include fixed amounts, variable amounts, or both.

The Group examines whether there are other promises in client contracts that are separate performance obligations for which part of the transaction price should be allocated.
When determining the transaction price, account is taken of the impact of variable remuneration, including price discounts, the existence of significant components of funding, non-monetary remuneration and remuneration payable to the client (if any).

In the contracts of the Group companies there are discounts that the client receives at the sale and which are reported as a reduction of the total price. In accordance with the requirement of IFRS 15, all discounts are reported as a reduction in sales revenue, at the same time as recognizing the sale proceeds of the goods for which the respective discounts are due. The policy of recognition of due price discounts applied so far does not differ from the requirements of IFRS 15.

The Group has reviewed its accounting policies and has assessed the areas in which there are changes from the application of IFRS 15.

- **Free goods**

For a large number of contracts, the Group provides free of charge to its customers free of charge (in the form of accessories, tires, alarms, etc.).

The provision of additional goods (in the form of an alarm, tires or accessories) is a separate obligation to perform.

In accordance with IFRS 15, the Group recognizes these free goods as variable remuneration, thereby reducing the fixed price of the products on the price list if they are provided additionally and free of charge.

- **Sales with redemption capability**

Revenue is recognized when the vehicle is sold, but the estimate of the redemption option is deducted from revenue and recognized as deferred income, as well as a liability to the customer for redemption. Similarly, the estimate of the value of the vehicle to be returned is reduced by the cost of the sale and is also deferred.
The Group has determined that there are no contractual obligations during the period in connection with the repurchase option.

Approach for recognizing major types of revenue under customer contracts

Revenue from sale is realized by the following:

- car sales;
- car leasing;
- services, repair services;
- sales of spare parts.

Revenue from car sales

Revenue from the sale of vehicles is recognized by the method of meeting the obligations at a specific time in accordance with IFRS 15 when the control of the good is transferred to the customer.

This is usually the case with the passing of the cars and the physical knowledge to them by the customer and the buyer has accepted the goods in accordance with the sales contract.

For most contracts, there is a fixed unit price for each contract, taking into account the discounts provided to the client. The group is able to determine the distribution of the total contract price (delivery, order) for each site based on the scope of the goods / services under the contract that form the performance obligations.

The distribution of the transaction price to the performance obligations is based on unit sales prices (contractual or market).

Revenue from services

Revenue from provision of services is recognized in the period in which the services are provided. The group transfers control over the service over time and therefore satisfies the obligation to execute and recognizes revenue over time. If, by the end of the reporting period, the service contract has not been fully implemented, revenue is recognized using the inputs method based on actual time spent on work, over the total expected service delivery time.

In cases where the services provided by the Group exceed the payment, an asset is recognized under the contract. If payments exceed the services provided, a liability under a contract is recognized.

Revenue from sales of current assets

Revenues from sales of short-term assets and material are recognized when the control of the assets sold is transferred. Delivery occurs when the assets have been shipped to the customer, the risks of potential losses are transferred to the buyer and / or he has accepted the assets in accordance with the sale contract.

Principal or agent
The Group is the principal when controlling the promised product or service before transferring it to the customer. The Group is an agent if the Group's obligation to perform is to arrange the delivery of the goods or services from a third party.

The signs that it is the principal includes:

- The Group has the primary responsibility for implementing the promise to provide a particular good or service;
- There is a risk to the Group's inventory before the specific good or service is transferred to the customer or after the transfer of the client's control;
- The Group has discretion in determining the price of the particular good or service.

The Group is the principal in the following transactions:

- Sales of cars;
- Sales of spare parts;
- Additional Services;
- Sales of oils.

The Group is an agent for the following transactions:

- Sales of extended guarantees;
- Sale of fuel with cards;
- Extended warranty repair services.

The Group has established that it is an agent in the sale of extended warranties and in the sale of fuels through cards. The Group accepts that all repairs carried out should be accounted for at the expense of the manufacturer / insurer party to the contracts for these guarantees.

Extended warranties

In the case of car sales, an extended warranty can be purchased, which can be purchased separately.

The extended guarantees are a separate performance obligation, which should be deferred if the Group is the principal. If the extended guarantees are issued by the manufacturer, the Group is an agent and should account for the revenue from these sales as an agent on a net basis.
The group has found to be an agent and has changed its way of reporting on extended guarantees.

Other revenues/income
Other income includes operations that are incidental to the Group's core activities and are income or income that are recognized under other standards and are outside the scope of IFRS 15.

The following table provides information about the material conditions and related policies for recognizing other earnings.

Income	IFRS / IAS - Applicable to Recognition of Revenue (Income)	Recognition approach
Net gain on the sale of property, plant and equipment and intangible assets	IAS 16 IAS 38	Gains or losses arising on the disposal of a property, plant, equipment or intangible asset as a result of a sale are included in profit or loss when the asset is derecognised. The asset is derecognised at the time the control is transferred to the sold asset.

Income	IFRS / IAS - Applicable to Recognition of Revenue (Income)	Recognition approach
Rental income	IFRS 16	Lease income from operating leases is recognized as income on a straight-line basis over the lease term unless the Group's management considers that another systematic basis reflects the timing model in which the lessor's benefit is reduced leased asset.
Surplus assets and asset liquidation	Conceptual framework	Revenues from surplus assets are recognized when surpluses are established.
Income from insurance events	Conceptual framework	Revenue is recognized when the Group's right to receive the payment is established.
Income from penalties		Revenue is recognized when the Group's right to receive the payment is established.
Income from write-off of liabilities	IFRS 9	Revenue from write-offs is recognized when the liability expires or the creditor waives its rights.

Interest income
Interest income is accounted for using the effective interest method, which is the percentage that accurately discounts the expected future cash payments for the expected term of the financial instrument or for a shorter period, where appropriate, to the carrying amount of the financial asset. Interest income is included in the financial income in the consolidated statement of profit or loss and other comprehensive income.

Dividend income shall be recognized when the right to receive them is established. In the consolidated statement of profit or loss and other comprehensive income, the dividends declared for the financial year by the subsidiaries are recognized as internal estimates and eliminated and therefore do not participate in the formation of the financial result.

The financial revenue generated by Eurohold Group generated stems from:

- investment operations;
- positive differences from operations with financial instruments and currency exchange operations;
- fee and commission income;
- dividends;
- interest on loans granted.

2.8 Expenses

Expenses in the Group are recognized at the time they are incurred and based on the principles of accrual and comparability.

Administrative expenses are recognized as expenses incurred during the year that are related to the management and administration of the Group companies, including expenses related to administrative staff, management staff, office and other external services.

Financial costs include: costs arising from investment operations, negative financial operations and currency exchange rate differences, interest expense on bank and commercial loans and debt securities, and charges for fees and commissions.

Prepayments (deferred expenses) are deferred for recognition as current expense over the period in which the contracts to which they relate are met.

Other operating income and expenses include items of a minor nature in respect of the core business of the Group companies.

2.9 Interests

Interest income and expense are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest method. The effective interest rate is the one that accurately discounts the expected future cash payments and proceeds over the life of the financial asset or liability to the carrying amount of the asset or liability. The effective interest rate is determined at the initial recognition of the financial asset or liability and is not subsequently adjusted.

The calculation of the effective interest rate includes all commissions received or paid, transaction costs, as well as discounts or premiums that are an integral part of the effective interest rate.

Transaction costs are intrinsic costs directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the interim consolidated statement of profit or loss and other comprehensive income includes: Interest recognized on an effective interest rate basis on financial assets and liabilities measured at amortized cost.

Unprofitable financial income (interest) represents the difference between the gross and net investment in the lease, the gross investment in the lease being the amount of the minimum lease payments and the unguaranteed residual value accrued to the lessor. Interest income from lease transactions (financial income) is allocated over the term of the lease and is recognized on a constant periodic rate of return on the lessor's net investment.

2.10 Fees and commissions

Fees and commissions income and expense that are an integral part of the effective interest rate for a financial asset or liability are included in the calculation of the effective interest rate.

Other fee and commission income, including fees for logistics services, insurance and other intermediation, are recognized through the performance of the related services.
Other charges for fees and commissions related mainly to banking services are recognized on receipt of the related services.

2.11 Segment reporting

An operating segment is a component of the Group that engages in revenue-generating activities and costs, including income and expense, that relate to transactions with each other of the Group's other components.

For management purposes, the Group is organized into business units based on the products and services they provide and includes the following reportable segments:

Insurance:
- Insurance Services

Financial services:
- Lease services
- Investment intermediation

Car sales:
- Sale of new cars
- Auto services
- Rental services

Energy:
- Establishment, participation, management and control of energy companies.

At present, companies in this segment are not operating.

2.11.1 Insurance business

Recognition and measurement of insurance contracts

Non-life insurance premiums
Non-life insurance premiums are booked on an annual basis.
Gross gross premiums written for non-life insurance are the premiums under the direct insurance or co-insurance contracts that were concluded during the year, although the premiums may be wholly or partly related to a later accounting period. Premiums are reported gross of commissions paid by intermediaries. The portion of the insurance premiums written, including unexpired insurance contracts, is recognized as income. Subscribed insurance premiums are recognized at the date of the insurance contract. Premiums paid to reinsurers are recognized as an expense in accordance with reinsurance services received.

Health insurance premiums
Subscribed health insurance premiums are recognized as income on the basis of the annual premium payable by insured persons for the premium period beginning in the financial year or the one-time premium payable for the entire coverage period for annual health insurance contracts concluded during the financial year.

Gross written health insurance premiums are not recognized when future cash receipts are not certain. The recorded health insurance premiums are shown gross of commissions due to agents.

Life insurance premiums
Subscribed life insurance premiums are recognized as income on the basis of the annual premium payable by the insured persons for the premium period commencing in the financial year or the one-time premium payable over the entire policy coverage period concluded during the financial year.

Gross written premiums are not recognized when future cash receipts are uncertain. Subscribed premiums are shown gross of commissions due to agents.

Insurance reserves
Insurers maintain different types of insurance reserves with which they serve their obligations to customers and cover the costs associated with the benefits paid. Since premiums are paid in advance and insurance protection covers the entire duration of the insurance, reserves are created. Thus, the insurer has sufficient funds to recover the damages incurred during the insurance.
There are 2 main groups of reserves – general and technical.

The total reserves are those that insurers must form within the meaning of the Commercial Act.
The technical provisions group shall include:
- unearned premium reserve;
- reserve for upcoming payments – includes a reserve for claims arising but not claimed and a reserve for claims made but outstanding;
- reserve for unexped claims;
- other reserves - including mathematical reserve.

The unearned premium reserve
The unearned premium reserve consists of the portion of gross written insurance / health insurance premiums that is calculated to be earned in the next or further financial periods.

The unearned premium reserve includes accrued and recognized insurance premiums during the reporting period less the premiums written to reinsurers that are to be recognized in the next financial year or subsequent financial periods.

The reserve is calculated separately for each insurance / health insurance contract using a proportional daily basis method. The unearned premium reserve is calculated as net of commission to intermediaries, advertising and other acquisition costs.

Reserve for upcoming payments
The reserve for upcoming payments shall be formed to cover compensation and the related costs of incurred damages which have not been paid on the same date, whether or not they have been announced by the insurer. Includes:
- reserve for claims arising but not claimed;

- reserve for claims made but outstanding.

Their amount shall be determined by a responsible actuary authorised by the Financial Supervision Commission on the basis of statistical methods based on historical data for a sufficiently long period to cover the full cycle of their development. The valuation is individual for each claim based on the expected amount of future payments.

Reserve for unexpired risks
The reserve is formed to cover risks for the time between the end of the reporting period and the expiry date of the relevant insurance / health insurance contract in order to cover the payments and expenses expected to exceed the prepaid reserve.

Other technical reserves - including reserves outside the above groups - such as mathematical reserve - are formed to meet future long-term insurance payments.

Compensations arising from general insurance and health insurance and pending damages
Compensations incurred in respect of non-life insurance and health insurance include benefits and processing costs payable during the financial year together with the amendment to the pending loss reserve.

Management is of the opinion that the gross prudential reserve and the relevant share of the reinsurers' reserves are fairly presented on the basis of the information available to them at the date of the consolidated financial statements, the final obligation will change as a result of subsequent information and events and may require material adjustment of the amount initially charged. Corrections to the pending loss reserve established in previous years are recognized in the consolidated financial statements for the period in which the adjustments are made and disclosed separately if they are material. The methods to be used and the estimates to be made when calculating the reserve are reviewed on a regular basis.

Reinsurance
In its normal course of business, the insurance companies in the Group assign a risk to reinsurers in order to reduce their potential net losses through risk diversification. Reinsurance does not cancel the direct liability of the company concerned to the insured.

Reinsurance assets include the balances due from reinsurance companies for ceded insurance liabilities. Recovery values from reinsurers are valued in a similar way as for outstanding claims reserves or terminated claims related to reinsured policies.

Premiums and losses relating to these reinsurance contracts are treated as income and expense in the same way as would be considered if reinsurance was a direct business, taking into account the classification of reinsurance business products.
Coupled (or accepted) premiums and reimbursed benefits (or paid damages) are reported in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position as gross amounts.

Contracts where substantial insurance risk is transferred are accounted for as insurance contracts. Recoverable amounts are recognized in the same year as the corresponding loss.

Premiums on long-term reinsurance contracts are accounted for in parallel with the period of validity of related insurance policies, using similar assumptions as those for accounting for the relevant policies.

The recoverable amount of receivables under reinsurance contracts is reviewed for impairment at each date of the consolidated statement of financial position. Such assets are valued if objective evidence exists as a result of an event occurring after its initial recognition.

Deferred acquisition costs
Deferred acquisition costs represent the amount of the acquisition cost deducted in the calculation of the carry-over provision reserve. They are defined as the portion of the acquisition cost under the end-of-period contracts as a percentage of the insurance technical plan and relating to the time between the end of the reporting period and the expiry date of the insurance / health insurance contract. Current acquisition costs are recognized as an expense during the reporting period.

Acquisition costs
Costs of commissions include accrued commissions to intermediaries, costs of participating in the result that are charged to the insured / health insured persons at a low loss rate. Indirect acquisition costs include advertising costs and costs arising from the conclusion or renewal of insurance / health insurance contracts.

2.11.2 Leasing activity

Leasing activity – The Group as lessor

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

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

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

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

2.11.2.1 Financial leasing

Recognition and assessment
At the commencement date, the lessor recognizes the assets held under a finance lease in its statement of financial position and presents them as a claim equal to the net investment in the lease. The net investment in the lease is the sum of the following items, discounted by the interest rate set in the lease:

a) lease payments received from the lessor under a finance lease; and
b) any unsecured residual value accrued to the lessor.

The initial direct costs, other than those incurred by the lessor, are included in the initial estimate of the net investment in the lease and reduce the amount of recognised income over the the entire term of the lease agreement.

The commencement of the lease agreement is the date from which the lessee may exercise the right to use the leased asset. This is also the date on which the Group initially recognises the claim on the lease.

The underlying asset is derecognised and any difference is recognised immediately in the statement of comprehensive income as a gain/loss on the sale of the asset.

Subsequent valuation
The lessor reduces the net investment in the lease for payments received. It deducts lease payments during the reporting period from the gross investment in the lease to reduce both principal and unrealized finance income. Variable lease payments that are not included in the measurement of the net investment in the lease are recognised in the income statement and other comprehensive income when received.

Derecognition and impairment
The lessor applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

Amendments to the lease agreement
The lessor shall report the amendment to a finance lease as a separate lease if:

a) the amendment increases the scope of the lease by adding the right to use one or more underlying assets; and

b) the remuneration under the leasing contract is increased by an amount commensurate with the independent price for the increase in the scope and possible adjustments of this price to reflect the circumstances of the specific contract.

An amendment to a finance lease that is not accounted for as a separate lease is accounted for by the lessor as follows:

a) for a contract that would have been classified as an operating lease if the amendment was effective on the date of introduction, the lessor:

- i) accounts for the amendment to the lease as a new lease from the effective date of the amendment; and
- ii) measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the amendment to the lease;

b) Otherwise, the lessee applies the requirements of IFRS 9.

Receivables on financial lease
The leasing activity of the Group involves rent of vehicles, industrial equipment, real estate and others, mainly on finance lease agreements.

The finance lease agreement is an agreement under which the lessor gives to the lessee the right of use of a particular asset for an agreed term against reward. Lease agreement is recorded as finance when the contract transfers to the lessee all substantial risks and benefits associated with the ownership of the asset.

Typical indicators considered by the Group for determining if all significant risks and benefits have been transferred include: the present value of minimal lease payments compared to the fair value of the leased asset at the beginning of the leasing agreement; the term of the leasing agreement in comparison with the economic life of the leased asset; as well as whether the lessee will acquire the right of ownership over the leased asset at the end of the financial lease agreement. All other leasing agreements, which do not transfer substantially all risks and benefits of ownership of the asset, are classified as operating leases.

Minimum Lease Payments
Minimum lease payments are the payments that the lessee will or may be required to make during the term of the leasing contract. From the Group’s point of view, minimum lease payments also include the residual value of the asset guaranteed by a third party, not related to the Group, provided that such party is financially able to fulfill its commitments to the guarantee or to the contract for redemption. In the minimum lease payments, the Group also includes the cost of exercising possible option, which the lessee has for the purchase of the asset, and at the beginning of the lease agreement it is to a large extent certain that the option will be exercised. Minimum lease payments do not include conditional rents, as well as costs of services and taxes to be paid by the Group and subsequently re-invoiced to the lessee.

Beginning of the lease agreement and beginning of the term of the lease agreement
A distinction is made between the beginning of the lease agreement and the beginning of the term of the lease agreement. Beginning of the lease agreement is the earlier of the two dates – of the lease agreement or of the commitment of the parties to the main conditions of the lease agreement.
As at this date: the lease agreement is classified as a financial lease agreement or an operating lease agreement; and in the case of finance lease the amounts to be recognised at the beginning of the term of the lease agreement are determined. The commencement of the lease agreement is the date from which the lessee may exercise the right to use the leased asset. This is also the date on which the Group initially recognises the claim on the lease.

Initial and Subsequent Evaluation

Initially, the Group recognizes a receivable on financial lease equal to its net investment, including present value of minimal lease payments and each residual value of the Group that is not secured. The current value is calculated by discounting minimum lease payments due by the inherent to the lease agreement interest rate. Initial direct costs are included in the calculation of the claim under financial lease. During the term of the lease agreement the Group accrues financial income (income from interest on financial lease) on the net investment. Received lease payments are treated as a reduction of net investment (repayment of principal) and recognition of financial income in a manner to ensure a constant rate of return on the net investment. Consequently, the net investment in finance lease agreements is presented net, after deduction of individual and portfolio provisions for uncollectability.

2.11.2.2 Operating leasing

Recognition and assessment

The lessor recognizes lease payments under operating leases as revenue on a straight-line basis or on a systematic basis. The lessor applies another systematic basis where that basis more accurately reflects the way in which the benefit of using the underlying asset is diminished.
The lessor adds the initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes it as an expense over the lease term on the same basis as the lease income. The underlying asset subject to operating leases is amortized with the lessor's usual amortization policy for such assets. The depreciation of such an asset is recognised as an expense on the lease term on the same basis as the lease income.

Amendments to the lease agreement

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

Presentation

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

Impairment losses on financial leasing receivables

Finance lease receivables presented in the balance sheet as a net investment in finance leases are reviewed for impairment based on the Company's policy. The amounts for impairment losses on lease receivables that the Company allocates for specific exposures are calculated based on the most reliable estimate of the Management for the present value of the expected cash flows. In estimating these cash flows, management makes assumptions about the debtor's financial condition and the net realizable value of available collateral. Each impaired financial asset is considered for its content, after which the Management of the Company approves the assessment of the collection of cash flows from the financial asset.

2.11.3 Financial intermediation activity

Financial Intermediation is related to transactions with financial instruments. They are classified as financial assets as part of an investment portfolio or as part of a trading portfolio.

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not have a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs that are reported as current expenses.

Financial assets at fair value through profit or loss

Financial assets for which a business model "held for contractual cash flows" or a business model "held for collection and sale" is not applicable, as well as financial assets whose contractual cash flows are not only principal and interest payments are reported at fair value through profit or loss. All derivative financial instruments are reported in this category except for those that are designated and effective as hedging instruments and for which hedge accounting requirements apply.

Changes in the fair value of assets in this category are reflected in profit or loss. The fair value of financial assets in this category is determined using either quoted market prices or using valuation techniques in the absence of an active market.
This category classifies the securities from the trading portfolio and the equity instruments of the investment portfolio of the firm.

According to the Risk Management Rules of the investment intermediary, subsequent valuation of financial instruments from the trading book is made on a daily basis, at easily accessible closing prices from an independent source such as stock prices or prices from market information systems, quotes from independent brokers with good reputation. In the market valuation, the more conservative of the Buy and Sell rates is used unless the investment intermediary is significant to the market participant for the respective financial instrument and can close its position at an average market price.

When market valuation is not possible, the company uses a model to evaluate its positions and portfolios.

A subsequent valuation of its assets in the trading book under the following procedures:

/1/ For Bulgarian and foreign shares and rights admitted to trading on a regulated securities market in the Republic of Bulgaria as well as Bulgarian shares and rights admitted for trading on a regulated market in Member States:
a/ at the last price of a transaction concluded with them, announced in the stock exchange bulletin, if the volume of the transactions concluded with them for the day is not less than 0.02 per cent of the volume of the respective issue or reaches the estimated volume.
b/ if a price can not be determined under (a) - the arithmetic mean of the highest bid price or short selling respectively of the orders that are valid at the time of closing the regulated market on the estimated day , and the last price of a transaction concluded with the relevant securities for the same day.
c/ in the event that for the valuation day there are no deals with securities of the respective issue, the average of the highest bid or short selling offer respectively, valid at the moment of closing the regulated market for the assessed day, and the weighted average price of the last prices of the transactions concluded with the relevant securities and the traded volumes within the last 30-day period.
d/ If it is not possible to apply the valuation methods in a-c as well as for the non-traded shares, the post evaluation shall be based on the net book value of the assets.
/2/ For units of collective investment undertakings not traded on a regulated market, including in cases of temporary suspension of redemption:
a/ at the last announced redemption price.
b/ at the last designated and announced issue value per unit, less the amount of the unit-redemption and redemption costs provided for under the fund rules, in cases where the collective investment scheme has not reached the minimum amount of the net asset value.
/3/ for derivative financial instruments - in the order indicated in /1/, and in case of impossibility to apply this method of valuation - by an appropriate model for valuation of derivative financial instruments.
/4/ for Bulgarian and foreign bonds, as well as government securities issued pursuant to BNB Ordinance No. 5 - by the method of discounted future net cash flows with a discount factor consisting of a risk-free rate and a risk premium.
/5/ for foreign securities admitted for trading on internationally recognized and liquid regulated securities markets abroad:
a/ at the last price of a transaction concluded with them on the relevant market on the day of valuation;
b/ if it is not possible to apply the valuation method under "a", the valuation shall be made at the "buy" or "sell" price, upon closing of the market on the day of the valuation announced in the electronic securities price information system;
c/ if it is impossible to apply the assessment method under letter b) the valuation shall be made at the last price of a transaction concluded with them within the last 30-day period;
/6/ In cases where there is no trading on a regulated market in working days for the country, the valuation valid for the day of the last trading session shall be accepted. In the subsequent assessment of bonds under the first sentence, the accrued interest for the respective days shall also be reported.

Price sources are regulated securities markets - the Bulgarian Stock Exchange and foreign regulated markets where the relevant securities are traded.

Quotation sources can be recognized by world news agencies such as REUTERS, BLOOMBERG, and so on.

Derivatives
Derivatives are off-balance sheet financial instruments the value of which is determined on the basis of interest rates, exchange rates or other market prices. Derivatives are an effective tool for managing market risk and limiting exposure to a counterparty.
The most commonly used derivatives are:
- foreign exchange swap;
- interest rate swap;
- forward foreign exchange and interest rate contracts;
- futures;
- options.

All derivative financial instruments used for hedging are initially recognized at fair value and subsequently measured at fair value in the statement of financial position.

For derivatives, the same procedures for controlling market and credit risk apply as for other financial instruments. They aggregate with other exposures to monitor the total exposure to a counterparty and are managed within the limits approved for the counterparty.

Derivatives are held for trading purposes as well as hedging instruments used to manage interest rate and currency risk. Derivatives held for trading are measured at fair value and gains and losses are reported in the consolidated statement of profit or loss and other comprehensive income as a result of trading transactions.

2.12 Taxes

Income tax
Current tax comprises the amount of tax to be paid on the expected taxable profit for the period based on the effective tax rate applicable at the date of preparation of the consolidated statement of financial position and any adjustments to past tax payable.

Current taxes on profits of Bulgarian companies in the Group are determined in accordance with the requirements of Bulgarian tax legislation - the Corporate Income Tax Act. The nominal tax rate for Bulgaria in 2020is 10% (2019: 10%).

Subsidiaries abroad are taxed according to the requirements of the relevant tax laws by country at the following tax rates:

Country	**Tax rate**	
	2020	**2019**
Romania	16%	16%
North Macedonia	10%	10%
Ukraine	18%	18%
Georgia	15%	15%
Greece	24%	29%

Deferred tax
Deferred tax is calculated by applying the balance sheet method to all temporary differences between the carrying amount of the financial statements and the amounts for tax purposes.

Deferred tax is calculated on the basis of the tax rate that is expected to be incurred when the asset is realized or the liability is settled. The effect on deferred tax on change in tax rates is recognized in the consolidated statement of profit or loss and other comprehensive income except when it relates to amounts previously accrued or accounted for directly in equity.

A deferred tax asset is recognized only to the extent that it is probable that future profits will be available against which unused tax losses or tax credit can be utilized. Deferred tax assets are reduced in line with the decrease in probability of tax benefits.

As at 30.06.2020 the deferred taxes on the profits of the Group companies are assessed at a rate valid for 2020, which for the Bulgarian companies is 10% and for the subsidiaries abroad is as follows:

Country	Tax rate for 2019
Romania	16%
North Macedonia	10%
Ukraine	18%
Georgia	15%
Greece	24%

2.13. Non-current assets

2.13.1 Property, plant and equipment, rights of use

2.13.1.1 Property, plant and equipment

Fixed tangible assets are measured at cost less the amount of accrued amortization and any impairment losses.

The Group has set a materiality threshold of BGN 700 below which the assets acquired, despite having a characteristic of a fixed asset, are reported as current expense at the time they are acquired.

Initial acquisition
Initial valuation of tangible fixed assets is carried out:

At acquisition cost, which includes: the purchase price (including customs duties and non-recoverable taxes), all direct costs of bringing an asset into working condition in accordance with its intended purpose - for assets acquired from external sources;

At fair value: for those received as a result of a free transaction;

Under assessment: accepted by the court, and all direct costs of bringing an asset into working condition in accordance with its purpose - for assets received as an in-kind contribution.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are included in the acquisition cost (cost) of that asset. All other borrowing costs are reported as current in profit or loss for the period.

Subsequent assessment
The Group's approach to subsequent balance sheet valuation of property, plant and equipment is the cost model under IAS 16, the historical cost of acquisition, less accumulated depreciation and accumulated impairment losses.

Subsequent costs
Subsequent repair and maintenance costs are recognized in the consolidated statement of profit or loss and other comprehensive income at the time they are performed unless there is clear evidence that their performance will result in increased economic benefits from the use of the asset. Then these costs are capitalized at the asset's carrying amount.

Gains and losses on sale
In the case of a sale of tangible fixed assets, the difference between the carrying amount and the sale price of the asset is recognized as a gain or loss in the consolidated statement of profit or loss and other comprehensive income.Write-off of tangible fixed assets on the balance sheet is at the time of sale or when the asset is definitively disposed of and after the write-off is not expected to have any other economic benefits.

2.13.1.2 Rights of use

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

2.13.2 Goofwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and recognized separately. See Note 2.5 for information on the initial determination of goodwill. For the purposes of the impairment test, goodwill is allocated to each cash-generating unit of the Group (or group of cash-generating units) that is expected to benefit from the business combination, whether or not other assets or liabilities of the acquired company is allocated to these units. Goodwill is measured at cost less accumulated impairment losses.

When a cash-generating unit is written off, the relevant portion of goodwill is included in determining the gain or loss on write-off.

2.13.3 Intangible assets

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

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

Subsequent expenditures in respect of other intangible assets after their initial recognition are recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred unless due to them the asset can generate more than originally intended future economic benefits and these expenditures can be reliably measured and assigned to the asset. If these conditions are met, the amount of the expenditures made is added to the cost of the asset.

A materiality threshold of BGN 700 is applied, below which the acquired assets, despite having the characteristics of a fixed asset, are reported as a current expense at the time of their acquisition.

The carrying amount of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not exceed their recoverable amount.

The gain or loss on disposal of the the intangible asset is determined as the difference between the disposal proceeds, and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income in line "Other operating income / costs", net.

2.13.4 Depreciation methods

The Group applies a straight-line depreciation method. Depreciation of assets begins in the month following the month of acquisition. The land and assets under construction are not depreciated. Useful life by group of assets is consistent with: physical wear and tear, specifics of the equipment, future intentions for use, and the assumed obsolescence.

The defined useful life by group of assets is as follows:

Asset group	Useful life in years
Buildings	25-46
Machinery and equipment	3-10
Vehicles	4-6
Business inventory	3-19
Computers	2-5
Software	2
Intangible assets	5-7
Rights of use	over the shorter of the asset's life and the lease term on a straight-line basis

2.14 Investment property

The Group accounts for investment property held for rental income and / or for capital increases using the fair value model.

Investment property is initially measured at cost, including the purchase price and any costs that are directly attributable to the investment property, such as legal fees, property transfer taxes and other transaction costs.

Investment properties are revalued on an annual basis and are included in the consolidated statement of financial position at their market values. They are determined by independent appraisers with professional qualifications and significant professional experience depending on the nature and location of the investment properties, based on evidence of market conditions.

Any gain or loss on a change in the fair value or sale of an investment property is recognized immediately in profit or loss and presented in the consolidated statement of profit or loss and other comprehensive income.

2.15 Impairment tests on goodwill, other intangible assets and property, plant and equipment

In calculating the amount of impairment, the Group defines the smallest identifiable group of assets for which separate cash flows (unit generating cash flows) can be determined. As a result, some of the assets are subject to an impairment test on an individual basis and others on a cash-generating unit basis. Goodwill refers to the cash-generating units that are likely to benefit from the business combination and which represent the lowest level in the Group at which management monitors goodwill.

Cash-generating units to which goodwill is attributed are tested for impairment at least annually. All other separate assets or cash-generating units are tested for impairment when events or changes in circumstances indicate that their carrying amount can not be restored.

An impairment loss is the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. To determine the value in use, the Group's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. The data used in the impairment testing are based on the last approved budget of the Group, adjusted if necessary to eliminate the effect of future reorganizations and significant asset improvements. The discount factors are determined for each individual cash-generating unit and reflect their respective risk profile, assessed by the Group's management.

Impairment losses on a cash-generating unit are allocated to the reduction of the carrying amount first of the goodwill attributable to that unit and then to the other assets of the unit in proportion to their carrying amount. With the exception of goodwill for all of the Group's assets, management subsequently assesses whether there is any indication that an impairment loss recognized in prior years may no longer exist or be reduced. An impairment loss recognized in a prior period is reversed if the recoverable amount of the cash-generating unit exceeds its carrying amount.

2.16 Pension and other payables to employees and social legislation staff

The employment and social security relations with the employees of the Group are based on the provisions of the Labor Code and the provisions of the current insurance legislation for the companies operating in Bulgaria, the Romanian Code - for the companies in Romania, the labor legislation for the companies in Ukraine , of labor law for companies in Northern Macedonia.

Short-term employee benefits
Liabilities for short-term employee benefits are measured on an undiscounted basis and are recognized as an expense when the related service is provided. Liabilities are recognized for the amount expected to be paid on a short-term cash bonus or profit-sharing plan if the Group has a legal or constructive obligation to pay that amount as a result of past service provided by an employee and the liability may be evaluate reliably.

The Group recognizes as an obligation the undiscounted amount of estimated expense paid annual leave expected to be paid to employees in exchange for their work for the past reporting period.

Defined contribution plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net liability for defined benefit plans is calculated by forecasting the amount of future benefits that employees have earned in return for their services in the current and prior periods, and this income is discounted to determine its present value.

A defined contribution plan is a post-employment benefit plan under which the Group pays contributions to another person and has no legal or constructive obligation to pay additional amounts thereafter. The Government of Bulgaria is responsible for providing pensions under defined contribution plans.

Expenses on the Group's commitment to pay installments under defined contribution plans are recognized in profit or loss on an ongoing basis.

Termination benefits
Termination benefits are recognized as an expense when the Group has committed itself clearly, without any real possibility of withdrawal, with a formal detailed plan either to terminate a business relationship before the normal retirement date or to provide termination benefits as a result of a proposal, made to encourage voluntary departure.

Termination benefits for voluntary departure are recognized as an expense if the Group has made a formal offer for voluntary termination, and it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are due more than 12 months after the end of the reporting period, they are discounted to their present value.

2.17 Financial assets and liabilities

Recognition and derecognition
Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and substantially all the risks and rewards are transferred.

Financial liabilities are derecognized when the obligation specified in the contract is fulfilled is derecognized or expires.

Classification and initial measurement of financial assets
Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not have a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs that are reported as current expenses. The initial measurement of trade receivables that do not have a significant financial component represents the transaction price under IFRS 15.

Depending on the method of subsequent reporting, financial assets are classified into one of the following categories:
- debt instruments at amortized cost;
- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income, with or without reclassification in profit or loss, whether they are debt or equity instruments.

The classification of financial assets is determined on the basis of the following two conditions:
- the business model of the Financial Assets Management Group;
- the characteristics of the contractual cash flows of the financial asset.

All income and expenses relating to financial assets recognized in profit or loss are included in financial expenses, financial income or other financial items, except for impairment of trade receivables, which is presented in line with other expenses in the consolidated statement of profit or loss and other comprehensive income.

Subsequent valuation of financial assets

Debt instruments at amortized cost
Financial assets are measured at amortized cost if the assets meet the following criteria and are not designated for fair value through profit or loss:

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

This category includes non-derivative financial assets such as loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, they are measured at amortized cost using the effective interest method. Discarding is not done when its effect is insignificant. The Group classifies in this category the cash and cash equivalents / cash, trade and other receivables as well as listed bonds.

Financial assets at fair value through profit or loss
Financial assets for which a business model "held for contractual cash flows" or a business model "held for collection and sale" is not applicable, as well as financial assets whose contractual cash flows are not only principal and interest payments are reported at fair value through profit or loss. All derivative financial instruments are reported in this category except for those that are designated and effective as hedging instruments and for which hedge accounting requirements apply (see below).

Changes in the fair value of assets in this category are reflected in profit or loss. The fair value of financial assets in this category is determined by quoted prices in an active market or by using valuation techniques in the absence of an active market.

Financial assets at fair value through other comprehensive income
The Group recognizes financial assets at fair value in other comprehensive income if the assets meet the following conditions:
- The Group manages assets within a business model that aims to hold the financial assets to collect contractual cash flows and sell them; and
- According to the contractual terms of the financial asset at specific dates, cash flows arise, which are only principal payments and interest on the outstanding amount of the principal.

Financial assets at fair value through other comprehensive income include:
- Equity securities that are not held for trading and which the Group irrevocably has chosen at initial recognition to recognize in this category.
- Debt securities where the contractual cash flows are only principal and interest and the Group's business model is aimed at both the collection of contractual cash flows and the sale of financial assets.

Upon disposal of equity instruments in this category, any value reported in the revaluation reserve of the instruments is reclassified to retained earnings.

Upon release from debt instruments in this category, any amount reported in the revaluation reserve of the instruments is reclassified to profit or loss for the period.

Classification and measurement of financial liabilities

The financial liabilities of the Group include borrowings, liabilities under finance leases, trade and other financial liabilities.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Group has designated a financial liability as measured at fair value through profit or loss.

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for derivatives and financial liabilities that are designated for measurement at fair value through profit or loss (except for derivative financial instruments that are designated and effective as hedging tool).

All interest-related expenses and, if applicable, changes in the fair value of the instrument that are recognized in profit or loss are included in financial expenses or financial income.

Derivative financial instruments and hedge accounting

Derivative financial instruments are measured at fair value through profit or loss except for derivatives designated as hedging instruments for cash flow hedges that require specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic link between the hedged item and the hedging instrument;
- the effect of credit risk is not an essential part of the changes in value that result from this economic relationship;
- the hedging relationship's hedge ratio is the same as the one resulting from the amount of the hedged item that the Group actually hedges and the amount of the hedging instrument that the Group actually uses to hedge this amount of hedged items.

All derivative financial instruments used for hedge accounting are initially recognized at fair value and are reported at fair value in the consolidated statement of financial position.

To the extent that hedging is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognized in other comprehensive income and included in the hedge of the cash flow in equity. Any inefficiency in the hedging relationship is recognized immediately in profit or loss.
At the moment when the hedged item affects profit or loss, the gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as a reclassification adjustment to other comprehensive income. However, if a non-financial asset or liability is recognized as a result of the hedged transaction, gains or losses previously recognized in other comprehensive income are included in the initial measurement of the hedged item.

If the forecast transaction is no longer expected to occur, any related gain or loss recognized in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to be effective, hedge accounting is discontinued and the related gain or loss is recognized as a reserve in equity until the estimated transaction.

Impairment of financial assets

IFRS 9 requires the Company to recognize a provision for expected credit losses for all debt instruments that are not carried at fair value through profit or loss and for contract assets.

Instruments under the new requirements include loans and other financial assets measured at amortized cost / fair value through other comprehensive income, trade receivables, contract assets recognized and measured under IFRS 15, and credit commitments and some financia guarantee contracts (with the issuer) that are not reported at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the occurrence of a credit loss event. Instead, the Company considers a wider range of information in assessing credit risk and assessing expected credit losses, including past events, current conditions, reasonable and supportive forecasts that affect the expected future cash flow of the instrument.

In implementing this forward-looking approach, a distinction is made between:

- financial instruments whose credit quality has not significantly deteriorated since the initial recognition or have low credit risk (Phase 1);
- financial instruments whose credit quality has deteriorated significantly since the time of initial recognition or where the credit risk is not low (Phase 2);
- "Phase 3" covers financial assets that have objective evidence of impairment at the reporting date. None of the Company's financial assets fall into this category.

12-month expected credit losses are recognized for the first category, while the expected losses over the life of the financial instruments are recognized for the second category. Expected credit losses are determined as the difference between all contractual cash flows attributable to the Company and the cash flows it is actually expected to receive ("cash deficit"). This difference is discounted at the original effective interest rate (or the effective interest rate corrected to the credit).

The calculation of expected credit losses is determined on the basis of the probability-weighted estimate of credit losses over the expected period of the financial instruments.

- **Net investment in financial leasing**

In determining the impairment of financial lease receivables, the Group is based on a three-step approach, which aims to reflect the deterioration of the credit quality of the financial instrument. At each reporting date after initial recognition, the Group assesses at which stage the financial asset that is subject to impairment testing relates. The stage determines the relevant impairment requirements. The Group uses a 5-point system to determine the credit rating of each transaction, and the criteria of the system used consider both the leasing asset, transaction parameters (down payment, term, residual value) and the financial condition of the individual client.

- **Cash**

The Group categorizes the banks in which it holds cash on the basis of a rating assigned to them by rating agencies (Moody’s, Fitch, S&P, BACR) and, depending on it, applies a different percentage to the expected credit losses for 12 months.

- **Receivables on loans**

The Group has receivables from loans granted, which are categorized according to whether the borrower has a rating and depending on whether the receivables from such loans are overdue.

- **Trade and other receivables, contracted assets**

The Company uses a simplified approach to accounting for trade and other receivables as well as contract assets and recognizes impairment losses as expected credit losses over the entire period. They represent the expected shortfall in contractual cash flows, given the possibility of default at any time during the term of the financial instrument. The Company uses its accumulated experience, external indicators and long-term information to calculate the expected credit losses through customer allocation by industry and time structure of receivables and using a maturity of provisions.

- **Judicial and adjudicated receivables**

The Group's judicial and adjudicated receivables are categorized in Group 3, respectively as such they are individually considered by the management and each such receivable is assigned an individual impairment percentage.

2.18 Inventory

Materials and goods are valued at shipping cost. Their value is the sum of all purchase costs and other costs incurred in delivering them to their current location and status.

The write-off of materials and commodities upon their consumption is based on a specific or weighted average value depending on the segments.

The net realizable value of the inventories is stated at the sale price, less the completion costs and costs incurred to realize the sale and is determined with respect to marketing, obsolescence and development at expected sales prices.

When the inventory value of inventories is higher than the net realizable value, it is reduced to the net realizable value. The decrease is recorded as other current expenses.

2.19 Provisions, contingent liabilities and contingent assets

Provisions are recognized when it is probable that current liabilities resulting from a past event will result in an outflow of resources from the Group and a reliable estimate of the amount of the liability can be made. The timing or amount of cash outflow may be uncertain.
A present obligation arises from the existence of a legal or constructive obligation as a result of past events, such as guarantees, legal disputes or burdensome contracts. Restructuring provisions are recognized only if a detailed formal restructuring plan has been developed and implemented or management has announced the main points of the restructuring plan to those who would be affected. Provisions for future operating losses are not recognized.

The amount recognized as a provision is calculated on the basis of the most reliable estimate of the costs required to settle a current liability at the end of the reporting period, taking into account the risks and uncertainties associated with the current liability. Where there are a number of similar obligations, the probable need for an outflow to settle the obligation is determined taking into account the group of liabilities as a whole. Provisions are discounted when the effect of time differences in the value of money is significant.
Third party benefits in respect of a liability that the Group is certain to receive are recognized as a separate asset. This asset may not exceed the value of the provision in question.

Provisions are revised at the end of each reporting period and adjusted to reflect the best estimate.

In cases where it is considered that an outflow of economic resources is unlikely to occur as a result of a current liability, a liability is not recognized unless it is a business combination (see Note 2.5). In a business combination, contingent liabilities are recognized when the cost of acquisition is allocated to the assets and liabilities acquired in the business combination. Contingent liabilities should be subsequently measured at the higher of the comparable provision described above and the amount initially recognized less accumulated depreciation.

Possible inflows of economic benefits that do not yet meet the criteria for recognition of an asset are considered contingent assets.

2.20 Equity and earnings per share

2.20.1 Equity

The share capital of the Parent Company is presented at its nominal value according to the court decisions for its registration.

Equity that does not belong to the economic group (non-controlling interest) is part of the net assets, including the net result for the year of the subsidiaries, attributable to interests not directly or indirectly held by the Parent Company.

2.20.2 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to shareholders, holders of ordinary shares by the weighted average number of ordinary shares outstanding for the period.

The weighted average number of shares is the number of ordinary shares outstanding at beginning of period, adjusted by the number of repurchased ordinary shares issued during the period multiplied by the average time factor. This factor expresses the number of days the specific shares were held in relation to the total number of days during the period.

In capitalization, bonus issue or split, the number of ordinary shares that are outstanding at the date of this event is adjusted to reflect the proportional change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the submitted the earliest period. Reduced earnings per share are not calculated as there are no dilutive potential issued shares.

2.21 Liabilities

Financial liabilities are recognized over the period of the loan by the amount of receipts received, the principal, less the transaction costs. In subsequent periods, financial liabilities are measured at amortized cost equal to the capitalized value when applying the effective interest method. In the consolidated statement of profit or loss and other comprehensive income, loan costs are recognized over the period of the loan.

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

Deferred income is recognized as liabilities includes payments received in respect of earnings for subsequent years.

2.22 Financial Risk Management

Factors that determine the financial risk

In carrying out its activities, the Group companies are exposed to a variety of financial risks: market risk (including currency risk, changes in the fair value of financial instruments under the influence of market interest rates and price risk), credit risk, liquidity risk and risk of change of future cash flows as a result of changes in market interest rates.

The overall risk management program focuses on the unpredictability of financial markets and aims to reduce any adverse effects on the Group's financial performance.

2.22.1 Currency risk

The Group is exposed to currency risk through payments in foreign currency and through its assets and liabilities denominated in foreign currency. Foreign currency exposures result in gains or losses that are recognized in the consolidated statement of profit or loss and other comprehensive income. These exposures comprise the Group's monetary assets that are not denominated in the currency used in the financial statements of local companies.

With the exception of the Insurance Business, the Group operates mainly in Bulgarian levs and in euro. Management believes that with the Bulgarian Currency Board operating in Bulgaria and the fixed exchange rate of the Bulgarian lev to the euro, the Group is not exposed to significant adverse effects of changes in the exchange rate.

The Group has no significant investments in countries other than the countries in which it operates - Bulgaria, Romania, Macedonia, Ukraine and Georgia. In cases where the local currency is exposed to significant currency risk, its management is achieved by investing in assets denominated in Euro.

2.22.2 Interest rate risk

The Group is exposed to the risk of changes in market interest rates, mainly with respect to its short-term and long-term financial liabilities with variable (floating) interest rates. The Group's policy is to manage interest expenses by using financial instruments with both fixed and floating interest rates. The interest rates on the majority of the Group's loans to banking institutions are based on one-month and / or quarterly and / or six-month EURIBOR, which at the time of preparing this report has stable levels - 0%. The companies in the Group pay a fixed margin to it between 2% and 6.0%. Therefore, the risk of interest rate changes is negligible.

The Group's exposure to interest rate risk is concentrated mainly in its investment portfolio. The Group controls this exposure through periodic review of its active positions. Cash flow assumptions as well as the impact of interest rate fluctuations on the investment portfolio are reviewed every six months.
The purpose of these strategies is to limit large changes in assets related to changes in interest rates. The Group is also exposed to the risk of changes in future cash flows from fixed income securities resulting from changes in market interest rates.

2.22.3 Credit risk

The Group's credit risk is mainly related to trade and financial receivables.

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

The Group holds assets in a trading portfolio in order to manage credit risk. Credit risk is the risk that one party to a financial instrument will incur a financial loss for the other party to it by failing to meet an obligation. The Group has implemented policies and procedures to mitigate the exposure of the credit risk group.

The Group's investment policy requires strict application of the diversification rules on exposure limits for each type of instrument and for an individual counterparty, set out in the insurance legislation of each country. The Group does not conduct derivative transactions.

The Group invests its own funds mainly in bank deposits, securities issued by Member States of the European Union, bonds issued by financial institutions or other companies. In order to implement its investment policy, the Group uses professional services of investment intermediaries that have received permission to conduct transactions in the country and abroad.

2.22.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they become due. The policy in this area is aimed at ensuring that sufficient liquidity is available to service the obligations when they become due, including in extraordinary and unforeseen situations. The objective of the management is to maintain a constant balance between the continuity and flexibility of financial resources through the use of adequate forms of funding.

Liquidity risk management is the responsibility of the Group's management and includes maintaining sufficient cash, negotiating adequate credit lines, preparing analysis and updating cash flow projections.

2.22.5 Other risks 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 Group analyzed 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 at the date of preparation of these Consolidated Annual Financial Statements, the economic activity has not yet fully recovered and sufficient statistical information is 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)

The National Assembly of the Republic of Bulgaria declared a state of emergency dated March 13, 2020, which expired on May 13, 2020. Similar measures were taken by all Member States of the European Union, as well as by the main trading partners (outside the European Union) of the Republic of Bulgaria.

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

Despite the subsequent drop of the measures, international financial institutions and international credit agencies expect a significant economic effect in short term, and the overall levels of economic growth are expected to recover in period 2021-2022.

The Group's management has analyzed the expected effect on both the economic growth and the credit quality of the countries (and respectively the counterparties) where 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, including forecast data after the occurrence of the pandemic situation related to Covid-19 (Coronavirus).

	Historical data			Forecast			
	2017	2018	2019	2020 (before Covid-19)	2020 (Covid-19)	Average 2021-24 (before Covid-19)	2021 (Covid-19)
Economic GDP growth	3.5%	3.1%	3.4%	3.2%	(4.0)%	2.8%	6.0%

Source: *International Monetary Fund - World Economic Outlook*

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			
	2017	2018	2019	2020 (before Covid-19)	2020 (Covid-19)	Average 2021-24 (before Covid-19)	2021 (Covid-19)
Economic GDP growth	1.9%	2.5%	1.9%	1.4%	(7.5)%	1.3%	4.7%

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

	Historical data			Forecast			
	2017	2018	2019	2020 (before Covid-19)	2020 (Covid-19)	Average 2021-24 (before Covid-19)	2021 (Covid-19)
Romania	7.1%	4.4%	4.1%	3.5%	(5.0)%	3.0%	3.9%
North Macedonia	1.1%	2.7%	3.6%	3.4%	(4.0)%	3.5%	7.0%
Ukraine	2.5%	3.3%	3.2%	3.0%	(7.7)%	3.3%	3.6%
Georgia	4,8%	4,8%	5,1%	4.8%	(4,0)%	5.2%	3,0%
Russian Federation	1.8%	2.5%	1.3%	1.9%	(5.5)%	1.8%	3.5%
Greece	1,5%	1,9%	1,9%	2.2%	(10,0)%	0.9%	5,1%

Poland	4,9%	5,1%	4,1%	3.1%	(4,6)%	2.5%	4,2%
Italy	1,7%	0,8%	0,3%	0.5%	(9,1)%	0.6%	4,8%
Spain	2,9%	2,4%	2,0%	1.8%	(8,0)%	1.6%	4,3%
United Kingdom	1,9%	1,3%	1,4%	1.4%	(6,5)%	1.5%	4,0%

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 priod 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 Parent company of the Group.

	Before Covid-19		**After Covid-19**	
	Rating	Forecast	Rating	Forecast
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
Romania	BBB	Stable	BBB	Negative
North Macedonia	BB+	Stable	BB+	Negative
Ukraine	B	Positive	B	Stable
Georgia	BB	Stable	BB	Negative
Russian Federation	BBB	Stable	BBB	Stable
Greece	BB	Stable	BB	Stable
Poland	A-	Stable	A-	Stable
Italy	BBB	Negative	BBB-	Stable
Spain	A-	Stable	A-	Stable
United Kingdom	AA	Negative	AA-	Negative

Management continues to monitor the development of the credit risk in relation to the countries where the Group operates, as well as the main investments (subject to both markets and credit risk) of the Group companies.

At present, despite the overall decrease of forecasts and 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 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 Group (as a part of the Eurohold Bulgaria Group) applies IFRS 9 from January 01, 2018, although The Insurance business had the right to postpone its application until January 1, 2022 (joint application with IFRS 17).

The Group's management has analyzed 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).

With regard to the model (including the full and simplified one) for calculating the expected credit losses, the Management considers that due to the lack of stable data, it is still not possible to make a change in the general model. However, the Management recognizes the possible short-term risks to the overall economic development of the countries in which the Group operates, and that in some markets the expected reduction in Gross Domestic Product could be significant, but 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). For these reasons, the Group Management has decided to review its model for calculating expected credit losses according to IFRS 9 as of the first half of 2020 and to update some of its expectations. This is because management considers that some of the Group's counterparties may be affected by the deteriorating financial situation and has therefore taken action to update some of the parameters in its calculation model. As as of 30 June 2020, insufficient reliable information is available for both macroeconomic statistics and medium-term levels of probability of default, the Management has decided to approach conservatively and deteriorate its forecast on the loss-in-case-of-default (LGD, Loss Given Default) as follows:

- Average arithmetic increase of 5.16 percentage points on the parameter of "loss in case of default" (LGD, Loss Given Default) for assets that are subject to the calculation of expected credit loss of exposures that are part of the simplified model;
- Average arithmetic increase by 6.00 percentage points on the default loss parameter (LGD, Loss Given Default) on assets that are subject to the calculation of expected credit loss, exposures that are part of the full model (i.e. deposits and cash in banking institutions, sovereign and corporate bonds);
- An 8 percentage point increase in the loss-in-case-of-default parameter (LGD, Loss Given Default) on assets that are subject to the calculation of expected credit loss on exposures that are part of the full model and constitute lease receivables within the scope of IFRS 16.

The Management notes that the Insurance segment is weakly affected by the deteriorating economic situation and for this reason did not apply the above adjustments in this segment.

2.23 Determination of fair values

Fair value is the price that would have been obtained on the sale of an asset or paid on the transfer of an obligation in a typical transaction between market participants at the valuation date.

Fair value measurement implies that the transaction for the sale of the asset or the transfer of the liability is carried out:

- the underlying market for that asset or liability;
  or
- in the absence of a major market - the most profitable market for that asset or liability.

The main or most advantageous market should be available to the Group.

In measuring the fair value of a non-financial asset, the ability of a market participant to generate economic benefits by using the asset to maximize its value or by selling it to another market participant that will use it in such a way is taken into account. The Group uses cost-appropriate valuation methods, for which there is sufficient available fair value measurement data, using as much as possible the relevant observable hypotheses and minimizing the use of non-observable ones.

All assets or liabilities that are measured at fair value or disclosed in the consolidated financial statements are categorized according to a fair value hierarchy described as follows and based on the lowest rank of observable assumptions that are significant for the fair value measurement as a whole:

- Level 1 - Adjusted (unadjusted) active market prices for identical assets or liabilities to which the Group may have access at the measurement date;
- Level 2 - Valuation techniques for which observable lower rank hypotheses that are relevant for fair value measurement are directly or indirectly observable;
- Level 3 - Valuation techniques for which observable lower case scenarios that are relevant for fair value measurement are unobservable.

External valuers have been used to measure the fair value of significant assets such as goodwill and investment property.

2.24 Cash flows

The consolidated cash flow statement shows the Group's cash flows for operating, investing and financing activities during the year, changes in cash and cash equivalents for the year, cash and cash equivalents at beginning and end of the year.

Operating cash flows are calculated as a result for the year, adjusted for non-monetary operating positions, changes in net working capital and corporate tax.
Cash flows from investing activities include payments in connection with the purchase and sale of fixed assets and cash flows associated with the purchase and sale of businesses and activities. Purchase and sale of other securities that are not cash and cash equivalents are also included in investing activities.

Cash flows from financing activities include changes in the size or composition of share capital and related costs, borrowing and repayment of interest-bearing loans, purchase and sale of own shares and payment of dividends.

2.25 Leasing

The Group as a lessee

The Group initially applied IFRS 16 on 1 January 2019 using a modified retrospective approach. Under this approach, the cumulative effect of the application is recognized on the date of initial application in the opening balance of equity (Retained earnings from previous years) and no comparative information is recalculated for 2018. This change is required by the new leasing reporting rules in force from 01.01.2019

The Group assesses whether the contract represents or contains elements of a Lease if, under this agreement, the right to control the use of an asset for a specified period of time is transferred for consideration. If it is established that the lease agreement recognizes the Group as an asset with a right of use and a corresponding obligation at the date on which the leasing asset is available for use.

A reassessment of whether a contract represents or contains elements of a lease is made only if the terms and conditions of the contract change.

Leasing assets and liabilities are initially measured at present value.

Leasing liabilities include the net present value of the following lease payments:

- fixed payments (including substantially fixed payments) minus any lease incentive receivables;
- variable lease based on an index or interest initially measured by the index or rate at the commencement date;
- amounts expected to be paid by the Group under guarantees of residual value;
- the cost of exercising a purchase option if the Group has reason to exercise that option, and
- payments of penalties for termination of the lease if the lease term reflects the fact that the Group exercises this option.

Lease payments that are made under reasonably defined extension options are also included in the liability measurement. The valuation of a lease contract with an option to extend the lease term should be taken plus 1 year to the fixed period. The Group acknowledges that this is the minimum for which there is assurance that an option contract may be extended.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Group applies a three-step approach in determining the incremental borrowing rate based on:

- Yield of 10-years Government Bonds calculated as an average for the the last 3 years;
- financing spread adjustment - loans to new enterprises, non-financial corporations in local currency, to determine the initial initial interest rate for a period of 3 years (for real estate) or the average interest rate on financial leasing to unrelated persons for the last 3 years (for vehicles);
- specific lease adjustment related to the specific asset (at the discretion of each individual asset).

Applicable Rates at Eurohold Bulgaria AD:

	Buildings - Bulgaria	Buildings - Romania	Buildings - UK	Buildings - Greece	Buildings - Georgia	Buildings – North Macedonia	Vehicles - Bulgaria	Vehicles – North Macedonia
Incremental borrowing rate	4,05 %	4,54 %	1,31 %	4,54 %	7,03 %	5,81%	5,34 %	6,17 %

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The Group adopts the threshold for recognition right-of-use assets of BGN 10,000.00, taking the price of the asset as new.

Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease contract.

The Group has decided not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and *Interpretation 4 Determining whether an Arrangement contains a Lease*.

The Group as a lessor

Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance. (*Note 2.11.2 Leasing activity*).

3. Revenue from insurance business

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Gross premiums written from insurance	437 397	410 493
Received recoveries from reinsurers	129 007	109 049
Positive change in the gross provision for unearned premiums and unexpired risk reserve	28 211	-
Positive change in reinsurers' share in unearned premium reserve	-	27 095
Change in the reinsurers' share in other reserves	10 654	18 548
Positive change in other technical reserves	7 365	7 019
Recourse income	3 564	6 897
Fees and commissions income	44 603	52 502
Investment income	21 264	19 817
Other revenue	1 791	5 045
	683 856	**656 465**

4. Expenses of insurance business

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Paid claims, claims handling and prevention expenses	(276 302)	(228 068)
Change in the gross provision for unearned premiums and unexpired risk reserve	-	(40 520)
Share of the reinsurer in the change of the unearned premium reserve	(15 079)	-
Change in other technical reserves	(19 985)	(38 453)
Change in the reinsurers' share in the other reserves	(4 147)	(6 659)
Premiums ceded to reinsurers	(200 065)	(182 467)
Acquisition expenses	(98 337)	(92 733)
Investment expenses	(12 798)	(5 442)
Other expenses	(24 967)	(25 766)
	(651 680)	**(620 108)**

5. Revenue from car sales and after sales

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Revenue from sale of cars and spare parts	67 979	111 649
Revenue from after sales and rent-a-car services	2 887	2 924
	70 866	**114 573**

6. Revenue from leasing business

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Revenue from services	6 755	8 476
Interest income	3 165	3 042
Gains from sale of financial assets and instruments	-	208
Foreign exchange gains	-	14
Other financial revenue	17	69
	9 937	**11 809**

7. Expenses of leasing business

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Interest expenses	(1 751)	(2 301)
Book value of goods sold	(1 592)	(2 187)
Losses from sales of financial assets and instruments	-	(220)
Foreign exchange losses	(32)	(48)
Other expenses	(119)	(28)
	(3 494)	**(4 784)**

8. Revenue from asset management and brokerage

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Interest income	229	241
Dividend income	2	85
Gains from sale of financial assets and financial instruments	3 349	2 081
Foreign exchange gains, net	-	9
Other revenue	438	362
	4 018	**2 778**

9. Expenses of asset management and brokerage

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Interest expenses	(45)	(58)
Losses from sales of financial assets and financial instruments	(3 393)	(1 035)
Foreign exchange losses,net	(157)	-
Other expenses	(106)	(424)
	(3 701)	**(1 517)**

10. Revenue from the activities of the parent company

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Gains from sale of financial assets and financial instruments	777	266
Interest revenue	-	368
Other revenue	254	191
	1 031	**825**

11. Expenses of the activities of the parent company

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Losses from sales of financial assets and financial instruments	(1)	(13)
	(1)	**(13)**

12. Other income/(expenses), net

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Other income/(expenses), net	10	13
	10	**13**

12.1. Other income

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Asset management and brokerage	10	13
	10	**13**

13. Other operating expenses

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Expenses on materials	(1 299)	(1 415)
Expenses on hired services	(11 528)	(14 745)
Employee benefits expenses	(19 246)	(18 155)
Other expenses	(2 371)	(3 513)
	(34 444)	**(37 828)**

13.1 Expenses on materials by segments

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Insurance business	(536)	(412)
Automotive business	(625)	(855)
Leasing business	(134)	(133)
Asset management and brokerage	(2)	(13)
Parent company	(2)	(2)
	(1 299)	**(1 415)**

13.2 Expenses on hired services by segments

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Insurance business	(5 094)	(6 850)
Automotive business	(3 171)	(5 049)
Leasing business	(1 802)	(1 856)
Asset management and brokerage	(233)	(224)
Parent company	(1 228)	(766)
	(11 528)	**(14 745)**

13.3 Employee benefits expenses by segments

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Insurance business	(10 937)	(9 300)
Automotive business	(6 211)	(6 772)
Leasing business	(1 428)	(1 458)
Asset management and brokerage	(378)	(368)
Parent company	(292)	(257)
	(19 246)	**(18 155)**

13.4 Other expenses by segments

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Insurance business	(1 454)	(2 503)
Automotive business	(545)	(614)
Leasing business	(131)	(194)
Asset management and brokerage	(87)	(116)
Parent company	(154)	(86)
	(2 371)	**(3 513)**

14. (Accrued) / recovered impairment loss on financial assets, net

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
(Accrued) impairment loss on financial assets	(829)	(3)
Recoverable impairment loss on financial assets	242	35
	(587)	**32**

14.1 (Accrued) impairment loss on financial assets by segments

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Automotive business	(209)	-
Leasing business	(615)	-
Asset management and brokerage	(5)	(3)
	(829)	**(3)**

14.2 Recovered impairment loss on financial assets by segments

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Automotive business	126	-
Leasing business	92	-
Asset management and brokerage	11	35
Parent company	13	-
	242	**35**

15. Financial expenses

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Interest expenses	(9 978)	(8 847)
Interest expenses – Right of use assets	(852)	-
Other financial expenses	(410)	(351)
	(11 240)	**(9 198)**

15.1 Interest expenses by segments

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Insurance business	(1 822)	(804)
Automotive business	(847)	(948)
Parent company	(7 309)	(7 095)
	(9 978)	**(8 847)**

15.2 Interest expenses – right of use assets by segments

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Insurance business	(373)	-
Automotive business	(334)	-
Leasing business	(83)	-
Asset management and brokerage	(23)	-
Parent company	(39)	-
	(852)	**-**

15.3 Other financial expenses by segments

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Automotive business	(240)	(343)
Parent company	(170)	(8)
	(410)	**(351)**

16. Financial income

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Interest revenue	94	48
	94	**48**

16.1 Financial income by segments

	30.6.2020	30.6.2019
	BGN'000	*BGN'000*
Automotive business	94	48
	94	**48**

17. Foreign exchange gains/(losses), net

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Automotive business	(8)	5
Parent company	1 447	(287)
	1 439	**(282)**

18. Depreciation and amortization by segments

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Insurance business incl.	(3 673)	(1 342)
Right of use assets	*(2 232)*	-
Automotive business incl.	(3 326)	(1 941)
Right of use assets	*(1 462)*	-
Leasing business incl.	(3 064)	(2 970)
Right of use assets	*(143)*	-
Asset management and brokerage incl.	(86)	(112)
Right of use assets	*(76)*	-
Parent company incl.	(342)	(15)
Right of use assets	*(309)*	-
	(10 491)	**(6 380)**

19. Tax expenses

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Income tax expense	(114)	(336)
Deferred tax	659	8
	545	**(328)**

19.1 Tax expenses by segments

	30.6.2020 *BGN'000*	30.6.2019 *BGN'000*
Insurance business	547	(326)
Asset management and brokerage	(2)	(2)
	545	**(328)**

20. Cash and cash equivalents

	30.6.2020 *BGN'000*	31.12.2019 *BGN'000*
Cash on hand	3 220	4 710
Deposits up to 3 months	35 965	86 187
Restricted cash	632	649
Cash equivalents	160	336
Impairment	*(192)*	*(192)*
	39 785	**91 690**

21. Time deposits at banks by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	30 891	15 807
Impairment	*(20)*	*(20)*
	30 871	**15 787**

22.1 Reinsurers' share in technical reserves

	30.6.2020 BGN'000	31.12.2019 BGN'000
Unearned premium reserve	149 863	165 184
Claims reserve, incl.:	306 448	294 753
Reserves for incurred, but not reported claims	*110 587*	*97 685*
Reserves for reported, but not settled claims	*195 861*	*197 068*
Other technical reserves	183	3 892
	456 494	**463 829**

22.2 Receivables from insurance business

	30.6.2020 BGN'000	31.12.2019 BGN'000
Receivables from direct insurance	103 482	90 598
Receivables from reinsurers or sedants	13 587	11 007
Receivables from recourse/subrogation	28 804	26 191
	145 873	**127 796**

23. Trade receivables

	30.6.2020 BGN'000	31.12.2019 BGN'000
Trade receivables	21 275	19 707
Impairment	*(1 007)*	*(838)*
Financial lease receivables	23 307	25 127
Advances paid	4 357	3 046
Other	418	110
Impairment	*(23)*	*(1)*
	48 327	**47 151**

23.1. Trade receivables by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	4 703	577
Automotive business	13 596	15 715
Impairment	*(769)*	*(713)*
Leasing business	2 786	3 084
Impairment	*(235)*	*(114)*
Asset management and brokerage	138	252
Impairment	(2)	*(9)*
Parent company	52	88
Impairment	*(1)*	*(11)*
	20 268	**18 869**

24. Other receivables

	30.6.2020	31.12.2019
	BGN'000	*BGN'000*
Insurance business	52 314	45 037
Impairment	*(4 706)*	*(4 706)*
Automotive business	5 135	4 182
Impairment	*(70)*	*(65)*
Leasing business	1 598	1 502
Impairment	*(108)*	-
Asset management and brokerage	*125*	14
Parent company	976	1 148
Impairment	*(10)*	*(23)*
Prepaid expenses	3 421	2 519
Receivables under court procedures	2 510	2 253
Impairment	*(1 692)*	*(1 571)*
Tax receivables	816	1 475
	60 309	**51 765**

24.1. Tax receivables by segments

	30.6.2020	31.12.2019
	BGN'000	*BGN'000*
Insurance business	141	203
Automotive business	285	709
Leasing business	68	301
Parent company	322	262
	816	**1 475**

25. Property, plant and equipment

	Land, plots	Land, plots-rights of use	Buildings	Buildings-rights of use	Machinery and equipment	Vehicles	Vehicles-rights of use	Furniture and fittings	Assets under construction	Other	Total
	BGN’000	BGN’000	BGN’000	BGN’000	BGN’000	BGN’000	BGN’000	BGN’000	BGN’000	BGN’000	BGN’000
Cost											
At 1 January 2019	**5 154**	**-**	**14 939**	**-**	**9 927**	**60 588**	**-**	**8 315**	**701**	**2 655**	**102 279**
Acquisition of a subsidiary	-	165	-	28 960	-	-	32	-	-	-	**29 157**
Additions	-	4	377	33 227	2 082	19 529	19	1 165	107	140	**56 650**
Disposals	(82)	-	(1 572)	(14 972)	(589)	(14 455)	-	(1 181)	(78)	(33)	**(32 962)**
Other changes	98	-	1 041	(173)	35	26	-	2	-	374	**1 403**
Transfer to investment properties	-	-	(1 064)	-	(884)	(164)	-	(619)	(4)	(1)	**(2 736)**
At 31 December 2019	**5 170**	**169**	**13 721**	**47 042**	**10 571**	**65 524**	**51**	**7 682**	**726**	**3 135**	**153 791**
Additions	-	-	-	4 311	465	6 162	-	72	4	205	**11 219**
Disposals	-	-	(378)	(4 290)	(39)	(7 601)	-	(31)	-	(42)	**(12 381)**
Other changes	(3)	-	2 424	2 672	4	147	30	42	21	-	**5 337**
At 30 June 2020	**5 167**	**169**	**15 767**	**49 735**	**11 001**	**64 232**	**81**	**7 765**	**751**	**3 298**	**157 966**
Depreciation											
At 1 January 2019	**-**	**-**	**5 050**	**-**	**7 690**	**16 319**	**-**	**4 736**	**5**	**1 969**	**35 769**
Depreciation for the period	-	40	489	7 886	839	9 685	19	672	-	169	**19 799**
Disposals	-	-	(106)	(766)	(432)	(5 586)	-	(122)	-	(18)	**(7 030)**
Other changes	-	-	360	(18)	-	15	-	4	-	69	**430**
Write-offs for sale to subsidiaries	-	-	(739)	-	(864)	(79)	-	(550)	-	(1)	**(2 233)**
At 31 December 2019	**-**	**40**	**5 054**	**7 102**	**7 233**	**20 354**	**19**	**4 740**	**5**	**2 188**	**46 735**
Depreciation for the period	-	21	265	4 139	451	4 858	62	283	-	66	**10 145**
Disposals	-	-	-	(487)	(21)	(2 295)	-	(4)	-	-	**(2 807)**
Other changes	-	-	197	-	-	-	-	-	-	-	**197**
At 30 June 2020	**-**	**61**	**5 516**	**10 754**	**7 663**	**22 917**	**81**	**5 019**	**5**	**2 254**	**54 270**
Net book value:											
At 1 January 2019	**5 154**	**-**	**9 889**	**-**	**2 237**	**44 269**	**-**	**3 579**	**696**	**686**	**66 510**
At 31 December 2019	**5 170**	**129**	**8 667**	**39 940**	**3 338**	**45 170**	**32**	**2 942**	**721**	**947**	**107 056**
At 30 June 2020	**5 167**	**108**	**10 251**	**38 981**	**3 338**	**41 315**	**-**	**2 746**	**746**	**1 044**	**103 696**

25.1. Land and buildings by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	6 610	4 927
Automotive business	8 808	8 910
	15 418	**13 837**

25.2. Land and buildings by segments – Rights of use

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	18 314	21 276
Automotive business	16 010	13 537
Leasing business	1 444	1 571
Asset management and brokerage	1 029	1 086
Parent company	2 292	2 599
	39 089	**40 069**

25.3 Machinery and equipment by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	2 188	2 083
Automotive business	1 112	1 215
Leasing business	38	40
	3 338	**3 338**

25.4. Vehicles by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	3 897	4 566
Automotive business	11 821	14 297
Leasing business	25 259	26 120
Asset management and brokerage	180	-
Parent company	158	187
	41 315	**45 170**

25.5. Vehicles by segments – rights of use

	30.6.2020 BGN'000	31.12.2019 BGN'000
Automotive business	-	32
	-	**32**

25.6. Furniture and fittings and other assets by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	893	893
Automotive business	2 727	2 824
Leasing business	131	130
Asset management and brokerage	36	35
Parent company	3	7
	3 790	**3 889**

25.7. Assets under construction by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	21	-
Automotive business	725	721
	746	**721**

26. Investment property

	30.6.2020 BGN'000	31.12.2019 BGN'000
Net book value at 1 January	**15 703**	**20 209**
Acquired	-	121
Disposals	(5 823)	(849)
Revaluation / (Impairment)	(168)	(354)
Write-offs on sale of subsidiaries	-	(3 424)
Net book value as at the period end	**9 712**	**15 703**

27. Intangible assets

	Software BGN'000	Licenses BGN'000	Other BGN'000	Total BGN'000
Cost				
At 1 January 2019	**8 373**	**114**	**1 940**	**10 427**
Additions	1 058	5	155	**1 218**
Disposals	(340)	-	(268)	**(608)**
Other changes	252	-	3	**255**
Write-offs for sale to subsidiaries	(96)	-	(38)	**(134)**
At 31 December 2019	**9 247**	**119**	**1 792**	**11 158**
Additions	271	2	263	**536**
Disposals	(5)	(7)	(153)	**(165)**
Other changes	394	-	29	**423**
At 30 June 2020	**9 907**	**114**	**1 931**	**11 952**
Amortization				
At 1 January 2019	**6 159**	**114**	**880**	**7 153**
Amortization for the period	568	-	84	**652**
Disposals	(20)	-	(30)	**(50)**
Other changes	(12)	-	3	**(9)**
Write-offs for sale to subsidiaries-Automotive segment	(96)	-	(38)	**(134)**
At 31 December 2019	**6 599**	**114**	**899**	**7 612**
Amortization for the period	305	-	41	**346**
Disposals	(4)	-	-	**(4)**
Other changes		-	23	**23**
At 30 June 2020	**6 900**	**114**	**963**	**7 977**
Net book value:				
At 1 January 2019	**2 214**	**-**	**1 060**	**3 274**
At 31 December 2019	**2 648**	**5**	**893**	**3 546**
At 30 June 2020	**3 007**	**-**	**968**	**3 975**

28. Inventories by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	531	447
Automotive business	38 893	38 531
Leasing business	2 209	3 190
	41 633	**42 168**

29. Financial assets by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Government bonds measured at FVTPL, incl.:	106 552	60 644
Insurance business	*106 552*	*60 222*
Asset management and brokerage	*-*	*422*
Government bonds measured at OCI, incl.:	-	7 576
Insurance business	*-*	*7 576*
Total government bonds	**106 552**	**68 220**
Corporate bonds measured at FVTPL, incl.:	47 408	63 524
Insurance business	*45 076*	*62 333*
Asset management and brokerage	*2 332*	*1 191*
Total corporate bonds	**47 408**	**63 524**
Capital investments measured at FVTPL, incl.:	105 291	92 701
Insurance business	*103 078*	*90 479*
Leasing	*596*	*596*
Asset management and brokerage	*1 617*	*1 626*
Total capital investments	**105 291**	**92 701**
Other financial assets measured at amortised cost, incl.:	45 677	37 527
Insurance business	*39 091*	*30 349*
Asset management and brokerage	*6 656*	*7 178*
Impairment	*(70)*	*(73)*
Total other financial assets	**45 677**	**37 454**
	304 928	**261 899**

30. Deferred tax assets

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	12 681	12 359
Automotive business	486	496
Leasing business	206	206
	13 373	**13 061**

31. Investments associates and other investments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	13 474	13 474
Asset management and brokerage	4 389	4 639
	17 863	**18 113**

32. Other financial investments by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	2 500	5 369
Asset management and brokerage	281	281
Parent company	9	9
Impairment	*(9)*	*(9)*
	2 781	**5 650**

33. Non-current receivables

	30.6.2020 BGN'000	31.12.2019 BGN'000
Finance lease receivables	52 206	51 896
Subsidiaries	17 249	2 326
Impairment	*(769)*	*(23)*
	68 686	**54 199**

34. Goodwill

	30.6.2020 BGN'000	31.12.2019 BGN'000
Euroins Insurance Group AD	165 123	165 123
Motobul EAD	12 538	12 538
Bulvaria Varna EOOD	5 591	5 591
Daru Car OOD	1 400	1 400
Eurolease Group EAD	1 312	1 312
Eurolease Rent-a-Car EOOD	1 803	1 803
Sofia Motors EOOD	10	10
Euro-Finance AD	2 620	2 620
	190 397	**190 397**

35. Subordinated debts by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance and health insurance - issued	19 558	19 558
	19 558	**19 558**

The subordinate debt of the insurance business is in the form of a bond loan ,dated December 18, 2014. The bond loan is issued in the form of 100 materialized, subordinated, unsecured as of the emission date bonds with nominal value of EUR 100 thousand each. The loan has contracted amount of EUR 10,000 thousand (BGN 19,958 thousand) and maturity date 18.12.2021. The interest rate consists of floating and fixed interest component – 13% plus 3M Euribot, due at the end of each six-month period.

Under the terms of the bond loan there is a clause the interest rate to be reduced to 9.75% plus Euribor if a guarantee by Eurohold Bulgaria AD is issued. Such guarantee was issued on March 18, 2015, which reduced the interest rate.

36. Bank and non-bank loans by segments

	30.6.2020	31.12.2019
	BGN'000	BGN'000
Insurance business	19 177	9 744
Automotive business	13 449	14 487
Leasing business	79 446	80 464
Parent company	30 937	36 040
	143 009	**140 735**

36.1. Bank and non-bank loans by segments – long term

	30.6.2020	31.12.2019
	BGN'000	BGN'000
Insurance business, incl.	19 128	9 593
Loans from non-bank financial institutions	*19 128*	*9 593*
Automotive business, incl.:	3 217	2 684
Bank loans	*3 150*	*2 684*
Loans from non-bank financial institutions	*67*	*-*
Leasing business, incl.:	77 782	55 451
Bank loans	*77 782*	*55 451*
Parent company, incl.:	20 525	25 531
Bank loans	*20 525*	*25 531*
	120 652	**93 259**

36.2. Bank and non-bank loans by segments – short term

	30.6.2020	31.12.2019
	BGN'000	BGN'000
Insurance business, incl.:	49	151
Bank loans	*47*	*63*
Loans from non-bank financial institutions	*2*	*88*
Automotive business, incl.:	10 232	11 803
Bank loans	*9 702*	*11 562*
Loans from non-bank financial institutions	*530*	*241*
Leasing business, incl.:	1 664	25 013
Bank loans	*1 664*	*25 013*
Parent company, incl.:	10 412	10 509
Bank loans	*10 412*	*10 509*
	22 357	**47 476**

37. Bond obligations by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Automotive business	14 013	14 151
Leasing business	5 546	9 900
Parent company	139 015	133 613
	158 574	**157 664**

37.1 Bond obligations – long-term, by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Automotive business	13 176	13 067
Leasing business	3 168	1 591
Parent company	133 894	132 858
	150 238	**147 516**

37.2 Bond obligations – short-term, by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Automotive business	837	1 084
Leasing business	2 378	8 309
Parent company	5 121	755
	8 336	**10 148**

38. Non-current liabilities

	30.6.2020 BGN'000	31.12.2019 BGN'000
Other non-current liabilities	4 888	4 398
Finance lease liabilities	18 231	18 844
	23 119	**23 242**

38.1. Other non-current liabilities by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	-	5
Automotive business	3 551	4 263
Leasing business	1 322	115
Parent company	15	15
	4 888	**4 398**

38.2. Finance lease liabilities – non-current, by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Automotive business	10 709	11 640
Leasing business	7 404	7 204
Asset management and brokerage	118	-
	18 231	**18 844**

39. Current liabilities

	30.6.2020 BGN'000	31.12.2019 BGN'000
Payables to employees	4 547	4 810
Social-security liabilities	2 713	3 348
Tax liabilities	11 010	9 437
Other current liabilities	27 285	17 536
Finance lease liabilities	4 320	7 480
Deferred revenue	184	206
Provisions	895	1 074
	50 954	**43 891**

39.1. Payables to employees by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	3 276	3 373
Automotive business	944	1 051
Leasing business	271	328
Parent company	56	58
	4 547	**4 810**

39.2. Social-security liabilities by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	2 057	2 813
Automotive business	534	389
Leasing business	106	122
Parent company	16	24
	2 713	**3 348**

39.3. Tax liabilities by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	8 488	7 553
Automotive business	1 694	1 466
Leasing business	723	290
Asset management and brokerage	7	55
Parent company	98	73
	11 010	**9 437**

39.4. Other current liabilities by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	24 593	13 874
Automotive business	530	1 264
Leasing business	1 328	1 760
Asset management and brokerage	395	150
Parent company	439	488
	27 285	**17 536**

39.5. Finance lease liabilities – current, by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Automotive business	2 814	4 604
Leasing business	1 506	2 876
	4 320	**7 480**

39.6. Deferred revenue – current, by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	34	54
Automotive business	150	152
	184	**206**

39.7. Provisions - by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	606	852
Automotive business	289	222
	895	**1 074**

40. Trade and other payables

40.1. Trade and other payables by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	10 077	6 783
Automotive business	52 306	49 307
Leasing business	3 960	3 641
Asset management and brokerage	49	12
Parent company	38 532	38 307
	104 924	**98 050**

40.2. Leasing liabilities – rights of use, by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	20 522	22 331
Short-term	*2 684*	*4 263*
Long-term	*17 838*	*18 068*
Automotive business	16 502	13 875
Short-term	*2 514*	*2 574*
Long-term	*13 988*	*11 301*
Leasing business	1 492	1 592
Short-term	*218*	*244*
Long-term	*1 274*	*1 348*
Asset management and brokerage	1 050	1 099
Short-term	*100*	*98*
Long-term	*950*	*1 001*
Parent company	2 491	2 802
Short-term	*713*	*665*
Long-term	*1 778*	*2 137*
	42 057	**41 699**

41. Payables to reinsurers

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	44 300	26 193
	44 300	**26 193**

42. Deferred tax liabilities by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	-	59
Automotive business	174	193
Leasing business	145	145
	319	**397**

43. Insurance reserves

	30.6.2020 BGN'000	31.12.2019 BGN'000
Unearned premium reserve, gross amount	229 089	252 556
Reinsurers' share in unearned premium reserve	*(149 863)*	*(165 184)*
Unexpired risks reserve, gross amount	410	198
Reserve for incurred but not reported claims, gross amount	193 520	167 566
Reinsurers' share in reserve for incurred but not reported claims	*(110 587)*	*(97 685)*
Reserve for reported but not settled claims, gross amount	328 815	336 021
Reinsurers' share in reserve for reported but unsettled claims	*(195 861)*	*(197 068)*
Other technical reserve	4 820	11 342
Reinsurers' share in other technical reserves	*(183)*	*(3 892)*
Mathematical reserves	*4 587*	*4 495*
	756 654	**767 683**

44. Share capital and share premium

44.1 Share capital

	30.6.2020 BGN'000	31.12.2019 BGN'000
Issued shares	197 526	197 526
Treasury shares	(5 688)	(1 353)
Share capital	**191 838**	**196 173**
Number of shares	**197 525 600**	**197 525 600**

As at 30.06.2020, 5 687 727 voting shares of Eurohold Bulgaria AD are held by companies in the Eurohold Group (as at 31.12.2019 – 1 352 567 voting shares).

The share capital at 30.06.2020 is distributed as follows:

Share holders	%	Number of shares	Par value
Starcom Holding AD	52.92%	104 527 871	104 527 871
KJK Fund II Sicav-Sif Balkan Discovery	14.23%	28 116 873	28 116 873
Blubeard Investments Limited	10.27%	20 295 126	20 295 126
SPECIALIZED LOGISTIC SYSTEMS AD	5.91%	11 665 809	11 665 809
Other companies	13.69%	27 035 201	27 035 201
Other individuals	2.98%	5 884 720	5 884 720
Total	**100.00%**	**197 525 600**	**197 525 600**

44.2 Share premium

	30.6.2020 BGN'000	31.12.2019 BGN'000
Share premium	49 568	49 568
	49 568	**49 568**

45. Net profit for the year

	30.6.2020 BGN'000	31.12.2019 BGN'000
Current result attributable to the shareholders	(3 783)	(2 885)
Current result attributable to the non-controlling interest	320	1 955
	(3 463)	**(930)**

45.1. Net profit for the year by segments

	30.6.2020 BGN'000	31.12.2019 BGN'000
Insurance business	5 290	12 612
Automotive business	(392)	5 283
Leasing business	(736)	216
Asset management and brokerage	153	580
Parent company	(7 237)	(14 631)
Pfofit/(Loss) attributable to the non-controlling interest	(320)	(1 955)
Intercompany eliminations of dividends and other	(541)	(4 990)
	(3 783)	**(2 885)**

46. Non-controlling interests

	30.6.2020 BGN'000	31.12.2019 BGN'000
Non-controlling interest attributable to profit	320	1 955
Non-controlling interest attributable to equity	31 133	31 468
	31 453	**33 423**

47. Events after the end of the reporting period

1. At the end of 2019, news from China about COVID-19 (Coronavirus) first appeared, when a limited number of unknown virus cases were reported to the World Health Organization.
During the first few months of 2020, the virus spread worldwide and its negative effects gained momentum. On 11.03.2020, after cases of new coronavirus strains were reported in 114 countries, the World Health Organization (WHO) announced the COVID-19 epidemic for a pandemic. On 13.03.2020, 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. At this stage of the crisis, there is no serious impact on the Group.

The Group takes all necessary measures in order to preserve the health of workers and to 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 comply with the instructions of all national institutions.

The Management is closely monitoring the situation and looking for ways to reduce its impact on the Group, but a fall in the prices of shares on the global stock exchanges could affect the fair value of the Group's investments if the negative trend continues.

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

2. By a decision of 22.07.2020 the Administrative Court of Sofia District annulled the decision of the Commission for Protection of Competition (CPC), which in October 2019 banned the transaction between Eurohold Bulgaria and CEZ for the assets of the Czech company in Bulgaria. The court returned the case in the form of a file to the CPC for a new ruling, according to the obligatory instructions given in the reasons of the court decision. Pursuant to the Decision of the ACCA, the CPC has opened a new file, which opened an in-depth investigation, according to the decision of the CPC to start the in-depth investigation.

The Management Board of Eurohold Bulgaria AD is not aware of other significant events occurring after the reporting period.

EUROHOLD

DECLARATION
in accordance with article 100o, paragraph 4, item 3 of Public Offering of Securities Act

The undersigned,

1. Kiril Boshov – Chairman of the Management Board of Eurohold Bulgaria AD
2. Asen Minchev – Executive member of the Management Board of Eurohold Bulgaria AD
3. Ivan Hristov – Financial controller of Eurohold Bulgaria AD (complier of the financial statements)
4. Hristo Stoev – Procurator of Eurohold Bulgaria AD

hereby DECLARE that to our best knowledge:

1. The set of interim consolidated financial statements for H1'2020, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;

2. The interim consolidated management report of Eurohold Bulgaria AD for H1'2020 contains credible review of the information under article 100o, paragraph 4, item 2 of Public Offering of Securities Act.

Declarers:

1. Kiril Boshov
2. Asen Minchev
3. Ivan Hristov
4. Hristo Stoev