

**EUROHOLD BULGARIA AD**

# Interim Condensed Separate Report

**31 December 2021**



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# INTERIM MANAGEMENT REPORT

containing information on important events occurred in the period 1 January – 30 September 2021 in accordance with Art. 100o, para. 4, item 2 of the POSA

## CORPORATE OVERVIEW


- Eurohold Bulgaria AD is a leading independent business group in Central and Southeast Europe (CSE) and the largest public holding in Bulgaria by amount of revenue
- Main scope of business activity - financial activity related to the establishment, acquisition and management of participations and financing of related enterprises
- The holding owns the largest independent insurance group in CSE by gross premium income - Euroins Insurance Group
- Owner of the CEZ energy group in Bulgaria
- Public joint-stock company within the meaning of the Public Offering of Securities Act. The company's shares are registered for trading on:
  - Main market of the Bulgarian Stock Exchange (BSE) - with stock exchange code EUBG
  - Warsaw Stock Exchange (WSE) - Poland with stock index EHG.

### OUR BUSINESS OPERATIONS

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

### Credit ratings

	<i>EuroHold</i> <i>Issuer Default</i> <i>Rating "B"</i>
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	<i>EuroHold</i> <i>Long-term: BBB-</i> <i>Outlook: stable</i> <i>Short-term: A-3</i>
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### Investments

**Euroins Insurance Group** - main asset in the Eurohold Group  
 Insurer in CEE and SEE with leading positions in Romania and Bulgaria.  
 Active operations in 9 markets in Europe.

#### **Avto Union - investments in the automotive sector**

Leading automotive trader in Bulgaria and operating on 2 markets in the Balkans.

#### **Eurolease Group is a leasing group**

Large leasing group operating on 2 markets in the Balkans.

#### **Euro-Finance - investment intermediation and asset management:**

Leader in market turnover on the Bulgarian Stock Exchange, member of the Deutsche Börse Group. More than 20 years of experience

#### **Eastern European Electric Company II B.V. - energy industry**

At the end of July 2021, the energy group acquired the assets of CEZ Group in Bulgaria.

**IMPORTANT EVENTS FOR THE ACTIVITY OF EUROHOLD BULGARIA, OCCURRED DURING THE PERIOD  
JANUARY - DECEMBER 2021 AND UNTIL THE DATE OF THE REPORT**

**1. Eurohold's Auto Holding Signed a Contract for the Sale of Mazda Importer**

On 16 November, 2021, Eurohold Bulgaria AD's unit - Avto Union AD, the largest Bulgarian auto holding, signed a preliminary agreement for the sale of its subsidiary Star Motors EOOD, an official importer of Mazda cars in Bulgaria and Republic of North Macedonia.

The documents for the forthcoming concentration have already been submitted to the Commission for Protection of Competition and an approval is being expected.

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

**2. EUROHOLD BULGARIA PURCHASES THE MINORITY SHARE OWNED BY BASILDON HOLDING S.A.R.L. IN THE CAPITAL OF EUROINS INSURANCE GROUP**

Since the beginning of 2021, Eurohold Bulgaria AD has acquired a total of 21,989,329 shares of the capital of its subsidiary Euroins Insurance Group AD. On November 3, 2021, the last transfer of shares in the amount of 10,681,773 was made, thus committing to buy back the shares held by Basildon Holding S.A.R.L. was finalized.

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

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

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

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

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

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

**4. Bulgaria's Financial Supervision Commission has approved the revised public tender offers by Eastern European Electric Company B.V. (EEEC)**

On October 11, Bulgaria's Financial Supervision Commission has approved the revised public tender offers by Eastern European Electric Company B.V. (EEEC), the holding consolidating Eurohold Bulgaria AD's energy operations, for the acquisition of the remaining 33% interests it does not own in power distributor CEZ Distribution Bulgaria AD and power supplier CEZ Electro Bulgaria AD. EEEEC currently owns 67% of the capital in the two utility companies.

**Information about the parameters of the tender offers:**

- regarding CEZ Distribution Bulgaria AD
  - Number of shares, object of the Tender Offer: 636,240 shares;
  - Offered price per share: BGN 291.00;

- **Deadline for acceptance of the Tender Offer: until 11.11.2021, inclusive;**
- **Term and manner of payment of the price by the commercial bidder: the price of the shares acquired as a result of the Tender Offer shall be paid to the shareholders not later than 7 working days after the expiration of the term of acceptance of the Tender Offer, namely by 22.11. 2021, inclusive.**
  - **Regarding CES Electro Bulgaria AD**
    - **Number of shares, object of the Tender Offer: 1,650;**
    - **Offered price per share: BGN 26,904;**
    - **Deadline for acceptance of the Tender Offer: until 11.11.2021, inclusive;**
    - **Term and manner of payment of the price by the commercial bidder: the price of the shares acquired as a result of the Tender Offer shall be paid to the shareholders not later than 7 working days after the expiration of the term of acceptance of the Tender Offer, namely by 22.11. 2021, inclusive.**

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

#### **5. The EBRD has acquired a stake in Euroins Insurance Group**

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

Eurohold Bulgaria AD also participates in the capital increase of its subsidiary with a contribution of BGN 12 million. The funds will be used for the development and growth of the largest subsidiary of the group - Euroins Romania Asigurare-Reasigurare S.A . The financing will also support the activities and growth of the insurance group in Georgia, Greece, North Macedonia, Poland and Ukraine.

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

- The reduction of the capital of Euroins Insurance Group AD was made by invalidation of 19,229,057 ordinary, registered, available, non-preferred shares, after their preliminary acquisition by the company itself;
- The capital increase of the company with cash contributions was made as follows:
  - The shareholder Eurohold Bulgaria AD has acquired 15,060,813 newly issued ordinary, registered, available, non-preferred shares at their issue value;
  - The European Bank for Reconstruction and Development (EBRD) has acquired 36,965,187 newly issued ordinary, registered, available, non-preferred shares at their issue value;
  - The shareholder in Euroins Insurance Group AD - Basildon Holding S.a.r.l. has stated that it is not interested in subscribing shares from the planned capital increase, as well as to participate in the above-described procedure for simultaneous increase and decrease of the Company's capital.

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

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

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

On 07.10.2021 Eurohold Bulgaria AD as part of a package transaction on the acquisition of a minority share in the shares of Euroins Insurance Group AD, Eurohold Bulgaria AD **transferred to the EBRD 20,082,844 shares with a par value of BGN 1 each one.**

#### **6. Eurohold has acquired new shares from the capital of EUROINS INSURANCE GROUP AD**

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

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

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

#### **7. The change in the composition of the Supervisory Board of the company and withdrawing Procuracy**

- At the regular General Meeting of Shareholders of Eurohold Bulgaria AD held on 30.06.2021, a decision was made to dismiss Lyubomir Stoev from his position as a member of the Supervisory Board of the Company. The GMS elects a new member of the Supervisory Board, namely - Ivaylo Krasimirov Angarski.
- By decision of the Board of 07.16.2021, the entry in the commercial register on 07.26.2021, the decision was taken to withdraw Hristo Lubomirov Stoev as procurator of the company.

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

**With a decision of 19.08.2021, the Financial Supervision Commission approved a prospectus for admission to trading on a regulated market of a bond issue of Eurohold Bulgaria AD** in the amount of EUR 30,000,000, distributed in 30,000 ordinary, registered, dematerialized, interest-bearing, secured, non-convertible and freely transferable bonds with ISIN BG2100013205, with nominal and issue value of one bond EUR 1,000, with a fixed annual interest rate of 3.25%, payable on a 6-month period, with a date of issue 26.11.2020 and a date of maturity 26.11.2027, with repayment of the principal once at maturity together with the last interest payment.

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

#### **9. Eurohold has completed the acquisition of CEZ Group's business in Bulgaria**

**On 27 July 2021 Eurohold Bulgaria AD has officially completed the acquisition of seven subsidiaries of Czech energy group CEZ in Bulgaria for EUR 335 million and has realized through its wholly owned subsidiary Eastern European Electric company (EEEC)**

As a result of the transaction, Eurohold has acquired a 67% interest in CEZ Distribution Bulgaria - the largest distributor of electricity in Bulgaria (with 40% market share) and CEZ Electro Bulgaria - the largest power supplier in Bulgaria, in addition to 100% of the capital of CEZ Trade Bulgaria - the largest electricity trader in Bulgaria. Other assets acquired included IT services company CEZ ICT Bulgaria, solar park Free Energy Project Oreshetz, biomass-fired power plant Bara Group, and CEZ Bulgaria, the coordinator of CEZ Group's units in Bulgaria.

Upon acquisition and integration of CEZ Group's assets, Eurohold will more than double the number of customers it serves to over 7 million, and employ more than 6,000 people in 11 countries in Central, East and Southeast Europe (CESEE) and the former Soviet Union (FSU). CEZ Group's subsidiaries in Bulgaria have over 3,000 employees and serve nearly 3 million customers, including in the most populated southwestern part of the country and the capital Sofia. Prior to the transaction, Eurohold had more than 3,000 employees and provided services to about 4 million customers in 11 countries in CEECE and the former USSR, mainly through its insurance subholding Euroins Insurance Group AD (EIG).

By the end of 2021 and with the consolidation of the results of the divisions of CEZ Group, the total assets and annual revenues of the insurance and energy holding are expected to exceed EUR 1.5 billion, while its EBITDA is forecast to reach around EUR 120 million per annum. According to the development strategy until 2025, Eurohold expects to generate revenues of nearly 2 billion euros per annum and operating profit (EBITDA) of almost EUR 200 million.

**Eurohold will retain most of the existing CEZ Bulgaria's management team in order to secure the expertise and experience that has been gained through the years, while at the same time inviting new members to join the board, each of which with over 25 years of experience in the sector at leading positions in energy companies operating across Eastern Europe.**

Eurohold, led by its M&A and investment banking arm Euro-Finance AD, financed the acquisition of CEZ Group's subsidiaries in Bulgaria through a combination of equity raised via a capital increase and a public offering of new shares on the Bulgarian Stock Exchange (BSE) as well as a comprehensive financing package including a strategic structured investment by Metric Capital Partners, where J.P. Morgan AG acted as Exclusive Financial Adviser and Sole

Placement Agent and a senior syndicated facility subscribed by commercial and multilateral development banks. J.P. Morgan AG acted as a Sole Structuring Bank, Bookrunner and Initial Mandated Lead Arranger on the syndicated loan facility, with Bank of China Luxembourg, Raiffeisen Bank International AG, RaiffeisenBank Bulgaria and Unicredit Bulbank - as Bookrunners and Mandated Lead Arrangers. The Black Sea Trade and Development Bank (BSTDB), DSK Bank, the European Bank for Reconstruction and Development (EBRD) and OTP Bank acted as Mandated Lead Arrangers and Eurobank Bulgaria, International Investment Bank and United Bulgarian Bank acted as Lead Arrangers.

#### **10. EUROHOLD HAS INCREASED THE CAPITAL OF EASTERN EUROPEAN ELECTRIC COMPANY II B.V.**

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

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

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

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

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

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

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

**7 July 2021 was the deadline for subscription of shares from the capital increase of Eurohold Bulgaria AD, as the company attracted over BGN 157 million (EUR 80.5 million) through a public offering of new shares on the Bulgarian Stock Exchange (BSE). The capital increase took place between 9 June and 7 July 2021, with nearly 63 million new shares subscribed and paid, as a result of which Eurohold raised approximately 24% more than the required own funds (EUR 65 million) for the acquisition of CEZ Group companies in Bulgaria and increased its capital to 260.5 million shares. The majority owner of the holding - Starcom Holding AD, has subscribed and paid for nearly 47 million new shares, and will retain control in the company with over 50% stake.**

#### **12. Eurohold's auto holding agreed to sell the dealer of Nissan, Renault and Dacia auto brands in Bulgaria**

**In June 2021 Avto Union AD, the largest Bulgarian auto holding, incorporating Eurohold Bulgaria's investments in the sector, signed a preliminary contract for the sale of its subsidiary N Auto Sofia EAD to Bulpharma OOD, a leading investor in healthcare services.**

**The deal was approved by the Commission for Protection of Competition on 15.07.2021.**

**The deal is part of Eurohold's development strategy that provides for the sale of the automobile and leasing business and focus on the insurance and energy business lines.**

#### **13. In June 2021, Eurohold Bulgaria AD presented its development strategy**

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

The strategy is available at the following link:

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

#### **14. FSC approved Eurohold's Capital Increase Prospectus**

**On 29<sup>th</sup> of April 2021, The Bulgaria's Financial Supervision Commission (FSC) approved Eurohold's capital increase prospectus, which will allow the largest Bulgarian public holding and one of the leading independent financial and insurance groups in the CEE/SEE/CIS region to raise up to EUR 100 million by issuing new shares on the Bulgarian Stock Exchange (BSE).**

The Bulgarian investment intermediary Euro-Finance AD will be the lead manager of the public offering. Eurohold has appointed Renaissance Capital solely in capacity of a financial adviser in relation with the offering.

#### **15. Eurohold Mandated J.P. Morgan AG as Lead and Exclusive Arranger for Structuring the Debt Financing related to the Deal with CEZ Group**

On 26<sup>th</sup> of April 2021, Eurohold Bulgaria has mandated J.P. Morgan AG to act as its lead and exclusive arranger for structuring the debt financing related to the deal with CEZ Group.

J.P. Morgan AG is one of the leading and most experienced institutions worldwide in such complex transactions, especially in the energy sector. This is a further step towards the completion of the acquisition of CEZ Group's subsidiaries in Bulgaria by the end of the first half of the year.

#### **16. General Meeting of the Shareholders of Eurohold Bulgaria adopts a resolution for share capital increase of the company and issuance of a corporate guarantee by Eurohold to its subsidiary**

At the extraordinary session, held on 10.04.2021, the General Meeting of Shareholders adopted a resolution for increase of the share capital of the Company from BGN 197,525,600 (one hundred ninety-seven million five hundred twenty-five thousand six hundred) to BGN 276,535,840 (two hundred and seventy-six million five hundred and thirty-five thousand eight hundred and forty) through issuance of a new issue of shares under the terms of a public offering pursuant to the provisions of the Public Offering of Securities Act. The new issue consists of 79,010,240 shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, non-preferred, with the right to 1 (one) vote in the general meeting of the shareholders of the company, with the right to dividend and right to liquidation share, proportionate to the nominal value of the share. The nominal value of each share is BGN 1.00 (one). The issue value of each share is BGN 2.50 (two and 0.50).

The capital of Eurohold Bulgaria AD will be increased only if at least 31,604,096 shares are subscribed and fully paid, representing 40% (forty percent) of the offered shares.

The proceeds from the capital increase will be used for financing of the acquisition energy companies owned by CEZ in Bulgaria.

In addition, for the purposes of financing of the CEZ deal, the General Meeting of Shareholders adopted a resolution for Eurohold Bulgaria to provide a corporate guarantee to its subsidiary Eastern European Electric Company II B.V. as a result of which for Eurohold Bulgaria AD will arise an obligation in its capacity as corporate guarantor for the payment of all liabilities (including, but not limited to, principal, interest, penalties, fees, commissions, other expenses) of its subsidiary Eastern European Electric Company II B.V., which are related to and/ or would result from the conclusion of financing transactions in the form of (i) subordinated debt, (ii) perpetual non-convertible preferred shares with guaranteed dividend, issued by the subsidiary - Eastern European Electric Company II B.V., (iii) a mezzanine loan and / or (iv) another financial instrument with an economic effect similar to the effect of the instruments under (i), (ii) and/ or (iii). The minimum value of the guarantee is EUR 50 000 000 (fifty million), including the corresponding return for the applicable financing instrument for creditors/ investors (e.g. interest, fixed dividend, nominal discount) and the maximum value of EUR 150 000 000 (one hundred and fifty million), including the relevant return for creditors/ investors (e.g. interest, fixed dividend, nominal discount); term – from 3 to 10 years; the transaction is carried out in favour of the subsidiary of Eurohold Bulgaria AD - Eastern European Electric Company II BV and indirectly, in favour of the subsidiary Eastern European Electric Company B.V. and Eurohold Bulgaria AD - the parent company Eurohold Bulgaria AD.

#### **17. Granted approvals by the competent regulatory authorities for the acquisition of the subsidiaries of the Check energy group CEZ in Bulgaria**

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

Eurohold Bulgaria AD will acquire control over the business of CEZ in Bulgaria through an especially created for this purpose company Eastern European Electric Company B.V., the Netherlands, which in turn is 100% owned by Eastern European Electric Company II BV. The latter is 100% sole owned by Eurohold Bulgaria AD.



## FINANCIAL PERFORMANCE

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 risks, results, financial situation, strategies and prospects for the development of the Eurohold Group.

### FINANCIAL RESULT

#### INFLUENCE OF THE IMPORTANT EVENTS ON THE RESULTS OF THE ACTIVITY

2021 was marked by numerous operations performed by Eurohold Bulgaria AD that affected the financial result for the reporting period. The most significant of these operations are described above in the item "Important events for the activities of Eurohold Bulgaria" and are related to the acquisition of CEZ's assets in Bulgaria and structuring funding by attracting a number of managers and intermediaries.

Apart from that, after entering a new sector for Eurohold, namely the energy market, the Holding is actively working towards the implementation of its investment policy aimed at developing significant assets in the insurance and energy business and exemption from investments in automotive and leasing business. As a result of these actions, the automotive subholding of Eurohold Bulgaria AD - Avto Union AD, sold its subsidiary N Auto Sofia EAD - a major dealer in Bulgaria of the Nissan brand and controlling 51% of the capital of Espace Auto OOD, the largest distributor in Bulgaria of Renault and Dacia cars. N Auto Sofia EAD also owns 51% of EA Properties OOD, which owns the terrain and showroom of Nissan, Renault and Dacia in Sofia. In November 2021, Avto Union AD also signed a preliminary contract for the sale of its subsidiary Star Motors EOOD - the official importer of Mazda cars for Bulgaria and the North Macedonia. The finalization of the deal is expected to be completed in the first quarter of 2022 after obtaining permission from the Commission for Protection of Competition. In addition, Eurohold Bulgaria AD managed to attract the European Bank for Reconstruction and Development (EBRD) as an investor in the insurance subholding by concluding a package deal for the acquisition by the bank of a minority stake in the capital of Euroins Insurance Group AD (EIG). As a result of the package deal, the EBRD participated in the capital increase of EIG by recording and paying the remaining 36,965,187 shares with a par value of BGN 1 each of the capital increase of EIG, and Eurohold transferred them 20,082,844 shares with a par value of BGN 1 each.

As a result of these actions and operations, Eurohold's financial result at the end of 2021 was significantly affected by the reporting of a number of one-off costs, discussed below in the "Expenses" item.

In addition, it may be noted that for the purpose of presenting these interim condensed separate financial statements for the fourth quarter, no reviews have been performed for impairment of investments in subsidiaries and other entities. The management of Eurohold has engaged external independent licensed appraisers with appropriate qualifications and experience in order to perform fair valuations of the main assets of the Holding, on the basis of which it will be assessed whether there are indications of impairment of investments in subsidiaries as of December 31, 2021. Taking into account the new fair value of the investment, it is possible to revalue some of the investments, which could further affect the financial result.

### INCOME

The income of Eurohold Bulgaria AD over the reporting period amounted to BGN 1.9 million, of which:

- » Dividend income - BGN 0.2 million;
- » Income from profits from operations with investments and financial instruments and subsequent valuations totaling BGN 0.8 million, including:
  - BGN 0.2 million profit from transfer of ownership of repurchased own bonds 10,500 pcs. from the EMTN Programme in EUR with ISIN XS1731768302
  - BGN 0.26 million profit from repurchase of own bonds with ISIN BG2100013205.
- » Income from revaluations of debt instruments measured at fair value, in the total amount of BGN 0.34 million, including:
  - BGN 0.26 million from revaluation of purchased own bonds 10,500 pcs. from EMTN Programme in EUR with ISIN XS1731768302;
  - BGN 0.08 million from revaluation of purchased own bonds 900 pcs. with ISIN BG2100013205;
- » Interest expenses - BGN 0.03 million;
- » Other financial income (positive exchange rate differences) - BGN 0.8 million

For comparison, the income reported by Eurohold as of 31.12.2020 amounted to BGN 4.6 million, formed by:

- » Dividend income - BGN 0.5 million;
- » Income from profits from operations with financial instruments and subsequent valuations totaling BGN 2.4 million, including:
  - BGN 0.8 million profit from repurchase of own bonds 10,500 pcs. from the EMTN Programme in EUR with ISIN XS1731768302;
  - BGN 0.5 million profit from repurchase, repayment and write-off of trade loans in the form of Euro Commercial Papers - ECP;
  - BGN 0.1 million - other profits.
  - Income from revaluations of debt instruments, valued at fair value are BGN 1 million formed by revaluation of purchased own bonds 10,500 pcs. from the EMTN Programme in EUR with ISIN XS1731768302;
- » Other financial income (positive exchange rate differences) amounting to BGN 1.6 million.

## EXPENSES

For the twelve months of the current year, Eurohold Bulgaria marked an increase in its operating expenses by BGN 31.5 million as they amounted to BGN 53.3 million for the reporting period, compared to BGN 21.7 million a year earlier.

As already mentioned in connection with the implementation of its investment strategy (part of which was acquired by the energy companies CEZ in the country and the acquisition by the EBRD through a package transaction of minority interest in the insurance holding) during the reporting period for Eurohold Bulgaria incurred significant costs with a one-time effect of BGN 25 million leading to a 145% increase in total operating expenses.

The operating expenses are mainly characterized by the following changes:

- » Increase in interest expenses by 23% (BGN 3.6 million) as for the twelve months of 2021 expenses in the amount of BGN 19.5 million were reported. Interest expenses are grouped into three categories, namely:
  - Interest on loans from banks and non-banking financial institutions amounting to BGN 3.2 million accounting an increase of BGN 0.5 million – the increase is due to the new bank loan disbursed in mid-2020;

- Interest on bond issues amounting to BGN 12.8 million – with an reported increase of BGN 2.3 million due to the newly issued in November 2020 bond loan in the amount of EUR 30 million, on which interest in the amount of BGN 1.9 million was accrued for the twelve months of 2021.
  - Interests on borrowings and leasing from related and third parties amounting to BGN 2.5 million – an increase of BGN 0.9 million was reported.
- » Losses from operations with financial instruments and subsequent estimates in the total amount of BGN 21.5 million (BGN 1.9 million for 2020) representing mainly:
- Losses from operations with investments in the amount of BGN 21.2 million
    - One-time effect in the amount of BGN 20.4 million in connection with the transfer of shares to a subsidiary as part of a package transaction;
    - BGN 0.4 million in connection with the restructuring of bonds from the EMTN Program with ISIN XS1542984288;
    - BGN 0.2 million in connection with operations with repurchased own bonds with ISIN BG2100013205;
    - BGN 0.1 million in connection with operations with repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302;
    - BGN 0.08 thousand fees and commissions for services of an investment intermediary.
  - Expenses from revaluations of debt financial instruments (mainly revaluation of repurchased own bonds), measured at fair value in the amount of BGN 0.3 million with similar expenses for 2020 of BGN 1.9 million reported.
- » Increase in expenditures for external services, which amounted to BGN 9 million for the reporting period compared to BGN 2.2 million for the previous period. The realized increase in the costs for external services is mainly related to incurred current costs for the finalization of the transaction for the acquisition of the assets of CEZ Group in Bulgaria and represent consulting, intermediary services and success fees in connection with the acquisition of companies in the Energy segment. The one-off effect reported under this expenditure item in 2021 is worth BGN 7.8 million;
- » Other financial expenses increased by BGN 0.6 million up to BGN 1 million as of 31.12.2021 and represent mainly negative differences from changes in exchange rates in the amount of BGN 0.8 million;
- » Personnel expenses also increased for the reporting period, amounting to BGN 0.9 million vs. BGN 0.6 million for the comparable period.

## RESULTS FROM OPERATING ACTIVITIES

For the reporting period of 2021, Eurohold Bulgaria realized a loss from operating activities in the amount of BGN 51.3 million, accounting an increase of the loss by BGN 34.2 million vs. the comparable period.

## FINANCIAL RESULT

In connection with the performed operations and the reported one-off costs / losses, for the period January 1 – 31 December, 2021 Eurohold Bulgaria AD reports a financial result on an individual basis a loss of BGN 51.5 million, increased by BGN 34.8 million vs. the financial result for the previous year which was a loss of BGN 16.8 million.

When recalculating the costs / losses from one-off effects, the adjusted operating expenses are close to those for the previous 2020 (25.1 million for 2021 and 21.7 million BGN for 2020).

The adjusted loss for 2021 amounts to BGN 23.4 million or the loss actually realized by Eurohold increased by BGN 6.6 million.

**Table 1: Recalculated statement of profit or loss and other comprehensive income for 2021:**

	Notes	2021 BGN `000 (recalculated)	2021 BGN `000 (one-off effects)	2021 BGN `000	2020 BGN`000
Revenue from operating activities					
Dividend income	3	223		223	547
Gains from sale of investments and subsequent revaluation	4	819		819	2 443
Interest income	5	35		35	-
Other financial revenue	6	846		846	1 590
		<b>1 923</b>		<b>1 923</b>	<b>4 580</b>
Expenses on operating activities					
Interest expenses	7	(19 547)		(19 547)	(15 890)
Losses on sale of investments and subsequent revaluation	8	(1 131)*	(20 360)*	(21 491)	(1 911)
Other financial expenses	9	(999)		(999)	(436)
Hired services expenses	10	(1 286)*	(7 756)**	(9 042)	(2 196)
Salaries and related expenses		(897)		(897)	(606)
Depreciation	13.1, 13.2	(679)		(679)	(679)
(Expenses) / Revenue from impairment of financial assets, net	11	(609)		(609)	9
		<b>(25 148)*</b>	<b>(28 116)</b>	<b>(53 264)</b>	<b>(21 709)</b>
Profit / (Loss) from operating activities		<b>(23 225)*</b>	<b>(28 116)</b>	<b>(51 341)</b>	<b>(17 129)</b>
Other revenue/(expenses),net	12	(179)		(179)	375
Net Profit /(Loss)		<b>(23 404)*</b>	<b>(28 116)</b>	<b>(51 520)</b>	<b>(16 754)</b>
Total comprehensive income for the period		<b>(23 404)*</b>	<b>(28 116)</b>	<b>(51 520)</b>	<b>(16 754)</b>

\* On 05.10.2021 the European Bank for Reconstruction and Development (EBRD) signed an agreement for a package deal with Eurohold Bulgaria AD with the subject of acquiring a minority share in the subsidiary of the holding - Euroins Insurance Group AD (EIG). As a result of this package transaction, on 07.10.2021 Eurohold Bulgaria AD transferred to the EBRD 20,082,844 shares with a par value of BGN 1 each. The reported one-time effect of Eurohold Bulgaria AD is a loss from operations with investments in the amount of BGN 20,360 thousand.

\*\* In 2021, the main part of the costs for external services are consulting, intermediary services and fees for success in connection with the acquisition of companies in the Energy segment. Thus reported one-off effect in 2021 is worth BGN 7,756 thousand.

## FINANCIAL POSITION

### ASSETS

As of 31<sup>st</sup> of December 2021 the company's assets increased by BGN 151.4 million and reached to BGN 785.1 million compared to BGN 633.7 million as of the end of 2020.

## Non-current investments

The assets of Eurohold Bulgaria AD mainly represent investments in subsidiaries and other enterprises and occupy 99.6% of the Company's assets. As of the end of the current reporting period they amounted to BGN 781.9 million compared to BGN 629.5 million at the end of 2020.

The Company evaluates investments in its subsidiaries on an annual basis, using external appraisers to determine their fair values for each calendar year. As of the date of these interim condensed financial statements, the analysis of whether there are indications of impairment of investments has started, as the Company has engaged external independent licensed appraisers with appropriate qualifications and experience to prepare estimates of fair value of investments. The company will complete the review for impairment of investments after receiving the external estimates, but not later than March 31, 2022 and in case there are indications for impairment they will be reported in the audited annual individual financial statements for 2021.

According to this report, the marked increase in 2021 of investments in subsidiaries by BGN 152.4 million is due to:

- » An increase of the investment in the subsidiary Euroins Insurance Group AD to BGN 523.8 million (BGN 513.4 million as of the end of 2020), as follows:
  - The increase is in connection with the acquisition by Eurohold Bulgaria AD of another 21,989,329 shares of the capital of the subsidiary Euroins Insurance Group AD. The investments made during the twelve months of 2021 when purchasing the agreed share amount to BGN 15.7 million. The last purchase of shares was on November 3, 2021, with which Eurohold finalized the signed agreement for the acquisition of the minority share of the other shareholder in Euroins Insurance Group AD - Basildon Holding S.A.R.L., the special investment company of the South Investment Fund Eastern Europe Fund LP (SEEF), managed by the Greek investment company Global Finance. Eurohold agreed in 2018 to repurchase the fund's shares in the amount of 10.64% of the capital as of the date of concluding the repurchase agreement.
  - In September 2021 the Management Board of Eurohold Bulgaria AD decided to participate in the capital increase of Euroins Insurance Group AD, to be carried out within a procedure for simultaneous reduction and increase of the capital under Article 203 of the CA in connection with Art. 252, para. 1, item 5 of the Commercial Law. In this regard, the subsidiary issues 52,026,000 shares, of which Eurohold Bulgaria AD has subscribed and paid 15,060,813 shares at an issue value of BGN 1. At the same time, the capital of the Company was reduced by invalidating 19,229,057 previously acquired by the company own ordinary, registered, available, non-preferred shares with a par value of BGN 1 each.
  - On 05.10.2021 the European Bank for Reconstruction and Development (EBRD) signed an agreement for a package deal with Eurohold Bulgaria AD with the subject of acquiring a minority share in the subsidiary of the holding - Euroins Insurance Group AD (EIG). As a result of this package transaction on October 7, 2021, Eurohold Bulgaria AD transferred to the EBRD 20,082,844 shares with a par value of BGN 1 each.
- » Increase in investment in the subsidiary Eastern European Electric Company II B.V. by BGN 142 million.
  - Made in July 2021 capital increase of Eurohold's subsidiary Eastern European Electric Company II B.V. in accordance with the applicable provisions of Dutch law, through a cash contribution of EUR 65,600,000 through the issue of 1,000 new shares with a nominal value of EUR 1, the difference being placed in the premium reserve.
  - Made in November 2021 capital increase of Eurohold's subsidiary Eastern European Electric Company II B.V. in accordance with the applicable provisions of Dutch law, through a cash contribution of EUR 7,000,000 without the issuance of shares, the contribution being transferred to the premium reserve.

As of December 31, 2021, the share capital of the company consists of 2,000 shares with a total value of EUR 2,000.

### Other non-current assets

Other non-current assets include property, plant and equipment, and intangible assets. During the reporting period, the other non-current assets decreased slightly by BGN 0.7 million, which was due to a decrease in the recognized assets (properties) with the right of use by BGN 0.6 million as their value at the end of the reporting period amounted to BGN 1.4 million. Eurohold has no restrictions on the ownership of tangible fixed assets and no collateral is pledged as collateral for existing liabilities both for the reporting and the comparable period.

As of the end of 2021, Eurohold Bulgaria has provided long-term loans to subsidiaries amounting to BGN 0.2 million.

### Current assets

Current assets decreased by BGN 0.5 million and amounted to BGN 1.6 million at the end of the reporting period, they include:

- » Receivables from related parties from commercial operations and interest receivables on loans in the amount of BGN 0.8 million, reporting an increase for the period by BGN 0.3 million (after impairment of IFRS 9);
- » Other receivables and assets in the amount of BGN 0.6 million, which decreased by BGN 0.9 million (after impairment of IFRS 9);
- » Cash and cash equivalents amounting to BGN 0.1 million.

### EQUITY

The share capital of Eurohold Bulgaria increased in the fourth quarter of 2021 by BGN 63 million as a result of the successfully completed increase of the share capital of the Company at the beginning of July 2021. The capital increase was carried out under the conditions of public offering of securities as a result of subscribed 62,974,400 new shares each with a nominal value of BGN 1 and an issue value of BGN 2.50. With such a structured increase, the amount of the share capital increases to BGN 260.5 million (BGN 197.5 million in end of 2020) and an additional premium reserve was recorded for the issuance of securities of BGN 94.5 million, which increased the total amount of the premium reserve to BGN 144 million.

The equity of Eurohold Bulgaria as of 31.12.2021 amounts to BGN 410 million compared to BGN 303.7 million at the end of 2020. The reported growth of 34.9% is due to the successfully realized increase of the share capital of the company.

### SUBORDINATED DEBT INSTRUMENTS

In 2020 in order to strengthen the capital of the group and after reviewing the indebtedness, Eurohold Bulgaria has agreed and converted part of its loan obligations in amount of BGN 33 million as of 31.12.2020 in the form of a subordinated debt (not issued) instrument. The subordinated debt instrument represents unissued tier 1 capital and amounts to BGN 33 million due to the majority shareholder Starcom Holding for an indefinite period, but not earlier than 5 years with interest due at the end of each quarter, calculated at base fixed interest rate of 6.5%.

Following a decision of the Management Board of the Company, in the third quarter of 2021 a partial repayment of the subordinated debt instrument in the amount of BGN 26 million was made. Apart from that, a new contract for subordinated debt to Starcom Holding AD has been concluded, with a limit of BGN 50 million, as of 31.12.2021 BGN 450 thousand have been utilized, and the prepaid expenses for debt service and management amount to BGN 101 thousand.

## LIABILITIES (NON-CURRENT AND CURRENT)

The company's liabilities (without subordinated debt instruments) reached BGN 368.3 million, increasing by 24% at the end of the reporting period.

The change in liabilities was due to the following factors:

### » Non-current liabilities

Non-current liabilities decreased by 32% compared to the end of 2020. They are formed mainly by liabilities on borrowed funds for financing, incl. loans from financial and non-financial institutions and liabilities under bonds loans with a total value as of 31.12.2021 of BGN 149.4 million, including:

#### ▪ Loans from financial and non-financial institutions

During the reporting period there was a decrease in the long-term amount of loans received from banking institutions by BGN 33.7 million and as of 31.12.2021 their amount was BGN 9 million. This change is due to the following factors:

- Reduction of the non-current liability under a second bank loan from the International Investment Bank by BGN 3 million - from BGN 12 million at the end of 2020 to BGN 9 million as of the end of reporting period due to the current part in short-term liabilities.

The loan liabilities from the International Investment Bank represent attracted funds under a second bank loan with an agreed limit of EUR 10 million and principal due as of 31 December 2021 in the amount of EUR 6.2 million, the agreed interest rate on the loan is 6.0% + EURIBOR, maturity - March 2025, secured by a pledge of shares of a subsidiary.

- As of 31 December 2021, the liability in the amount of BGN 29.6 million under a loan agreement with the International Bank for Economic Cooperation has been fully reported in current liabilities in connection with the loan maturity of less than one year.

#### ▪ Bond loans

The non-current liabilities on bond loans decreased by BGN 96.3 million and at the end of the reporting period amounted to BGN 78.2 million. The marked decrease is characterized by the following changes:

- The liability under the issued bond loan (within the EMTN Programme in PLN/EUR) has been restructured from current to long-term with extended maturity until 29.12.2026, changed currency from PLN to EUR and changed frequency of interest payments from six-month to one-year. (Information about EMTN programme conditions (EUR and PLN) is publicly available on the Irish Stock Exchange website, Bonds section.)
- The liability on issued corporate bond loan with ISIN: BG2100013205 remains unchanged. The amount of the loan liability at the end of December 2021 amounted to BGN 58.7 million. (On November 26, 2020 Eurohold Bulgaria AD issued a bond loan with ISIN code BG2100013205 in the amount of EUR 30,000,000 (BGN 58,674,900) under the terms of an initial private (non-public) offering within the meaning of Art. 205, para. 2 of the Commercial Law. The issue is the second in a row and represents 30,000 corporate bonds issued, which are ordinary, registered, dematerialized, interest-bearing, secured, non-convertible, and freely transferable of one class and with equal rights. The nominal and issue value of each bond is EUR 1,000. The maturity date of the issue is November 26, 2027, fixed nominal interest rate - 3.25% on an annual basis, interest payments are due every six months and one-time repayment of the principal at maturity. Interest payments are made every six months, as of the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis. The debenture loan is secured in favor of all bondholders with Bond Loan insurance, valid until the date of full repayment of the issue and

covering 100% of the risk of non-payment by Eurohold Bulgaria AD to any and all interest and/or principal payment. Eurohold will take the necessary actions for subsequent admission of the bond issue to trading on a regulated market - Bulgarian Stock Exchange AD within 6 (six) months from the date of registration of the bond issue in Central Depository AD. At the first general meeting of the bondholders, held on 18.12.2020 as a Trustee of the bondholders for issue of corporate bonds with ISIN code BG2100013205, Financial House Ever AD was elected - performing activity as an investment intermediary. The funds raised from the issue were used according to the purposes for which it was issued, namely for repayment of short-term liabilities of the Company and additional payment of subscribed but unpaid capital of the subsidiary Euroins Insurance Group AD. On 31.08.2021 the bond issue was introduced for trading on the Bulgarian Stock Exchange AD, bond segment on 31.08.2021 with stock exchange code: EUBB.

The Notes to the interim condensed separate financial statement for the twelve months of 2021 disclose in detail the executed bond transactions for the respective reporting periods.

- **Other non-current liabilities to non-financial institutions**

- Liability on received loan, with maturity 11.2023, annual interest rate - 5.5% and limit BGN 2,000 thousand in the amount of BGN 1.5 million at the end of 2020 it was repaid in full.

- **Long-term liabilities to related parties**

In the current reporting period the liabilities on loans received from related parties increased significantly after a loan utilized by the parent company. As of 31.12.2021 the loan amounted to BGN 59.5 million.

The total liability to related parties amounts to BGN 60.9 million compared to BGN 1.7 million at the end of 2020.

- » **Current liabilities**

In the fourth quarter of 2021, Eurohold's current liabilities increased by 185%, amounting to BGN 218.9 million at the end of the period, due to the following changes:

- **Loans from financial and non-financial institutions**

- Part of the current liability to financial institutions is on two utilized bank loans from the International Investment Bank (IIB) reported in short-term liabilities, namely:

- The first loan granted by the IIB with an agreed limit of EUR 15 million matured in December 2021 and was repaid in full.

- Under the second loan, maturing in March 2025, the current principal liabilities amount to BGN 3 million.

- A significant part of the current liability to financial institutions in the amount of BGN 30 million (includes liabilities under principal and interest) is on the bank loan disbursed by the International Bank for Economic Cooperation, which is fully transferred to current liabilities due to the approaching maturity. (The loan agreement was concluded in the third quarter of 2020, with the following parameters: principal limit - EUR 20 million, which can be disbursed in three tranches within six months (disbursed funds are currently € 15,000,000 interest rate: 6.5% on an annual basis on the utilized amount, term of the loan - the utilized principal of the loan is paid in full on the maturity date, which is 31.07.2022, but not later than 01.01.2023. ; the loan cannot be renegotiated; collateral - pledge of shares of a subsidiary.)

- **Other current liabilities to non-financial institutions**

- Eurohold Bulgaria AD has a liability of BGN 4.8 million under issued Euro Trade Shares (ECP), with a maturity of 5.2022, an annual interest rate of 2.0% and a face value of EUR 2,500 thousand.



### Bond loans

Current liabilities on bond loans increased by BGN 116.8 million to BGN 137 million, as the amount includes the entire liability on the principal of the loan issued under the EMTN Programme in EUR - ISIN: XS1731768302 (maturing - December 2022) in the amount of BGN 136.2 million, as well as liabilities under interest to bondholders of all issues amounted to BGN 0.8 million.

### Short-term liabilities to related parties

Current liabilities to related parties increased by BGN 6.2 million at the end of 2021 and amounted to BGN 41.6 million.

### Summary information on liabilities on borrowed funds

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

Loan liabilities	Change %	31.12.2021 000'BGN	31.12.2020 000'BGN
<b>Subordinated debt instruments</b>	-78%	<b>7 201</b>	<b>32 784</b>
<b>Liabilities to financial and non-financial loans:</b>	<b>-24%</b>	<b>51 491</b>	<b>67 994</b>
▪ <b>Loans from financial institutions</b>	<b>-24%</b>	<b>46 636</b>	<b>61 692</b>
- <i>Non-current liabilities to banks</i>	-79%	9 006	42 747
- <i>Current liabilities to banks</i>	99%	37 630	18 945
▪ <b>Other borrowings</b>	<b>-23%</b>	<b>4 855</b>	<b>6 302</b>
- <i>Other non-current borrowings</i>	-100%	-	1 450
- <i>Other current borrowings (Euro Commercial Papers – ECPs and borrowings from non-financial institutions)</i>	0%	4 855	4 852
<b>Bond Loan Obligations:</b>	<b>11%</b>	<b>215 220</b>	<b>194 719</b>
- <i>Non-current liabilities on bond loans, including:</i>	-55%	78 233	174 531
- <i>EMTN Programme</i>	-83%	19 558	115 856
- <i>Bond loan ISIN code BG2100013205</i>	0%	58 675	58 675
- <i>Current liabilities on bond loans (maturing principals and interests)</i>	579%	136 987	20 188
<b>Liabilities to related parties:</b>	<b>176%</b>	<b>102 501</b>	<b>37 093</b>
- <i>Non-current</i>	3478%	60 926	1 703
- <i>Current</i>	17%	41 575	35 390
<b>Total loan liabilities</b>	<b>13%</b>	<b>376 413</b>	<b>332 590</b>

The summarized data on loan liabilities show that at the end of 2021 Eurohold increased the amount of loans received by BGN 44.8 million, representing an increase of 13% (calculated compared to the corresponding amount at the end of 2020).

### Non-cash transactions

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

#### 2021

- During the period the Company performed SWAP transactions with related parties, simultaneously issuing new short-term Euro Commercial Papers (ECPs) in the amount of EUR

2 500 thousand (BGN 4 890 thousand) and repurchasing issued ECPs in the amount of EUR 2 450 thousand (BGN 4 792 thousand).

- The company has transferred a liability with a subsidiary and has committed to assume the amount of BGN 332 thousand, consisting of BGN 314 thousand principal and BGN 18 thousand interest.
- Pursuant to an Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 72 thousand (BGN 70 thousand principal and BGN 2 thousand interest) with a liability of BGN 332 thousand. (BGN 314 thousand principal and BGN 18 thousand interest) up to the amount of the receivable.
- Pursuant to an Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 14 thousand with a liability of BGN 2 thousand up to the amount of the liability.
- Pursuant to the Contract for purchase and sale of financial instruments with a subsidiary (Acquirer) Eurohold Bulgaria AD (Transferor), the receivable from the transferor with a liability to the same in the amount of BGN 5 476 thousand has been set off.
- Pursuant to an Agreement with a subsidiary Acquirer on one transaction (receivable in the amount of BGN 4 903 thousand) with Eurohold Bulgaria AD and Transferor in another transaction (liability in the amount of BGN 4 843 thousand) with Eurohold Bulgaria AD offsetting has been performed of the receivable from the transferee with a liability of the transferor in the amount of BGN 4 843 thousand. The balance after the set-off (BGN 60 thousand) remains due to the subsidiary of Eurohold Bulgaria AD as of 31.12.2021
- Pursuant to an Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD, it has set-off a receivable in the amount of BGN 8 thousand with a liability of BGN 8 thousand.

## 2020

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

## CONDITIONAL OBLIGATIONS AND COMMITMENTS

### Litigations

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

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

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

### Warranties and provided guarantees

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

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

\* Fully extinguished in early 2022.

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

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

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

Company from:	MATURITY (EUR'000)		
	Contracted limit in EUR'000 as of 31.12.2021	Contracted limit in BGN'000 as of 31.12.2021	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
<b>TOTAL:</b>	<b>10 950</b>	<b>21 413</b>	<b>10 950</b>

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

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

Established guarantees in favor of the Company:

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

### Transactions and balances with related parties

The Notes to the Interim Condensed Separate Financial Statements for 2021 detail the related party transactions for the fourth quarter of 2021.

## DESCRIPTION OF THE MAIN RISKS

*Current and potential investors should keep in mind that Eurohold Bulgaria AD operates 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.*

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

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

#### **Risks related to the activity and structure of Eurohold valid as of the date of this report**

As far as the activity of the Eurohold Bulgaria AD is related to the management of the assets of other companies, it cannot be related to a specific sector from the domestic economy and it is exposed to the sectoral risks of the subsidiaries. The companies from the group of Eurohold Bulgaria AD operate in the following sectors: "Insurance", "leasing", "car sales" and "investment intermediation and asset management".

The impact of the individual risks is proportional to the share of the respective branch in the structure of the long-term investment portfolio of the Company.

Also, the main activities of the company are carried out through the subsidiaries in Eurohold Bulgaria AD, which means that its financial results are directly related to the financial results and development trends of the subsidiaries.

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

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

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

#### **➤ Insurance business**

The greatest risk is concentrated in the insurance business, united in the subsidiary sub-holding company Euroins Insurance Group AD (EIG), where a significant part of the Group's revenues is generated.

The risk categories inherent in the EIG, such as an insurance holding company, are identified and classified in accordance with the identified risk categories at the level of subsidiaries. In accordance with the lines of business issued in the license for performing insurance activity of the undertakings, subsidiaries identify the following categories of risk:

##### Underwriting risk

The underwriting risk reflects the risk of loss or of adverse change in the value of insurance liabilities, in respect of the covered insurance risks and the processes, used in the performance of the undertaking activities. Underwriting risk includes the following sub-risks:

- Risk associated with premiums and reserves
- Lapse risks;

- Catastrophic risks.

The identification of the underwriting risk and the risk of formation of technical provisions at the level of the Group applies an individual approach to reporting the results provided by the subsidiaries in view of their activity, scale and nature of the intrinsic risk, taking into account the following factors:

- Share of the company in relation to the total volume of activity in the Group;
- The subsidiary's local legislation and requirements for the application of the Solvency II rules;
- Other factors, approved by the Risk Management Committee.

In calculating the technical provisions, each insurance company, despite its policies, adheres to the following basic principles:

- Technical provisions are calculated in a reasonable, reliable and objective manner;
- The data for calculating the technical provisions are appropriate, complete and accurate and meet the requirements of Art. 19 of Regulation (EC) 2015/35 on completeness and quality;
- The calculation of technical provisions is subject to the principles of market coherence, i.e. the calculation is based on and consistent with the information, received from the financial markets and from the publicly available underwriting risk data.

### **Market Risk**

Market risk is the risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the levels and volatility of market prices of the assets, liabilities and financial instruments of the subsidiaries.

Market risk includes the following sub-risks:

- Interest rate risk;
- Spread risk;
- Share-related risk
- Property risk;
- Concentration risk;
- Currency risk.

All marketable financial instruments in the Group are exposed to market risk, which represents the risk of increasing or decreasing their market value as a result of future changes in market conditions. Financial instruments are measured at fair value and any changes in market conditions are reflected directly in the financial statements. In order to avoid the risk of concentration, Euroins Insurance Group AD strives to maintain optimal diversification of investments and to make them in financial institutions with a high rating. Companies within the scope of the Group adhere to the "prudent investor"

### **Credit Risk**

Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit standing of counterparties and debtors of the subsidiaries over the next twelve (12) months. The Group maintains its established relationship with leading reinsurance companies in the high credit rating industry, which minimizes the risk of non-fulfillment of Type 1 counter-party.

### **Operational risk**

Operational risk means the risk of loss due to inadequate or failed internal processes, personnel or systems, or from external events In connection with the Operational Risk, the Chief Executive Officers of the undertakings within the Group:

- Allocate the powers and responsibilities for managing the operational risk as they organize and approve a list of employees, in charge for identifying and reporting operational events;
- Perform operational control over the periodicity and completeness of risk management reports and assessments, prepared by the Risk Management Function.

The main sources of operational risk at the level of the Group are personnel, processes, systems, internal events. Losses from operational events that result from the different combination of factors are classified into several major categories:

- Internal frauds;
- External frauds;
- Customers, product and business practices;
- Damages to tangible assets;
- Interruption of activity and/or failure of the information system;
- Performance management, delivery and processing.

Operational risk identification is achieved through constant monitoring, reporting and archiving of operational events. Operational risk minimization is achieved through a set of measures, aimed at reducing the probability of occurrence of an operational event and/or reducing the potential loss from an operational event.

### ► **Energy business**

#### **Regulatory risk**

The regulatory risk is related to the impact of the existing regulatory framework or its change on the Company's activities, as well as to potential fines and sanctions due to violations of this framework. The energy business is a highly regulated economic sector, as the financial results of the companies operating in the field of energy are directly dependent on a number of normative acts and decisions of the state regulatory body (EWRC). Companies are at risk of not taking into account all the costs associated with their normal activities when setting electricity prices by the regulator.

- Risks related to unpredictability of the changes in the regulations and possible negative impact of these changes on the activities of the Company;
- Risk of revocation of licenses;
- Risk of imposition of a fine by the CPC and EWRC;
- Risk of inability of the Company to cover all its operating costs under the final supplier license, as well as risk of lack of regulatory changes allowing their reduction;
- Risks related to the behavior of key market participants and their impact on the electricity market;
- Risks related to increased financial requirements for companies such as mandatory guarantees and deposits from key market participants;
- Risks related to the way of organization, model, structure and vision for the development of the free electricity market;
- Risks related to the introduction of additional legal direct and indirect obligations to producers, traders, customers and network companies on the free electricity market, incl. increase and / or introduction of new fees, taxes, contributions, energy efficiency obligations.

The dynamics of regulatory changes related to the European Union's strategy for liberalization and development of energy markets is directly dependent on the political situation. Frequent changes in the political environment are a prerequisite for a more unstable and difficult to predict regulatory environment.

#### **Market risk**

Risk related to the consumption of electricity and the price for the purchase of energy for technological costs on an organized stock market due to economic, political, technological reasons and climate change, as well as the risk of liberalization of the electricity market. These are risks that arise from reasons external to the Company and the Company's ability to effectively influence the factors determining this risk is severely limited. Market risks can be characterized as:

- Risks related to competition and switching suppliers on the free market;
- Risks related to the changes in the prices of electricity on the wholesale market and their impact on the energy position and the expected trade margin of the Company;
- Risks due to the expressed volatility and unpredictability of the wholesale market and the fundamentals influencing (prices of natural gas, fuels, CO2 emissions, RES, EU policy, market mergers, climate change, etc.);
- Risks related to liquidity and adequate supply of long-term energy products on the wholesale

- market, corresponding to the consumption profile of end customers;
- Risks due to seasonality, climate change, repair programs of producers, transmission capacities, emergency shutdowns of producers, and other unforeseen events that may affect the wholesale electricity market;
- Risks related to incorrect forecasting and / or abrupt change of the wholesale market and inability of the Company to adapt the portfolio of end customers to the changes;
- Risks related to market infrastructure, data exchange systems, security and information protection;
- Risks related to the behavior of trade participants, experience and code of ethics;
- Risks arising from leaving open positions of other participants in the balancing group of the Company;
- Risk of non-renewal of contracts with end customers due to internal and external factors;
- Risk of changes in the regulatory framework, respectively impossibility to fully or partially transfer the purchase costs on the selling prices to end customers.

### **Operational risks**

The companies are exposed to a number of risks related to its business activities and processes, incl. risks of default by third parties, on which the Company relies for the performance of its activity; risks of direct and indirect losses; risks related to the staff and the organization of the internal processes and others.

Specific operational risk for companies arises after the entry into force of Regulation 2016/679 of 25.05.2018, related to the protection of personal data. As controllers of personal data, they are obliged to maintain information systems that cover all standards of information security, and to apply reliable technical and organizational procedures, rules and measures to ensure the security of processing, including the prevention of unauthorized access to personal data. data of customers and contractors.

Part of the operational risks is the security risk - the risk of losses due to intentional illegal actions by outsiders or employees of the company.

Other operational risks are related to unregulated use of electricity. In order to detect and prevent them, inspections of various facilities on the network are carried out in order to identify points where illegal actions related to electricity consumption are performed. A number of methods are used to identify checkpoints where risk illegal actions are possible.

#### **Other risk specific to the activity and industry of energy companies are:**

- Risk that the activity will be adversely affected by a reduction in electricity consumption due to economic, political or technological reasons;
- Businesses are at risk from climate change;
- The activity is exposed to the risk of increase in the price of electricity as a result of rising prices of primary energy resources and stricter standards for CO2 emissions;
- Liberalization of the electricity market in the Republic of Bulgaria and strengthening of competition;
- Risks related to interruptions in the supply of electricity;
- Litigation or other out-of-court procedures or actions may have an adverse effect on business, financial condition or results of operations;
- Risk of choosing an inappropriate market strategy;
- Risk of impossibility to detain and hire quality staff;
- Strikes or other industrial actions, as well as negotiations with trade unions may disrupt the activity or increase its operating costs;
- Risks related to the obligation of the Company under the Energy Efficiency Act;

Risk of impossibility or limitations in the provision of attracted resources, including a significant increase in the cost of financing and changes in interest rates.

#### **➤ Automotive sector**

The automobile sub-holding Avto Union AD operates mainly in the field of sale of new cars, warranty and post-warranty servicing of cars, sale of spare parts and oils, fuel card operator.



### **Risks related to withdrawal of permits and authorizations**

The activity is directly dependent on the availability of permits and authorizations that the respective car manufacturers have provided to the companies in the group of Avto Union AD, the termination or revocation of such rights can dramatically reduce the sales of the car group. This is particularly important in the context of global restructuring of the automotive industry. The business environment in the automotive industry is also influenced by purely internal factors related to the general purchasing power, access to financing, business tendencies, inventory levels, etc.

### **Risks related to non-compliance by suppliers or other interruptions of different origins**

The market sale of cars and spare parts subject to distribution by the subsidiaries of Avto Union AD may be affected by non-performance by suppliers or other interruptions of various origins. Such difficulties can be both of a legal nature and of a technical nature and they could have a serious effect on the sales volume and hence on the group profits of Avto Union AD.

### **Dependence on norms and standards**

The ever-increasing environmental and safety standards for cars in the EU determine the sale of only new cars that comply with changing regulations (technical, environmental and tax). Any incompatibility or contradiction with such regulations could limit the sales of companies in the automotive group.

### **Other systematic and non-systematic risks of particular importance**

The business environment in the automotive industry is significantly influenced by the risk factors related to the purchasing power of the population, access to finance, business sentiment, stocks and others.

#### **► Leasing sector**

Risk of lack of attracted external debt financing at reasonable prices

Access to borrowed capital is essential for the successful development of the business of the Eurolease Group AD. Historically, borrowed capital has been raised by local and international banks and financial institutions or through the issuance of corporate bonds, most of which are publicly traded on the local regulated market.

The long-term successful development of the leasing business is directly dependent on the ability of the Eurolease Group to attract sufficient borrowed resources at an affordable price, the lack of which could have a significant adverse effect on its prospects, results and/or financial condition.

Risk that the leasing group will not be able to fulfil its obligations under the borrowed funds

This is the risk arising from the inability of Eurolease Group AD and/or its subsidiaries to meet their obligations under the borrowed funds. This risk is associated with delayed, partial or complete failure of matured obligations to pay interest and principal on borrowed funds. The credit risk also represents the risk that a counterparty will not pay its obligation to any of the companies in the group. The Group is exposed to this risk in connection with various financial instruments, such as in the event of receivables from customers, the provision of loans, deposits and others.

The policy, adopted by the Group in order to minimize the risk of non-payment, is to assess preliminary the creditworthiness of customers and to require additional collateral on leasing contracts – insurance of leased assets, preservation of original documents for property ownership, registration of leasing contracts in the Central Register of Special Collaterals, third party guarantees or promissory notes. The Group's policy in this area is aimed at providing leasing services to customers with appropriate credit reputation and securing the claim by preservation of the legal ownership of the leased asset. Concentration of credit risk arises from customers with similar economic characteristics, where it's possible changes in economic or other conditions to reflect simultaneously on their ability to meet their obligations.

#### **► Investment intermediation and asset management**

The activity of investment intermediation and asset management in the Group is represented by the investment intermediary Euro-Finance AD. The risk in the sector of financial intermediation and asset

management is related to the high volatility of the debt and capital markets, the changes in financial tendencies and the investment culture of the general public.

### **Market and credit risk**

The financial results of Euro-Finance AD depend on market risk and credit risk, respectively, given the fact that a large part of the assets of Euro-Finance AD are invested in publicly traded securities with fixed yield, denominated in several currencies, whose market value changes daily. Euro-Finance AD is definitely a very well-capitalized company, given the current regulatory requirements, but sharp and significant failures in the financial markets, as well as the credit profile of the specific issuers of securities in whose instruments Euro-Finance AD has invested capital, could have a significant adverse effect on the prospects of Euro-Finance AD, its results and/or financial condition.

### **Risk in settlement and clearing of transactions**

As a leading and active local financial broker with a large local business in the management of financial assets and the provision of brokerage services, which serves both institutional and individual investors, Euro-Finance AD daily settles and clears many transactions with many counterparties, contractors. Risk of communication error in the settlement process, which, although currently completely minimized, exists and may limit the company's ability to effectively serve its customers, which could have a significant adverse effect on the prospects of Euro-Finance AD, its results and / or financial condition.

### **Risk of change in the regulatory framework**

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

### **Risks in the transmission and processing of information**

Euro-Finance AD performs all stock exchange transactions, asset management, currency trading and settlement activities only electronically and is therefore exposed to the risk of loss of information transfer or theft of personal and confidential information. Failure to ensure continuity and the necessary level of protection of the flow of information may jeopardize the company's internal securities trading system, its databases and day-to-day transactions, which in turn may damage the company's image in the eyes of its clients and contractors. Any loss of full control over the information flow could have a significant adverse effect on the prospects of Euro-Finance AD, its results and/or financial condition.

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

Eurohold's future profits and economic value depend on the strategy chosen by the company's senior management and its subsidiaries. The choice of inappropriate strategy may lead to significant losses.

Eurohold Bulgaria AD tries to manage the risk of strategic errors through continuous monitoring of the different stages upon implementation of its marketing strategy and the results thereof. This is extremely important, so that they can react in a timely manner, in case a change in the strategic development plan is needed at a certain stage. Untimely or inappropriate changes in the strategy can also have a considerable negative effect on the activity of the Company, its operating results and financial position.

### **Risks associated with future acquisitions and their integration in the structure**

At present, the economic group of Eurohold Bulgaria AD develops its operations mainly in Bulgaria and other European countries such as Romania, Northern Macedonia, Ukraine, Georgia, Greece, Belarus and Russia through acquisitions of companies and assets. The Issuer expects that such acquisitions will continue in the future. The Group intends to implement a strategy for identifying and acquiring businesses, companies and assets with a view to expanding its operations. The risk for Company is the uncertainty as to whether it will succeed and, in the future, identify the appropriate acquisition and investment opportunities. On the other hand, there is uncertainty as to the evaluation

of the profitability of future asset acquisitions and whether they will lead to comparable results with the investments made so far. Also, investments in new acquisitions are subject to a number of risks, including possible adverse effects on the performance of the economic group as a whole, unforeseen events, as well as difficulties in integrating and optimizing operations and complementary businesses.

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

The risks related to the management of the Company are the following:

- making wrong decisions for the current investment management and liquidity of the Company and the Group as a whole, both by the senior management and the operative employees of Eurohold;
- the inability of the management to start the implementation of planned projects or lack of suitable employees for the specific projects;
- possible technical errors in the unified management information system;
- possible errors in the internal control system;
- key employees leaving the Company and inability to employ personnel with the necessary qualities;
- risk of excessive increase in the expenses for management and administration, which leads to a decrease in the total profitability of the Company.

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

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

The management of the Eurohold Bulgaria AD supports the efforts of the subsidiaries in the Group for borrowing bank resources for investment and using the opportunities this type of financing gives for the provision of cash. The volume of these borrowings is maintained at certain levels and they are resolved after proving the economic effectiveness of each Company.

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

There is a risk that the subscription for the subscription of the new shares from the forthcoming capital increase of Eurohold will end unsuccessfully. Due to the fact that the purpose of the offer of shares is to raise funds that will be used to finance the purchase of a strategic asset (CEZ' assets in Bulgaria), then a possible failure of the current subscription would lead to management's choice of other financing options by raising debt capital. In this case, however, for Eurohold the effect of debt financing will be more unfavourable in the long run, as it will significantly increase its interest expenses, which will affect its profit and liquidity, as well as the ability to distribute dividends to its shareholders.

### **Risks related to recruiting and retaining qualified staff**

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

### **Risk of concentration**

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

### **Risk of lack of liquidity**

The liquidity risk is related to the possibility that Eurohold Bulgaria AD, is not able to repay its liabilities in the amount agreed and/or within the stipulated deadline. The issuer seeks to minimize this risk through optimal cash flow management within the group. The Group applies an approach which should provide the liquid resource needed to cover the liabilities which have occurred from normal or exceptional conditions, without realizing unacceptable losses or damaging the reputation of the separate companies and the business group as a whole.

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

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

The relationships with related parties result from contracts for temporary financial assistance for the subsidiaries and transactions related to the ordinary commercial activity of the subsidiaries.

The risk of possible realization of transactions between the companies in the Group, under conditions which differ from the market conditions, is the risk of achieving low profitability from the provided inter-group financing. Another risk which may be assumed is not obtaining enough revenue from the inter-group commercial transactions, and subsequently not making good profit for the respective Company. On a consolidated level, this might have a negative impact on the profitability of the whole group.

Within the Eurohold are performed transactions between the Parent Company and the subsidiaries, as well as between the subsidiaries themselves, which originate from the nature of their main activity. All transactions with related parties are made under conditions which do not differ from the usual market prices and in compliance with IAS 24 "Related party disclosures".

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

## **b) SYSTEMATIC RISKS**

### **Macroeconomic risk**

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

Macroeconomic trends affect market performance, as well as the performance of all sectors of the economy.

The outcome of the realization of some risks related to the international environment will largely depend on the plans and preventive measures of individual countries and international institutions, which is evident from the recent global economic crisis and the COVID-19 pandemic. The risk of the impact of the international environment on companies cannot be diversified and affects all players, but on the other hand it can become an engine for the development and application of innovation, which dramatically change and increase business efficiency on a global scale.

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

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

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

The Eurohold Group operates in Bulgaria, Romania, Northern Macedonia, Ukraine, Greece, Spain, Italy, Poland, Georgia, Belarus and Russia and other European countries, respectively its overall financial position and the results of its operations are affected by economic, legal and political conditions in these countries. Any deterioration in macroeconomic conditions in such countries or in the wider CEE/SEE region may adversely affect certain products and services offered by the group and lead to lower revenues than originally planned. In addition, general changes in government policy and regulatory systems in any such jurisdiction may lead to an increase in the Group's operating costs and capital requirements. Any future periods of economic slowdown or slow economic growth in each of the markets in which the Group operates, could have an adverse effect on the Group's business, financial condition, cash flows, results of operations or prospects.

In 2020, we witnessed a macroeconomic risk posed by the scale and spread of the coronavirus pandemic (COVID-19), which affected the world and dramatically affected global macroeconomics and economic growth. Due to the COVID-19 pandemic, at the end of the first and throughout the second quarter of 2020, a large part of the world economy slowed down and work 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. Globally, the subsequent business results of the economic disruption caused by the pandemic are: deteriorating 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 COVID-19 crisis on the global automotive industry (at the end of the first and the beginning of the second quarter of 2020) are significant, in some countries there has been a sharp reduction in production and even a halt in the production process. As a result of the pandemic, car manufacturers in the whole world realized significant losses. This also affected the car sales business of the Company due to disruption of the supply chain and reduced consumer activity. All this had a negative impact on the activity of the companies from the leasing division of the Company, whose services and products are mainly related to financial leasing of new and used cars, renting cars for short-term ("rent-a-car") and long-term (operating leasing) rental and sale of used cars.

At present, the unprecedented situation, after some normalization in the summer, again exposes businesses to new challenges posed by restrictions imposed by the governments of the countries concerned due to the increasing level of infection.

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

### **Risk of occurrence of force majeure circumstances**

Force majeure circumstances are all natural disasters and other cataclysms such as abrupt climate change, floods, earthquakes, civil disobedience, clashes, strikes, terrorist acts and hostilities and the like, which have an unforeseen nature. Force majeure circumstances can also be accidents on the

material base of a mechanical nature due to human or system error. The occurrence of such events may disrupt the normal activities of the Company until the damages are repaired. Also, they may lead to an unpredictable change in the investor attitude and interest in connection with the market of the equity and debt securities issued by the Company.

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

### **Global impact of the pandemic (COVID-19)**

The nature, scale and spread of the coronavirus pandemic affecting the world have dramatically affected global macroeconomics and economic growth. The restrictive measures taken against the spread of COVID-19 globally from March 2020 to June 2020 have led to a sharp and comprehensive decline in global economic activity and adversely affected stock markets, tourism, transport, the automotive industry and many other industries. Restrictive measures were imposed on the population worldwide, declaring a state of emergency in a number of countries, including Bulgaria, closing borders, as well as significantly restricting and/or suspending entire business sectors. This has led to a significant reduction in revenues, and hence the generation of losses in many economic segments, the need to lay off employees, reduce the income of the population, and hence their purchasing activity, slowing down the supply chain and failure to meet agreed deadlines, postponement of the payment of principal and interest on credit and leasing agreements, renegotiation of lease and vacancy agreements and to many other negative consequences for the limitation of which companies have invested significant resources, developed online systems, digitized business processes, analyzed and evaluated consumer/customer behavior, invested in maintaining the health of staff, developed new products and services to the dynamic and unpredictable environment.

Overall, the current crisis raises considerable uncertainty about future processes in the global macroeconomy till the end of 2021 and the next 2022 including new measures taken by governments to curb the spread of the disease, and depending on the stage of some measures, they will be loosened gradually, and others will remain in force or new ones will be introduced. With the development and approval of vaccines against COVID-19 and the ongoing vaccination of the population, it is hoped that immunity can be acquired more quickly in a large part of the population and the spread of the virus can be counteracted by reducing the potential health consequences of COVID-19.

Investors should keep in mind that all significant effects affected by the pandemic, affecting the macro and micro economy, as well as the international and local business environment, may adversely affect the Company's business. In general, the risk of the current force majeure circumstance will be expressed and will strengthen its influence in case of failure of the Group of the Company to adapt to the changing environment, consumer preferences and market dynamics, change its business strategies if necessary, flexibility in decision making to retain customers, or to direct/expand sales through online platforms or other means of trading, which may adversely affect the business, financial condition and results of the group's operations.

Today's unpredictable situation is changing rapidly and additional impacts may occur, of which the Issuer is currently unaware. Even after mastering COVID-19, the Eurohold Group may continue to experience adverse effects on its business as a result of the global economic impact of the virus, as well as the impact of any recession that has occurred or may occur in the future.

The emergence of the pandemic has had a negative impact and the collapse of global stock markets. Eurohold Bulgaria AD, as a public company whose shares are traded on the Bulgarian Stock Exchange (BSE) and Warsaw Stock Exchange (WSE), was also not overlooked by the stock market crash, as the share price fell. To date, however, the price of Eurohold shares has not only regained its level before the pandemic, but has also achieved significant growth. In addition, in the middle of 2021 Eurohold Bulgaria successfully carried out a public offering of new shares as a result of which the Company raised funds in the amount of over BGN 157 million.

### **Impact of the coronary crisis in the following reporting periods**

The outbreak of Covid-19 has had and continues to have a significant impact on business around the world 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.

The COVID-19 pandemic currently is in full swing again, as a result of which the governments of the countries concerned, including Bulgaria, have introduced new restrictive measures. As part of the measures are the introduction of requirements for access to a number of public places only with a green certificate. The green certificate is a European digital certificate for COVID, which is valid throughout Europe and is issued after vaccination against COVID-19, after illness or in the presence of a negative PCR test or antigen test.

The Company's management will continue to assess the impact of the Covid-19 crisis and will review its financial results, assess the risk accordingly and take appropriate flexible actions in the management of the business to limit the impact.

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

### **Political risk**

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

The Republic of Bulgaria is a country with political and institutional stability based on contemporary 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 since January 1, 2007 is a member of the European Union (EU). The desire for European integration, the presence of a dominant political formation, the pursuit of strict fiscal discipline and adherence to moderate deficits, 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.

However, there is no certainty that factors will not appear in the country that will create social and political tensions, lead to a significant and abrupt change in the political and economic conditions in the country, which may have a significant adverse effect on the activities of the Issuer. At present, the political situation in the country is not stable. This instability is caused by the impossibility of forming a regular government of the republic and the appointment of an official one by the president. New early parliamentary elections are scheduled for the date of the Report, which will be held in conjunction with regular presidential elections, scheduled for 14 November 2021.

On July 10, 2020, the European Central Bank announced that Bulgaria was officially admitted to the Exchange Rate Mechanism ERM II, and the BNB entered the so-called close cooperation with the ECB, which is access to the banking union for non-euro area countries. The central rate of the Bulgarian lev is fixed at 1 euro = 1.95583 lev. After a careful assessment of the adequacy and stability of the currency board in Bulgaria, it was accepted that Bulgaria joins the Exchange Rate Mechanism with its existing currency board regime, as a unilateral commitment and without additional requirements to the ECB. The agreement on the participation of the Bulgarian lev in the Exchange Rate Mechanism II (ERM II) is accompanied by a firm commitment of the Bulgarian

authorities to pursue prudent economic policies in order to preserve economic and financial stability and achieve a high degree of sustainable economic convergence.

### **Risk of high unemployment rates**

Unemployment risk is characterized by a decline in labour demand, influenced by real aggregate demand in the economy, as a result, the real purchasing activity of some of the economic entities decreases.

High levels of unemployment can severely jeopardize economic growth in the country, which in turn can lead to a collapse in consumption and a decrease in revenues generated by businesses in the country, including income generated by the Company and its subsidiaries.

At the end of the first and in the second quarter of 2020, the labour market in Bulgaria was severely affected by the measures taken by the state to deal with the pandemic of COVID-19, which affected the whole world.

According to data from the National Statistical Institute (NSI) for the third quarter the following indicators for economic activity of the population are reported:

- The economic activity rate for the population aged 15-64 is 72,9%;
- The employment rate for the population aged 15-64 reaches 69,5%.
- The unemployment rate is 4,6%.

In the third quarter of 2021 the number of unemployed persons was 150.6 thousand.

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

### **Credit risk of the country**

Credit risk is the probability that a country's international credit ratings will decline. Low credit ratings of the country may lead to higher interest rates, less advantageous conditions of financing the economic subjects, including the Eurohold.

On November 30, 2021, Standard & Poor's reaffirmed Bulgaria's long-term and short-term credit rating in foreign and local currency "BBB / A-2".

According to the credit rating agency, the economic effects of the pandemic have been manageable, despite a significant health impact. Domestic demand, particularly private consumption, has recovered strongly and the increased absorption of EU funds will lift the medium term growth outlook. The funds under the previous and current EU Multiannual Financial Framework (EU MFF) and the additional funds under the new Next Generation EU (NGEU) instrument available to the country are estimated at about 40% of the expected 2021 GDP.

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

On January 22, 2022, Fitch Ratings confirmed the 'BBB' rating of Bulgaria with a positive outlook.

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

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

Taking a consistent and long-term economic policy in Bulgaria would be a good reason for the potential increase in the country's credit rating, which in turn would have a favorable impact on the economic group of Eurohold, which is expressed in the financing possibilities of the Group. In the event of a decrease in Bulgaria's credit rating due to unstable management of the country, it may have a negative impact on the Group and on the cost of financing, unless its borrowing agreements do not have fixed interest rates.

### **Inflation risk**

The inflation risk is related to the possibility of inflation influencing the real return of investments. The main risks associated with the inflation forecast refer to the dynamics of international prices and the rate of economic growth in Bulgaria. International commodity prices may increase more significantly as a result of political crises or increased demand. The limited supply of certain



agricultural commodities, especially of cereals, internationally, in connection with adverse climatic events, may further cause higher inflation in the country.

According to the latest NSI data, the consumer price index for December 2021 compared to November 2021 is 100.9%, taking into account the monthly inflation of 0.9%. The annual inflation for December 2021 compared to December 2020 is 7.8%. The average annual inflation for the period January - December 2021 compared to the period January - December 2020 is 3.3%.

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

Inflation may affect the amount of the Company's costs as part of the company's liabilities are interest-bearing. Their servicing is related to the current interest rates which reflect the inflation level in the country. Therefore, maintaining low inflation levels in the country is considered a significant factor in the activities of the Eurohold Group.

At present and in general, the currency board mechanism provides guarantees that inflation in the country will remain under control and will not adversely affect the country's economy, and in particular the activities of the Company and its group, and hence its ability to service its debt positions.

Given this, each investor should well understand and account for both the current levels of inflation risk and the future opportunities for its manifestation.

### **Currency risk**

This risk is related to the possibility for depreciation of the local currency. For Bulgaria, in particular, this is a risk of premature waiver of the terms of the Currency Board at a fixed exchange rate of the national currency. On July 10, 2020, the European Central Bank announced that Bulgaria has been officially admitted to the Exchange Rate Mechanism ERM II. The central rate of the Bulgarian lev is fixed at 1 euro = 1.95583 lev, it was assumed that Bulgaria joins the Exchange Rate Mechanism with its existing currency board regime, as a unilateral commitment and without additional requirements to the ECB.

Any significant depreciation of the lev may have a significant adverse effect on the economic entities in the country, including the Company. Risk exists also when the income and costs of an entity are formed in different currencies. 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 for raw materials and products, is particularly pronounced.

The Company's activity does not involve exposure to significant currency risk, because the current bond issue is denominated in BGN and almost all its operations and transactions are denominated in BGN and EUR, and the latter has a fixed exchange rate against the BGN.

The changes in the various exchange rates did not significantly affect the activities of the Company until the moment when control participations in the countries Romania, Northern Macedonia, Ukraine, Georgia, Belarus were acquired. The financial results of these companies are presented in local currency, respectively - Romanian leu (RON), Macedonian denar (MKD), Ukrainian hryvnia (UAH) and Georgian lari (GEL), Belarusian ruble (BYR), whose exchange rate is determined almost freely on the local foreign exchange market. Consolidated revenue of Eurohold Bulgaria AD will be exposed to currency risk depending on the movement of these currencies against the euro.

### **Interest rate risk**

The interest risk is related to the possibility for change in the predominating interest levels in the country. Its influence is related to the possibility for decrease in the net income of the companies as a result of the increased interest rates, at which the Issuer finances its activity. Interest risk is included under macroeconomic risks, due to the fact that the main reason for change in the interest rates is the occurrence of instability in the financial system as a whole. This risk can be managed through balanced use of different sources of financial resource.

The increase of interest rates, with other conditions remaining the same, would influence the price of the financial resource used by the Issuer in the implementation of various business projects. In addition to that, it could influence the amount of the expenses of the Company, since a large portion of the liabilities of the Company is interest bearing and their servicing is related to the current interest rates.

## **Risks related to regulatory changes Regulatory risk**

The company's results may be affected by changes in regulations. The Eurohold Group operates in a highly regulated environment in different European countries. The possibility of more radical changes in the regulatory framework, in the interpretation or practice of enforcing the legislation, as well as in the divergence in the legislation and regulations in Bulgaria and in the countries where the Company operates, may have an adverse effect on its activity as a whole, results, as well as its financial condition.

## **Financial risk**

The financial risk is the additional uncertainty with regard to the investor in obtaining income, when the company uses borrowed or borrowed funds. This additional financial insecurity adds to the business risk. When part of the funds used for financing of the activity of the company are in the form of loans or debt securities, the repayment of these funds represents a fixed liability.

Some of Eurohold's subsidiaries, in particular leasing and automotive companies, due to the nature of their activities, use a significant attracted resource. The lack of resources for their financing can lead to disruption of the rhythm of their activities and to the realization of negative financial results, and this directly affects the group financial condition of Eurohold.

## **Risk of increased competition**

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

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

The elements which define the framework for management of the different risks are directly related to specific procedures for timely prevention and settlement of possible difficulties in the operations of Eurohold Bulgaria AD. They include current analysis of the following:

- market share, pricing policy, marketing surveys and studies of the development of the market and the market share;
- active management of investments in various sectors and industries;
- overall policy for the management of the assets and liabilities of the company and the group in order to optimize the structure, quality and return of assets;
- optimizing the structure of the attracted funds in order to provide liquidity and reduce financial costs in the whole group;
- effective cash flow management at group level;
- optimization of the costs for administration, management and external services;
- human resource management.

The occurrence of unforeseen events, force majeure events, incorrect assessment of current trends, as well as many other micro- and macroeconomic factors can affect the judgment of the company's management. The only way to overcome this risk is to work with professionals with many years of experience, as well as maintaining from 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:**

- 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.

*Information on the management of significant systemic risks is available in the "Notes to the interim separated financial statements for 2021".*

Sofia,

27 January 2022

**Asen Minchev,**

*Executive director*

**Milena Guentcheva,**

*Procurator*

**Eurohold Bulgaria AD**  
**Interim condensed separate statement of profit or loss and**  
**other comprehensive income**  
**for 2021**

	<i>Notes</i>	2021 BGN `000	2020 BGN `000
<b>Revenue from operating activities</b>			
Dividend income	3	223	547
Gains from sale of investments and subsequent revaluation	4	819	2 443
Interest income	5	35	-
Other financial revenue	6	846	1 590
		<b>1 923</b>	<b>4 580</b>
<b>Expenses on operating activities</b>			
Interest expenses	7	(19 547)	(15 890)
Losses on sale of investments and subsequent revaluation	8	(21 491)	(1 911)
Other financial expenses	9	(999)	(436)
Hired services expenses	10	(9 042)	(2 196)
Salaries and related expenses		(897)	(606)
Depreciation	13.1, 13.2	(679)	(679)
(Expenses) / Revenue from impairment of financial assets, net	11	(609)	9
		<b>(53 264)</b>	<b>(21 709)</b>
<b>Profit / (Loss) from operating activities</b>		<b>(51 341)</b>	<b>(17 129)</b>
Other revenue/(expenses),net	12	(179)	375
<b>Net Profit / (Loss)</b>		<b>(51 520)</b>	<b>(16 754)</b>
<b>Total comprehensive income for the period</b>		<b>(51 520)</b>	<b>(16 754)</b>

Prepared by:

Signed on behalf  
of BoD:

Procurator:

/Salih Trampov/

/Asen Minchev/

/Milena Guentcheva/

27.01.2022

**Eurohold Bulgaria AD**  
**Interim condensed separate statement of financial position**  
**as of December 31, 2021**

		31.12.2021	31.12.2020
	<i>Notes</i>	BGN `000	BGN `000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, machinery and equipment	13.1	1 452	2 119
Intangible assets	13.2	3	12
Non-current receivables from related parties	14	169	-
		<b>1 624</b>	<b>2 131</b>
<b>Investments</b>			
Investments in subsidiaries and other companies	15	<b>781 865</b>	<b>629 459</b>
<b>Current assets</b>			
Related parties' receivables	16	849	345
Other receivables and assets	17	649	1 539
Cash and cash equivalents	18	115	267
		<b>1 613</b>	<b>2 151</b>
<b>TOTAL ASSETS</b>		<b>785 102</b>	<b>633 741</b>

Prepared by:

Signed on behalf  
of BoD:

Procurator:

/Salih Trampov/

/Asen Minchev/

/Milena Guentcheva/

27.01.2022

**Eurohold Bulgaria AD**  
**Interim condensed separate statement of financial position (continued)**  
**as of December 31, 2021**

	<i>Notes</i>	31.12.2021 BGN `000	31.12.2020 BGN `000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19.1	260 500	197 526
Share premium	19.2	144 030	49 568
General reserves	19.2	7 641	7 641
Retained earnings		48 966	65 720
Profit / (Loss) for the period		(51 520)	(16 754)
<b>Total equity</b>		<b>409 617</b>	<b>303 701</b>
<b>Subordinated debts</b>	20	<b>7 201</b>	<b>32 784</b>
<b>Non-current liabilities</b>			
Loans and borrowings	21	9 006	42 747
Bond liabilities	22	78 233	174 531
Non-current related parties' liabilities	23	60 926	1 703
Other non-current liabilities	24	1 241	1 468
		<b>149 406</b>	<b>220 449</b>
<b>Current liabilities</b>			
Loans and borrowings	21	37 630	18 945
Bond liabilities	22	136 987	20 188
Trade payables	25	1 268	583
Related parties' liabilities	26	41 575	35 390
Other current liabilities	27	1 418	1 701
		<b>218 878</b>	<b>76 807</b>
<b>Total liabilities and subordinated debts</b>		<b>375 485</b>	<b>330 040</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>785 102</b>	<b>633 741</b>

Prepared by:

Signed on behalf  
of BoD:

Procurator:

/Salih Trampov/

/Asen Minchev/

/Milena Guentcheva/

27.01.2022

**Eurohold Bulgaria AD**  
**Interim condensed separate statement of cash flows for 2021**

		2021	2020
	Notes	BGN `000	BGN `000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>(Loss) / Profit before tax</b>		<b>(51 520)</b>	<b>(16 754)</b>
Adjusted for:			
Depreciation		679	679
Interest income	5	(35)	-
Interest expenses	7	19 547	15 890
Dividend income	3	(223)	(547)
(Gains)/ Losses from sale of investments, net		20 709	(591)
(Gains)/ Losses from revaluation of investments, net		(37)	59
Foreign exchange differences		(57)	(1 439)
(Expenses for)/reintegration of impairment of financial assets, net		609	(9)
Adjustments in working capital:			
Change in trade and other receivables		397	126
Change in trade and other payables, other adjustments		5 616	(624)
<b>Net cash flows from operating activities</b>		<b>(4 315)</b>	<b>(3 210)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for investments		(172 766)	(48 571)
Proceeds from sale of investments		-	111
Borrowings granted		(17 034)	-
Proceeds/ (payments) of borrowings		16 708	-
Proceeds from interests on loans		-	-
Dividends received		223	547
Other cash receipts/ payments from investing activities		(206)	(268)
<b>Net cash used by investing activities</b>		<b>(173 075)</b>	<b>(48 181)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares	19.2.	157 436	-
Proceeds from loans		136 742	130 304
Repayments of loans		(99 563)	(66 136)
Interest and commissions paid		(16 881)	(11 742)
Lease payments		(741)	(889)
Dividends paid		-	-
Other cash receipts/ payments from financing activities		238	(10)
<b>Net cash generated/(used) by financing activities</b>		<b>177 231</b>	<b>51 527</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(159)</b>	<b>136</b>
<i>The effect of IFRS 9</i>		7	(7)
Cash and cash equivalents at the beginning of the year	18	267	138
<b>Cash and cash equivalents at the end of the year</b>	18	<b>115</b>	<b>267</b>

Prepared by:

Signed on behalf  
of BoD:

Procurator:

/Salih Trampov/

/Asen Minchev/

/Milena Guentcheva/

27.01.2022

**Eurohold Bulgaria AD**  
**Interim condensed separate statement of changes in equity**  
**for 2021**

	Share capital BGN `000	General reserves BGN `000	Share premium BGN `000	Retained earnings BGN `000	Total Equity BGN `000
<b>Balance as of January 01, 2020</b>	<b>197 526</b>	<b>7 641</b>	<b>49 568</b>	<b>65 720</b>	<b>320 455</b>
Loss for the year	-	-	-	(16 754)	(16 754)
<b>Balance as of December 31, 2020</b>	<b>197 526</b>	<b>7 641</b>	<b>49 568</b>	<b>48 966</b>	<b>303 701</b>
<b>Balance as of January 01, 2021</b>	<b>197 526</b>	<b>7 641</b>	<b>49 568</b>	<b>48 966</b>	<b>303 701</b>
Issue of share capital	62 974	-	94 462	-	157 436
Loss for the period	-	-	-	(51 520)	(51 520)
<b>Balance as of December 31, 2021</b>	<b>260 500</b>	<b>7 641</b>	<b>144 030</b>	<b>(2 554)</b>	<b>409 617</b>

Prepared by:

Signed on behalf  
of BoD:

Procurator:

/Salih Trampov/

/Asen Minchev/

/Milena Guentcheva/

27.01.2022



## Notes to the interim condensed separate financial statement for 2021

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

### 1. INFORMATION ABOUT THE GROUP

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

The company is registered in the Sofia City Court under corporate file 14436/2006 and is formed through the merger of Eurohold AD registered under corporate file № 13770/1996 as per the registry of Sofia City Court, and Starcom Holding AD, registered under corporate file № 6333/1995 as per the registry of Sofia City Court.

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

The governing bodies of the company are the general meeting of shareholders, the supervisory board /two-tier system/ and the management board comprising the following members as at 31.12.2021:

#### Supervisory board:

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

Mandate until 09.05.2022.

#### Management board:

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

Mandate until 14.08.2022.

As of 31.12.2021 the Company is represented and managed by Kiril Ivanov Boshov and Asen Minchev Minchev, Executive Directors, and Milena Milchova Guentcheva - Procurator, only jointly by the two executive directors or by one executive director and procurator.

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

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

As of 31.12.2021, the Audit Committee of the Company comprises the following members:  
Ivan Georgiev Mankov, Bulgaria– Chairman;  
Dimitar Stoyanov Dimitrov, Bulgaria – Member;  
Rositsa Mihaylova Pencheva, Bulgaria – Member.

The number of employees in the Company as of 31.12.2021 is twenty-one (31.12.2020: twenty-three employees).

### 1.1. Scope of Activities

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

### 1.2. Types of Activities

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

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

#### Insurance and Health Insurance line:

- Insurance services
- Health insurance services
- Life insurance services

#### Energy line:

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

#### Automobile line:

- Sales of new cars
- Car repairs

#### Leasing line:

- Leasing services
- Car rentals

#### Financial line:

- Investment intermediation

## 2. BASIS FOR PREPARATION OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENT

The interim condensed separate financial statement of Eurohold Bulgaria AD is being prepared in compliance with International Accounting Standard 34 Interim condensed Financial Reporting, issued and published by the International Accounting Standards Board (IASB) and adopted by the Commission of the European Union (EU). It does not contain all the information required to prepare an annual financial statement in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the company's annual financial statement as of December 31, 2020.

The interim condensed separate financial statement is a separate statement, where the investments in subsidiaries are presented at acquisition cost.

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

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

The present interim condensed separate financial statement is prepared on a historical cost basis, modified in certain cases with the revaluation of some assets and/or liabilities at their fair values at the date of preparation of the Statement of financial position as specified in the notes.

The interim condensed separate financial statement is prepared in accordance with the principal of a going concern.

As at the date of preparation of the interim condensed separate financial statement the management has made an assessment of the Company's ability to continue as a going concern based on available information for the foreseeable future. Following the review of the Company's operations, the management expects the Company to have sufficient financial resources to continue its operations in the near future and continue to apply the going concern principle to the preparation of the interim condensed separate financial statement.

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

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

## 2.1. ACCOUNTING POLICY

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

### 2.1.1. New standards, interpretations and amendments effective January 1, 2021

The Company has adopted the following new standards, amendments and interpretations to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning January 1, 2021 but do not have a significant impact on the Company's financial results or position:

- *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, adopted by Commission Regulation (EU) 2021/25 of January 13, 2021;*
- *Annual improvements to IFRS, cycle 2018-2020, all issued on May 14, 2020 - amendments to IAS 16 Property, Plant and Equipment, IAS 37 Provisions, IAS 41 Agriculture, IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3 Business Combinations and IFRS 9 Financial Instruments - adopted by Commission Regulation (EU) 2021/1080 of 28.06.2021;*
- *Amendment to IFRS 16 Leasing: Rental Discounts in the Context of Covid-19 after June 30, 2021 - adopted by Commission Regulation (EU) 2021/1421 of 30.08.2021.*

- *IFRS 17 Insurance Contracts; including amendments to IFRS 17 Insurance Contracts - adopted on 19.11.2021, adopted by Regulation (EU) 2021/2036 of the EC.*

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

The Company's management believes that it is appropriate to disclose that the following new or revised standards, new interpretations and amendments to existing standards, which at the reporting date have already been issued by the International Accounting Standards Board (IASB), but have not yet been approved for implementation by the European Commission and, accordingly, were not taken into account in the preparation of these financial statements. The dates of entry into force will depend on the European Commission's approval decisions.

- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after January 1, 2023, but not yet endorsed in the EU);*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after January 1, 2023, but not yet endorsed in the EU);*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after January 1, 2023, but not yet endorsed in the EU);*
- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after January 1, 2023, but not yet endorsed in the EU).*

### 2.1.3. Changes to the approximate estimates

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

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

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

For the purposes of presenting these interim condensed separate financial statements, no impairment reviews have been performed for investments in subsidiaries and other entities. Management has engaged external independent licensed appraisers with appropriate qualifications and experience to help analyse and assess whether there are indications of impairment of its investments in subsidiaries as of December 31, 2021.

### 2.1.4. Risk management

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

The interim condensed separate financial statement does not include the entire information on risk management and disclosures required in the preparation of annual financial statements and should be read together with the Company's annual financial statements as at December 31, 2020. There were no changes in the risk management policy related to financial instruments during the period.

### 2.1.5. Other Risk - Covid-19 (Coronavirus)

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

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

As of the date of preparation of this interim condensed separate financial statement, the economic activity has not yet fully recovered and sufficient statistical information been not yet available, both for the real effect on the Bulgarian and world economy and on available significant forecast data for their recovery in the coming months.

#### Development of Covid-19 Pandemic (Coronavirus)

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 Company's management has analysed 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 (October 2021: <https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021>), including forecast data after the occurrence of the pandemic situation related to Covid-19 (Coronavirus).

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

The table below provides information on the economic growth expectations of the euro area countries (representing the main foreign market of the Republic of Bulgaria), according to the International Monetary Fund, including forecast data after the Covid-19 pandemic (Coronavirus).

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

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

	Historical data			Forecast	Actual	Forecast	
	2017	2018	2019	2020 (Before Covid-19)	2020 (Covid-19)	2021	2022
Republic of Romania	7.3%	4.5%	4.1%	3.5%	(3.9)%	7.0%	4.8%
Republic of North Macedonia	1.1%	2.9%	3.2%	3.4%	(4.5)%	4.0%	4.2%
Republic of Ukraine	2.4%	3.5%	3.2%	3.0%	(4.0)%	3.5%	3.6%
Republic of Georgia	4.8%	4.8%	5.0%	4.8%	(6.2)%	7.7%	5.8%
Republic of Belarus	2.5%	3.1%	1.4%		(0.9)%	2.1%	0.5%
Russian Federation	1.8%	2.8%	2.0%	1.9%	(3.0)%	4.7%	2.9%
Hellenic Republic	1.3%	1.6%	1.9%	2.2%	(8.2)%	6.5%	4.6%
Republic of Poland	4.8%	5.4%	4.7%	3.1%	(2.7)%	5.1%	5.1%
Italy Republic	1.7%	0.9%	0.3%	0.5%	(8.9)%	5.8%	4.2%
Kingdom of Spain	3.0%	2.3%	2.1%	1.8%	(10.8)%	5.7%	6.4%
United Kingdom	1.7%	1.3%	1.4%	1.4%	(9.8)%	6.8%	5.0%

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

#### Effect on credit ratings

As a result of the expected economic effects of the slowdown in overall activity, some rating agencies worsened their forecast on long-term debt positions, both in terms of government debt and in terms of corporate debt positions. The table below provides information on the change in the credit rating (including forecast) assigned by **Fitch** to the Republic of Bulgaria and to the 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
Republic of Romania	BBB	Stable	BBB	Negative
Republic of North Macedonia	BB+	Stable	BB+	Negative
Republic of Ukraine	B	Positive	B	Positive
Republic of Georgia	BB	Stable	BB	Stable
Republic of Belarus	B	Stable	B	Negative
Russian Federation	BBB	Stable	BBB	Stable
Hellenic Republic	BB	Stable	BB	Stable
Republic of Poland	A-	Stable	A-	Stable
Italy Republic	BBB	Negative	BBB-	Stable
Kingdom of Spain	A-	Stable	A-	Stable
United Kingdom	AA	Negative	AA-	Stable

Management continues to monitor the development of the credit risk in relation to the countries where the Company 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 Company applies IFRS 9 from January 01, 2018.

The Company's management has analysed the expected effect on the overall model of IFRS 9, the results of which are presented in detail below. The focus of the analysis includes:

- The assessment of the deterioration of the credit quality of the counterparties;
- The assessment of the potential effect on the expected credit losses from the exposures to the counterparties.

The general conclusion of the Management of the Company is that at the time of issuing this 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 Company operates, it cannot perform a sufficiently sustainable and reliable assessment of the effect that Covid-19 (Coronavirus).

With regard to the model (including the complete and simplified one) for calculating the expected credit losses, the Management Board considers that it is necessary to make a change in the general model. Management considers possible short-term risks to the overall economic development of the main countries in which the Company (Eurohold Group) operates, and in some markets the expected reduction in Gross Domestic Product would be significant, but also takes into account general expectations for rapid

recovery in 2021 -2022 with expectations to return to and above average projected growth levels before Covid-19 (Coronavirus), and has therefore decided to review its model and update its expectations.

As sufficiently reliable macroeconomic statistics and information on medium-term levels of probability of default are available as of 31 December 2021, the Management has recalculated / changed the model of expected credit losses compared to those as of 31 December 2020.

### 2.1.6. Cash Flows

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

Cash flows from operating activities are calculated as a result of the reporting period adjusted for non-cash operating items, changes in net working capital and corporate tax.

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

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

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

### 3. Dividend income

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Euro-Finance AD	223	547
	<b>223</b>	<b>547</b>

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

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

- \* In 2021, profits from operations with investments and financial instruments include:
- o BGN 221 thousand profit from the transfer of ownership of repurchased own bonds from the EMTN Program in EUR with ISIN XS1731768302 (*Note 22*);
  - o BGN 259 thousand profit from operations with repurchase of own bonds with ISIN BG2100013205 (*Note 22*).
  - o BGN 1 thousand profit from operations with other financial instruments.

- \* In 2020, profits from operations with investments and financial instruments include:
- o BGN 796 thousand profit from repurchase of own bonds 10 500 pcs. from the EMTN Program in EUR with ISIN XS1731768302 (*Note 22*);
  - o BGN 478 thousand profit from repurchase and repayment / cancellation of trade loans in the form of Euro Corporate Shares - ECP (*Note 21*);
  - o BGN 112 thousand - other profits.



- \*\* In 2021, revenues from revaluations of debt instruments measured at fair value include:
- BGN 261 thousand from revaluation of own bonds purchased from EMTN Program in EUR with ISIN XS1731768302 (*Note 22*);
  - BGN 76 thousand from revaluation of repurchased own bonds with ISIN BG2100013205 (*Note 22*).
  - BGN 1 thousand profit from revaluation of other financial instruments.

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

## 5. Interest income

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

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

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

## 6. Other financial revenue

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

## 7. Interest expense

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

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

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

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

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Losses on transactions of investments*	21 190	795
<i>Incl. Losses on transactions of investments – related parties</i>	<i>75</i>	<i>61</i>
Losses from revaluation of investments measured at FVPL	301	1 116
	<b>21 491</b>	<b>1 911</b>

\* In 2021, losses from investment operations were reported, which include:

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

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

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

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

- BGN 137 thousand from revaluation of repurchased own bonds with ISIN XS1731768302 (*Note 22*);
- BGN 55 thousand from revaluation of repurchased own bonds with ISIN BG2100013205 (*Note 22*);
- BGN 109 thousand from revaluation of other financial instruments.

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

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

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

### 9. Other financial expenses

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

#### 9.1. Other financial expenses – related parties

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

### 10. Hired services expenses

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Hired services expenses*	8 993	2 194
Hired services expenses – related parties	49	2
	<b>9 042</b>	<b>2 196</b>

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

#### 10.1. Hired services expenses - related parties

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

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

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

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

	2021 <i>BGN'000</i>	2020 <i>BGN'000</i>
Other (expenses)	(697)	(389)
Other (expenses) – related parties	(10)	(6)
(Interest expenses) on right-of-use assets	(64)	(76)
Other revenue, incl.	148	227
<i>Rent income (sublease of right-of-use assets)</i>	<i>82</i>	<i>130</i>
<i>Revenues from discounts (on right-of-use assets)</i>	<i>66</i>	<i>96</i>
Other revenue – related parties, incl.	444	619
<i>Rent income (sublease of right-of-use assets)</i>	<i>410</i>	<i>358</i>
	<b>(179)</b>	<b>375</b>

### 12.1. Other expenses – related parties

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

### 12.2. Other revenue – related parties

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

### 13. Fixed assets

#### 13.1. Property, machinery and equipment

	Right-of-use assets – Properties BGN'000	Vehicles BGN'000	Equipment BGN'000	Total BGN'000
<b>Cost:</b>				
<b>At January 01, 2020</b>	<b>3 137</b>	<b>244</b>	<b>78</b>	<b>3 459</b>
Additions	-	-	-	-
<b>At December 31, 2020</b>	<b>3 137</b>	<b>244</b>	<b>78</b>	<b>3 459</b>
Additions	-	-	4	4
<b>At September 30, 2021</b>	<b>3 137</b>	<b>244</b>	<b>82</b>	<b>3 463</b>
<b>Depreciation:</b>				
<b>At January 01, 2020</b>	<b>538</b>	<b>57</b>	<b>71</b>	<b>666</b>
Accrued depreciation	611	57	6	674
<b>At December 31, 2020</b>	<b>1 149</b>	<b>114</b>	<b>77</b>	<b>1 340</b>
Accrued depreciation	611	57	2	670
Other changes	1	-	-	1
<b>At September 30, 2021</b>	<b>1 761</b>	<b>171</b>	<b>79</b>	<b>2 011</b>
<b>Carrying value:</b>				
<b>At January 01, 2020</b>	<b>2 599</b>	<b>187</b>	<b>7</b>	<b>2 793</b>
<b>At December 31, 2020</b>	<b>1 988</b>	<b>130</b>	<b>1</b>	<b>2 119</b>
<b>At September 30, 2021</b>	<b>1 376</b>	<b>73</b>	<b>3</b>	<b>1 452</b>

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

#### 13.2. Intangible assets

	Software BGN'000	Acquisition costs BGN'000	Total BGN'000
<b>Cost:</b>			
<b>At January 01, 2020</b>	<b>7</b>	<b>11</b>	<b>18</b>
Additions	14	3	17
Written-of	-	(14)	(14)
<b>At December 31, 2020</b>	<b>21</b>	<b>-</b>	<b>21</b>
Additions	-	-	-
Written-of	-	-	-
<b>At September 30, 2021</b>	<b>21</b>	<b>-</b>	<b>21</b>
<b>Depreciation:</b>			
<b>At January 01, 2020</b>	<b>4</b>	<b>-</b>	<b>4</b>
Accrued depreciation	5	-	5
<b>At December 31, 2020</b>	<b>9</b>	<b>-</b>	<b>9</b>
Accrued depreciation	9	-	9
<b>At September 30, 2021</b>	<b>18</b>	<b>-</b>	<b>18</b>
<b>Carrying value:</b>			
<b>At January 01, 2020</b>	<b>3</b>	<b>11</b>	<b>14</b>
<b>At December 31, 2020</b>	<b>12</b>	<b>-</b>	<b>12</b>
<b>At September 30, 2021</b>	<b>3</b>	<b>-</b>	<b>3</b>

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

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

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

#### 15. Investments in subsidiaries

	Value as at 01.01.2021	Increase	Decrease	Value as at 31.12.2021	Share capital of the subsidiary	% control in the subsidiary
	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	<i>BGN'000</i>	%
Euroins Insurance Group AD	513 404	30 771	(20 360)	523 815	576 243	90.10%
Avto Union AD	66 775	-	-	66 775	40 004	99.99%
Euro-Finance AD	24 645	-	-	24 645	14 100	99.99%
Eurolease Group AD	24 635	-	-	24 635	27 241	90.01%
Eastern European Electric Company II B.V.	-	141 993	-	141 995	4	100.00%
	<b>629 459</b>	<b>172 766</b>	(20 360)	<b>781 865</b>	-	-

In 2021 Eurohold Bulgaria AD makes the following investments:

##### Euroins Insurance Group AD:

- In 2018, Eurohold Bulgaria AD signed an agreement to acquire the minority share of the other shareholder in Euroins Insurance Group AD - Basildon Holding S.A.R.L., the special investment company of the South Eastern Europe Fund L.P. (SEEF), managed by the Greek investment company Global Finance. The company agreed to repurchase the fund's shares in the amount of 10.64% of the capital as of the date of concluding the repurchase agreement. On 03.11.2021 the deal was finalized and Eurohold acquired the entire minority share, as the investments made in 2021 in its purchase amount to BGN 15 710 thousand.
- On 14.10.2021, the Commercial Register enters together for reduction and increase of the capital by the order of art. 203 in connection with Art. 252, para. 1, item 5 of the Commercial Law of Euroins Insurance Group AD, according to the Decision of the General Meeting of the Company dated 20.09.2021. As a result:
  - The subsidiary issued 52 026 000 shares, of which Eurohold Bulgaria AD subscribed and paid 15 060 813 shares at an issue value of BGN 1 each (*Note 31*).
  - The capital of the Company has been reduced by invalidating 19,229,057 ordinary, registered, available, non-preferred shares with a par value of BGN 1 each.
 After the procedures, the capital of EIG in the amount of BGN 576 242 734 was divided into 576 242 734 shares with a par value of BGN 1 each.
- On 05.10.2021 the European Bank for Reconstruction and Development (EBRD) signed an agreement for a package deal with Eurohold Bulgaria AD with the subject of acquiring a minority share in the holding's subsidiary - Euroins Insurance Group AD (EIG). As a result of this package deal:
  - On 07.10.2021, Eurohold Bulgaria AD transferred to the EBRD 20 082 844 shares with a par value of BGN 1 each. The one-time effect of Eurohold Bulgaria AD is a loss from operations with investments for BGN 20 360 thousand (*Note 8*).
  - The EBRD subscribes and pays the remaining 36 965 187. shares with a par value of BGN 1 each of the increases in the capital of EIG, totalling EUR 18 900 thousand.

### Eastern European Electric Company II BV:

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

The subject of activity of the subsidiaries is as follows:

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

### Impairment of investments in subsidiaries

The Company evaluates the investments in subsidiaries on an annual basis, using external appraisers to determine their fair values for each calendar year. The Company has engaged external independent licensed appraisers with appropriate qualifications and experience to help analyse and assess whether there are indications of impairment of investments in subsidiaries as of December 31, 2021. As of the date of these interim condensed financial statements Impairment of investments has started, but the Company has not reported impairment losses of subsidiaries in 2021. The Company will complete the review for impairment of investments after receiving external evaluations, but not later than March 31, 2022.

## 16. Receivables from related parties

### 16.1. Interest receivables

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

### 16.2. Other receivables

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

### 17. Other receivables and financial assets

	31.12.2021 BGN'000	31.12.2020 BGN'000
Tax receivables - VAT	192	226
Financial assets at fair value through profit and loss	7	7
Receivables from customers	20	83
Prepaid expenses, incl:	121	113
<i>Prepaid expenses to related parties – IC Euroins AD</i>	85	-
Other receivables, incl:	900	1 128
<i>Receivable from Erste Bank, Novi Sad *</i>	734	734
	<b>1 240</b>	<b>1 557</b>
Impairment	(591)	(18)
	<b>649</b>	<b>1 539</b>

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

### 18. Cash and cash equivalents

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



## 19. Share capital and reserves

### 19.1. Share capital

	31.12.2021	31.12.2020
	<i>BGN</i>	<i>BGN</i>
Issued capital	260 500 000	197 525 600

As of 31.12.2021 the share capital is distributed as follows:

Share holders	%	Number of shares	Par value, BGN
Starcom Holding AD	50.65%	131 933 415	131 933 415
KJK Fund II SICAV-SIF - Balkan Discovery	10.79%	28 116 873	28 116 873
Boston Management and Research, through the following funds managed by it, namely: Global Opportunities Portfolio, Global Macro Portfolio, Global Macro Absolute Return Advantage Portfolio, Global Macro Capital Opportunities Portfolio.	9.07%	23 629 421	23 629 421
Other legal entities	27.86%	72 564 565	72 564 565
Other individuals	1.63%	4 255 726	4 255 726
<b>Total</b>	<b>100.00%</b>	<b>260 500 000</b>	<b>260 500 000</b>

### 19.2. Reserves

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

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

## 20. Subordinated debts

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

Following a decision of the Management Board, a partial repayment in the amount of BGN 25 932 thousand of the subordinated debt instrument, representing unissued tier 1 capital to Starcom Holding AD, was made. A new contract for subordinated debt to Starcom Holding AD has been concluded, with a limit of BGN 50 000 thousand. As of December 31, 2021, BGN 450 thousand have been utilized, and the prepaid debt service and debt management cost amount to BGN 101 thousand.

## 21. Loans and borrowings

### Non-current loans and borrowings

	31.12.2021 BGN'000	31.12.2020 BGN'000
International Investment Bank	9 036	11 993
International Bank for Economic Co-operation	-	29 304
Other*	-	1 450
	<b>9 006</b>	<b>42 747</b>

### Current loans and borrowings

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

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

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

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

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

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

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

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

### Analysis of loans and borrowings

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

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

## 22. Bond liabilities

### Non - current bond liabilities

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

### Current bond liabilities

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

Bond liabilities are presented at amortized cost, net of treasury own bonds, which are subsequently measured at fair value based on information from Bloomberg / Eurobank and other sources, reflecting the effect on profit or loss for the period.

Information on the terms of the EMTN programs is publicly available on the Irish Stock Exchange website, Bonds section. The maturity of the EMTN Program with ISIN: XS1542984288 is 29.12.2026, and that of the EMTN Program with ISIN XS1731768302 is 07.12.2022.

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

\*Bond loan with ISIN: BG2100013205 in the amount of EUR 30 000 000 was registered by Central Depository AD on November 26, 2020. The issue is the second in a row of ordinary, registered, dematerialized, interest-bearing, secured, non-convertible, freely transferable bonds under the terms of primary private (non-public) placement within the meaning of Art. 205, para. 2 of the CA. The nominal and issue value of each bond is EUR 1 000 (thousand). The maturity date of the issue is November 26, 2027, and the principal is repaid once at maturity. Interest payments are made every six months, as of the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis.

In 2021 the following bond transactions were made:

- The ownership of 10 500 pcs. repurchased own bonds under EMTN Program in EUR with ISIN XS1731768302 has been transferred and a profit on transactions of investments and financial instruments in the amount of BGN 206 thousand was reported (*Note 4*). Liabilities for repurchased own bonds are settled as of 31.12.2021 (as of 31.12.2020 they have not been settled) (*Note 26.3*).
- 5 900 pcs. repurchased own bonds with ISIN BG2100013205 were bought back and a profit on transactions of investments and financial instruments in the amount of BGN 256 thousand was reported (*Note 4*). Liabilities for repurchased own bonds are not settled as of 31.12.2021 (*Note 27*).

- The ownership of 5 900 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a loss on transactions of investments in the amount of BGN 129 thousand was reported (*Note 8*).
- Bond buyback of 1 118 pcs. with ISIN BG2100013205 and reported loss from operations with investments and financial instruments in the amount of BGN 8 thousand (*Note 8*).
- 1 118 pcs. repurchased own bonds with ISIN BG2100013205 were sold and a loss from operations with investments in the amount of BGN 18 thousand was reported (*Note 8*).
- The ownership of 2 800 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a profit from operations with investments and financial instruments in the amount of BGN 3 thousand was reported (*Note 4*). The obligation for the repurchased own bonds is settled as of 31.12.2021.
- 2 800 pcs. repurchased own bonds with ISIN BG2100013205 were sold with an option to purchase back from a company outside the group and a loss from operations with investments in the amount of BGN 3 thousand was reported (*Note 8*).
- 2 800 pcs. repurchased own bonds with ISIN BG2100013205 were repurchased under a contract with an option to purchase back from a company outside the group and a loss from operations with investments and financial instruments in the amount of BGN 30 thousand was reported (*Note 8*).
- The ownership of 2 800 pcs. repurchased own bonds with ISIN BG2100013205 was transferred and a loss from operations with investments in the amount of BGN 6 thousand was reported (*Note 8*). The receivables for the repurchased own bonds are settled as of 31.12.2021.
- The ownership of 3 000 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 has been transferred. The liabilities for repurchased own bonds are not settled as of 31.12.2021 (*Note 26.3*).
- 3 000 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold with an option to purchase back from a company outside the group and a loss from operations with investments in the amount of BGN 25 thousand was reported (*Note 8*).
- 3 000 pcs. repurchased own bonds with ISIN XS1731768302 were repurchased under a contract with an option to purchase back from a company outside the group and a loss from operations with investments and financial instruments in the amount of BGN 3 thousand was reported (*Note 8*).
- The ownership of 2 500 pcs. repurchased own bonds with ISIN XS1731768302 has been transferred and a loss from operations with investments in the amount of BGN 1 thousand was reported (*Note 8*). The receivables for the repurchased own bonds are settled as of 31.12.2021.
- 200 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold and a loss from operations with investments in the amount of BGN 32 thousand was reported (*Note 8*). The receivables for the repurchased own bonds are settled as of 31.12.2021.
- 300 pcs. repurchased own bonds from EMTN Program in EUR with ISIN XS1731768302 were sold and a profit from operations with investments and financial instruments in the amount of BGN 2 thousand was reported (*Note 4*). The receivables for the repurchased own bonds are settled as of 31.12.2021.

### 23. Non-current liabilities to related parties

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

#### 24. Other non-current liabilities

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

#### 25. Trade payables

	31.12.2021 <i>BGN'000</i>	31.12.2020 <i>BGN'000</i>
Trade payables	1 268	583
	<b>1 268</b>	<b>583</b>

#### 26. Current liabilities to related parties

##### 26.1 Interest payables

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

##### 26.2. Current borrowings - principal

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

\*Liabilities under Receivables transfer agreements.

##### 26.3 Other payables

	31.12.2021 <i>BGN'000</i>	31.12.2020 <i>BGN'000</i>
Starcom Holding AD**	5 867	20 536
IC Euroins AD***	4	51
Eurolease Auto EAD	38	488
Eurolease Auto EAD - leases	38	38
IC EIG RE EAD	54	54
Motobul EAD	-	1
Avto Union AD*	695	-
Avto Union Service EOOD*	244	-
Star Motors EOOD*	-	1 158
Euroins Romania Asiguarare – Reasigurare S.A., Romania	15	-
Eastern European Electric Company B.V.	4 890	-
Euro-Finance AD	-	45
	<b>11 845</b>	<b>22 371</b>

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

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

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

## 27. Other current liabilities

	31.12.2021	31.12.2020
	<i>BGN'000</i>	<i>BGN'000</i>
Liabilities for purchases of investments and financial instruments*	14	197
Interest payables	22	14
Commissions on bank guarantees	-	22
Tax payables	529	213
Payables to employees and social security institutions	85	89
Dividends payables	249	249
Dividends payables – related parties – Starcom Holding AD	101	101
Lease liabilities – rights-of-use	342	686
Other liabilities	76	130
	<b>1 418</b>	<b>1 701</b>

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

## 28. Non-cash transactions

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

### 2021

- During the period the Company performed SWAP transactions with related parties, simultaneously issuing new short-term Euro Commercial Papers (ECPs) in the amount of EUR 2 500 thousand (BGN 4 890 thousand) and repurchasing issued ECPs in the amount of EUR 2 450 thousand (BGN 4 792 thousand).
- The company has transferred a liability with a subsidiary and has committed to assume the amount of BGN 332 thousand, consisting of BGN 314 thousand principal and BGN 18 thousand interest.
- Pursuant to an Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 72 thousand (BGN 70 thousand principal and BGN 2 thousand interest) with a liability of BGN 332 thousand. (BGN 314 thousand principal and BGN 18 thousand interest) up to the amount of the receivable.
- Pursuant to an Agreement for set-off of counter-liabilities with a subsidiary Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 14 thousand with a liability of BGN 2 thousand up to the amount of the liability.
- Pursuant to the Contract for purchase and sale of financial instruments with a subsidiary (Acquirer) Eurohold Bulgaria AD (Transferor), the receivable from the transferor with a liability to the same in the amount of BGN 5 476 thousand has been set off.
- Pursuant to an Agreement with a subsidiary Acquirer on one transaction (receivable in the amount of BGN 4 903 thousand) with Eurohold Bulgaria AD and Transferor in another transaction (liability in the amount of BGN 4 843 thousand) with Eurohold Bulgaria AD offsetting has been performed of the receivable from the transferee with a liability of the transferor in the amount of BGN 4 843 thousand. The balance after the set-off (BGN 60 thousand) remains due to the subsidiary of Eurohold Bulgaria AD as of 31.12.2021 (Note 16.3.).

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

## 2020

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

## 29. Contingent, liabilities and commitments

### Litigations

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

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

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

## Warranties and provided guarantees

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

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

\* Fully extinguished in early 2022.

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

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

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

Company from:	Contracted limit in EUR'000 as of 31.12.2021	Contracted limit in BGN'000 as of 31.12.2021	MATURITY (EUR'000)	
			2022	
Automotive sub-holding	3 750	7 334	3 750	
Automotive sub-holding	1 050	2 054	1 050	
Automotive sub-holding	6 150	12 028	6 150	
<b>TOTAL:</b>	<b>10 950</b>	<b>21 413</b>	<b>10 950</b>	

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

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

Established guarantees in favor of the Company:

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



### 30. Transactions and balances with related parties

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

**The related parties of the Company are as follows:**

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

**Subsidiaries of Starcom Holding AD:**

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

**Subsidiaries of Eurohold Bulgaria AD:**

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

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

### 30.1. The related parties' transactions

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

##### 2021

- o The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 25 pcs. ECPs with ISIN: XS2180906567 with a nominal of EUR 2 500 000 worth € 2 500 000 and simultaneously replace it with 25 newly issued ECPs with ISIN: XS2344657163 for € 2 450 000.
- o The Company - in its capacity of borrower under Agreement with Auto Union Service EOOD, in the capacity of lender and Star Motors EOOD, in the capacity of Debtor - has transferred a debt from the Debtor to the Lender and undertakes to assume to the Lender the amount of BGN 332 thousand, consisting of BGN 314 thousand principal and BGN 18 thousand interest.
- o Pursuant to an Agreement for set-off of counter-liabilities with Auto Union Service EOOD, the Company has set-off a receivable in the amount of BGN 72 thousand (BGN 70 thousand principal and BGN 2 thousand interest) with a liability of BGN 332 thousand. (BGN 314 thousand principal and BGN 18 thousand interest) up to the amount of the receivable.
- o Pursuant to an Agreement for set-off of counter-liabilities with Auto Italia EAD, Eurohold Bulgaria AD has set-off a receivable in the amount of BGN 14 thousand with a liability of BGN 2 thousand up to the amount of the liability.
- o Pursuant to the Agreement for purchase and sale of financial instruments with Euroins Insurance Company AD (Acquirer) Eurohold Bulgaria AD (Transferor) a set-off of the receivable from the transferor with a liability to the same amounting to BGN 5 476 thousand has been made.
- o Pursuant to an Agreement with Euroins Insurance Company AD Acquirer on one transaction (receivable in the amount of BGN 4 903 thousand) with Eurohold Bulgaria AD and Transferor in another transaction (liability in the amount of BGN 4 843 thousand) with Eurohold Bulgaria AD offsetting has been performed of the receivable from the transferee with a liability of the transferor in the amount of BGN 4 843 thousand. The balance after the set-off (BGN 60 thousand) remains due to Euroins Insurance Company AD of Eurohold Bulgaria AD as of 31.12.2021 (*Note 16.3.*).
- o Pursuant to a Set-off Agreement for of counter-liabilities with Euroins Osigurovanje AD, North Macedonia Eurohold Bulgaria AD, it has set-off a receivable in the amount of BGN 8 thousand with a liability of BGN 8 thousand.

## 2020

- The Company, in its capacity as a borrower on a loan with Starcom Holding AD and on a loan with Auto Union AD, has set off the amount of BGN 4 150 thousand in reduction of the loan principal with Starcom Holding AD and increase of the loan principal with Auto Union AD, as the cash flows are settled directly between Starcom Holding AD and Auto Union AD in three tranches.
- The Company has concluded a SWAP transaction with IC EIG RE EAD, buying back 6 pcs. ECPs with XS1966018308 with a nominal of € 600 000 worth € 599 400 and simultaneously replace it with 6 newly issued ECPs with ISIN: XS2141135975 for € 588 000. As of 31.12.2020 ECPs with ISIN: XS2141135975 was repurchased by Eurohold Bulgaria AD and repaid/cancelled.
- The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 114 pcs. ECPs with XS1966018308 with a nominal of EUR 11 400 000 worth € 11 388 600 and simultaneously replace it with 116 newly issued ECPs with ISIN: XS2141135975 for € 11 368 000. As of 31.12.2020 ECPs with ISIN: XS2141135975 was repurchased by Eurohold Bulgaria AD and repaid/cancelled.
- The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 45 pcs. ECPs with ISIN: XS1984471612 with a nominal of EUR 4 500 000 worth € 4 455 000 and simultaneously replace it with 45 newly issued ECPs with ISIN: XS2157195020 for € 4 410 000. As of 31.12.2020 ECPs with ISIN: XS2157195020 was repurchased by Eurohold Bulgaria AD and repaid/cancelled.
- The Company has concluded a SWAP transaction with Euroins Bulgaria, buying back 1 pcs. ECP with ISIN: XS2205084127 with a nominal of EUR 100 000 worth € 99 400 and simultaneously replace it with 100 newly issued corporate bonds with ISIN: BG2100013205 for € 100 000.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Auto Union AD in the total amount of BGN 4 245 thousand, including principal in the amount of BGN 4 047 thousand and interest in the amount of BGN 198 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Auto Union AD in the total amount of BGN 4 110 thousand, including principal in the amount of BGN 4 090 thousand. and interest in the amount of BGN 20 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Motobul EAD in the total amount of BGN 2 724 thousand, including principal in the amount of BGN 2 570 thousand and interest in the amount of BGN 154 thousand.
- With a debt replacement agreement, the main shareholder Starcom Holding AD assumes liabilities of the Company to Motobul EAD in the total amount of BGN 2 125 thousand, including principal in the amount of BGN 1 960 thousand and interest in the amount of BGN 165 thousand.
- The assumed liabilities to Auto Union AD and Motobul EAD are joined to existing liabilities of the Company to Starcom Holding AD in the total amount of BGN 19 579 thousand (including principal BGN 18 487 thousand and interest BGN 1 092 thousand) and form a total liability of BGN 32 784 thousand, in which the total liability interest is capitalized. The total liability thus formed (BGN 32 784 thousand) is a subordinated debt, representing Tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law. The Tier 1 capital has a total value of BGN 32 784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6.5%, due at the end of each quarter (*Notes 20 and 28*).
- With a debt replacement agreement, the obligations of the Company under a loan agreement with Auto Union Service EOOD in the total amount of BGN 328 thousand (principal BGN 314 thousand and interest BGN 14 thousand) were assumed by Star Motors EOOD (*Notes 26.1. and 26.3.*).

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

### 30.1.2. Transactions with key management personnel

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

	2021 BGN	2020 BGN
Short-term remunerations:		
Salaries	312 297	303 230
Social security costs	8 847	10 419
<b>Total short - term remuneration</b>	<b>321 145</b>	<b>313 649</b>

### 30.1.3. Related party accounts at the end of the year

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

## 31. Events after the end of the reporting period

There are no significant events after the date of the reporting period that require additional disclosure or adjustments in the financial statements of Eurohold Bulgaria AD as of December 31, 2021.

## INSIDE INFORMATION

**pursuant to Article 7 of Market Abuse Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April**

*EUROHOLD BULGARIA AD has disclosed the following information:*

**30 December, 2021**

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

**29 December, 2021**

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

**29 December, 2021**

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

**21 December, 2021**

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

**17 December, 2021**

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

**15 December, 2021**

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

**15 December, 2021**

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

**10 December, 2021**

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

**9 December, 2021**

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

**7 December, 2021**

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

**7 December, 2021**

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

**6 December, 2021**

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

**30 November, 2021**

Report on the implementation of the conditions of the corporate bonds issue with ISIN code BG2100013205;

### **30 November, 2021**

Eurohold reports strong results for first three quarters of 2021 after partial consolidation of the new energy business (News Release);

### **29 November, 2021**

Interim Consolidated Financial Report for Q3'2021:

1. Interim Consolidated Financial Statements as of 30<sup>th</sup> of September, 2021, IFRS;
2. Notes to the Interim Consolidated Financial Statements for Q3'2021;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

### **25 November, 2021**

Second interest payment on corporate bonds with ISIN BG2100013205;

### **16 November, 2021**

Eurohold's Auto Holding Signed a Preliminary Contract for the Sale of Mazda Importer (News Release);

### **12 November, 2021**

Eurohold Will Hold Over 88% of CEZ Distribution and More Than 69% of CEZ Electro Following Buyout Bids for Minority Stakes (News Release);

### **9 November, 2021**

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

### **1 November, 2021**

Interim Financial Report for Q3'2021:

1. Interim Financial Statements as of 30<sup>th</sup> of September, 2021, IFRS;
2. Notes to the Interim Financial Statements for Q3'2021;
3. Interim Management Report;
4. Interim Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

### **29 October, 2021**

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

### **19 October, 2021**

Presentation of minutes of the extraordinary session of GMS of Eurohold Bulgaria AD, held on 18.10.2021;

### **12 October, 2021**

FSC approved the tender offers for CEZ Distribution and CEZ Electro (News release);

### **5 October, 2021**

EBRD to acquire stake in Bulgaria's Euroins Insurance Group (News release);

### **4 October, 2021**

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

### **29 September, 2021**

BACR confirmed the BBB- rating of Eurohold Bulgaria;

### **28 September, 2021**

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

**21 September, 2021**

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

**17 September, 2021**

Presentation of an invitation to convene an extraordinary meeting of the GMS of Eurohold Bulgaria AD, scheduled for October 18, 2021;;

**13 September, 2021**

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

**10 September, 2021**

Eurohold and EBRD Approved a Deal for the Acquisition of a Minority Stake in Euroins Insurance Group (News release);

**2 September, 2021**

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

**30 August, 2021**

Eurohold increases its revenues in all business lines in the first half of 2021 (News release);

**30 August, 2021**

Interim Consolidated Financial Report for H1'2021:

1. Interim Consolidated Financial Statements as of 30<sup>th</sup> of June,2021, IFRS;
2. Notes to the Interim Consolidated Financial Statements for H1'2021;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

**24 August, 2021**

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

**19 August, 2021**

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

**9 August, 2021**

Notification under Art. 112d of POSA;

**4 August, 2021**

Eurohold's Energy Subholding Made Public Tender Offers to the Minority Shareholders of CEZ Distribution and CEZ Electro (News release);

**4 August, 2021**

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

**3 August, 2021**

Notification under Art. 148b of POSA;

**30 July, 2021**

Interim Financial Report for H1'2021:

1. Interim Financial Statements as of 30<sup>th</sup> of June,2021, IFRS;
2. Notes to the Interim Financial Statements for H1'2021;
3. Interim Management Report;

4. Interim Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

**27 July, 2021**

Eurohold Completes Transformational Acquisition of CEZ Group's Business in Bulgaria (News Release);

**22 July, 2021**

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

**21 July, 2021**

Notification under Art. 148b of POSA;

**16 July, 2021**

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

**13 July, 2021**

Notification under Art. 148b of POSA;

**9 July, 2021**

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

**7 July, 2021**

Eurohold raises BGN 157 million (EUR €80.5 million) via public offering of new shares (News Release);

**5 July, 2021**

Minutes from the regular session of GMS of Eurohold Bulgaria AD, held on 30.06.2021;

**5 July, 2021**

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

**2 July, 2021**

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

**1 July, 2021**

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

**29 June, 2021**

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

**28 June, 2021**

Eurohold's auto holding agreed to sell the dealer of Nissan, Renault and Dacia auto brands in Bulgaria (News Release);

**25 June, 2021**

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

**24 June, 2021**

Eurohold extends capital hike share subscription deadline to July 7 (News Release);

**24 June, 2021**

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



**24 June, 2021**

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

**23 June, 2021**

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

**22 June, 2021**

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

**18 June, 2021**

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

**18 June, 2021**

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

**16 June, 2021**

Presentation of an updated invitation and materials for the regular meeting of the GMS of Eurohold Bulgaria AD, scheduled for June 30, 2021;

**16 June, 2021**

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

**14 June, 2021**

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

**11 June, 2021**

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

**11 June, 2021**

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

**10 June, 2021**

Eurohold presents its development strategy and goals for the consolidated financial results of the Group for the period 2021-2025 after the acquisition of the CEZ Group companies in Bulgaria;

**8 June, 2021**

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

**4 June, 2021**

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

**4 June, 2021**

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

**3 June, 2021**

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

**2 June, 2021**

Eurohold enters in a procedure of capital increase (News Release);

**1 June, 2021**

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

**31 May, 2021**

Eurohold's results return to the pre-crisis levels (News Release);

**29 May, 2021**

Presentation of an invitation and materials for the regular meeting of the GMS of Eurohold Bulgaria AD, scheduled for June 30, 2021;

**28 May, 2021**

Interim consolidated Financial Report for Q1'2021:

1. Interim Consolidated Financial Statements as of 31<sup>st</sup> of March,2021, IFRS;
2. Notes to the Interim Consolidated Financial Statements for Q1'2021;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

**28 May, 2021**

Eurohold publishes announcement pursuant to Art. 89t, para. 1 of POSA for commencement of the public offering of shares from the capital increase;

**21 May, 2021**

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

**17 May, 2021**

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

**16 May, 2021**

Annual Consolidated Financial Report for the year ended on 31 December 2020:

1. Annual Consolidated Financial Report as of 31 December 2020, IFRS;
2. Notes to the Annual Consolidated Financial Statements;
3. Independent Auditor's Report;
4. Consolidated Management Report for 2020;
5. Corporate Governance Declaration;
6. Annual Financial Report – FSC forms;
7. Non-Financial Declaration;
8. Declaration from the responsible persons;

**14 May, 2021**

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

**7 May, 2021**

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

**5 May, 2021**

Interim Financial Report for Q1'2021:

1. Interim Financial Statements as of 31<sup>st</sup> of March,2021, IFRS;
2. Notes to the Interim Financial Statements for Q1'2021;
3. Interim Management Report;
4. Interim Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

**29 April, 2021**

Bulgaria's FSC Approved Eurohold's Capital Increase Prospectus (News Release);

**28 April, 2021**

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

**27 April, 2021**

Annual Financial Report for the year ended on 31 December 2020:

1. Annual Financial Report as of 31 December 2020, IFRS;
2. Notes to the Annual Financial Statements;
3. Independent Auditor's Report;
4. Management Report for 2020;
5. Corporate Governance Declaration;
6. Annual Financial Report – FSC forms;
7. Independent Auditor's Declaration;
8. Declaration from the responsible persons;

**26 April, 2021**

Eurohold Mandated J.P. Morgan AG as Lead and Exclusive Arranger for Structuring the Debt Financing related to the Deal with CEZ Group (News Release);

**22 April, 2021**

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

**13 April, 2021**

Interim Consolidated Financial Report for Q4'2020:

1. Updated Interim Consolidated Financial Statements as of 31<sup>st</sup> of December, 2020, IFRS;
2. Notes to the Interim Consolidated Financial Statements for Q4'2020;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

**12 April, 2021**

Disclosure of minutes of the extraordinary meeting of the GMS of Eurohold Bulgaria AD, held on April 10, 2021;

**8 April, 2021**

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

**6 April, 2021**

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

**31 March, 2021**

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

**26 March, 2021**

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

**24 March, 2021**

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

**18 March, 2021**

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

**17 March, 2021**

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

**16 March, 2021**

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

**12 March, 2021**

Annual Financial Report for the year ended on 31 December 2019:

1. Annual Financial Report as of 31 December 2019, IFRS;
2. Notes to the Annual Financial Statements;
3. Independent Auditor's Report;
4. Management Report for 2019;
5. Corporate Governance Declaration (revised);
6. Annual Financial Report – FSC forms;
7. Independent Auditor's Declaration;
8. Declaration from the responsible persons;

**11 March, 2021**

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

**9 March, 2021**

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

**8 March, 2021**

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

**2 March, 2021**

Presentation of an invitation and materials for convening an extraordinary meeting of the GMS of Eurohold Bulgaria AD, scheduled for April 10, 2021;

**2 March, 2021**

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

**1 March, 2021**

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

**1 March, 2021**

Interim Consolidated Financial Report for Q4'2020:

1. Interim Consolidated Financial Statements as of 31<sup>st</sup> of December, 2020, IFRS;
2. Notes to the Interim Consolidated Financial Statements for Q4'2020;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

**23 February, 2021**

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

**19 February, 2021**

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

**12 February, 2021**

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

**3 February, 2021**

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

**29 January, 2020**

Interim Financial Report for Q4'2020:

1. Interim Financial Statements as of 31<sup>st</sup> of December,2020, IFRS;
2. Notes to the Interim Financial Statements for Q4'2020;
3. Interim Management Report;
4. Interim Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

**22 January, 2021**

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

**19 January, 2021**

Eurohold got approval from the Energy and Water Regulatory Commission to acquire the subsidiaries of CEZ Group in Bulgaria (News Release);

**15 January, 2021**

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

**12 January, 2021**

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

**5 January, 2021**

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

**The internal information disclosed by Eurohold Bulgaria AD is available on the company's website - [HERE](#)**

**Asen Minchev,**

*Executive Member of the Management Board  
of Eurohold Bulgaria AD*

**Milena Guentcheva,**

*Procurator  
of Eurohold Bulgaria AD*

## **ADDITIONAL INFORMATION TO THE INTERIM FINANCIAL REPORT OF EUROHOLD BULGARIA FOR Q4'2021**

***in accordance with art. 12, par. 1, item 4 of Ordinance No. 2 of November 11, 2021  
for initial and subsequent disclosure of information in public offering of securities  
and admission of securities to trading on a regulated market***

### **1. Information about the changes in the accounting policy during the reported period, the reasons for carrying them out and how they affect the financial results and equity of the issuer**

No changes have been made in the accounting policy of the company during the reported period.

### **2. Information about changes in the economic group of the issuer, if it belongs to such a group**

**For the period of the fourth quarter of 2021 the following changes have occurred in  
the group of enterprises of Eurohold Bulgaria AD:**

**2.1.** On October 11, Bulgaria's Financial Supervision Commission has approved the revised public tender offers by Eastern European Electric Company B.V. (EEEC), the holding consolidating Eurohold Bulgaria AD's energy operations, for the acquisition of the remaining 33% interests it does not own in power distributor CEZ Distribution Bulgaria AD and power supplier CEZ Electro Bulgaria AD. EEEEC currently owns 67% of the capital in the two utility companies.

Information about the parameters of the tender offers:

regarding CEZ Distribution Bulgaria AD

Number of shares, object of the Tender Offer: 636,240 shares;

Offered price per share: BGN 291.00;

Deadline for acceptance of the Tender Offer: until 11.11.2021, inclusive;

Term and manner of payment of the price by the commercial bidder: the price of the shares acquired as a result of the Tender Offer shall be paid to the shareholders not later than 7 working days after the expiration of the term of acceptance of the Tender Offer, namely by 22.11. 2021, inclusive.

Regarding CES Electro Bulgaria AD

Number of shares, object of the Tender Offer: 1,650;

Offered price per share: BGN 26,904;

Deadline for acceptance of the Tender Offer: until 11.11.2021, inclusive;

Term and manner of payment of the price by the commercial bidder: the price of the shares acquired as a result of the Tender Offer shall be paid to the shareholders not later than 7 working days after the expiration of the term of acceptance of the Tender Offer, namely by 22.11. 2021, inclusive.

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

**2.2.** At the end of October the Commission for Protection of Competition allowed Eurolease Group AD - a company combining the leasing operations of Eurohold Bulgaria AD to acquire 100% of the capital of Mogo Bulgaria OOD, a company operating in the country related to leasing of motor vehicles.

With the acquisition of Mogo Bulgaria OOD, Eurolease Group AD aims to expand its presence on the leasing services market in Bulgaria. As of 31.12.2021, the acquisition transaction has been completed and it was entered in the Trade Register on 7.12.2021.

### 2.3. Contracted in the fourth quarter sale of a company from the Eurohold group

On 16 November, 2021, Eurohold Bulgaria AD's unit - Avto Union AD, the largest Bulgarian auto holding, signed a preliminary agreement for the sale of its subsidiary Star Motors EOOD, an official importer of Mazda cars in Bulgaria and Republic of North Macedonia.

The documents for the forthcoming concentration have already been submitted to the Commission for Protection of Competition and an approval is being expected.

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

### 3. Information about results of organizational changes in the issuer's structure, such as conversion, sale of companies from the same economic group, in-kind contributes from the company, property rental, long-term investments, withdrawal from business

No organizational changes in the issuer's structure during the reported period.

### 4. Opinion of the Governing Body of the feasibility of published estimates of the results of the current financial year, taking into account the results of the current three months, as well as information on the factors and circumstances, which will affect the achievement of the forecasted results at least in the next three months

No estimates of financial results of the company have been published for 2021.

### 5. Data on the persons, holding directly and indirectly at least 5 per cent of the votes in the General Meeting as of the end of the reported period, and changes in the votes, held by the persons in the end of the previous three months period

	<b>Shareholder</b>	<b>Number of shares</b>	<b>% participation</b>
1.	Starcom Holding AD	131 933 415	50.65%
2.	KJK Fund II Sicav-Sif Balkan Discovery	28 116 873	10.79%
3.	- Boston Management and Research, through the following funds: - Global Opportunities Portfolio, - Global Macro Portfolio, - Global Macro Absolute Return Advantage Portfolio, - Global Macro Capital Opportunities Portfolio.	23 629 421	9.07%

### 6. Data of the shares, held by the management and supervisory bodies of the issuer at the end of the respective three months and changes, which took place since the end of the previous three months period for each person individually

	<b>Shareholder</b>	<b>Number of shares</b>	<b>% participation</b>
1.	Dimitar Stoyanov Dimitrov	200	-
2.	Assen Emanuilov Assenov	47 400	0.02%
3.	Velislav Christov	200	-

### 7. Information about pending judicial, administrative or arbitration proceedings concerning claims or liabilities of at least 10 per cent of the equity of the issuer; if the total amount of the debts or the obligations of the issuer in all proceedings

**exceeds 10 per cent of its own capital, information about each case separately is provided**

For the reported period the Company has no pending legal, administrative or arbitration proceedings.

**8. Information about granted by the issuer or its subsidiary company loans, guarantees or commitments totally to one person or its subsidiary, including to related to it persons, showing the type of relation between the issuer and the person, the amount of unpaid principal, the interest rate, the final maturity, the size of the commitment, the term and conditions.**

The related parties' transactions for the reported period are disclosed in the Notes to the separate Financial statement for Q4'2021. The conditions under which the transactions were made do not deviate from the market for this type of transactions.

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

**Milena Guentcheva,**  
*Procurator of Eurohold Bulgaria AD*



## INFORMATION ACCORDING TO ANNEX 4

**according to the requirements of Article 12, paragraph 1, item 1 of Ordinance No. 2 of November 11, 2021 for initial and subsequent disclosure of information in public offering of securities and admission of securities to trading on a regulated market**

- 1. There has no change of persons exercising a control over the Company**
- 2. Opening of insolvency proceedings for the company or its subsidiary and all essential stages of the proceedings**

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

- 3. Conclusion or execution of significant transactions**

During the reporting period the liabilities on loans received from related parties increased significantly after the loan from the parent company was utilized and as of 31.12.2021 it amounted to BGN 59.5 million.

Following a decision taken by the General Meeting of Shareholders of Eurohold Bulgaria, the liability limit of Eurohold Bulgaria AD has been increased, in its capacity of corporate guarantor in favor of its subsidiary, its subsidiary Eastern European Electric Company II B.V. from EUR 150 000 000 (one hundred and fifty million) to EUR 220 000 000 (two hundred and twenty million).

On 05.10.2021 the European Bank for Reconstruction and Development (EBRD) signed an agreement for a package deal with Eurohold Bulgaria AD with the subject of acquiring a minority share in the subsidiary of the holding - Euroins Insurance Group AD (EIG). As a result of this package transaction, on 07.10.2021 Eurohold Bulgaria AD transferred to the EBRD 20,082,844 shares with a par value of BGN 1 each. The reported one-time effect of Eurohold Bulgaria AD is a loss from operations with investments in the amount of BGN 20,360 thousand.

- 4. No decision on the conclusion or termination of the joint venture agreement**

- 5. Change in company auditors and reasons for change**

On 18.10.2021 a meeting of the General Meeting of Shareholders of Eurohold was held, at which a decision was made to elect an auditor of the individual and consolidated financial statements for 2021.

The General Meeting of Shareholders elected a specialized audit company Grant Thornton OOD to perform an independent financial audit of the individual and consolidated financial statements of Eurohold Bulgaria AD for 2021.

The decision was made on the basis of a recommendation of the audit committee of the company in which a preference was expressed on the basis of pre-set criteria to the auditing company GRANT THORNTON OOD.

The auditor of the Issuer - auditing company ZAHARINOVA NEXIA OOD, audited the financial statements of the company for 2020 has not left, has not been removed and has not resigned.

- 6. No court or arbitration case relating to the debts or claims of the company or its subsidiary has been initiated or terminated at a purchase price of at least 10% of the capital of the company**

- 7. Purchase, sale or pledge of shareholdings in commercial companies by the issuer or its subsidiary**

**7.1. Придобиване на акции от капитала на „Евроинс Иншурънс Груп“ АД чрез увеличение на капитал и покупка на акции, както следва:**

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

- The reduction of the capital of Euroins Insurance Group AD was made by invalidation of 19,229,057 ordinary, registered, available, non-preferred shares, after their preliminary acquisition by the company itself;
- The capital increase of the company with cash contributions was made as follows:
  - The shareholder Eurohold Bulgaria AD has acquired 15,060,813 newly issued ordinary, registered, available, non-preferred shares at their issue value;
  - The European Bank for Reconstruction and Development (EBRD) has acquired 36,965,187 newly issued ordinary, registered, available, non-preferred shares at their issue value;
  - The shareholder in Euroins Insurance Group AD - Basildon Holding S.a.r.l. has stated that it is not interested in subscribing shares from the planned capital increase, as well as to participate in the above-described procedure for simultaneous increase and decrease of the Company's capital.

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

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

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

Since the beginning of 2021, Eurohold Bulgaria AD has acquired a total of 21,989,329 shares of the capital of its subsidiary Euroins Insurance Group AD. On November 3, 2021, the last transfer of shares in the amount of 10,681,773 was made, thus committing to buy back the shares held by Basildon Holding S.A.R.L. was finalized.

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

As a result of the acquisition of shares through purchase and simultaneous increase and decrease of the capital of the subsidiary, at present Eurohold Bulgaria AD owns 90.10% of the capital of Euroins Insurance Group AD.

7.2. Eurohold has increased the capital of Eastern European Electric Company II B.V.

Made in November 2021 capital increase of Eurohold's subsidiary Eastern European Electric Company II B.V. in accordance with the applicable provisions of Dutch law, through a cash contribution of EUR 7,000,000 without the issuance of shares, the contribution being transferred to the premium reserve.

As of December 31, 2021, the share capital of the company consists of 2,000 shares with a total value of EUR 2,000.

## **8. Other circumstances that the Company believes could be relevant to investors in taking a decision to acquire, sell or continue to hold publicly traded securities**

All important events for Eurohold Bulgaria AD for the period January 1 to the date of the report December 31, as well as to the date of preparation of this document are disclosed in detail in the Interim Management Report as of December 31, 2021.

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

**Milena Guentcheva,**  
*Procurator of Eurohold Bulgaria AD*

**DECLARATION**  
**in accordance with article 100o, paragraph 4, item 3 of**  
**Public Offering of Securities Act**

The undersigned,

1. Asen Minchev – Executive member of the Management Board of Eurohold Bulgaria AD
2. Salih Trampov – Chief Accountant of Eurohold Bulgaria AD (complier of the financial statements)
3. Milena Guentcheva – Procurator of Eurohold Bulgaria AD

**hereby DECLARE that to our best knowledge:**

1. The set of interim financial statements for Q4'2021, 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 management report of Eurohold Bulgaria AD for Q4'2021 contains credible review of the information under article 100o, paragraph 4, item 2 of Public Offering of Securities Act.

DECLARERS:

1. Assen Minchev

2. Salih Trampov

3. Milena Guentcheva