

# **EUROHOLD BULGARIA INTERIM CONDENSED CONSOLIDATED REPORT**



**30 June 2022**

# **INTERIM CONDENSED CONSOLIDATED REPORT**

containing information on important events that occurred during the period  
1 January - 30 June 2022 pursuant to Article 100o, paragraph 4, item 2 of the POSA

## **CONTENTS**

- 1. Interim consolidated financial statements as at 30 June 2022**
- 2. Notes to the interim consolidated financial statements**
- 3. Interim Consolidated Management Report as at 30 June 2022**
- 4. INDEPENDENT AUDITOR'S REVIEW REPORT**

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**30 June 2022**

**INSURANCE**

**ENERGY**

**ASSET  
MANAGEMENT**

**AUTOMOTIVE  
& LEASING-  
until June 30,  
2022**

**EUROHOLD BULGARIA**

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# 1

Interim condensed consolidated  
financial statements as of  
30.6.2022

## Interim condensed consolidated statement of profit or loss and other comprehensive income

<i>In thousand BGN</i>	<i>Notes</i>	1.1.2022- 30.6.2022	1.1.2021- 30.6.2021
<b>Revenue from operating activities</b>			
Revenue from insurance business	3	1 520 361	812 798
Revenue from energy business	5	1 641 130	-
Revenue from asset management and brokerage	7	4 990	5 915
Revenue from the activities of the parent company	9	688	926
		<b>3 167 169</b>	<b>819 639</b>
<b>Expenses of operating activities</b>			
Expenses of insurance business	4	(1 435 681)	(777 528)
Expenses of energy business	6	(1 422 909)	-
Expenses of asset management and brokerage	8	(4 275)	(3 679)
Expenses of the activities of the parent company	10	(21 538)	(143)
		<b>(2 884 403)</b>	<b>(781 350)</b>
<b>Gross operating profit</b>			
		<b>282 766</b>	<b>38 289</b>
Other income, net	11	1 411	10
Other operating costs	12	(114 601)	(26 353)
Income from reversal of impairment of financial assets, net	13	540	15
<b>EBITDA</b>			
		<b>170 116</b>	<b>11 961</b>
Finance costs	14	(43 910)	(11 694)
Finance income	15	855	-
Foreign exchange losses, net	16	(5)	(201)
<b>EBTDA</b>			
		<b>127 056</b>	<b>66</b>
Depreciation and amortisation charges	17	(57 084)	(3 958)
<b>EBT</b>			
		<b>69 972</b>	<b>(3 892)</b>
Income tax expenses	18	(7 976)	1 760
<b>Net profit/(loss) for the period from continuing operations</b>			
		<b>61 996</b>	<b>(2 132)</b>
<b>Discontinued operations</b>			
Net profit/(loss) for the period from discontinued operations	45.3.1	10 872	(1 310)
<b>Net profit/(loss) for the period</b>			
	43.1	<b>72 868</b>	<b>(3 442)</b>
Net profit/(loss) , attributable to:			
Equity holders of the parent		67 058	(4 616)
Non-controlling interest		5 810	1 174

Prepared by:

/Tsvetelina Cheresharova-Doycheva/

Signed on behalf of Management Board:

/Asen Minchev/

Procurator:

/Milena Guentcheva /

Date:26.8.2022

Independent Auditor's Review Report issued on 26.9.2022  
Grant Thornton OOD, audit firm, registration N° 032  
Mariy Apostolov, managing partner  
Silvia Dinova, registered auditor responsible for the review

**Interim condensed consolidated statement of profit or loss and other comprehensive income (continued)**

<i><b>In thousand BGN</b></i>	<i>Notes</i>	1.1.2022- 30.6.2022	1.1.2021- 30.6.2021
<b>Net profit/(loss) for the period</b>		<b>72 868</b>	<b>(3 442)</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be reclassified subsequently to profit or loss:</i>			
Net loss from change in the fair value of financial assets at fair value through other comprehensive income		1 279	888
Exchange differences on translating foreign operations		(1 057)	(292)
<b>Other comprehensive income for the period, net of tax</b>		<b>222</b>	<b>596</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>73 090</b>	<b>(2 846)</b>
Total comprehensive income, attributable to:			
Equity holders of the parent		66 192	(4 952)
Non-controlling interests		6 898	2 106
		<b>73 090</b>	<b>(2 846)</b>

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## Interim condensed consolidated statement of financial position

<i>In thousand BGN</i>	<i>Notes</i>	30.6.2022	31.12.2021
<b>ASSETS</b>			
Cash and cash equivalents	19	326 856	152 132
Time deposits at banks	20	39 058	27 224
Reinsurers' share in technical reserves	21	1 276 416	1 084 982
Insurance receivables	22	183 393	193 998
Trade receivables	23	281 426	413 309
Other receivables	24	176 555	153 318
Financial assets	29	392 354	427 671
Other financial investments	32	2 030	1 025
Non-current assets held for sale	45.3.2	-	11 520
Inventory	28	31 532	33 168
Non-current receivables	33, 34	17 076	82 270
Property, plant and equipment	25, 25.1-8	874 317	915 472
Investment property	26	2 167	2 014
Investments in associates and other investments	31	3 174	3 358
Intangible assets	27	108 028	116 065
Goodwill	34	169 598	172 723
Deferred tax assets	30	13 481	14 926
<b>TOTAL ASSETS</b>		<b>3 897 461</b>	<b>3 805 175</b>

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**Interim condensed consolidated statement of financial position (continued)**

<i>In thousand BGN</i>	<i>Notes</i>	30.6.2022	31.12.2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	42.1	260 500	260 500
Treasury shares	42.1	(77)	(77)
Share premium	42.2	144 030	144 030
General reserves		7 641	7 641
Revaluation and other reserves		(17 476)	(16 033)
Accumulated loss from prior periods		(177 885)	(259 844)
Profit for the period	43	67 058	46 874
<b>Equity, attributable to equity holders of the parent</b>		<b>283 791</b>	<b>183 091</b>
Non-controlling interests	44	56 838	187 415
<b>Total equity</b>		<b>340 629</b>	<b>370 506</b>
Subordinated debt	35	15 236	41 638
Insurance reserves	41	1 638 269	1 430 851
<b>LIABILITIES</b>			
Bank and non-bank loans	36	1 027 233	1 018 719
Bond issued	37	262 972	198 776
Trade and other payables	38	462 185	594 038
Payables to reinsurers	39	129 704	119 368
Deferred tax liabilities	40	21 233	22 352
Liabilities directly attributable to assets held for sale	45.3.2	-	8 927
		<b>1 903 327</b>	<b>1 962 180</b>
<b>Total liabilities, subordinated debt and insurance reserves</b>		<b>3 556 832</b>	<b>3 434 669</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 897 461</b>	<b>3 805 175</b>

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## Interim condensed consolidated statement of cash flows

<i>In thousand BGN</i>	<i>Notes</i>	1.1.2022- 30.6.2022	1.1.2021- 30.6.2021
<b>Operating activities</b>			
<b>Profit/ (loss) for the period before tax from continued operations:</b>		<b>69 972</b>	<b>(3 892)</b>
Adjustments for:			
Depreciation and amortisation	17	57 084	(3 958)
Foreign exchange gain/(loss)		(71)	(2 440)
Dividend income		(302)	(9)
Insurance reserves change, net of reinsurance		398 852	53 653
(Gain)/Loss on sale of investments		14 762	(2 339)
Net investment income (interest income and expense)		35 509	6 518
Tax costs		(7 976)	1 760
Other non-monetary adjustments		(3 560)	967
<b>Operating profit before change in working capital</b>		<b>564 270</b>	<b>50 260</b>
Change in trade and other receivables		6 989	27 921
Change in inventory		(1 636)	4 017
Change in trade and other payables and other adjustments		(324 955)	(107 329)
<b>Cash generated from operating activities</b>		<b>244 668</b>	<b>(25 131)</b>
Interest (paid)/received		2 477	807
Income tax paid		(9 875)	(1 185)
<b>Net cash flows from continued operations</b>		<b>237 270</b>	<b>(25 509)</b>
<b>Net cash flows from discontinued operations</b>		<b>(4 550)</b>	<b>(209)</b>
<b>Net cash flows from operating activities</b>		<b>232 720</b>	<b>(25 718)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(57 934)	(3 058)
Proceeds from the disposal of property, plant, equipment and intangible assets		498	10 283
Loans granted		(54 762)	(10 420)
Repayment of loans, including finance leases		31 907	32 029
Interest received on loans granted		910	1 453
Purchase of investments		(73 744)	(163 810)
Sales of investments		102 631	172 911
Dividends received		1 399	1 964
Effect of exchange rate changes		(73)	19
Other proceeds from investing activities, net		13 210	5 500
<b>Net cash flows from investing activities</b>		<b>(35 958)</b>	<b>46 871</b>

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**Interim condensed consolidated statement of cash flows (continued)**

<b><i>In thousand BGN</i></b>	<i>Notes</i>	1.1.2022- 30.6.2022	1.1.2021- 30.6.2021
<b>Financing activities</b>			
Proceeds from issue of securities		4 809	163
Proceeds from loans		334 904	52 264
Repayment of loans		(233 557)	(44 066)
Transactions with non-controlling interest		(103 674)	-
Lease repayments		(5 593)	(8 432)
Payment of interest, charges, commissions on investment loans		(16 076)	(6 707)
Dividends paid		(249)	(757)
Other (payments) / proceeds from financing activities, net		(2 602)	546
<b>Net cash flows from financing activities</b>		<b>(22 038)</b>	<b>(6 989)</b>
<b>Net increase in cash and cash equivalents</b>		<b>174 724</b>	<b>14 164</b>
Cash and cash equivalents at the beginning of the period	<i>19</i>	152 132	68 800
<b>Cash and cash equivalents at the end of the period</b>	<i>19, 45.3.2</i>	<b>326 856</b>	<b>82 964</b>

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## Interim condensed consolidated statement of change in equity

<i>In thousand BGN</i>	Share capital	Share premium	General reserves	Revaluation and other reserves	Accumulated loss	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
<b>Balance at 1 January 2021</b>	<b>197 429</b>	<b>49 568</b>	<b>7 641</b>	<b>(68 559)</b>	<b>(258 257)</b>	<b>(72 178)</b>	<b>18 881</b>	<b>(53 297)</b>
Treasury shares purchased	20	-	-	-	-	20	-	20
Dividends	-	-	-	-	-	-	(930)	(930)
Change in non-controlling interest due to non-change-of-control transactions	-	-	-	1 301	(2 324)	(1 023)	(5 448)	(6 471)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 301</b>	<b>(2 324)</b>	<b>(1 003)</b>	<b>(6 378)</b>	<b>(7 381)</b>
Profit/(loss) for the period	-	-	-	-	(4 616)	(4 616)	1 174	(3 442)
Other comprehensive income	-	-	-	(336)	-	(336)	932	596
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(336)</b>	<b>(4 616)</b>	<b>(4 952)</b>	<b>2 106</b>	<b>(2 846)</b>
<b>Balance at 30 June 2021</b>	<b>197 449</b>	<b>49 568</b>	<b>7 641</b>	<b>(67 594)</b>	<b>(265 197)</b>	<b>(78 133)</b>	<b>14 609</b>	<b>(63 524)</b>
<b>Balance at 1 January 2022</b>	<b>260 423</b>	<b>144 030</b>	<b>7 641</b>	<b>(16 033)</b>	<b>(212 970)</b>	<b>183 091</b>	<b>187 415</b>	<b>370 506</b>
Change in non-controlling interest due to change-of-control transactions	-	-	-	5 596	-	5 596	(1 177)	4 419
Change in non-controlling interest due to non-change-of-control transactions, other changes	-	-	-	(6 162)	35 085	28 923	(136 298)	(107 375)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(566)</b>	<b>35 085</b>	<b>34 519</b>	<b>(137 475)</b>	<b>(102 956)</b>
Profit for the period	-	-	-	-	67 058	67 058	5 810	72 868
Other comprehensive income	-	-	-	(877)	-	(877)	1 088	211
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(877)</b>	<b>67 058</b>	<b>66 181</b>	<b>6 898</b>	<b>73 079</b>
<b>Balance at 30 June 2022</b>	<b>260 423</b>	<b>144 030</b>	<b>7 641</b>	<b>(17 476)</b>	<b>(110 827)</b>	<b>283 791</b>	<b>56 838</b>	<b>340 629</b>

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**Interim condensed consolidated statement of profit or loss by business segments for the first half of 2022**

		30.6.2022	30.6.2022	30.6.2022	30.6.2022	30.6.2022	30.6.2022	30.6.2022	30.6.2022
	Notes	Consolidated	Insurance business	Energy business	Automotive	Leasing business	Asset management and brokerage	Parent company	Eliminations
<b>In thousand BGN</b>									
<b>Revenue from operating activities</b>									
Revenue from insurance business	3	1 520 361	1 521 225	-	-	-	-	-	(864)
Revenue from energy business	5	1 641 130	-	1 641 309	-	-	-	-	(179)
Revenue from asset management and brokerage	7	4 990	-	-	-	-	5 940	-	(950)
Revenue from the activities of the parent company	9	688	-	-	-	-	-	3 095	(2 407)
		<b>3 167 169</b>	<b>1 521 225</b>	<b>1 641 309</b>			<b>5 940</b>	<b>3 095</b>	<b>(4 400)</b>
<b>Expenses of operating activities</b>									
Expenses of insurance business	4	(1 435 681)	(1 438 707)	-	-	-	-	-	3 026
Expenses of energy business	6	(1 422 909)	-	(1 422 909)	-	-	-	-	-
Expenses of asset management and brokerage	8	(4 275)	-	-	-	-	(4 275)	-	-
Expenses of the activities of the parent company	10	(21 538)	-	-	-	-	-	(14 659)	(6 879)
		<b>(2 884 403)</b>	<b>(1 438 707)</b>	<b>(1 422 909)</b>			<b>(4 275)</b>	<b>(14 659)</b>	<b>(3 853)</b>
<b>Gross profit</b>									
		<b>282 766</b>	<b>82 518</b>	<b>218 400</b>			<b>1 665</b>	<b>(11 564)</b>	<b>(8 253)</b>
Other income, net	11	1 411	-	1 373	-	-	38	-	-
Other operating expenses	12	(114 601)	(26 255)	(86 211)	-	-	(883)	(1 507)	255
(Accrued)/reversal of impairment loss on financial assets, net	13	540	-	1 044	-	-	3	(507)	-
<b>EBITDA</b>									
		<b>170 116</b>	<b>56 263</b>	<b>134 606</b>			<b>823</b>	<b>(13 578)</b>	<b>(7 998)</b>
Finance expenses	14	(43 910)	(2 294)	(32 174)	-	-	(21)	(10 370)	949
Finance income	15	855	-	855	-	-	-	-	-
Foreign exchange losses, net	16	(5)	-	-	-	-	-	(4)	(1)
<b>EBTDA</b>									
		<b>127 056</b>	<b>53 969</b>	<b>103 287</b>			<b>802</b>	<b>(23 952)</b>	<b>(7 050)</b>
Depreciation and amortisation charges	17	(57 084)	(3 906)	(52 877)	-	-	(127)	(186)	12
<b>EBT</b>									
		<b>69 972</b>	<b>50 063</b>	<b>50 410</b>			<b>675</b>	<b>(24 138)</b>	<b>(7 038)</b>
Tax expenses	18	(7 976)	(240)	(7 734)	-	-	(2)	-	-
<b>Net profit/(loss) for the period from continued operations</b>									
		<b>61 996</b>	<b>49 823</b>	<b>42 676</b>			<b>673</b>	<b>(24 138)</b>	<b>(7 038)</b>
<b>Discontinued operations</b>									
Net profit/(loss) for the period from discontinued operations	45.3.1	10 872	-	-	12 668	362	-	-	(2 158)
<b>Net profit/(loss) for the period</b>									
		<b>72 868</b>	<b>49 823</b>	<b>42 676</b>	<b>12 668</b>	<b>362</b>	<b>673</b>	<b>(24 138)</b>	<b>(9 196)</b>

**Consolidated assets and liabilities by business segments as of 30.6.2022**

<b>Total assets</b>		<b>3 897 461</b>	2 316 918	2 298 288	-	-	32 461	743 817	(1 494 023)
<b>Total liabilities, subordinated debt and insurance contract liabilities</b>		<b>3 556 832</b>	1 908 053	1 289 966	-	-	9 700	423 206	(74 093)

**Interim condensed consolidated statement of profit or loss by business segments for the first half of 2021 (continued)**

		30.6.2021	30.6.2021	30.6.2021*	30.6.2021	30.6.2021	30.6.2021	30.6.2021	30.6.2021
	Notes	Consolidated	Insurance business	Energy business	Automotive	Leasing business	Asset management and brokerage	Parent company	Eliminations
<b>In thousand BGN</b>									
<b>Revenue from operating activities</b>									
Revenue from insurance business	3	812 798	814 200	-	-	-	-	-	(1 402)
Revenue from energy business	5	-	-	-	-	-	-	-	-
Revenue from asset management and brokerage	7	5 915	-	-	-	-	6 769	-	(854)
Revenue from the activities of the parent company	9	926	-	-	-	-	-	1 167	(241)
		<b>819 639</b>	<b>814 200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 769</b>	<b>1 167</b>	<b>(2 497)</b>
<b>Expenses of operating activities</b>									
Expenses of insurance business	4	(777 528)	(782 125)	-	-	-	-	-	4 597
Expenses of energy business	6	-	-	-	-	-	-	-	-
Expenses of asset management and brokerage	8	(3 679)	-	-	-	-	(3 679)	-	-
Expenses of the activities of the parent company	10	(143)	-	-	-	-	-	(147)	4
		<b>(781 350)</b>	<b>(782 125)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 679)</b>	<b>(147)</b>	<b>4 601</b>
		<b>38 289</b>	<b>32 075</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 090</b>	<b>1 020</b>	<b>2 104</b>
Other income/(expenses), net	11	10	-	-	-	-	10	-	-
Other operating expenses	12	(26 353)	(22 937)	-	-	-	(751)	(2 708)	43
(Accrued)/reversal impairment loss on financial assets, net	13	15	-	-	-	-	20	(5)	-
<b>EBITDA</b>		<b>11 961</b>	<b>9 138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 369</b>	<b>(1 693)</b>	<b>2 147</b>
Finance expenses	14	(11 694)	(2 746)	-	-	-	(22)	(10 122)	1 196
Finance income	15	-	-	-	-	-	-	-	-
Foreign exchange gains/(losses), net	16	(201)	-	-	-	-	-	(201)	-
<b>EBTDA</b>		<b>66</b>	<b>6 392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 347</b>	<b>(12 016)</b>	<b>3 343</b>
Depreciation and amortisation charges	17	(3 958)	(3 533)	-	-	-	(109)	(340)	24
<b>EBT</b>		<b>(3 892)</b>	<b>2 859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 238</b>	<b>(12 356)</b>	<b>3 367</b>
Tax expenses	18	1 760	1 762	-	-	-	(2)	-	-
<b>Net profit/(loss) for the period from continued operations</b>		<b>(2 132)</b>	<b>4 621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 236</b>	<b>(12 356)</b>	<b>3 367</b>
<b>Discontinued operations</b>									
Net profit/(loss) for the period from discontinued operations	45.3.1	(1 310)	-	-	2 459	(218)	-	-	(3 551)
<b>Net profit/(loss) for the period</b>		<b>(3 442)</b>	<b>4 621</b>	<b>-</b>	<b>2 459</b>	<b>(218)</b>	<b>2 236</b>	<b>(12 356)</b>	<b>(184)</b>

\* Acquired on 27.7.2021

**Consolidated assets and liabilities by business segments as of 31.12.2021**

<b>Total assets</b>		<b>3 805 175</b>	2 072 639	2 256 559	86 471	126 531	30 574	720 332	(1 487 931)
<b>Total liabilities, subordinated debt and insurance contract liabilities</b>		<b>3 434 669</b>	1 715 935	1 231 545	81 933	112 690	6 384	375 583	(89 401)

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# 2

Notes to the interim condensed consolidated financial statement as of 30.6.2022

## Notes to the interim condensed consolidated financial statements

### 1. INFORMATION ABOUT THE ECONOMIC GROUP

#### 1.1. Scope of activity

The main activity of Eurohold Bulgaria AD (Parent Company) and its subsidiaries (the Group) consists of insurance, financial and investment activities and energy.

The parent company has the following scope of activity: acquisition, management, assessment and sale of shares in Bulgarian and foreign companies, acquisition, management and sale of bonds, acquisition valuation and sale of patents, assignment of licenses for use of company patents, in which the Parent Company participates, as well as financing of companies in which the Parent Company participates.

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 Bulgarian Commerce Act.

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

The company was registered in Sofia City Court under corporate file 14436/2006 and it was formed through the merger of Eurohold AD registered under corporate file № 13770/1996 as per the registry of Sofia City Court, and Starcom Holding AD, registered under corporate file № 6333/1995 as per the registry of Sofia City Court. In 2021 the name of the company was not changed.

Eurohold Bulgaria AD has UIC 175187337 and is headquartered in Bulgaria, Sofia, Iskar region, 43 Christopher Columbus Blvd. The management address is in Bulgaria, Sofia, Iskar region, 43 Christopher Columbus Blvd.

The governing bodies of the parent company are the General meeting of shareholders, the Supervisory Board and the Management Board comprising the following members as at 30.6.2022:

#### **Supervisory Board:**

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

#### **Management Board:**

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

As of 30.6.2022 the company is represented and managed by Kiril Ivanov Boshov and Asen Minchev Minchev, Executive Directors, and Milena Milchova Guentcheva - Procurator, only jointly by the two executive directors or by one executive director and the procurator.

With a Decision of the Supervisory Board of 16.8.2022, entered in the Registration Agency on 25.8.2022, the credentials of Assen Emanouilov Assenov, Bulgaria, member of the Management Board, were cancelled.

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 30.6.2022, the Audit Committee of the parent company comprises the following members:

- Ivan Georgiev Mankov, Bulgaria– Chairman;
- Dimitar Stoyanov Dimitrov, Bulgaria – Member;
- Rositsa Mihaylova Pencheva, Bulgaria – Member.

## 1.2. Structure of the economic group

Eurohold Bulgaria AD is controlled by Starcom Holding AD, the ultimate parent company. The investment portfolio of Eurohold Bulgaria AD comprises the following economic sectors: insurance, financial investment activity and energy.

### Companies involved in the consolidation and percentage of participation in equity:

#### Insurance Sector

<b>Company</b>	<b>% of participation in the share capital 30.6.2022</b>	<b>% of participation in the share capital 31.12.2021</b>
<b>Euroins Insurance Group AD (EIG AD)*</b>	<b>90.10%</b>	<b>90.10%</b>
<b>Indirect participation through EIG AD:</b>		
Insurance Company Euroins AD, Bulgaria	98.63%	98.63%
Euroins Romania Asigurare-Reasigurare S.A., Romania	98.57%	98.54%
Euroins Osiguruvanje AD, North Macedonia	93.36%	93.36%
Insurance Company Euroins Life EAD, Bulgaria	100.00%	100.00%
Insurance Company EIG Re AD, Bulgaria	100.00%	100.00%
Euroins Ukraine PrAT, Ukraine	92.73%	92.62%
Euroins Ukraine PrAT, Ukraine through European Travel Insurance PrAT, Ukraine	5.74%	5.74%
Euroins Claims I.K.E., Greece	100.00%	100.00%
Insurance Company Euroins Georgia JCS, Georgia	50.04%	50.04%
European Travel Insurance PrAT, Ukraine	99.99%	99.99%
CJSC Insurance company Euroins, Belarus (previous name CJSC IC ERGO)	100.00%	93.12%

\*direct participation

#### Energy Sector

<b>Company</b>	<b>% of participation in the share capital 30.6.2022</b>	<b>% of participation in the share capital 31.12.2021</b>
<b>Electrohold Green, Bulgaria*</b>	<b>100.00%</b>	<b>-</b>
<b>Eastern European Electric Company II B.V., The Netherlands *</b>	<b>100.00%</b>	<b>100.00%</b>
<i>Indirect participation through Eastern European Electric Company II B.V., The Netherlands:</i>		
Eastern European Electric Company III B.V., The Netherlands, owned by Eastern European Electric Company II B.V., The Netherlands	100.00%	100.00%
Eastern European Electric Company B.V. (EEEC B.V.), The Netherlands, owned by Eastern European Electric Company III B.V., The Netherlands	100.00%	100.00%
Electrodistribution Grid West AD and/or Electrorazpredelitelni mreži Zapad AD, or ERZ Zapad AD, Bulgaria (previous name CEZ Distribution Bulgaria AD), owned by EEEEC B.V., The Netherlands - Acquisition date: 27.07.2021	99.25%	88.19%
Electrohold ICT EAD, Bulgaria (previous name CEZ Information and Communication Technologies AD) through Electrodistribution Grid West AD - Acquisition date: 27.07.2021	100.00%	100.00%
Electrohold Sales AD, Bulgaria (previous name CEZ Electro Bulgaria AD) owned by:		
- EEEEC B.V., the Netherlands - Acquisition date: 27.07.2021	97.66%	69.34%
- IC Euroins Bulgaria AD, Bulgaria	0.48%	-

Electrohold Bulgaria EOOD, Bulgaria (previous name CEZ Bulgaria EOOD) owned by EEEC B.V., the Netherlands -Acquisition date: 27.07.2021	100.00%	100.00%
Electrohold Trade EAD, Bulgaria (previous name CEZ Trade Bulgaria EAD) owned by EEEC B.V., the Netherlands - Acquisition date: 27.07.2021	100.00%	100.00%
Free Energy Project Oreshets EOOD, Bulgaria, owned by EEEC B.V., the Netherlands - Acquisition date: 27.07.2021	100.00%	100.00%
Bara Group EOOD, Bulgaria, owned by EEEC B.V., the Netherlands - Acquisition date: 27.07.2021	100.00%	100.00%

\*direct participation

### Finance Sector

<b>Company</b>	<b>% of participation in the share capital 30.6.2022</b>	<b>% of participation in the share capital 31.12.2021</b>
<b>Euro-Finance AD, Bulgaria*</b>	<b>99.99%</b>	<b>99.99%</b>

\*direct participation

### Automobile Sector

<b>Company</b>	<b>% of participation in the share capital 30.6.2022</b>	<b>% of participation in the share capital 31.12.2021</b>
<b>Avto Union AD (AU AD)*</b>	<b>-</b>	<b>99.99%</b>
<b>Indirect participation through AU AD:</b>		
Avto Union Service EOOD, Bulgaria	-	100.00%
Daru Car AD, Bulgaria	-	100.00%
Auto Italy EAD, Bulgaria	-	100.00%
Bulvaria EOOD, Bulgaria ( <i>previous name Bulvaria Varna EOOD</i> )	-	100.00%
Bulvaria Sofia EAD, Bulgaria	-	100.00%
Star Motors EOOD, Bulgaria	-	100.00%
Star Motors DOOEL, North Macedonia through Star Motors EOOD	-	100.00%
Star Motors SH.P.K., Kosovo through Star Motors DOOEL	-	100.00%
Motohub EOOD, Bulgaria	-	100.00%
Motobul EAD, Bulgaria	-	100.00%
Benzin Finance EAD, Bulgaria	-	100.00%
Bopar Pro S.R.L., Romania through Motobul EAD	-	99.00%
China Motor Company AD, Bulgaria	-	80.00%
N Auto Sofia EAD, Bulgaria – until 2.8.2021	-	-
Espace Auto OOD, Bulgaria through N Auto Sofia EAD – until 2.8.2021	-	-
EA Properties EOOD, Bulgaria through N Auto Sofia EAD – until 2.8.2021	-	-

\*direct participation

On August 2, 2021, Auto Union AD, which consolidates the investments of Eurohold Bulgaria AD in the automotive sector, finalised the sale of N Auto Sofia EAD, a major dealer of Nissan, together with its subsidiaries Espas Auto OOD and EA Properties OOD. N Auto Sofia EAD controlled 51% of the capital of Espas Auto OOD, a distributor of Renault and Dacia cars, and 51% of EA Properties OOD, which owns the terrain and showroom of Nissan, Renault and Dacia in Sofia.

At the end of 2021, Eurohold Bulgaria AD and Auto Union AD announced their intention to sell of Star Motors EOOD and Daru Car EAD. Star Motors EOOD is the official importer of Mazda cars for Bulgaria, and through its subsidiary Star Motors DOOEL for the Republic of Northern Macedonia. Daru Car EAD is an official BMW service. The deal for the sale of Star Motors EOOD was finalized on 11.05.2022 with the signing of a final contract. The new owner was entered in the Commercial Register on 17.5.2022.

On 30.6.2022, Eurohold Bulgaria AD sold Auto Union AD, with which completely released its investments in the automotive business.

### Lease sector

Company	% of participation in the share capital 30.6.2022	% of participation in the share capital 31.12.2021
<b>Eurolease Group EAD*</b>	-	90.01%
<b>Indirect participation through Eurolease Group EAD:</b>		
Money lease EAD ( <i>previous name Eurolease Auto EAD</i> ), Bulgaria	-	100.00%
Eurolease Auto Romania AD, Romania	-	77.98%
Eurolease Auto Romania AD through Euroins Romania Asigurare-Reasigurare S.A., Romania	-	20.45%
Eurolease Auto DOOEL, North Macedonia	-	100.00%
Eurolease Rent A Car EOOD, Bulgaria	-	100.00%
Finacity EAD, Bulgaria ( <i>previous name Amigo Leasing EAD</i> ), Bulgaria	-	100.00%
Autoplaza EAD, Bulgaria	-	100.00%
Sofia Motors EOOD, Bulgaria	-	100.00%
Amigo Finance EOOD, Bulgaria ( <i>previous name Mogo Bulgaria EOOD</i> ), Acquisition date: 1.12.2021	-	100.00%

\*direct participation

On 30 June 2022 Eurohold Bulgaria AD sold Eurolease Group EAD, with which completely released its investments in the lease business.

On 24 February 2022 the Management Board of Eurohold Bulgaria AD resolves to establish the company Daru Invest EAD with a capital of BGN 11 740 000 distributed in 11 740 000 available, registered, non-privileged voting shares with a nominal and issue value of BGN 1 each. On 22 March 2022, an agreement was signed for the sale of shares of Daru Invest EAD, which finalized the sale of 100% of the capital of Daru Invest EAD.

## 2. SUMMARY OF GROUP'S ACCOUNTING POLICIES

### 2.1. Basis for Preparation of the Interim Condensed Consolidated Financial Statements

This interim condensed consolidated financial statements have been prepared in accordance with IFRS adopted by the EU and in particular International Accounting Standard (IAS) 34 Interim Financial Reporting.

In preparing these interim consolidated financial statements, the same accounting policies, accounting techniques and calculation methods and basic assumptions have been applied as in the latest audited consolidated annual financial statements for 2021.

The interim condensed consolidated financial statements for the period ending 30 June 2022 should be read in conjunction with the audited consolidated annual financial statements for the year ended 31 December 2021, prepared in accordance with all International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS adopted by the EU). For the purposes of paragraph 1 (8) of the Supplementary Provisions of the Accounting Act applicable in Bulgaria, the term "IFRS adopted by the EU" means International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and the Council.

The interim condensed consolidated financial statements have been prepared in Bulgarian leva (BGN), which is the functional currency of the Group. All amounts are presented in thousand Bulgarian leva (BGN '000) (including the comparative information for 2021), unless otherwise stated.

The interim consolidated financial statements have been prepared in accordance with the going concern principle. As of the date of preparation of these interim condensed consolidated financial statements, management has made an assessment of the Group's ability to continue its activity as a going concern

based on the available information for the foreseeable future. Following the review of the Group's operations, management expects that the Group has sufficient financial resources to continue its operations in the near future and continues to apply the going concern principle in the preparation of the consolidated financial statements.

## **2.2. Comparative data**

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

The consolidated statement of financial position presents two comparative periods when the Group:

- a) apply accounting policies retrospectively;
- b) retrospectively recalculates items in the consolidated financial statements; or
- c) reclassifies items in the consolidated financial statements.

and this has a material effect on the information in the consolidated statement of financial position at the beginning of the prior period.

## **2.3. Consolidation**

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2022. Subsidiaries are business entities under the control of the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit and loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

When the Group ceases to have control of a subsidiary, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value of any investment retained in the former subsidiary at the date of loss of control is considered fair value on initial recognition of a financial asset in accordance with IFRS 9 Financial Instruments or, where applicable, at cost on initial recognition of an investment in an associate or jointly controlled entity. In addition, any amounts recognized in other comprehensive income in respect of that subsidiary are reported on the same basis as would be necessary if the Group had directly disposed of the related assets or liabilities (eg reclassified to profit or loss or carried away directly in retained earnings in accordance with the requirements of the relevant IFRS).

The profit or loss on disposal is calculated as the difference between i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and ii) the previous carrying amount of the assets, including goodwill, and liabilities of the subsidiary and any non-controlling interest.

## **2.4. New standards, interpretations and amendments, effective from 1 January 2022**

The Group has not made changes in its accounting policy in connection with the application of new and/or revised IFRS that are effective for the current reporting period beginning on January 1, 2022, because during the period there were no objects or operations that were affected by changes and amendments in IFRS.

### **2.4.1. New standards, interpretations and amendments, adopted by the EU, effective 1 January 2022**

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

- Amendments to IAS 16 Property, Plant and Equipment, effective from 1 January 2022
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, effective from 1 January 2022 effective from 1 January 2022
- Amendments to IFRS 3 Business Combinations, effective from 1 January 2022 adopted by the EU
- Annual Improvements 2018-2020, effective from 1 January 2022

### **2.4.2. Documents issued by IASB / IFRIC, which are not yet endorsed in the EU**

At the date of approval of the interim condensed consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been issued but have not entered into force or have not yet been adopted by the EU for the financial year commencing 1 January 2022 and are not implemented by the Group earlier. They are not expected to have a significant impact on the Group's consolidated financial statements, except for IFRS 17 Insurance contracts. Management expects all standards and amendments to be adopted in the Group's accounting policies during the first period beginning after their effective date. Below is a list of changes to the standards:

#### **IFRS 17 Insurance contracts effective from 1 January 2023, adopted by the EU**

IFRS 17 replaces for IFRS 4 "Insurance Contracts". It requires a current measurement model where estimates are remeasured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts.

#### **Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information effective from 1 January 2023 not yet adopted by the EU**

The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

IFRS 17 and IFRS 9 Financial Instruments have different transition requirements. For some insurers, these differences can cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when applying IFRS 17 and IFRS 9 for the first time.

The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets.

As of the date of these interim condensed consolidated financial statements, an expert group has been formed in the Insurance segment, which analyses the changes and prepares the systems for the transition to the new way of reporting. Due to the implementation of IFRS 17, systems are currently being changed and quantitative information on the expected effects cannot be provided yet.

The following new standards, amendments and interpretations have also been published, but they are not expected to have a material impact on the Group's financial statements:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies effective from 1 January 2023, adopted by the EU
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current effective from 1 January 2023 not yet adopted by the EU
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates effective from 1 January 2023, adopted by the EU
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction effective from 1 January 2023 not yet adopted by the EU

## **2.5. Changes to the estimates**

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

The actual results could be different from management's assumptions, estimates and presumptions and, in rare cases, entirely correspond to the previously assessed results.

In the preparation of the interim condensed consolidated financial statements, the significant judgments of the management in the application of the Group'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 Group as at 31 December 2021.

For the purpose of presenting these interim condensed consolidated financial statements, reviews have been performed for impairment of trade and other receivables.

## **2.6. Risk management**

The Group 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 consolidated 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 Group's annual consolidated financial statements as at 31 December 2021. There were no changes in the risk management policy related to financial instruments during the period.

### **2.6.1. Risk of an unfavorable long-term development of the Covid-19 (Coronavirus) pandemic after the measures taken by the governments in Bulgaria and in other countries where the Group operates have been withdrawn**

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 is in compliance with the requirements of IFRS 7 and IFRS 9, as well as the recommendations of the European Securities and Markets Authority (ESMA).**

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

Group's management has analysed the expected effect, both on the economic growth and the credit quality of the countries (and, accordingly, of the counterparties) in which it operates, and the analysis is presented below.

### Effect on economic growth

The table below presents information on the expectations for economic growth of the Republic of Bulgaria, according to the data of the International Monetary Fund (April 2022): <https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022>, July 2022 <https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022>).

	Historical data		Forecast July 2022		Difference with forecast in April 2022	
	2020	2021	2022	2023	2022	2023
World economic GDP growth (Forecast July 2022)	(3.1)	6.1	3.2	2.9	(0.4)	(0.7)

The table below presents information on the economic growth expectations of the countries of the Eurozone (representing the main external market of the Republic of Bulgaria) according to the data of the International Monetary Fund, including forecast data after the onset of the pandemic situation related to Covid-19 (Coronavirus).

	Historical data					Forecast	
	2017	2018	2019	2020	2021	2022	2023
Economic GDP growth of Republic Bulgaria (Forecast April 2022)	2.6%	1.9%	1.5%	(6.3)%	5.5%	3.0%	2.2%

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:

Forecast April 2022	Historical data					Forecast	
	2017	2018	2019	2020	2021	2022	2023
Republic of Romania	7.3%	4.5%	4.1%	(3.9)%	5.9%	2.2%	3.4%
Republic of North Macedonia	1.1%	2.9%	3.2%	(4.5)%	4.0%	3.2%	2.7%
Republic of Ukraine	2.4%	3.5%	3.2%	(4.0)%	3.4%	(35.0)%	...
Republic of Georgia	4.8%	4.8%	5.0%	(6.2)%	10.4%	3.2%	5.8%
Republic of Belarus	2.5%	3.1%	1.4%	(0.9)%	2.3%	(6.4)%	0.4%
Russian Federation	1.8%	2.8%	2.0%	(3.0)%	4.7%	(8.5)%	(2.3)%
Hellenic Republic	1.3%	1.6%	1.9%	(8.2)%	8.3%	3.5%	2.6%
Republic of Poland	4.8%	5.4%	4.7%	(2.7)%	5.7%	3.7%	2.9%
Italy Republic	1.7%	0.9%	0.3%	(8.9)%	6.6%	2.3%	1.7%
Kingdom of Spain	3.0%	2.3%	2.1%	(10.8)%	5.1%	4.8%	3.3%
United Kingdom	1.7%	1.3%	1.4%	(9.8)%	7.4%	3.7%	1.2%

As can be seen from the above data, the Management takes into account the possible short-term risks to the general development of the economy of the main countries in which it operates, as in some of the markets the expected decrease in the Gross Domestic Product would be significant, but also takes into

account the general expectations for a rapid recovery in the period 2022-2023 with expectations of a return to average pre-Covid-19 (Coronavirus) forecast growth levels.

### 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 change in forecast) assigned by **Fitch** to the Republic of Bulgaria and to the Parent company.

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

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

	Before Covid-19		After Covid-19		After the military actions in Ukraine	
	Rating	Forecast	Rating	Forecast	Rating	Forecast
Republic of Romania	BBB	Stable	BBB	Negative	BBB	Negative
Republic of North Macedonia	BB+	Stable	BB+	Negative	BB+	Negative
Republic of Ukraine	B	Positive	B	Positive	CCC	-
Republic of Georgia	BB	Stable	BB	Stable	BB	Stable
Republic of Belarus	B	Stable	B	Negative	CCC	-
Russian Federation	BBB	Stable	BBB	Stable	N/A	N/A
Hellenic Republic	BB	Stable	BB	Stable	BB	Stable
Republic of Poland	A-	Stable	A-	Stable	A-	Stable
Italy Republic	BBB	Negative	BBB-	Stable	BBB-	Stable
Kingdom of Spain	A-	Stable	A-	Stable	A-	Stable
United Kingdom	AA	Negative	AA-	Stable	AA-	Stable

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

At present, despite the overall decrease of forecasts and limited cases of credit rating deterioration, 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

Group'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 Group's management is that at the time of issuing these financial statements, no significant deterioration of the credit quality of the counterparties is expected in the short term due to:

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

About the model (including the full and simplified one) for calculating the expected credit losses, management considers that it is not necessary to make a change in the general model. However, management recognises the possible short-term risks to the overall economic development of the countries in which the Eurohold Group operates, and that in some markets the expected reduction in Gross Domestic Product could be significant, but also takes into account the general expectations for a rapid recovery in the period 2022-2023 and the expectations of a return to and over the average projected growth levels before Covid-19 (Coronavirus) and has therefore decided not to review its model and update its expectations.

As of 30 June 2022, neither sufficiently reliable macroeconomic statistics nor information on medium-term default probability levels are available, therefore management has not recalculated/changed the model regarding expected credit losses compared to those as of 31 December 2021.

## **2.7. Cash Flows**

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

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 for the 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 classified within 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. Revenue from insurance business

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Gross written premiums from insurance	885 599	512 880
Received recoveries from reinsurers	260 670	138 279
Positive change in the gross provision for unearned premiums and unexpired risk reserve	-	7 058
Positive change in the provision for unearned premiums reinsurers' share	117 895	44 232
Positive change in the share of reinsurers in other technical reserves	72 194	23 447
Positive change in other technical reserves	5	-
Recourse income	4 490	3 325
Fees and commissions income	157 632	51 442
Investment income	11 263	17 653
Other operating revenue	10 613	14 482
	<b>1 520 361</b>	<b>812 798</b>

### 4. Insurance segment expenses

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Paid claims, claims handling and prevention expenses	(443 328)	(295 812)
Change in the gross provision for unearned premiums and unexpired risk reserve	(99 300)	(42 169)
Change in the reinsurers' share the unearned premium reserve	-	(4 935)
Change in other technical reserves	(104 112)	(53 321)
Premiums ceded to reinsurers	(488 579)	(221 745)
Acquisition expenses	(204 208)	(122 055)
Investment costs	(12 026)	(6 993)
Other operating expenses	(84 128)	(30 498)
	<b>(1 435 681)</b>	<b>(777 528)</b>

### 5. Revenue from energy business

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Open market customers	1 008 103	-
Household consumers	407 904	-
Business consumers	191 554	-
Connections fee revenue	9 001	-
Penalties for late payments	2 645	-
Revenues from services for research, repair and maintenance of electricity distribution network, and commercial metering devices	4 920	-
Revenues from information, communication, technological services (ICT) and others	2 984	-
Revenues from the Power System Security Fund	731	-
Other income	13 288	-
<b>* Acquisition of energy segment 27.7.2021.</b>	<b>1 641 130</b>	<b>-</b>

### 6. Expenses of energy business

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Costs for purchased electricity	(720 313)	-
Technological costs for electricity transmission	(58 972)	-
Balancing energy	(26 414)	-
Costs for transmission and access services	(1 572)	-
Other expenses	(615 638)	-
<b>* Acquisition of energy segment 27.7.2021.</b>	<b>(1 422 909)</b>	<b>-</b>

### 7. Revenue from asset management and brokerage

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Interest income	288	243
Dividend income	250	2
Gains on sale of financial assets and financial instruments	3 341	4 703
Foreign exchange gains, net	89	-
Other finance income	1 022	967
	<b>4 990</b>	<b>5 915</b>

### 8. Expenses of asset management and brokerage

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Interest expenses	(48)	(40)
Loss on sales of financial assets and financial instruments	(4 101)	(3 459)
Foreign exchange losses, net	-	(30)
Other finance costs	(126)	(150)
	<b>(4 275)</b>	<b>(3 679)</b>

**9. Revenue from the activities of the parent company**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Gains on sale of financial assets and financial instruments	493	607
Interest income	1	-
Other revenue	194	319
	<b>688</b>	<b>926</b>

**10. Expenses of the activities of the parent company**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Loss on sales of financial assets and financial instruments	(1 066)	(143)
Loss on sale of subsidiaries:		-
- Lease business	(5 180)	-
- Automotive business	(15 287)	-
- Other	(5)	-
	<b>(21 538)</b>	<b>(143)</b>

**11. Other income/(costs), net**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Other income/(expenses), net	1 411	10
	<b>1 411</b>	<b>10</b>

**11.1. Other income**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	2 280	-
Asset management and brokerage	38	10
	<b>2 318</b>	<b>10</b>

**11.2. Other costs**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(907)	-
	<b>(907)</b>	-

**12. Other operating costs**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Expenses on materials	(6 667)	(490)
Hired services expenses	(37 471)	(9 938)
Employee benefits expenses	(65 716)	(13 339)
Other expenses	(4 747)	(2 586)
	<b>(114 601)</b>	<b>(26 353)</b>

### 12.1. Expenses on materials by segments

	30.6.2022 <i>BGN'000</i>	30.6.2021 <i>BGN'000</i>
Insurance business	(655)	(484)
Energy business	(5 996)	-
Asset management and brokerage	(14)	(4)
Parent company	(2)	(2)
	<b>(6 667)</b>	<b>(490)</b>

The costs for materials of the energy business mainly include costs for fuel for transportation (BGN 1 697 thousand), spare parts for cars (BGN 807 thousand) and materials for repair and maintenance (BGN 1 986 thousand).

### 12.2. Hired services expenses by segments

	30.6.2022 <i>BGN'000</i>	30.6.2021 <i>BGN'000</i>
Insurance business	(9 076)	(7 956)
Energy business	(27 291)	-
Asset management and brokerage	(251)	(229)
Parent company	(853)	(1 753)
	<b>(37 471)</b>	<b>(9 938)</b>

The main hired services expenses of the Energy segment are: BGN 5 011 thousand for information and computer services, BGN 2 805 thousand for rights of use, BGN 2 590 thousand for security, BGN 2 194 thousand for commissions and fees, BGN 1 843 thousand for printing and postal/courier costs of invoices, BGN 1 827 thousand for cash collection services, BGN 1 442 thousand for repair and maintenance services, BGN 1 347 thousand for insurance, BGN 1 301 thousand for services related to meter reading, power interruption and restoration, and BGN 1 295 thousand for consultation and management fees.

### 12.3. Employee benefits expenses by segments

	30.6.2022 <i>BGN'000</i>	30.6.2021 <i>BGN'000</i>
Insurance business	(13 766)	(12 468)
Energy business	(51 008)	-
Asset management and brokerage	(509)	(421)
Parent company	(433)	(450)
	<b>(65 716)</b>	<b>(13 339)</b>

### 12.4. Other expenses by segments

	30.6.2022 <i>BGN'000</i>	30.6.2021 <i>BGN'000</i>
Insurance business	(2 758)	(2 029)
Energy business	(1 727)	-
Asset management and brokerage	(98)	(83)
Parent company	(164)	(474)
	<b>(4 747)</b>	<b>(2 586)</b>

**13. (Accrued) reversal of impairment loss on financial assets by segments**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Accrued impairment loss on financial assets	(1 448)	(44)
Reversal of impairment loss on financial assets	1 988	59
	<b>540</b>	<b>15</b>

**13.1. Accrued impairment loss on financial assets by segments**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(867)	-
Asset management and brokerage	(20)	(29)
Parent company	(561)	(15)
	<b>(1 448)</b>	<b>(44)</b>

**13.2. Reversal of impairment loss on financial assets by segments**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	1 911	-
Asset management and brokerage	23	49
Parent company	54	10
	<b>1 988</b>	<b>59</b>

**14. Finance costs**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Interest costs	(41 332)	(11 173)
Interest costs on right of use assets	(524)	(361)
Other finance costs	(2 054)	(160)
	<b>(43 910)</b>	<b>(11 694)</b>

**14.1. Interest costs by segments**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	(1 703)	(2 422)
Energy business	(30 039)	-
Parent company	(9 590)	(8 751)
	<b>(41 332)</b>	<b>(11 173)</b>

**14.2. Interest costs – right of use assets by segments**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	(394)	(306)
Energy business	(88)	-
Automotive business	(21)	(22)
Parent company	(21)	(33)
	<b>(524)</b>	<b>(361)</b>

**14.3. Other finance costs by segments**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	(2 047)	-
Parent company	(7)	(160)
	<b>(2 054)</b>	<b>(160)</b>

**15. Finance income**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Interest revenue	177	-
Other finance income	678	-
	<b>855</b>	-

**15.1. Interest revenue by segments**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	177	-
	<b>177</b>	-

**15.2. Other finance income by segments**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	678	-
	<b>678</b>	-

**16. Foreign exchange gains/(losses), net**

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Parent company	(5)	(201)
	<b>(5)</b>	<b>(201)</b>

### 17. Depreciation and amortisation by segments

	30.6.2022 <i>BGN'000</i>	30.6.2021 <i>BGN'000</i>
Insurance business incl.	(3 894)	(3 517)
<i>Right of use assets</i>	(2 034)	(1 855)
Energy business incl.	(52 877)	-
<i>Right of use assets</i>	(2 576)	-
Asset management and brokerage incl.	(127)	(101)
<i>Right of use assets</i>	(91)	(87)
Parent company incl.	(186)	(340)
<i>Right of use assets</i>	(161)	(305)
	<b>(57 084)</b>	<b>(3 958)</b>

### 18. Tax expenses

	30.6.2022 <i>BGN'000</i>	30.6.2021 <i>BGN'000</i>
Income tax expense	(8 381)	(390)
Deferred tax expenses	405	2 150
	<b>(7 976)</b>	<b>1 760</b>

#### 18.1. Tax expenses by segment

	30.6.2022 <i>BGN'000</i>	30.6.2021 <i>BGN'000</i>
Insurance business	(240)	1 762
Energy business	(7 734)	-
Asset management and brokerage	(2)	(2)
	<b>(7 976)</b>	<b>1 760</b>

### 19. Cash and cash equivalents

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Cash on hand	875	2 535
Deposits up to 3 months	325 637	148 928
Restricted cash	101	113
Cash equivalents	574	863
<i>Impairment ECL - IFRS9</i>	(331)	(307)
	<b>326 856</b>	<b>152 132</b>

#### 19.1 Cash and cash equivalents by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	141 967	66 960
Energy business	178 814	76 826
Automotive business	-	303
Leasing business	-	3 015
Asset management and brokerage	5 962	4 913
Parent company	113	115
	<b>326 856</b>	<b>152 132</b>

## 20. Time deposits at banks by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	39 891	28 057
<i>Impairment</i>	<i>(833)</i>	<i>(833)</i>
	<b>39 058</b>	<b>27 224</b>

## 21. Reinsurers' share in insurance contract liabilities

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Unearned premium reserve	557 083	438 957
Reserves on unexpired risks	-	-
Claims reserve, incl.:	719 333	646 501
<i>Reserve on incurred but not reported claims (IBNR)</i>	<i>456 334</i>	<i>415 726</i>
<i>Reserve for claims reported but not settled (RBNS)</i>	<i>262 999</i>	<i>230 775</i>
Other insurance contract liabilities	-	(476)
	<b>1 276 416</b>	<b>1 084 982</b>

## 22. Receivables from insurance business

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Receivables from direct insurance	151 227	162 652
Receivables from reinsurers or cedants	20 857	20 550
Receivables from recourse and subrogation	11 309	10 796
	<b>183 393</b>	<b>193 998</b>

## 23. Trade receivables

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Trade receivables	318 611	427 375
<i>Impairment</i>	<i>(64 162)</i>	<i>(65 744)</i>
Finance lease receivables	-	30 670
Advances paid	17 198	20 958
Other receivables	9 779	50
	<b>281 426</b>	<b>413 309</b>

### 23.1. Trade receivables by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	124	36
Energy business	318 402	413 219
<i>Impairment</i>	<i>(64 140)</i>	<i>(63 263)</i>
Automotive business	-	9 660
<i>Impairment</i>	<i>-</i>	<i>(847)</i>
Leasing business	-	3 831
<i>Impairment</i>	<i>-</i>	<i>(1 024)</i>
Asset management and brokerage	8	2
<i>Impairment</i>	<i>-</i>	<i>-</i>
Parent company	77	20
<i>Impairment</i>	<i>(22)</i>	<i>(3)</i>
	<b>254 449</b>	<b>361 631</b>

### 23.2. Advances paid by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	1 056	675
Energy business	16 142	19 649
Automotive business	-	95
Leasing business	-	539
	<b>17 198</b>	<b>20 958</b>

### 23.3. Other receivables by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	9 779	-
Automotive business	-	10
Leasing business	-	40
	<b>9 779</b>	<b>50</b>

## 24. Other receivables

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	36 617	45 073
<i>Impairment</i>	<i>(12 154)</i>	<i>(12 154)</i>
Energy business	120 389	106 437
<i>Impairment</i>	<i>(11 615)</i>	<i>(12 223)</i>
Automotive business	-	6 704
<i>Impairment</i>	<i>-</i>	<i>(72)</i>
Leasing business	-	1 150
<i>Impairment</i>	<i>-</i>	<i>(102)</i>
Asset management and brokerage	408	69
Parent company	30 034	930
<i>Impairment</i>	<i>(1 010)</i>	<i>(588)</i>
Prepaid expenses	10 033	5 162
Receivables under court procedures	38 720	42 119
<i>Impairment</i>	<i>(36 319)</i>	<i>(39 075)</i>
Tax receivables	1 452	9 888
	<b>176 555</b>	<b>153 318</b>

### 24.1. Prepaid expenses by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	6 277	43
Energy business	3 689	4 347
Automotive business	-	108
Leasing business	-	628
Parent company	67	36
	<b>10 033</b>	<b>5 162</b>

### 24.2. Receivables under court procedures by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	38 720	38 846
<i>Impairment</i>	<i>(36 319)</i>	<i>(36 945)</i>
Automotive business	-	5
Leasing business	-	3 283
<i>Impairment</i>	<i>-</i>	<i>(2 145)</i>
	<b>2 401</b>	<b>3 044</b>

### 24.3. Tax receivables by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	250	71
Energy business	1 010	9 236
Automotive business	-	74
Leasing business	-	313
Parent company	192	194
	<b>1 452</b>	<b>9 888</b>

## 25. Property, plant and equipment

	Land, plots BGN'000	Land, plots- rights of use BGN'000	Buildings BGN'000	Buildings- rights of use BGN'000	Machinery and equipment BGN'000	Machinery and equipmen- right of use BGN'000	Vehicles BGN'000	Vehicles- rights of use BGN'000	Furniture and fittings BGN'000	Assets under construction BGN'000	Other BGN'000	Total BGN'000
<b>Cost</b>												
<b>At 1 January 2021</b>	<b>4 869</b>	<b>169</b>	<b>14 922</b>	<b>53 031</b>	<b>10 334</b>	<b>-</b>	<b>60 023</b>	<b>51</b>	<b>7 691</b>	<b>747</b>	<b>3 482</b>	<b>155 319</b>
Additions	-	4	1 514	16 355	197	-	15 457	530	880	-	600	<b>35 537</b>
Acquired in purchase of subsidiaries *	37 200	-	162 964	23 500	1 742 153	5 372	51 143	668	3 744	48 084	4 888	<b>2 079 716</b>
Disposals	(12)	-	(57)	(17 318)	(3 574)	(47)	(17 687)	(286)	(245)	(3 090)	-	<b>(42 316)</b>
Disposals in sales of subsidiaries**	(4 357)	-	(3 371)	(4 957)	(3 370)	-	(5 157)	-	-	-	(365)	<b>(21 577)</b>
Transferred to assets classified as and disposal groups and held for sale **	-	-	-	(5 071)	(1 871)	-	(1 332)	-	(2 420)	-	(404)	<b>(11 098)</b>
Other changes	176	-	1 647	4 748	3 553	2 724	4 734	30	1 829	(6 309)	397	<b>13 529</b>
<b>At 31 December 2021</b>	<b>37 876</b>	<b>173</b>	<b>177 619</b>	<b>70 288</b>	<b>1 747 422</b>	<b>8 049</b>	<b>107 181</b>	<b>993</b>	<b>11 479</b>	<b>39 432</b>	<b>8 598</b>	<b>2 209 110</b>
Additions	-	-	739	6 124	36 043	28	3 916	449	125	39 556	145	<b>87 125</b>
Disposals	-	(95)	-	(2 739)	(1 249)	-	(4 360)	-	(1 048)	(35 646)	(35)	<b>(45 172)</b>
Disposals in sales of subsidiaries **	(512)	(78)	(3 760)	(12 141)	(3 761)	(920)	(45 989)	-	-	(100)	(2 327)	<b>(69 588)</b>
<b>As of 30 June 2022</b>	<b>37 364</b>	<b>-</b>	<b>174 598</b>	<b>61 532</b>	<b>1 778 455</b>	<b>7 157</b>	<b>60 748</b>	<b>1 442</b>	<b>10 556</b>	<b>43 242</b>	<b>6 381</b>	<b>2 181 475</b>
<b>Depreciation</b>												
<b>At 1 January 2021</b>	<b>-</b>	<b>82</b>	<b>5 116</b>	<b>14 374</b>	<b>7 348</b>	<b>-</b>	<b>20 834</b>	<b>51</b>	<b>5 170</b>	<b>(130)</b>	<b>2 353</b>	<b>55 198</b>
Depreciation for the period	-	44	2 272	9 409	32 586	584	9 413	245	971	2	359	<b>55 885</b>
Accrued depreciation of assets from discontinued operations**	-	-	-	-	456	-	1 065	-	-	-	49	<b>1 570</b>
Acquired in purchase of subsidiaries*	-	-	90 634	9 482	1 043 034	2 831	44 010	533	3 153	120	3 174	<b>1 196 971</b>
Disposals	-	-	(26)	(1 885)	(504)	(14)	(5 489)	(72)	(149)	-	(178)	<b>(8 317)</b>
Disposals in sales of subsidiaries**	-	-	(528)	(1 016)	(2 506)	-	(1 704)	-	-	-	(336)	<b>(6 090)</b>
Other changes	-	-	-	(4 495)	(1 806)	63	(431)	-	(685)	-	456	<b>(6 898)</b>
<b>At 31 December 2021</b>	<b>-</b>	<b>126</b>	<b>97 468</b>	<b>25 869</b>	<b>1 078 608</b>	<b>3 464</b>	<b>67 698</b>	<b>757</b>	<b>8 460</b>	<b>(8)</b>	<b>5 877</b>	<b>1 288 319</b>
Depreciation for the period	-	23	2 376	5 142	39 013	542	5 085	743	270	-	337	<b>53 531</b>
Disposals	-	(85)	-	(150)	(285)	(949)	(2 357)	-	-	8	(134)	<b>(3 952)</b>
Disposals in sales of subsidiaries**	-	(64)	(2 951)	(4 171)	(3 871)	-	(18 159)	(209)	-	-	(1 315)	<b>(30 740)</b>
<b>As of 30 June 2022</b>	<b>-</b>	<b>-</b>	<b>96 893</b>	<b>26 690</b>	<b>1 113 465</b>	<b>3 057</b>	<b>52 267</b>	<b>1 291</b>	<b>8 730</b>	<b>-</b>	<b>4 765</b>	<b>1 307 158</b>
<b>Net book value:</b>												
<b>At 1 January 2021</b>	<b>4 869</b>	<b>87</b>	<b>9 806</b>	<b>38 657</b>	<b>2 986</b>	<b>-</b>	<b>39 189</b>	<b>-</b>	<b>2 521</b>	<b>877</b>	<b>1 129</b>	<b>100 121</b>
<b>At 31 December 2021</b>	<b>37 876</b>	<b>47</b>	<b>80 151</b>	<b>44 419</b>	<b>668 814</b>	<b>4 585</b>	<b>39 483</b>	<b>236</b>	<b>3 019</b>	<b>39 440</b>	<b>2 721</b>	<b>920 791</b>
Incl. continuous operations	37 876	47	80 151	41 059	666 855	4 585	39 483	236	3 019	39 440	2 721	915 472
Incl. assets held for sale	-	-	-	3 360	1 959	-	-	-	-	-	-	5 319
<b>At of 30 June 2022</b>	<b>37 364</b>	<b>-</b>	<b>77 705</b>	<b>34 842</b>	<b>664 990</b>	<b>4 100</b>	<b>8 481</b>	<b>151</b>	<b>1 826</b>	<b>43 242</b>	<b>1 616</b>	<b>874 317</b>

\*Energy business \*\* Automotive and leasing business

In the first six months of 2022 and in 2021, the Group did not recognise impairment loss on machinery, plant and equipment because based on the review of impairment of property, plant and equipment, the Group's management has not identified any indications that the carrying amount of assets exceeds their recoverable amount.

### 25.1. Land and buildings by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	6 307	6 235
Energy business	108 762	110 435
Automotive business	-	1 357
	<b>115 069</b>	<b>118 027</b>

### 25.2. Land and buildings by segments – rights of use assets

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	21 251	20 888
Energy business	11 507	13 220
Automotive business	-	3 193
Leasing business	-	1 498
Asset management and brokerage	868	931
Parent company	1 216	1 376
	<b>34 842</b>	<b>41 106</b>

### 25.3. Machinery and equipment by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	2 337	2 047
Energy business	662 653	666 191
Automotive business	-	377
Leasing business	-	38
	<b>664 990</b>	<b>668 653</b>

### 25.4. Machinery and equipment by segments – Rights of use

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	4 100	4 585
	<b>4 100</b>	<b>4 585</b>

### 25.5. Vehicles by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	1 796	2 300
Energy business	6 456	8 559
Automotive business	-	3 604
Leasing business	-	23 870
Asset management and brokerage	178	206
Parent company	51	73
	<b>8 481</b>	<b>38 612</b>

### 25.6. Vehicles by segments – rights of use

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	43	-
Energy business	108	232
Leasing business	-	4
	<b>151</b>	<b>236</b>

### 25.7. Furniture and fittings and other assets by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	1 269	1 400
Energy business	2 135	2 351
Automotive business	-	876
Leasing business	-	140
Asset management and brokerage	36	43
Parent company	2	3
	<b>3 442</b>	<b>4 813</b>

### 25.8. Assets under construction by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	136	25
Energy business	43 106	39 333
Automotive business	-	82
	<b>43 242</b>	<b>39 440</b>

## 26. Investment property

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
<b>Net book value as of 1 January</b>	<b>2 014</b>	<b>9 652</b>
Disposal	-	(7 724)
Revaluation	153	41
Other changes	-	45
<b>Net book value as of end of the period</b>	<b>2 167</b>	<b>2 014</b>

## 27. Intangible assets by segments

	Software <i>BGN'000</i>	Licenses <i>BGN'000</i>	Other <i>BGN'000</i>	Total <i>BGN'000</i>
<b>Cost</b>				
<b>At 1 January 2021</b>	<b>10 902</b>	<b>128</b>	<b>1 697</b>	<b>12 727</b>
Additions	3 486	1 310	4 627	<b>9 423</b>
Acquired in purchase of subsidiaries - Energy business	18 524	28 773	95 311	<b>142 608</b>
Disposals	-	-	(1 894)	<b>(1 894)</b>
Disposals in sales of subsidiaries*	(480)	-	-	<b>(480)</b>
<b>At 31 December 2021</b>	<b>32 432</b>	<b>30 211</b>	<b>99 741</b>	<b>162 384</b>
Additions	1 192	1 185	1 323	<b>3 700</b>
Disposals	(11)	-	(2 283)	<b>(2 294)</b>
Disposals in sales of subsidiaries*	(1 788)	(98)	(2 445)	<b>(4 331)</b>
Reclasification	(1 128)	43 270	(42 142)	-
<b>At 30 June 2022</b>	<b>30 697</b>	<b>74 568</b>	<b>54 194</b>	<b>159 459</b>
<b>Depreciation</b>				
<b>At 1 January 2021</b>	<b>7 251</b>	<b>114</b>	<b>1 004</b>	<b>8 369</b>
Depreciation for the period	1 909	2 087	2 159	<b>6 155</b>
Acquired during the purchase of subsidiaries - Energy business	8 598	17 499	5 530	<b>31 627</b>
Disposals	(67)	-	-	<b>(67)</b>
Disposals in sales of subsidiaries*	(151)	-	-	<b>(151)</b>
<b>At 31 December 2021</b>	<b>17 540</b>	<b>19 700</b>	<b>8 693</b>	<b>45 933</b>
Depreciation for the period	1 823	4 119	1 910	<b>7 852</b>
Disposals	(4)	-	-	<b>(4)</b>
Disposals in sales of subsidiaries*	(1 458)	(98)	(794)	<b>(2 350)</b>
<b>At 30 June 2022</b>	<b>17 901</b>	<b>23 721</b>	<b>9 809</b>	<b>51 431</b>
<b>Net book value:</b>				
<b>At 1 January 2021</b>	<b>3 651</b>	<b>14</b>	<b>693</b>	<b>4 358</b>
<b>At 31 December 2021</b>	<b>14 892</b>	<b>10 511</b>	<b>91 048</b>	<b>116 451</b>
Incl. continuous operations	14 870	10 511	90 648	116 065
Incl. assets held for sale	22	-	364	386
<b>At 30 June 2022</b>	<b>12 796</b>	<b>50 847</b>	<b>44 385</b>	<b>108 028</b>

\* Automotive and leasing business

The Group performs an impairment review of intangible assets once a year. The latest one was made as of 31 December 2021. No indicators have been established that the book value of the assets exceeds their

recoverable amount, as a result of which no impairment loss was recognized in the consolidated financial statements.

## 28. Inventories by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	186	281
Energy business	31 346	24 117
Automotive business	-	6 871
Leasing business	-	1 899
	<b>31 532</b>	<b>33 168</b>

Towards the end of the reporting period, the management reviews the available material stocks - material goods to determine if there are any whose net realizable value is lower than their book value. At the last such review as of 31.12.2021, the Group did not recognize an impairment of its inventories.

## 29. Financial assets and liabilities by segments

### 29.1 Financial assets by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
<b>Government bonds</b> measured at FVTPL, incl.:	6 906	67 396
<i>Insurance business</i>	6 107	66 437
<i>Asset management and brokerage</i>	799	959
<b>Government bonds</b> measured at amortised cost, incl.:	5 756	9 553
<i>Insurance business</i>	5 756	9 553
<b>Total government bonds</b>	<b>12 662</b>	<b>76 949</b>
<b>Corporate bonds</b> measured at FVTPL, incl.:	79 609	88 358
<i>Insurance business</i>	72 957	81 690
<i>Energy business</i>	5 881	5 984
<i>Asset management and brokerage</i>	764	677
<i>Parent company</i>	7	7
<b>Total corporate bonds</b>	<b>79 609</b>	<b>88 358</b>
<b>Capital investments</b> measured at FVTPL, incl.:	230 397	194 341
<i>Insurance business</i>	215 204	174 604
<i>Energy business</i>	12 232	16 751
<i>Asset management and brokerage</i>	2 961	2 986
<b>Total capital investments</b>	<b>230 397</b>	<b>194 341</b>
<b>Other financial assets</b> measured at amortised cost, incl.:	69 686	68 023
<i>Insurance business</i>	61 789	57 982
<i>Asset management and brokerage</i>	8 743	10 887
<i>Impairment</i>	(846)	(846)
<b>Total other financial assets</b>	<b>69 686</b>	<b>68 023</b>
	<b>392 354</b>	<b>427 671</b>

All other financial assets of the Group (other than those disclosed in *Note 29.1*) are carried at amortised cost.

## 29.2. Financial liabilities reported at amortised costs

		30.6.2022	31.12.2021
	<i>Note</i>	<i>BGN'000</i>	<i>BGN'000</i>
Subordinated debt	35	15 236	41 638
<b>LIABILITIES</b>			
Bank and non-bank loans	36	1 027 233	1 018 719
Bonds issued	37	262 972	198 776
Trade and other payables	38	462 185	594 038
		<b>1 767 626</b>	<b>1 853 171</b>

Liabilities and subordinated debt instruments are stated at amortized cost.  
Liabilities by segments are presented in the relevant notes - see [Notes 36-40](#).

## 30. Deferred tax assets by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	8 901	8 940
Energy business	4 580	5 286
Automotive business	-	372
Leasing business	-	328
	<b>13 481</b>	<b>14 926</b>

## 31. Investments in associates and other investments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business*	986	988
Asset management and brokerage	2 188	2 370
* <i>Investments in Associates</i>	<b>3 174</b>	<b>3 358</b>

## 32. Other financial investments by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	510	669
Energy business	75	75
Asset management and brokerage	1 445	281
Parent company	9	9
<i>Impairment</i>	(9)	(9)
	<b>2 030</b>	<b>1 025</b>

### 33. Non-current receivables

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Finance lease receivables	-	51 876
<i>Impairment</i>	-	(654)
Trade receivables	16 907	31 048
Granted loans	170	-
<i>Impairment</i>	(1)	-
	<b>17 076</b>	<b>82 270</b>

#### 33.1. Non-current receivables

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	16 867*	6 944
Energy business	-	7
Automotive business	-	24 061
Leasing business	-	36
Asset management and brokerage	40	-
Parent company	169	-
	<b>17 076</b>	<b>31 048</b>

\* The increase is due to a claim from BAAR (Bureau of Motor Vehicle Insurers of Romania) - a special contribution that will be paid in the future by BAAR or offset against amounts owed to them.

### 34. Goodwill

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Euroins Insurance Group AD	164 478	164 478
Euro-Finance AD	2 620	2 620
Electrohold Trade EAD	2 500	2 500
Eurolease Group EAD	-	1 803
Eurolease Rent-a-Car EOOD	-	1 312
Sofia Motors EOOD	-	10
	<b>169 598</b>	<b>172 723</b>

### 35. Subordinated debt

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Subordinated debt, issued – Insurance segment	-	19 558
Subordinated debt, not issued, Teir 1 capital:	15 236	22 080
<i>Insurance business</i>	14 879	14 879
<i>Parent company</i>	357	7 201
	<b>15 236</b>	<b>41 638</b>

### 35.1. Insurance business

The issued subordinated debt instruments are in the form of a debenture loan, which was issued on December 18, 2014 in the form of 100 available, subordinated, unsecured bonds with a face value of EUR 100 thousand each. The agreed amount is EUR 10,000 thousand (BGN 19,558 thousand) and matures on December 18, 2021. The initial interest rate is 13% plus 3-month Euribor, which was subsequently reduced to 9.75% plus Euribor and is due at the end every six months.

The bond loan is repaid in full on 05 January 2022 together with the last interest payment

Tier 1 capital is in the form of subordinated term debt with Starcom Holding AD with a limit of EUR 12.6 million, an interest rate of 6% and a repayment period not earlier than 5 years from the date of crediting the last tranche of the loan.

### 35.2. Parent company

The subordinated debt has no fixed maturity and Starcom Holding AD could not demand its repayment, regardless of whether there is a case of non-performance under the agreement. Eurohold Bulgaria AD has the right (but is not obliged) to repay amounts from the loan principal, corresponding to each consecutive tranche received after the expiration of 5 (five) years from the date of receipt of the respective tranche. Early collection of the principal of the subordinated debt is not allowed, except in cases of liquidation or insolvency, after payment of the amounts due to all privileged creditors, as well as to all other chirographic creditors. The interest due is 5% (five percent) on an annual basis on the attracted amounts for the period of their actual use.

## 36. Bank and non-bank loans by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	400	142
Energy business	972 908	859 791
Automotive business	-	30 348
Leasing business	-	86 657
Parent company	53 925	41 781
	<b>1 027 233</b>	<b>1 018 719</b>

### 36.1. Bank and non-bank loans by segments – long term

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business, incl.	965 821	851 035
<i>Bank loans</i>	724 006	638 391
<i>Loans from non-bank financial institutions</i>	241 815	212 644
Automotive business, incl.:	-	1 442
<i>Bank loans</i>	-	1 442
Leasing business, incl.:	-	54 077
<i>Bank loans</i>	-	51 060
<i>Loans from non-bank financial institutions</i>	-	3 017
Parent company, incl.:	18 993	9 006
<i>Bank loans</i>	18 993	9 006
	<b>984 814</b>	<b>915 560</b>

**36.2. Bank and non-bank loans by segments – short term**

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business, incl.	400	142
<i>Bank loans</i>	260	93
<i>Loans from non-bank financial institutions</i>	140	49
Energy business, incl.	7 087	8 756
<i>Bank loans</i>	7 087	8 756
Automotive business, incl.:	-	28 906
<i>Bank loans</i>	-	28 906
Leasing business, incl.:	-	32 580
<i>Bank loans</i>	-	30 041
<i>Loans from non-bank financial institutions</i>	-	2 539
Parent company, incl.:	34 932	32 775
<i>Bank loans</i>	34 932	32 775
	<b>42 419</b>	<b>103 159</b>



### 36.3 Information on liabilities to banking and non-banking financial institutions

<i>In thousand BGN</i>	<b>Limit</b>	<b>Original currency</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>30.6.2022</b>	<b>30.6.2022 Incl.Principal</b>	<b>31.12.2021</b>	<b>31.12.2021 Incl.Principal</b>
<b>Insurance business</b>								
Bank creditor 1	18	BGN	12.5%	31.10.2022	6	6	11	11
Bank creditor 2	4 372	BYN	4% per annum + commission 2 2% of the amount due on 01.01	12.08.2027	394	394	131	130
<b>Energy business</b>								
Syndicated loan	360 000	EUR	3.50%	21.06.2026	690 878	704 099	604 463	620 996
Creditor 1	113 990	EUR	13%	26.01.2027	241 815	208 591	212 644	208 591
Bank creditor 1	116 000	EUR	6M EURIBOR+ 1. 80%	30.04.2027	40 215	40 638	42 684	42 991
<b>Automotive business</b>								
Bank creditor 1	9 203	EUR	2.6%	10.02.2022	-	-	18 000	18 000
Bank creditor 2	800	EUR	1M EURIBOR + 3.5%	31.03.2022	-	-	1 782	1 782
Bank creditor 2	500	EUR	1M EURIBOR + 3.5%	30.04.2022	-	-	964	964
Bank creditor 2	400	EUR	1M EURIBOR + 3.5%	31.03.2022	-	-	782	782
Bank creditor 2	1 144	EUR	1M EURIBOR + 3.5%	31.03.2022	-	-	1 050	1 050
Bank creditor 3*	2 400	EUR	AIR of FIB in EUR +3.7641% , min 3.95%	30.11.2022	-	-	4 338	4 338
Bank creditor 3	665	EUR	AIR of FIB in EUR +2.8871% min 3.00%	15.06.2027	-	-	1 300	1 300
Bank creditor 3	240	EUR	3M EURIBOR + 4%	20.09.2022	-	-	176	176
Bank creditor 4	1 000	EUR	3M EURIBOR+3% not less than 3%	15.12.2022	-	-	1 956	1 956

**Leasing business**

<i>In thousand BGN</i>	<b>Limit</b>	<b>Original currency</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>30.6.2022</b>	<b>30.6.2022 Incl.Principal</b>	<b>31.12.2021</b>	<b>31.12.2021 Incl.Principal</b>
Bank creditor 1	4 500	EUR	3m.Euribor+2.75%/min 2.75%	20.04.2026	-	-	7 323	7 323
Bank creditor 1	700	EUR	6m.Euribor+4.75%/min.4.75%	20.09.2023	-	-	1 108	1 108
Bank creditor 1	1 500	EUR	3m.Euribor+5.25%/min.5.25%	20.09.2027	-	-	2 267	2 267
Bank creditor 2	10 244	EUR	3m.Euribor+3.5%/min 3.5%	20.02.2027	-	-	12 926	12 926
Bank creditor 2	4 150	EUR	3m.Euribor+2.5%/min.2.5%	20.12.2022	-	-	1 534	1 534
Bank creditor 2	850	EUR	3m.Euribor+2.5%/min.2.5%	30.01.2025	-	-	1 541	1 541
Bank creditor 2	3 000	EUR	3 M Euribor + 3%/min. 3%	08.06.2030	-	-	645	645
Bank creditor 3	2 850	EUR	6m.Euribor+5.25%/min.5.25%	20.04.2026	-	-	4 473	4 473
Bank creditor 4	358	EUR	SBIR + 3.8051%/min.3.95%	15.02.2024	-	-	551	551
Bank creditor 4	6 000	BGN	AIR + 4.8927% /min. 5%	30.11.2026	-	-	5 000	5 000
Bank creditor 5	1 000	EUR	1m.Euribor+4.25%	28.02.2025	-	-	1 328	1 328
Bank creditor 6	2 600	EUR	3m.Euribor+3.5%/min.3.5%	05.09.2022	-	-	105	105
Bank creditor 6	227	EUR	3m.Euribor+3%/min.3%	05.05.2022	-	-	62	62
Bank creditor 6	5 000	EUR	3m. Euribor + 2.95%- 3.5%/min 2.95%-3.5% (acc.to the deals)	27.11.2026	-	-	7 112	7 112
Bank creditor 6	2 000	EUR	3m. Euribor + 2.95% - 3.5%/ min. 2.95% - 3.5%	18.10.2027	-	-	2 577	2 577
Bank creditor 6	4 500	EUR	5.25%	31.12.2029	-	-	8 730	8 730
Bank creditor 7	5 000	EUR	ODI+2.3%/min 2.3%	29.02.2024	-	-	4 553	4 553
Bank creditor 8	3 500	EUR	3m.Euribor+2.8%	30.11.2023	-	-	1 938	1 938
Bank creditor 8	2 000	EUR	Prime+2.72%/min.2.72%	09.09.2023	-	-	1 505	1 505
Bank creditor 8	7 000	EUR	Prime+2.72%/min.2.85%	15.09.2022	-	-	1 713	1 713
Bank creditor 8	500	EUR	Prime+2.85%/min.2.85%	16.05.2023	-	-	266	266

<i>In thousand BGN</i>	<b>Limit</b>	<b>Original currency</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>30.6.2022</b>	<b>30.6.2022 Incl.Principal</b>	<b>31.12.2021</b>	<b>31.12.2021 Incl.Principal</b>
Bank creditor 8	5 000	EUR	Prime+1.72%/min.2.72%	24.09.2027	-	-	8 714	8 714
Bank creditor 8	744	EUR	PRIME + 2.32% /min.2.32%	15.10.2022	-	-	264	264
Bank creditor 8	1 000	EUR	PRIME + 2.85% /min.2.85%	19.02.2024	-	-	841	841
Bank creditor 8	1 000	EUR	PRIME + 1.85% /min.2.85%	24.03.2026	-	-	1 308	1 308
Bank creditor 8	550	EUR	PRIME + 2.8% /min.2.8%	30.09.2023	-	-	292	292
Bank creditor 8	1 234	EUR	PRIME + 2.32% /min.2.32%	21.10.2022	-	-	1 179	1 179
Bank creditor 8	1 262	EUR	PRIME + 2.32% /min.2.32%	21.05.2024	-	-	1 246	1 246
Creditor 1**	-		7%-14%	2026	-	-	5 556	5 520
<b>Parent company</b>								
Bank creditor 1	10 000	EUR	6,0 %+ EURIBOR	03.2025	10 644	10 542	12 158	12 048
Bank creditor 1	7 000	EUR	5,0 %+ EURIBOR	01.2029	13 631	13 691	-	-
Bank creditor 2	20 000	EUR	6,5%	07.2022	29 650	29 337	29 623	29 337
<b>TOTAL:</b>					<b>1 027 233</b>	<b>1 007 298</b>	<b>1 018 719</b>	<b>1 031 073</b>

\*Loans belonging to liabilities included in groups are exemptions classified as held for sale.

\*\*Loans from non-bank financial institutions in the Leasing segment in the amount of BGN 5 556 thousand are from participation in the P2P financing platform (Mintos). Loans from P2P investors represent liabilities of the Company to users of the platform on sold receivables under leasing contracts. Under the agreement with Mintos, the Company undertakes to repurchase the sold receivables in case they are not serviced for more than 60 days, therefore the Company still bears the risk of default under the lease agreements uploaded on the platform. Therefore, receivables under such lease agreements are not written off from the statement of financial position of the Company and, accordingly, a liability is accrued for the amount of the receivable uploaded to the platform. As of December 31, 2021, the receivables purchased on the platform amount to BGN 5,520 thousand, BGN 36 thousand interest. The interest rates on these liabilities are between 7% and 14%, and their final maturity is 2026.

### 37. Bond liabilities by segments

	30.6.2022	31.12.2021
	BGN'000	BGN'000
Automotive business	-	13 699
Leasing business	-	5 373
Parent company	262 972	179 704
	<b>262 972</b>	<b>198 776</b>

#### 37.1. Bond liabilities - non-current by segments

	30.6.2022	31.12.2021
	BGN'000	BGN'000
Automotive business	-	8 800
Leasing business	-	5 211
Parent company	127 340	42 717
	<b>127 340</b>	<b>56 728</b>

#### 37.2. Bond liabilities – current by segments

	30.6.2022	31.12.2021
	BGN'000	BGN'000
Automotive business	-	4 899
Leasing business	-	162
Parent company	135 632	136 987
	<b>135 632</b>	<b>142 048</b>

#### 37.3. Bond issues information

	Coupon	Original currency	Maturity	30.6.2022 Book value* BGN'000	30.6.2022 Nominal, in original currency, in '000	31.12.2021 Book value* BGN'000	31.12.2021 Nominal, in original currency, in '000
<b>Automotive</b>							
Corporate bonds ISIN : BG2100025126	4.50%	BGN	12.2022	-	-	4 882	5 058
Corporate bonds ISIN:BG210006183	3.85%	BGN	06.2028	-	-	8 817	8 800
<b>Leasing</b>							
Corporate bonds ISIN BG2100004188	4.75%	BGN	03.2022	-	-	-	1 500
Corporate bonds ISIN BG2100001200	4.00%	BGN	05.2025	-	-	5 173	6 000
Corporate bonds ISIN BG2100012173	3.75%	EUR	07.2023	-	-	200	1 250
<b>Parent company</b>							
EMTN Programme ISIN XS1731768302	6.50%	EUR	12.2022	134 114	70 000	129 710	70 000
EMTN Programme ISIN: XS1542984288	8.00%	EUR	12.2026	20 342	10 000	-	10 000
Corporate bonds ISIN:BG2100013205	3.25%	EUR	11.2027	54 096	30 000	49 994	30 000
Corporate bonds ISIN:BG2100002224	3.25%	EUR	3.2029	54 420	40 000	-	40 000
			<b>TOTAL</b>	<b>262 972</b>	<b>150 000</b>	<b>198 776</b>	<b>172 608</b>

\*Represented net of own bonds held in the Group.

Information on the terms of the EMTN programs is publicly available and available on the Irish Stock Exchange Bonds page.

The EMTN program with ISIN XS1731768302 has a maturity date of 07.12.2022, a fixed interest rate of 6.5% (six and a half percent) per annum and an interest payment frequency of once a year in arrears. The group intends to refinance the bond in the amount of EUR 70 million. In the event of an unforeseeable inability to do so in whole or in part, the Group is sufficiently liquid to cover the maturing obligation under it.

The bond with ISIN: BG2100013205 in the amount of EUR 30 000 000 was registered by Central Depository AD on November 26, 2020. The issue is the second in a row of ordinary, registered, dematerialized, interest-bearing, secured, non-convertible, freely transferable bonds under the terms of primary private placement within the meaning of Art. 205, para. 2 of the CA. The nominal and issue value of each bond is EUR 1 000 (thousand). The maturity date of the issue is November 26, 2027, and the principal is repaid once at maturity. The interest payments are every six months, starting from the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis. The debenture loan is secured by an insurance contract "Debenture loan" concluded between the issuer Eurohold Bulgaria AD, as an insurer and ZD Euroins AD as an insurer. The trustee of the bondholders in the issue is Ever Financial House AD.

The bond with ISIN: BG2100002224 in the amount of EUR 40 000 000 was registered by Central Depository AD on March 8, 2022. The issue is the third in a row of ordinary, registered, dematerialized, interest-bearing, secured, non-convertible, freely transferable bonds under the terms of primary private placement within the meaning of Art. 205, para. 2 of the CA. The nominal and issue value of each bond is EUR 1 000 (thousand). The maturity date of the issue is March 8, 2029, and the principal is repaid once at maturity. The interest payments are every six months, starting from the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis. The debenture loan is secured by an insurance contract "Debenture loan" concluded between the issuer Eurohold Bulgaria AD, as an insurer and ZD Euroins AD as an insurer. The trustee of the bondholders in the issue is TBI Bank EAD.

### 38. Trade and other liabilities

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Non-current trade liabilities ( <i>Note 38.1</i> )	45 975	106 562
Current trade liabilities ( <i>Note 38.2</i> )	156 148	169 463
Other liabilities ( <i>Note 38.3</i> )	260 062	318 013
	<b>462 185</b>	<b>594 038</b>

#### 38.1 Non-current trade liabilities

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Other non-current liabilities	33 918	94 212
Lease liabilities	738	7 175
Deferred income	11 319	5 175
	<b>45 975</b>	<b>106 562</b>

### 38.1.1. Other liabilities -non-current

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	16 582	16 768
Energy business	16 445	16 397
Automotive business	-	608
Leasing business	-	936
Parent company	891	59 503
	<b>33 918</b>	<b>94 212</b>

### 38.1.2. Lease liabilities – non-current by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	560	-
Automotive business	-	2 595
Leasing business	-	4 441
Asset management and brokerage	127	139
Parent company	51	-
	<b>738</b>	<b>7 175</b>

### 38.1.3. Deferred income – non-current by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Energy business	11 319	5 175
	<b>11 319</b>	<b>5 175</b>

### 38.2. Current liabilities

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Provisions	30 926	33 152
Tax liabilities	20 335	21 316
Payables to employees	20 321	24 595
Deffered income	16 973	18 569
Social-security liabilities	7 110	7 183
Lease liabilities	65	3 942
Other current liabilities	60 418	60 706
	<b>156 148</b>	<b>169 463</b>

### 38.2.1. Provisions by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	2 806	2 813
Energy business*	27 807	29 810
Automotive business	-	90
Asset management and brokerage	313	439
<i>*See Note 46</i>	<b>30 926</b>	<b>33 152</b>

### 38.2.2. Tax liabilities by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	9 479	10 294
Energy business	10 661	8 855
Automotive business	-	1 261
Leasing business	-	278
Asset management and brokerage	12	99
Parent company	183	529
	<b>20 335</b>	<b>21 316</b>

### 38.2.3. Payables to employees by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	4 301	4 271
Energy business	15 910	19 262
Automotive business	-	451
Leasing business	-	536
Parent company	110	75
	<b>20 321</b>	<b>24 595</b>

### 38.2.4. Current deferred income by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	3 005	-
Energy business	13 968	18 483
Automotive business	-	18
Leasing business	-	68
	<b>16 973</b>	<b>18 569</b>

### 38.2.5. Social-security liabilities by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	2 251	2 652
Energy business	4 845	4 247
Automotive business	-	149
Leasing business	-	123
Parent company	14	12
	<b>7 110</b>	<b>7 183</b>

### 38.2.6. Current lease liabilities by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	4	-
Automotive business	-	654
Leasing business	-	3 264
Asset management and brokerage	27	24
Parent company	34	-
	<b>65</b>	<b>3 942</b>

### 38.2.7. Other current liabilities by segment

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	26 201	25 318
Energy business	33 291	32 712
Automotive business	-	384
Leasing business	-	1 870
Asset management and brokerage	323	44
Parent company	603	378
	<b>60 418</b>	<b>60 706</b>

## 38.3. Other liabilities

### 38.3.1. Other liabilities by segments

	30.6.2022 <i>BGN'000</i>	31.12.2021 <i>BGN'000</i>
Insurance business	45 136	51 660
<i>Incl. lease liabilities</i>	<i>21 494</i>	<i>21 580</i>
Energy business	159 130	214 039
<i>Incl. lease liabilities</i>	<i>15 807</i>	<i>18 102</i>
Automotive business	-	20 409
<i>Incl. lease liabilities</i>	<i>-</i>	<i>3 356</i>
Leasing business	-	6 228
<i>Incl. lease liabilities</i>	<i>-</i>	<i>1 585</i>
Asset management and brokerage	922	1 021
<i>Incl. lease liabilities</i>	<i>917</i>	<i>975</i>
Parent company	54 874	24 656
<i>Incl. lease liabilities</i>	<i>1 290</i>	<i>1 550</i>
	<b>260 062</b>	<b>318 013</b>

### 38.3.2. Leasing liabilities – rights of use, by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	21 494	21 580
<i>Short-term</i>	4 411	2 780
<i>Long-term</i>	17 083	18 800
Energy business	15 807	18 102
<i>Short-term</i>	2 866	5 256
<i>Long-term</i>	12 941	12 846
Automotive business	-	3 365
<i>Short-term</i>	-	608
<i>Long-term</i>	-	2 757
Leasing business	-	1 585
<i>Short-term</i>	-	482
<i>Long-term</i>	-	1 103
Asset management and brokerage	917	975
<i>Short-term</i>	117	115
<i>Long-term</i>	800	860
Parent company	1 290	1 550
<i>Short-term</i>	165	342
<i>Long-term</i>	1 125	1 208
	<b>39 508</b>	<b>47 157</b>

### 39. Payables to reinsurers

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	129 704	119 368
	<b>129 704</b>	<b>119 368</b>

### 40. Deferred tax liabilities by segment

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	2	2
Energy business	21 231	22 242
Automotive business	-	66
Leasing business	-	42
	<b>21 233</b>	<b>22 352</b>

#### 41. Insurance contract liabilities

	30.6.2022 BGN'000	31.12.2021 BGN'000
Unearned premium reserve, gross amount	598 916	498 812
<i>Reinsurers' share in unearned premium reserve</i>	<i>(557 083)</i>	<i>(438 957)</i>
Reserves on unexpired risks, gross amount	-	120
<i>Reinsurers' share in unexpired risks reserve</i>	<i>-</i>	<i>-</i>
Reserve on incurred but not reported claims, gross amount	626 132	554 558
<i>Reinsurers' share in reserve on incurred but not reported claims</i>	<i>(456 334)</i>	<i>(415 726)</i>
Reserve for claims reported but not settled, gross amount	406 805	357 762
<i>Reinsurers' share in reserve for claims reported but not settled</i>	<i>(262 999)</i>	<i>(230 775)</i>
Other technical reserve, gross amount	1 387	14 629
<i>Reinsurers' share in other technical reserves</i>	<i>-</i>	<i>476</i>
Mathematical reserves	5 029	4 970
	<b>1 638 269</b>	<b>1 430 851</b>

#### 42. Share capital and reserves

##### 42.1. Share capital

	30.6.2022 BGN'000	31.12.2021 BGN'000
Issued shares	260 500	260 500
Shares repurchased	(77)	(77)
<b>Share capital</b>	<b>260 423</b>	<b>260 423</b>
<b>Number of shares</b>	<b>260 500 000</b>	<b>260 500 000</b>

As of 30.6.2022, 77 227 pcs. shares with voting rights of Eurohold Bulgaria AD are held by companies in the Eurohold Group (as of 31.12.2021 – 77 227 shares with voting rights).

The share capital as of 30.6.2022 is distributed as follows:

Shareholders	% participation in the share capital	Number of shares /Voting rights/	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 him: Global Opportunities Portfolio, Global Macro Portfolio, Global Macro Absolute Return Advantage Portfolio, Global Macro Capital Opportunities Portfolio.	8.99%	23 429 101	23 429 101
SLS Holding AD	5.87%	15 295 049	15 295 049
Other legal entities	22.03%	57 367 025	57 367 025
Other individuals	1.67%	4 358 537	4 358 537
<b>Total</b>	<b>100.00%</b>	<b>260 500 000</b>	<b>260 500 000</b>

#### 42.2 Share premium

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Share premium	144 030	144 030
	<b>144 030</b>	<b>144 030</b>

#### 43. Net profit/(loss) for the period

	For the period ended on 30.6.2022	For the year ended on 31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Current result attributable to the shareholders	67 058	46 874
Current result attributable to the non-controlling interest	5 810	15 974
	<b>72 868</b>	<b>62 848</b>

#### 43.1. Net profit (loss) for the year by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	49 823	79 350
Energy business	42 675	17 806
Automotive business - Discontinued Operations	12 668	(10 003)
Leasing business - Discontinued Operations	362	2 132
Asset management and brokerage	673	2 102
Parent company	(24 138)	(116 388)
Profit/(Loss) attributable to the non-controlling interest	(5 810)	(15 974)
Intra-group eliminations of dividends and other adjustments	(9 195)	87 849
	<b>67 058</b>	<b>46 874</b>

Results by sector for the six months to 30.6.2022 and 30.6.2021, respectively, could be found in the Consolidated statement of profit or loss by business segment for the first six months of 2022 and 2021.

#### 44. Non-controlling interest

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Non-controlling interest - attributable to the profit	5 810	15 974
Non-controlling interest - attributable to the capital	51 028	171 441
	<b>56 838</b>	<b>187 415</b>

#### 44.1. Non-controlling interest - attributable to the profit by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	425	1 189
Energy business	523	5 342
Automotive business	-	1 494
Leasing business	-	-
<i>Eliminations</i>	<i>4 862</i>	<i>7 949</i>
	<b>5 810</b>	<b>15 974</b>

#### 44.2. Non-controlling interest by segments

	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Insurance business	47 252	40 673
Energy business	9 586	145 329
Automotive business	-	-
Leasing business	-	1 413
	<b>56 838</b>	<b>187 415</b>

#### 45. Acquisition and disposal of companies

##### 45.1. Acquisition in 2022

###### 45.1.1. Energy business

(1) In March 2022, the parent company increased its share in the capital accordingly:

- Up to 98.93% through the acquisition of an additional 207 107 shares or 10.74% of the capital of ERM Zapad AD (CHEZ Razpradelenie Bulgaria AD) worth BGN 62.1 million/EUR 31.8 million and
- Up to 96.92% through the acquisition of additional 1 379 shares or 27.58% of the capital of Electrohold Sales AD (CHEZ Electro Bulgaria AD) worth BGN 38.6 million/EUR 19.7 million.

(2) In June 2022, the parent company increased its share in the capital accordingly:

- Up to 99.25% through the acquisition of an additional 6 165 shares or 0.32% of the capital of ERM Zapad AD (CHEZ Distribution Bulgaria AD) worth BGN 1.9 million/EUR 0.9 million and
- Up to 97.66% through the acquisition of an additional 37 shares or 0.74% of the capital of Electrohold Sales AD (CHEZ Electro Bulgaria AD) worth BGN 1.1 million/EUR 0.5 million.

Already in the second quarter of 2022, ZK Euroins Bulgaria AD acquired a 0.48% stake in Electrohold Sales AD, bringing the share to 98.14%.

##### 45.2. Acquisition in 2021

###### 45.2.1. Energy business

(1) On July 13, 2021, the 100% subsidiary of Eurohold Bulgaria AD, Eastern European Electric Company II BV, the Netherlands, established Eastern European Electric Company III BV, the Netherlands. The capital of the company amounts to EUR 1 000 and is divided into 1 000 shares of EUR 1 each. The contribution has been paid and is completely non-monetary - 100% share in the capital of Eastern European Electric Company BV, the Netherlands, fixed capital EUR 1000.

(1) On 27.07.2021 the acquisition of seven subsidiaries of the Czech energy company CEZ Group in Bulgaria was officially finalized.

As a result of the transaction are acquired a:

- o 67% interest in ERM Zapad AD (previous name CEZ Razpredelenie Bulgaria AD) – electricity distribution company;
- o 67% interest in Electrohold Sales AD (previous name CEZ Electro Bulgaria AD) – electricity supplier;
- o 100% interest in Electrohold Trade EAD (previous name CEZ Trade Bulgaria EAD) – licensed electricity trader;
- o Electrohold IKT EAD (previous name CEZ Information and Communication Technologies Bulgaria EAD) – IT services provider – 100% subsidiary of CEZ Razpredelenie Bulgaria AD;
- o 100% interest in Free Energy Project Oreshets EOOD – solar park;
- o 100% interest in BARA Group EOOD - biomass-fired power plant;
- o 100% interest in Electrohold Bulgaria EOOD (previous name CEZ Bulgaria EOOD) – management and coordination of all CEZ Group's entities activities.

#### Purchase remuneration – cash outflow at the acquisition date

	<b>EUR'000</b>	<b>BGN'000</b>
Remuneration paid – 27 July 2021	335 000	655 203
IFRS 3 adjustments		
-Entering into debt of previous owner/loan granted	14 453	28 267
-Other corrections - Bonuses paid to the previous owner	(246)	(481)
Adjusted purchase price	349 207	682 989
Share of Eurohold in the net assets at fair value		680 489
Goodwill		2 500

**Purchase remuneration, acquired net assets and goodwill at the acquisition date by subsidiaries::**

Entity	100% Net Assets at Fair Value*	Share of Eurohold in the Net Assets at Fair Value	Adjustments	Adjusted Purchase Price	Goodwill	Purchase Price Allocation	Carrying Amount at Acquisition date
ERZ Zapad AD (Group)	736 182**	493 242	-	493 242	-	493 242	252 191
Electrohold Sales AD	170 365	114 144	(19)	114 125	-	114 125	58 351
Electrohold Trade EAD	51 135	51 135	-	51 135	2 500	53 635	27 423
Electrohold Bulgaria EOOD	5 764	5 764	-	5 764	-	5 764	2 947
Free Energy Project Oreshets EOOD	15 877	15 877	-	15 877	-	15 877	8 118
BARA Group EOOD	(27 921)	(27 921)	28 267	346	-	346	177
<b>Total amount</b>	<b>951 402</b>	<b>652 241</b>	<b>28 248</b>	<b>680 489</b>	<b>2 500</b>	<b>682 989</b>	<b>349 207</b>

\*Detailed information in the table below.

\*\*Consolidated amount; Eliminated investment in Electrohold IKT EAD EAD at the amount of BGN 6 000 thousand.

Goodwill of BGN 2 500 thousand goodwill is attributable to the expected synergies as a result from acquired intangible assets and clients relationships.

The total amount of the goodwill is allocated only to Electrohold Trade EAD due to the negligible part attributable to ERM Zapad AD and Electrohold Sales EAD.

**Cash outflows/inflows generated from acquisition of controlling interest are as follows:**

Entity	Adjusted Purchase Price, paid by cash in bank accounts	Cash in bank accounts and cash equivalents in acquired entities at acquisition date	Net cash flow from acquisition of controlling interest from business combination
ERZ Zapad AD (Group)	(493 242)	87 815	(405 427)
Electrohold Sales AD	(114 125)	139 567	25 442
Electrohold Trade EAD	(53 635)	3 376	(50 259)
Electrohold Bulgaria EOOD	(5 764)	2 535	(3 229)
Free Energy Project Oreshets EOOD	(15 877)	1 071	(14 806)
BARA Group EOOD	(346)	408	62
<b>Total amount</b>	<b>(682 989)</b>	<b>234 772</b>	<b>(448 217)</b>

**Non-controlling interest**

The Group has elected to assess the non-controlling interest at fair value at the acquisition date:

Entity	% NCI at acquisition date	100% Net Assets at Fair Value*	Share of Eurohold in the Net Assets at Fair Value	Non-controlling interest
ERZ Zapad AD (Group)	33%	736 182	493 242	242 940
Electrohold Sales AD	33%	170 365	114 144	56 221
Electrohold Trade EAD	-	51 135	51 135	-
Electrohold Bulgaria EOOD	-	5 764	5 764	-
Free Energy Project Oreshets EOOD	-	15 877	15 877	-
BARA Group EOOD	-	(27 921)	(27 921)	-
<b>Total amount</b>		<b>951 402</b>	<b>652 241</b>	<b>299 161</b>

Following the acquisition of shares in November 2021 in ERM Zapad AD and Electrohold Sales AD, the share of NCI has changed and as of 31.12.2021 is as follows:

Entity	At the acquisition date when control is gained	As at 31 December 2021	Change as a result of additional acquisition
ERZ Zapad AD (Group)	33%	11.81%	(21.19%)
Electrohold Sales AD	33%	30.66%	(2.34%)

#### **Other disclosures**

##### *(1) Acquisition expenses*

The acquisition expenses are equal to BGN 10 294 thousand.

##### *(2) Acquired receivables*

Fair value of trade receivables is BGN 160 907 thousand. Gross amount of trade receivables is BGN 203 092 thousand and it is expected that the full amounts under the contract will be collected.

##### *(2) Right of use assets*

The Group has assessed the acquired lease liabilities using the present value of lease liabilities remained at the acquisition date. Right of use assets are measured at the amount of lease liabilities adjusted in order to reflect lease's favorable conditions in comparison to the market conditions. As at the acquisition date right of use assets are equal to BGN 20 389 thousand. Lease liabilities are equal to BGN 19 643 thousand, of which long term BGN 16 762 thousand and BGN 2 881 thousand short-term.

##### *(4) Revenue and contribution in result*

For the period from the date of acquisition to the end of the reporting period, revenues of acquired entities are BGN 1 213 467 thousand.

The net profit for the holding period ending on 31 December 2021 is BGN 50 436 thousand.

##### *(5) Additional acquisition*

In November 2021 as a result from realized mandatory tender offers and after the completion of transactions with shareholders who accept the offers, the ownership is increased respectively:

- Up to 88.19% by acquiring additional 408 552 shares or 21.19% of ERM Zapad AD's capital for the amount of BGN 119 mln and
- Up to 69.34% by acquiring 117 shares or 2.34% of Electrohold Sales AD's capital for the amount of BGN 3 mln.

Fair values of identifiable assets and liabilities of acquired entities at acquisition date are:

	ERM Zapad AD	Electrohold IKT EOOD	Electrohold Sales AD	Electrohold Trade EAD	Electrohold Bulgaria EOOD	Free Energy Project Oreshets EOOD	Bara group EOOD
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	796 299	8 762	66	314	1 212	8 920	-
Intangible assets	32 435	21 860	26 402	26 118	1	6 200	-
Right-of-use assets	11 549	846	3 460	1 340	5 279	-	-
Investment in subsidiaries	6 000	-	-	-	-	-	-
Investment in associate	-	-	-	-	75	-	-
Differed tax assets	-	-	3 918	722	42	246	-
	<b>846 283</b>	<b>31 468</b>	<b>33 846</b>	<b>28 494</b>	<b>6 609</b>	<b>15 366</b>	<b>-</b>
<b>Current assets</b>							
Inventories	25 697	-	-	-	57	10	-
Trade and other receivables	25 050	3 737	72 370	87 718	896	315	54
Receivables from related parties	31 240	5 123	751	503	10 264	107	-
VAT receivables	-	-	3 467	507	-	-	-
Contract assets	6 086	-	35 265	1 194	-	-	-
Cash and cash equivalents	83 949	3 866	139 568	3 376	2 535	1 071	408
	<b>172 022</b>	<b>12 726</b>	<b>251 421</b>	<b>93 298</b>	<b>13 752</b>	<b>1 503</b>	<b>462</b>
<b>TOTAL ASSETS</b>	<b>1 018 305</b>	<b>44 194</b>	<b>285 267</b>	<b>121 792</b>	<b>20 361</b>	<b>16 869</b>	<b>462</b>

	ERM Zapad AD	Electrohold IKT EOOD	Electrohold Sales AD	Electrohold Trade EAD	Electrohold Bulgaria EOOD	Free Energy Project Oreshets EOOD	Bara group EOOD
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Employee benefit liabilities	12 672	306	1 376	19	2 012	-	-
Contract liabilities	8 038	-	-	-	-	-	-
Deferred tax liabilities	11 134	675	-	-	-	-	-
Deferred tax liabilities IFRS3	3 101	1 888	2 267	2 620	27	736	-
Long-term bank loans	71 333	-	-	-	-	-	-
Lease liabilities	10 373	743	2 564	1 232	4 624	-	-
Other non-current liabilities	227	-	-	-	-	-	-
	<b>116 878</b>	<b>3 612</b>	<b>6 207</b>	<b>3 871</b>	<b>6 663</b>	<b>736</b>	<b>-</b>

	ERM Zapad AD	Electro- hold IKT EOOD	Electro- hold Sales AD	Electro- hold Trade EAD	Electrohold Bulgaria EOOD	Free Energy Project Oreshets EOOD	Bara group EOOD
<b>Current liabilities</b>							
Trade and other payables	43 872	2 216	51 802	29 294	501	66	71
Payables to related parties*	14 016	445	29 279	2 944	1 157	90	45
Short-term loans from EEEEC BV, NL	92 629	-	-	7 509	-	-	28 266
Retirement benefit obligations-long-term	13 089	528	1 711	774	4 414	1	1
Lease liabilities	1 322	103	896	108	661	-	-
Payables to CEZ a.s. under derivative financial instruments	-	-	-	998	-	-	-
Short-term bank loans	7 188	-	2 843	24 665	-	-	-
Tax payables	1 868	268	831	631	928	80	-
Provisions	8 961	-	21 244	11	-	-	-
Retirement benefit obligations – short-term	831	16	-	1	151	-	-
Contract liabilities	7 846	-	-	-	-	-	-
	<b>191 622</b>	<b>3 576</b>	<b>108 606</b>	<b>66 935</b>	<b>7 812</b>	<b>237</b>	<b>28 383</b>
<b>TOTAL LIABILITIES</b>	<b>308 500</b>	<b>7 188</b>	<b>114 813</b>	<b>70 806</b>	<b>14 475</b>	<b>973</b>	<b>28 383</b>
	CEZ Razpredelenie Bulgaria AD	CEZ ICT Bulgaria EOOD	CEZ Electro Bulgaria AD	CEZ Trade Bulgaria EAD	CEZ Bulgaria EOOD	Free Energy Project Oreshets EOOD	Bara group EOOD
<b>NET ASSETS</b>	<b>705 175</b>	<b>37 007</b>	<b>170 365</b>	<b>51 135</b>	<b>5 764</b>	<b>15 877</b>	<b>(27 291)</b>
Share capital	1 928	6 000	50	500	200	160	5
Statutory reserves	3 533	600	65 383	50	36	16	-
Reserve from adjustment to fair value	28 042	17 000	20 401	23 576	243	6 622	-
Retained earnings (Loss not covered)	671 672	13 407	84 531	27 009	5 285	9 079	(27 296)

For opening balance purposes in Receivables and Payables from/to related parties are presented transactions between:

- ERM Zapad AD (previous name CEZ Razpredelenie Bulgaria AD);
- Electrohold Sales AD (previous name CEZ Electro Bulgaria AD);
- Electrohold Trade EAD (previous name CEZ Trade Bulgaria EAD);
- Electrohold Bulgaria EOOD (previous name CEZ Bulgaria EOOD);
- Electrohold IKT EAD (previous name CEZ Information and Communication Technologies Bulgaria EAD);
- Free Energy Project Oreshets EOOD;
- BARA Group EOOD.

#### 45.2.2. Leasing business

At the end of October 2021, 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 EOOD - a company operating in the country related to leasing of motor vehicles.

With the acquisition of Amigo Finance EOOD (previous name Mogo Bulgaria EOOD), Eurolease Group AD aims to expand its presence on the leasing services market in Bulgaria. The transaction was finalized on December 1, 2021 with entry in the Commercial Register.

The total acquisition price amounts to BGN 143 thousand and represents the purchase price, the payment of which is settled by non-cash means. The value of each group of acquired assets, liabilities and contingent liabilities recognized at the acquisition date is presented as follows:

<b>Assets</b>	<b>Fair value</b> 000 BGN	<b>Book value</b> 000 BGN
Properties, machines and equipment	170	170
Intangible assets	10	10
Inventory	139	139
Lease receivables	11 165	11 165
Trade and other receivables	952	952
Deferred tax assets	340	340
Cash and cash equivalents	2 171	2 171
<b>Tota assets</b>	<b>14 947</b>	<b>14 947</b>
	<b>Fair value</b> BGN'000	<b>Book value</b> BGN '000
<b>Liabilities</b>		
Loans	6 234	6 234
Payables to related parties	5 991	5 991
Trade and other liabilities	573	573
<b>Total liabilities</b>	<b>12 798</b>	<b>12 798</b>
<b>Net identifiable assets and liabilities</b>	<b>2 149</b>	<b>2 149</b>
<b>Profit from a bargain purchase</b>	<b>2 006</b>	<b>2 006</b>

The total cost of the investment in the acquisition of the subsidiary and the resulting profit from a profitable purchase as of the date of acquisition of control over them by the parent company are the following:

#### Acquisition price

	<b>Mogo Bulgaria EOOD</b> BGN '000
Remuneration paid	(143)
Fair value of acquired net assets	2 149
<b>Profit from a bargain purchase</b>	<b>2 006</b>

**Cash outflows/inflows generated from acquisition of controlling interest are as follows:**

	<b>Amigo Finance EOOD (previous name Mogo Bulgaria EOOD) BGN '000</b>
Adjusted Purchase Price, paid by cash in bank accounts	(143)
Cash in bank accounts and cash equivalents in acquired entities at acquisition date	2 171
Net cash flow from acquisition of controlling interest from business combination	<b>2 028</b>

**45.3. Disposals and discontinued operations**

**Automotive business**

- On August 2, 2021, Auto Union AD, which consolidates the investments of Eurohold Bulgaria AD in the automotive sector, finalized the sale of N Auto Sofia EAD, a major dealer of Nissan, together with its subsidiaries Espas Auto OOD and EA Properties OOD. Auto Sofia EAD controlled 51% of the capital of Espas Auto OOD, a distributor of Renault and Dacia cars, and 51% of EA Properties OOD, which owns the terrain and showroom of Nissan, Renault and Dacia in Sofia.
- On 27.10.2021 Auto Union AD, in its capacity as sole owner of the capital of Star Motors EOOD signed a preliminary contract for the sale of the company in question, which is the official importer of cars with the Mazda brand for Bulgaria, and through its subsidiary Star Motors DOOEL and for the Republic of Northern Macedonia. The buyer is M Trux Bulgaria EOOD. The documents for the forthcoming concentration have been submitted to the Commission for Protection of Competition, as the approval of the CPC is with Decision of 09.12.2021, the same was published on 14.01.2022. The final contract for sale of the company is dated 11.05.2022. At the date of preparation of the interim consolidated report, the contract has not yet been registered. The new owner was registered in the Trade Register at the Registry Agency on May 17, 2022.
- On 30.06.2022, Eurohold Bulgaria AD concluded a contract for the sale of Auto Union AD, which combined the company's investments in the automotive business. See [Note 10](#).

**Leasing business**

- On 30.06.2022, Eurohold Bulgaria AD concluded a contract for the sale of Eurolease Group AD, which combined the company's investments in the leasing business. See [Note 10](#).

In accordance with the requirements of IFRS 15, the items of income and expenses for the respective companies are presented as a result of discontinued operations and during the comparable period. Income and expenses, gains and losses relating to this group are eliminated from profit or loss from continuing activities of the Group and are presented separately in the Interim condensed consolidated statement of profit or loss and other comprehensive income - "Net profit for the year from discontinued operations".

The operating profit of the disposal group up to the date of sale and the result of the revaluation and sale of assets and liabilities classified as held for sale may be presented as follows:

### 45.3.1. Profit/(loss) for the period from discontinued operations

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
<b>Revenue</b>		
Revenue from car sales and after sales	50 183	91 597
Revenue from leasing business	11 866	12 167
	<b>62 049</b>	<b>103 764</b>
<b>Expenses</b>		
Cost of cars and spare parts sold	(29 441)	(78 832)
Expenses of leasing business	(3 313)	(4 917)
	<b>(32 754)</b>	<b>(83 749)</b>
<b>Gross Profit</b>	<b>29 295</b>	<b>20 015</b>
Other income/(expenses), net	70	2 016
Other operating expenses	(12 755)	(14 777)
(Accrued)/recovered impairment loss on financial assets, net	(692)	(955)
<b>EBITDA</b>	<b>15 918</b>	<b>6 299</b>
Financial expenses	(1 268)	(1 599)
Financial income	532	415
Foreign exchange gains/(losses), net	(11)	(25)
<b>EBTDA</b>	<b>15 171</b>	<b>5 090</b>
Depreciation and amortization	(4 299)	(6 400)
<b>EBT</b>	<b>10 872</b>	<b>(1 310)</b>
Tax expenses	-	-
<b>Net profit/(loss) for the period from discontinuing operations, attributable to:</b>		
Equity holders of the parent	10 836	(2 549)
Non-controlling interests	36	1 239

### 45.3.2. Non-current assets held for sale and liabilities directly attributable to them

	31.12.2021
	<i>BGN'000</i>
<b>ASSETS</b>	
Cash and cash equivalents	351
Trade and other receivables	2 114
Machinery, plant and equipment	1 959
Intangible assets	386
Inventory	3 323
Deferred tax assets	27
Land and buildings	3 360
<b>TOTAL ASSETS</b>	<b>11 520</b>
<b>LIABILITIES</b>	
Non-current liabilities	244
Current liabilities	1 189
Trade and other payables	7 488
Deferred tax liabilities	6
<b>TOTAL LIABILITIES</b>	<b>8 927</b>

### 45.3.3. Cash flows generated by discontinued operations and disposal groups

	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Operating activity	(4 550)	(209)
Investment activity	27 532	2 748
Financial activity	(23 628)	(6 469)
<b>TOTAL CASH FLOWS FROM DISCONTINUED ACTIVITIES</b>	<b>(646)</b>	<b>(3 930)</b>

## 46. Contingent liabilities and commitments, provisions for court cases

### 46.1. Litigation

#### Parent company

As of 30.6.2022 no significant lawsuits have been filed against the Company.

The company is a claimant in a case with a material interest of BGN 734 thousand (EUR 375 thousand). 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.

#### Asset management and brokerage

As of 30 June 2022, EURO-FINANCE AD has 5 pending administrative criminal cases on appeal of issued penal decrees. In connection with the appealed penal rulings, it is not possible to predict with certainty whether EURO-FINANCE AD will incur substantial costs for court costs and payment of administrative sanctions. Regardless of this, and given the fact that some of the court rulings were confirmed at first instance, the subsidiary company EURO-FINANCE AD reported provisions in the amount of BGN 313 thousand as of 30 June 2022.

#### Energy segment

The companies from the energy segment were acquired on July 27, 2021.

#### Electrodistribution Grid West AD (prev. Cez Razpredelenie AD)

The Company is involved in a number of significant litigations and proceedings giving rise to provisions and contingent liabilities which are disclosed.

A significant judgement is applied by the management in estimation their potential effects (i.e. whether the liability should be recognized, or a contingency should be disclosed and whether the potential outflows can be reliably estimated) due to the inherent uncertainties over the final outcome of these litigations and proceedings and their complexity. In-house lawyers and outsourced lawyers have assisted the management in forming the significant judgement. As at 30.6.2022, the total amount of provisions for payables amounts to BGN 7 598 thousand (31.12.2021: BGN 9 101 thousand), including:

- a) under court claims against the Company, at the amount of BGN 5 667 thousand (31.12.2021: BGN 6 730 thousand), estimated based on the amount of the counterclaim against the Company, the stage of the litigation and the expert assessment of the probable outcome of the respective case;
- b) provisions for penalties amounting to BGN 1 931 thousand (as of 31.12.2021 BGN 2 371 thousand).

The determining of the outcome of these litigations and penal rulings is characterized by high uncertainty and the actual resources needed to settle the payables may differ from the amounts recognized.

These provisions originate in relation to current liabilities, object to court disputes with big dynamics and fluctuation in the payment and completion deadline thereof.

The most significant cases are *lawsuits and proceedings from RES for access to the electricity distribution network*. In 2012, multiple court proceedings were initiated based on requests by producers of electricity from renewable energy sources, pleading with the court to repeal Decision Л-33/14.09.2012 of the Energy and Water Regulatory Commission as unlawful.

The Company was advised by its consultants that there is a probability of negative income of these litigations. In June 2013, SAC issued several final-instance rulings, thereby repealing the temporary prices for access to the electricity distribution grid in several groups for solar and wind renewable sourced. On 13 March 2014 EWRC issued Decision Л-6/13.03.2014 on determining permanent access tariff for producers of electricity from renewable energy sources using preferential prices, and Decision KM-1/13.03.2014 on the previous period. The compensatory mechanism envisaged in Decision No KM-1/13.03.2014 applies for RES producers which did not appeal against the Decision on determining temporary prices Л-33/14.09.2012 and those for which it was not enforced, even though they appealed.

Pursuant to these two decisions, in 2014 the Company recovered the difference in prices to RES producers, at the amount of BGN 384 thousand, and adjusted the provision for Company's expected payables on claims and litigations requesting the repeal of sections of Decision Л-33/14.09.2012 of the Energy and Water Regulatory Commission (EWRC) on determining temporary prices for access to the electricity transmission and distribution grids for producers of electricity from renewable energy sources (RES) selling their energy at preferential prices. In order to avoid incurring interest charges, court expenses and lawyer fees in favour of RES producers in the event of convicting rulings, in 2017, the Company concluded 6 agreements with RES producers which did not file claims and paid the full invoiced amount for access to the electricity distribution grid. As per the agreements concluded, the Company withheld 10% of the invoiced access fee.

In December 2017, an interpretative case was initiated, No 7/2017/Supreme Cassation Court, on adopting an interpretative ruling on matters regarding the price for "access" to the electricity distribution grid. On 4 October 2018, SCC issued a ruling declining the assumption for an interpretative ruling and stated that the court practice established to date in favour of RES producers is correct and lawful. Pursuant to the above quoted SCC ruling, in 2018 the Company accrued a provision at the amount of BGN 1 964 thousand. Based on court proceedings completed in 2019, a provision was absorbed at the amount of BGN 5 110 thousand, and in 2020 – at the amount of BGN 363 thousand. A provision of BGN 3 thousand has been accrued for newly initiated court cases.

In 2020, the receivables from renewable sources electricity producers against CEZ Razpredelenie, at the amount of BGN 2 106 thousand based on the court's repeal of any item of Decision No Л-33, were written-off due to the expiration of the five-year limitation period.

In the financial statements as at 30 June 2022, this provision amounts to BGN 113 thousand (31 December 2021: BGN 149 thousand). The remaining portion of recognized provisions under court claims and proceedings include various cases in which the Company is involved as claimant or defendant, at the total amount of BGN 5 553 thousand.

### **Sanctions**

As of 30 June 2022, the Company has a provision for sanctions from state administration bodies in the amount of BGN 1 931 thousand (31.12.2021: BGN 2 371 thousand). The Company has considered the risk of unfavourable outcome in connection with the imposed sanctions. The Company does not disclose additional information under paragraph 92 of IAS 37. Provisions are as follows:

#### **1) Provision in relation to decision of the Competition Protection Commission**

- Proceedings No 305/2013 for the detection of any violations under Art 15 and Art 21 of the CPA and Art 101 and 102 TFEU (Forbidden Agreements, Decisions and Agreed Practices, Abuse of Monopoly or Dominant Position) by the companies of CEZ in Bulgaria, EVN and Energo-Pro on actions taken to prevent the opening of the electricity market. With Decision № 1008/23.07.2014 issued by Commission for protection of competition (CPC) to CEZ Razpredelenie Bulgaria AD, CEZ Electro Bulgaria AD and CEZ Trade Bulgaria AD were brought charges for alleged abuse of dominant position. The Company has provided detailed response-objection against Decision No 1008 accompanied with respective evidence.

On 22 October 2014 open hearing of legal proceedings was held, then the CPC has not acted nor ruled otherwise act. In July 2015 the CPC sent a letter with a request for additional information from the CEZ Razpredelenie Bulgaria. Responses are provided in a timely manner. By order 726/29.06.2017 the CEZ Razpredelenie Bulgaria AD was claimed to commit violations of art. 21 of LPC, which is an abuse of a dominant position in the market for electricity distribution services to commercial users of medium and low voltage through the distribution grid of the Company in its capacity as an electricity distribution grid operator that can prevent, restrict or distort competition

and affect the interests of consumers by applying a common strategy that discriminates against independent traders outside the economic Group of CEZ and restricts the trading of electricity at freely negotiated prices by:

1. exchange of substantial information between enterprises of the group CEZ for customers who switch from supply at regulated to supply at freely negotiated prices;
2. obstruction of the process of initial switching of the end supplier to a supplier at freely negotiated prices through: delay in issuing an access certificate, refusal to produce standardized load profiles, refusal to sign framework contracts with independent traders. By decision of December 14, 2017, the CPC enforced a penalty of BGN 1 057 thousand to the Company, for which the Company accrued a provision. The Company appealed the penalty imposed. The first court hearing was on 17 September 2018. By Decision No 15629/13.12.2018 on administrative case No 1262/ 2018 the Supreme Administrative Court, IV Chamber, 3-member committee, rejected the appeal of CEZ Razpredelenie Bulgaria AD against Decision No 1475/14.12.2017 of the Competition Protection Commission on correspondence file No CPC 305/554/2013. The Company appealed against the first instance ruling on time.

By means of a ruling dated 22 May 2019 of the five-member committee of SAC, the first-instance ruling was repealed, and the case was returned for consideration by another committee at the Sofia Region Administrative Court. At SRAC, case 797/2019 was initiated and expert examination was commissioned. By means of the final SAC ruling dated 26 January 2021, the appeal against the CPC Decision was rejected and on 26 January 2021 Decision No 1475/ 14.12.2017 on correspondence file No CPC 305/554/2013 was enforced. The violation of Art. 21 of CPA was upheld, and a monetary sanction was imposed at the amount of BGN 1 057 thousand. The sanction was paid in 2021.

## **2) Provision in relation to penal administrative decisions of the regulatory body (EWRC)**

•As a result of a regulatory audit of the operations of CEZ Razpredelenie Bulgaria AD performed in 2014, in the beginning of 2015 EWRC served the Company 206 penal decisions on violations of the provisions of the Energy Act, the Company's license to perform "electricity distribution", and the General Terms of contracts on the use of the electricity distribution grids of CEZ Razpredelenie Bulgaria AD. The amount of each of the penal sanctions imposed is BGN 20 thousand, or the total amount of all 2016 penal 206 sanctions is BGN 4 120 thousand.

All 206 penal decisions were appealed by CEZ Razpredelenie Bulgaria AD before the administrative penal body and the local competent court. 206 penal administrative proceedings were initiated. Currently, 204 of proceedings are completed with final decisions, of which 96 with confirmed paid penal decisions and the other 108 with cancelled penal decisions. The Company accounts for a provision at the amount of BGN 40 thousand (*Note 38.2.7*)

•By means of Order No 3-E-131/30.07.2020 of the Chairperson of the Energy and Water Regulatory Commission, an inspection was assigned of CEZ Razpredelenie Bulgaria AD in relation to fulfilment of its license requirements. During the inspection, electricity metering devices were installed for a period of 7 days at 69 connection points in different areas of the licensed territory. The protocols of findings containing the metering results were sent to the EWRC. At 19 (nineteen) connection points, the values of supply voltage do not meet the applicable standard. Pursuant to this finding, Protocol of Findings No E-5/ 20.11.2020 was issued, and on 14 January 2021 EWRC issued CEZ Razpredelenie Bulgaria AD with 19 acts for ascertaining penal violations. The violations consist in the fact that over the period of metering the electricity supplied CEZ Razpredelenie Bulgaria AD supplied to 19 installations electricity whose quality did not meet the indicators set in the Methodology for reporting compliance with the target indicators and control over the quality indicators for electricity and servicing of grid operators, public suppliers and end suppliers, by means of which the electricity distribution Company violated the provision of Art. 206, Para 3 of the Energy Act. It is claimed in the acts that the violations have a recurring nature, due to the enforced resolution No 7/2020 regarding the same violation in another period and for another customer. Therefore, the Company was advised by its legal advisors to accrue a provision at the amount of BGN 1 140 thousand. On 19 May 2021, 19 penal decrees were served, each of which imposed a property sanction worth BGN 60 000 or a total amount of BGN 1 140 000. The Company appealed all penal decrees within the statutory period before the competent court. On the same date - 19.05.2021, EWRC handed over 4 separate penal decrees, which were issued on complaints from customers for the supply of electricity that does not meet the established quality indicators. The imposed property sanction on each of them amounts to BGN 60 000 or a total amount of BGN 240 000. The Company also appeals against these penal decrees within the statutory period before the competent court (*Note 38.2.7*).

The total amount of provisions for property sanctions imposed by the EWRC as of 30 June 2022 is BGN 905 thousand (31.12.2021 is BGN 1 345 thousand). (*Notes 38.2.1*.)

### **3) Provision for tax payables related to NRA inspection**

By requesting the submission of documents and written explanations by a taxable person, the National Revenue Agency made a cross-check of the Company for food vouchers provided in 2013. The verification revealed the existence of a publicly enforceable obligation in respect of which CEZ Razpredelenie Bulgaria AD had no information due to the lack of a single system in which it could be checked for obligations towards third parties and to be legally informed and which the verification considers to be required throughout the period under review. At the end of the inspection, on 03 July 2017, an invitation was sent under Art. 103 of the Tax and Social Security Procedure Code, whereby the inspectors invite us to amend the annual tax declaration No. 294351400384248/31.03.2014, part VII - a tax on the costs and to charge and pay 10% tax.

Since the value of the violation is unparalleled with the value of the public debt management of the Company has decided not to make an adjustment of the annual tax return.

As a result, with the Order for assignment of inspection № P-29002917006121-020-001/13.09.2017 of the TD of the NRA Large taxpayers and insurers in the Company started a tax audit on all taxes of the Corporate Income Tax Act the period 01.01.2013 to 31.12.2013, which has been amended several times and the scope narrowed to a tax on the social costs of the CITA, provided in kind. As a result, the Company has stated a provision at 31 December 2017, at the amount of BGN 1 300 thousand.

The inspection was completed with Tax Inspection Deed No P-29002917006121-091-001/ 15.10.2018, ascertaining a violation of the condition that there should not be public liabilities subject to forced execution as at the point of using tax relief and deductions under CITA, namely, at the point of provision of food vouchers. Pursuant to Art. 213, Para 1 and Art. 214 of CITA, the tax base for determining tax on expenses is the sum of the tax bases for months in the calendar year, and the tax effect as per the tax inspection deed is as follows:

- Tax pursuant to Art. 204, item 2 of CITA – BGN 263 108.28
- Interest pursuant to Art. 204, item 2 of CITA- BGN 121 362.33

The Company has appealed against the tax inspection deed on the grounds of Art. 152 of the Taxation and Social Security Procedure Code (TSSPC) on time. Within an agreement concluded for extending the resolution period to 3 months from the date of expiry of the legal term under Art. 155, Para 1 of TSSPC, Appeal and Taxation and Insurance Practice confirmed the inspection deed. The amount under the Tax Agency Act has been paid together with the interest due.

On 23 April 2019 the Company filed a complaint with the Sofia City Administrative Court, on the grounds of Art. 156, Para 1 of TSSPC, against the inspection deed. Administrative case No 6480/2019 has been initiated at 3rd division of SCAC. In September 2021, the ACCG revoked the Revision Act № P-29002917006121-091-001 of 15.10.2018. The decision was not appealed by the NRA before the Supreme Administrative Court and the amount was reimbursed to the Company in full, together with interest due.

With Order for assignment of an audit No P-29002918007944-020-001/18.12.2018 an inspection commenced at CEZ Razpredelenie Bulgaria AD on compliance with obligations for state social insurance – insurers, health insurance contributions – for insurers, universal pension fund. The inspection covers year 2013.

The tax inspection was completed with the issue of Inspection Deed No P-29002918007944-091-001/02.07.2019 at the amount of BGN 574 thousand for obligations and interest charges for income security, health instance, for additional pension insurance – universal pension fund and additional pension insurance – professional pension fund. The inspection deed was confirmed by means of Decision No 1599/20.09.2019 of the Director of Appeal and Taxation and Insurance Practice Directorate – Sofia, as a result of which the Company filed a complaint with the Sofia City Administrative Court, on the grounds of Art. 156, Para 1 of TSSPC, against the inspection deed. Administrative case No 12811/2019 of SCAC. The amounts of both inspection deed were paid. With decision No. 6131 of 28.10.2021, the ASSG decreed the cancellation of Revision Act No. P-29002918007944-091-001/02.07.2019. The decision was not appealed by the NRA to the Supreme Administrative Court and the amount was reimbursed to the Company in full at the same time with interest due.

With Order for assignment of an audit No P-29002919008217-020-002 / 17.12.2019 an audit commenced at CEZ Razpredelenie Bulgaria AD on state social insurance – insurers, health insurance contributions – for insurers, universal pension fund – for insurers, professional pension fund and tax on social expenses under CITA provided in kind. The period of the audit is years 2014 and 2015.

The audit was completed with the issuance of tax audit act No P-29002919008217-091-001/17.11.2020, thereby identifying a violation of the condition that there should be no obligations subject to enforcement at the point of use of reliefs and discounts pursuant to CITA, namely at the point of provision of food vouchers, as a result of which obligations were ascertained for tax on social expenses provided in kind under CITA; Professional Pension Fund, Universal Pension Fund – for insurers, health insurance contributions – for insurers – general income tax – for insurers, for the period from 1 January 2014 to 31 December 2015, at the amount of BGN 1 506 thousand, and the respective interest, at the amount of BGN 857 thousand.

The Company appealed against the tax audit act on the grounds of Art. 152, Para 1 of TSSPC at the Appeal and Taxation and Insurance Practice Directorate in Sofia. An agreement was signed for extending the deadline for reply by ATIP Directorate. The amount of the tax audit act was paid together with the interest due.

Given the specifics of the case and the lack of unambiguous and lasting case law, despite the two decisions to repeal the acts of 2013, the Company's lawyers are not able to reliably determine the final outcome of the case, in the direction of a favourable court decision. Additional arguments in favour of the need for this provision of BGN 1 027 thousand to remain as at 31 December 2021 are that it relates to the accrual of potential tax liabilities for 2016, which expire in 2022

#### **Electrohold Sales AD (prev. CEZ Electro Bulgaria AD)**

As of 30 June 2022 the company has a provision for litigation amounting to BGN 3 833 thousand (31.12.2021- BGN 3 833 thousand) on the basis of the probable outcome of several litigations, which are at a different stage but are pending at the present moment.

Under a claim filed by Receiver CHB EOOD, a creditor in the insolvency proceedings of Future Energy OOD – in bankruptcy, a proceeding under a commercial case № 1375/2019 was initiated against the Company on the inventory of the Sofia City Court. Receiver CHB EOOD filed a claim to set aside in respect of the creditors of the bankruptcy of Future Energy OOD - in bankruptcy of the set-off of counterclaims and utilization of Bank Guarantee confirmed by the Settlement Agreement concluded on 12 March 2018 between CEZ Electro Bulgaria AD, Future Energy OOD – in bankruptcy and Karpleon Bulgaria EOOD. By means of a Ruling dated 30 June 2020, the court rejected the claims filed by Receiver CHB EOOD for declaring as null the repayment of a cash payable of BGN 3 350 thousand. By means of the Ruling, the court upheld the claim of Receiver CHB EOOD against a bank guarantee of BGN 500 thousand, drawn by CEZ Electro Bulgaria AD, thereby sentencing CEZ Electro Bulgaria AD to pay to Future Energy PPD the amount of BGN 500 thousand to fill in the bankruptcy amount. CEZ Electro Bulgaria AD appealed the Ruling in the part sentencing the Company to return the guarantee drawn at the amount of BGN 500 thousand. CEZ Electro Bulgaria AD and Receiver CHB EOOD appealed against the Ruling. CEZ Electro Bulgaria AD submitted a reply to the claim, requesting the court to uphold Ruling 914 dated 30 June 2020 in the part appealed against by Receiver CHB EOOD. By means of a Resolution dated 7 October 2020, the court amended its Ruling in the part regarding costs. Receiver CHB EOOD submitted a claim for correction of an evident factual error in the Ruling – the bank guarantee has not been drawn as default penalty, but as compensation for damages.

On 27 January 2021 court proceedings No 80/2021 were initiated at the Appellate Court - Sofia. During the open court hearing on the case held on 26 November 2021, the court granted the parties 7 days to submit written notes and announced the case for resolution. CEZ Electro Bulgaria AD submitted its written notes within the provided deadline. With decision № 79 of 04.02.2022 of the Appellate Court - Sofia the court confirmed decision № 914 of 30.06.2020 of the previous instance in the part by which CEZ Electro Bulgaria AD was sentenced to pay to Future Energy OOD (in bankruptcy) BGN 500 thousand for invalid set-off of a bank guarantee. The court declared the set-off invalid with the agreement. With the decision CEZ Electro Bulgaria AD was sentenced to pay to Future Energy OOD (in bankruptcy) BGN 3,350 thousand together with interest, as well as to pay a state fee for first and appellate instance. Receiver CB EOOD applied for the issuance of a writ of execution. CEZ Electro Bulgaria AD filed a cassation appeal with the Supreme Court of Cassation (SCC), as well as a request to suspend the preliminary execution of the decision. On 09.02.2022 under item № 249 according to the inventory of the Supreme Court of Cassation for 2022, on the grounds of Art. 282, para. 2 of the Civil Procedure Code, a ruling was issued suspending the execution of the appellate decision № 79 / 04.02.2022 on item № 80/2021 on the list of the Court of Appeal - Sofia in the parts with which "CEZ Electro Bulgaria AD was sentenced to pay to Future Energy OOD (in bankruptcy) the amount of BGN 500 thousand and BGN 3 350 thousand together with the due legal interest. According to the legal forecast for the probable outcome of the case the total amount of accrued provision is at the amount of BGN 703 thousand,

including claim BGN 500 thousand and interest in the amount of BGN 203 thousand. On March 8, 2022, Electrohold Sales AD filed with the Supreme Court an addendum to a cassation appeal with an addendum to the grounds for admission to cassation. On 20.6.2022, etc. was formed. 1342/2022, II TO before the Supreme Court. The closed session of the Supreme Court to consider the Company's request for admission to cassation is scheduled for 5.4.2023.

According to the legal forecast for the probable outcome of the case, the total amount of the accrued provision for the legal claim is BGN 703 thousand, incl. claim 500 thousand BGN and penalties in the amount of 203 thousand BGN.

On 29 September 2021, a claim was received №20211100901536 of the Sofia City Court, VI-13 panel, filed by Fast Pay HD AD. The claim is for BGN 100 thousand, as a partial claim of BGN 1 688 thousand principal and BGN 10 thousand, as a partial claim of BGN 641 thousand - moratorium interest for the period from 01.11.2017 until 29.07.2021. The formation of an opinion and a ruling was requested within the second possible main claim regarding the nullity of the Contract for the collection of amounts from clients from 01.11.2017 between the parties. The claims for the principal have been filed on three possible grounds (according to the petitem), and it is the duty of the court to give a final qualification:

-Art. 105, para. 1 of the Law on Protection of Competition ("LPC"), claiming that "CEZ Electro Bulgaria" AD is guilty within the meaning of the provision of an entity that owes compensation for violation of the LPC, as a special tort claim. It is argued that the compensation should cover the "normal prices" due for this type of activity, which also determines the causal link between the infringement and the damage suffered;

-A request was made for an incidental ruling of the court regarding the nullity of the Contract for collection of amounts from clients from 01.11.2017 between the parties (in the text specifically referred to as invalid Article 9, Article 21, and Article 22) and awarding compensation of the same amount on the grounds of unjust enrichment (Art. 55, para. 1, item 1 of the Law on Obligations and Contracts).

-For awarding remuneration under a Contract for collection of amounts from clients from 01.11.2017 under Art. 37 of the Commercial Law (for commercial representation), as well as legal interest for delay from the date of the claim.

The indicated moratorium, as well as legal interest is claimed for each of the first two claims. Evidential requests have been formulated. A large amount of written evidence is presented. The company has filed a response to the statement of claim, challenging the claims. On 21.01.2022, the Company, through its legal representative, received an additional claim filed by the other party. A response to the additional claim was filed with the Sofia City Court. On 30.3.2022, an out-of-court settlement was concluded between the parties, according to which Electrohold Sales AD undertakes to pay Fast Pay HD AD the sum of BGN 500 thousand, with the payment of which the claims are considered satisfied. On 4/4/2022, the Company paid the agreed amount. In an open court hearing, an agreement to the same effect was concluded, which was approved by the Court. A report is expected from the procedural representatives in the case and the exhaustion of the possibilities for contesting the agreements by the opposite party.

The company has accrued a provision in the amount of BGN 1 785 thousand.

## 46.2. Guarantees and guarantees provided

### Parent company

Eurohold Bulgaria AD is a co-debtor of loans received from Starcom Holding AD (ultimate parent company) as follows:

Business direction		Amount EUR '000 as of 30.6.2022	Amount BGN '000 as of 30.6.2022	Maturity (EUR'000)					after 2026
				2022	2023	2024	2025	2026	
<b>Leasing subholding*</b>									
For financing leasing activity	Third party	20 499	40 093	4 950	6 041	4 465	2 763	1 941	339
<b>Automotive subholding*</b>									
Loans for working capital	Third party	4 824	9 435	2 828	1 377	181	181	257	-
<b>Parent-Company</b>									
Bank loans for working capital	Related party	6 000	11 735	6 000	-	-	-	-	-
Bank loans for investment purposes	Related party	5 000	9 779	-	-	5 000	-	-	-
<b>TOTAL:</b>		<b>36 323</b>	<b>71 042</b>	<b>13 778</b>	<b>7 418</b>	<b>9 646</b>	<b>2 944</b>	<b>2 198</b>	<b>339</b>

\* As of 30 June 2022, the leasing and automobile subholding companies are not related parties. In connection with the sale of the same, within a period of 31.12.2022, the new owner should step in as a guarantor for the specified loans from banking/financial institutions.

### Insurance business

Insurers that offer compulsory motor third party liability insurance present a bank guarantee in accordance with the Statute of the National Bureau of Bulgarian Motor Insurers (NBBAZ). As at 30 June 2022 and 31 December 2021, two of the Bulgarian companies in the Group (IC Euroins AD and IC EIG Re EAD) provide separate bank guarantee amounting to EUR 600 thousand each in favor of NBBAZ, as the funds securing the bank guarantees are blocked on the current account of the two companies.

In connection with the participation of IC Euroins AD through its branch in the Hellenic Republic in the so-called friendly settlement agreement between the insurers that offer compulsory motor third party liability insurance on the territory of the Hellenic Republic, a bank guarantee has been established in favor of the Greek Association of Insurers. As at 30 June 2022 the bank guarantee is amounting to EUR 243 thousand (BGN 475 thousand) and the funds are blocked on a deposit account of the Branch .

Restricted deposits amounting to BGN 477 thousand (2021: 636 thousand) of Euroins Insurance AD, North Macedonia in the National Insurance Bureau under the provisions of North Macedonian Law on Insurance Supervision Members' deposits are kept in separate bank accounts. The Bureau is not allowed to invest the assets and is obliged to return the deposits if the members cease to provide Motor vehicle insurances.

On August 25, 2020, a loan agreement was signed between Banque Cramer & Cie SA (Lender) and Starcom Holding AD (Borrower) in the amount of EUR 10 million and maturity of the last instalment on June 30, 2025. The borrower should provide it to its subsidiary - Euroins Insurance Group AD, which in turn should provide a subordinated debt to its subsidiary Euroins Romania. In connection with securing the obligation of Starcom Holding AD, a credit derivative is concluded between Banque Cramer & Cie SA and Euroins Insurance Group AD, respectively the resulting contingent liability for Euroins Insurance Group AD is insured by IC Euroins AD for the entire term of the loan agreement. On December 17, 2021 between Starcom Holding AD and Banque Cramer & Cie SA an agreement was signed to change the loan agreement and to terminate the CDS agreement. The insurance policy issued by Euroins Insurance Company AD, which served as collateral, was also terminated.

### Energy business

a) Commitments arising from the Law on Energy (par. 4 of the Law on Energy), regarding the obligation to purchase energy objects, representing an element of the electricity distribution network, which are owned by third parties. The approximate value of this expenditure for 2022 is BGN 5 797 thousand.

b) Suppliers of the Company have established bank deposit collateral in its favour for the performance of contracts concluded therewith for the delivery of materials and services. The amount of securities valid as at 30 June 2022 is BGN 15 197 thousand (31 December 2021 is BGN 14 300 thousand).

c) According to the Rules on the conditions and procedure for granting access to the electricity transmission and distribution grids, where it is stated that a guaranteed collateral of customers eligible for transactions at freely negotiated prices is to be provided in favour of the Company's incorporated bank guarantees amounting at BGN 2334 thousand at 30 June 2022 (31 December 2021: BGN 1 905 thousand).

### 46.3. Guarantees and guarantees received

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	03/2023

\* Automatic renewal until the Procurator is released from liability.

### 46.4. Pledge of shares

In connection with a loan to a company from Automotive Subholding, which as of 30.06.2022 is not a related party, Eurohold Bulgaria AD has an established pledge of shares. By 31.12.2022, it is expected that the new owner will step in as a guarantor for the car subholding loan and the pledge will be canceled.

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

In connection with the financing of the business combination Eurohold Bulgaria AD, a pledge of shares of subsidiaries in the energy segment has been established.

### 46.5. Undrawn loan facilities

On 23 March 2017 CEZ Razpredelenie Bulgaria AD concluded a contract for a revolving loan facility with CEZ Bulgarian Investments BV, the Netherlands. Under the contract terms, the Company may draw up to EUR 5 000 thousand or the positive difference between EUR 11 422 thousand and the tranches drawn by the Company and by CEZ ESCO Bulgaria, as per a contract concluded between CEZ Bulgarian Investment and CEZ ESCO Bulgaria and the Memorandum of the Bulgarian Ministry of Economy. The contract has expired during 2021 without any utilization of the loan.

### 47. Related parties

The related parties of the Group are as follows:

- Starcom Holding AD, Bulgaria – main shareholder in Eurohold Bulgaria AD.

Subsidiaries of Starcom Holding AD:

- First Investment Bank AD, Russia;
- Starcom Finance EAD, Bulgaria;
- Quintar Capital Limited, Hong Kong, China.
- Hanson Asset Management Ltd, UK.
- Swiss Global Asset Management AG, Switzerland.

<b>Related party balances</b>	30.6.2022	31.12.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Receivables on loans from Starcom Holding AD	33 200	39 830
Receivables from repo transactions from Starcom Holding AD	6 369	4 935
Other receivables from Starcom Holding AD	2 513	1 234
Other receivables from Hanson Asset Management Ltd, UK	8	81
Right of use liabilities - Hanson Asset Management Ltd UK	1 245	-
Loan liabilities to Starcom Holding AD	15 252	99 003
Subordinated debt payables to Starcom Holding AD	15 236	22 080
Other liabilities to Starcom Holding AD	10 791	5 895
Other liabilities to First Investment Bank, Russia	-	606
Trade liabilities originating from purchase of investments in debt instruments from Starcom Holding AD	-	1 536
Dividend liabilities to Starcom Holding AD	101	101

<b>Related party transactions</b>	30.6.2022	30.6.2021
	<i>BGN'000</i>	<i>BGN'000</i>
Commission fee income from Starcom Holding AD	218	204
Commission fee income from First Investment Bank Russia	1	1
Commission fee income from Russian Insurance Company	-	34
Rental income from Hanson Asset Management Ltd UK	60	202
Revenue from services rendered to Starcom Holding AD	61	-
Interest income Starcom Holding AD	1 400	914
Interest expenses on loans received from Starcom Holding AD	2 182	2 302
Other income from Starcom Holding AD	59	2
Other income from Hanson Asset Management Ltd, UK	73	-

#### **47. Non-cash transactions**

During the current reporting period, the Group has performed the following investment and financial transactions that do not use cash or cash equivalents and are not reflected in the cash flow statement:

- Under a Set-off agreement with a third party, Eurohold Bulgaria AD has set off a receivable in the amount of GBP 69 thousand with a liability of GBP 54 thousand up to the amount of the liability.
- Under a Receivables transfer agreement, a third party - Assignor has transferred to Eurohold Bulgaria AD - Assignee its receivable from a third company outside the group in the amount of BGN 21 000 thousand. The financial relations are settled with the transfer to the patrimony of the Assignor a total of 10 681 pcs. repurchased own bonds with ISIN BG2100002224, with a par value of EUR 1 000 each.
- Under a Receivables transfer agreement, a third party - Assignor has transferred to Eurohold Bulgaria AD - Assignee its receivable from a subsidiary of Eurohold Bulgaria AD in the amount of BGN 14 429 thousand. The financial relations are settled with the transfer to the patrimony of the Assignor a total of 7 375 pcs. repurchased own bonds with ISIN BG2100002224, with a par value of EUR 1 000 each.
- Under a Receivables transfer agreement, a third party - Assignor has transferred to Eurohold Bulgaria AD - Assignee its receivable from a subsidiary of Eurohold Bulgaria AD in the amount of BGN 4 782 thousand. The financial relations are settled with the transfer to the patrimony of the Assignor a total of 2 444 pcs. repurchased own bonds with ISIN BG2100002224, with a par value of EUR 1 000 each .

- Under a contract for the purchase and sale of financial instruments, the ownership of 6 000 pcs. repurchased own bonds with ISIN BG2100002224 were transferred (acquired), and the liability with the transferor was settled with the sale of 100% of the shares of Daru Invest EAD (related party until 22.03.2022).
- Under a Debt Substitution Agreement, Eurohold Bulgaria AD, as the Initial Debtor, closes its own liability in the amount of BGN 735 thousand to a subsidiary (related party until 30.06.2022) - Creditor, and the closure of this liability represents the covering of part from the receivable that Eurohold Bulgaria AD owns for the sale of the shares of the same subsidiary (related party until 30.06.2022) from its buyer - Transferee (third party).
- Under a Debt Substitution Agreement, Eurohold Bulgaria AD, as the Initial Debtor, closes its own liability in the amount of BGN 4 256 thousand to a subsidiary (related party until 30.06.2022) - Creditor, and the closure of this liability represents the covering of part of the receivable that Eurohold Bulgaria AD owns for the sale of the shares of the same subsidiary (related party until 30.06.2022) from its buyer - Transferee (third party).

#### **48. Events after the end of the reporting period**

1) On 21.7.2022, the bank loan to IBEC in the amount of 15 million euros was renegotiated, with the principal subject to return in 2 tranches - 3 million euros is due by 31.7.2022, and the remaining 12 million euros by 28.1.2023.

2) By decision of the Supervisory Board dated 16.8.2022, registered with the Registry Agency on 25.8.2022, the powers of Asen Emanuilov Assenov, Bulgaria as a Member of the Management Board have been terminated.

3) On 18.8.2022, Eurohold signed a partnership agreement with the European Athletics Association until the end of 2025. Eurohold will have the status of an official partner of European Athletics in the insurance category. The European Athletics events covered by the agreement are:

- 2022-2025 SPAR European Cross Country Championships;
- European Athletics Championships 2024 (Rome, Italy);
- European Indoor Athletics Championships for 2023 and 2025;
- 2023 and 2025 European Athletics Team Championships 1st Division.

As an official partner of European Athletics, Eurohold will benefit from the main marketing rights, which include external advertising boards at the above events, on-air broadcasting during the live broadcasts of the competitions of the European Athletics calendar, company representation through European Athletics communication channels and etc.

4) On 18.8.2022, Eurohold Bulgaria AD signed a loan agreement from a banking institution in the amount of EUR 4.2 million for a period of five years for the purpose of financing the subsidiary Eastern European Electric Company B.V., The Netherlands, in connection with the squeeze-out of the minority shareholders in ERM Zapad and Electrohold Sales. The loan interest is 6.00% per year + reference interest rate, the loan will be repaid in quarterly instalments, starting from the expiration of a one-year grace period.

5) On 25.08.2022, the Financial Supervisory Service made a decision not to issue a ban on the publication of a proposal by Eastern European Electric Company B.V., The Netherlands, for purchase through investment intermediary Euro-Finance JSC, Sofia, as follows:

- to 14 416 shares (0.75%) of the capital of Electrorazpredelitelni mreji Zapad, Sofia, from the remaining shareholders of the company;
- 117 shares (2.34%) of the capital of Electrohold Sales AD, Sofia, from the remaining shareholders of the company.

The proposals for the purchase of the shares of the remaining shareholders of Electrorazpredelitelni mreji Zapad AD and Electrohold Sales AD are available on the website [www.x3news.com](http://www.x3news.com) in the section of the respective companies.

6) On 8.9.2022, the Energy Holding through Eastern European Electric Company B.V. (EEEC) increased its participation in the two subsidiary companies of the energy group - Electrodistribution Networks Zapad AD (ERM Zapad AD) and Electrohold Sales AD to 100% of the capital by buying out all the remaining shares of minority owners. EEEEC acquired an additional 14 416 shares of ERM Zapad for nearly BGN 4 376 million (€2 237 million) or BGN 303.55 (€155.2) per share, as well as 117 shares of Electrohold Sales for BGN 3 412 million (€1 744 million). EUR) or BGN 29 161.02 (EUR 14 909.79) per share.

7) On 20.9.2022, the Financial Supervision Commission (FSC) decided to deregister Electricity Distribution Networks Zapad AD (ERM Zapad AD) and Electrohold Sales AD as public companies from the register under Art. 30, para. 1, item 3 of the FSCA, managed by the FSC.

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

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INTERIM CONSOLIDATED  
ACTIVITY REPORT

30 JUNE 2022

## OPERATIONAL AND FINANCIAL REVIEW

### EUROHOLD GROUP AS OF 30 JUNE 2022

- Eurohold is a leading independent business group in Southeastern Europe (SEE) with leading positions in the insurance and energy business
- The main activity of the parent company - financial activities related to the establishment, acquisition and management of participations and financing of related companies
- Owner of the largest independent insurance group in SEE in gross premium revenue - Euroins Insurance Group
- Owner of the largest energy group in Bulgaria - Electrohold
- Experienced management team and management
- High level of corporate governance in line with best practices
- The parent company is a public joint stock company within the meaning of Bulgarian Public Offering of Securities Act. The company's shares are registered for trading on:
  - » Bulgarian Stock Exchange (BSE) - code EUBG
  - » Warsaw Stock Exchange (WSE) - code EHG
  - » The parent company is the issuer of a bond issue with ISIN code: BG2100013205 traded on the BSE with stock code EUBB.

#### BUSINESS HIGHLIGHTS

- ✓ 3 business segments
- ✓ 3 subsidiaries
- ✓ 2 specially created companies for the development of the energy business
- ✓ 18 operating companies
- ✓ 13 countries in Europe
- ✓ 9 400 shareholders
- ✓ 26 years of history

#### STRATEGIC ASSETS:

##### **Euroins Insurance Group - a major asset in Eurohold Group**

CEE and SEE insurer with leading positions in Romania and Bulgaria.

Active operations in 9 markets in Europe.

##### **Eastern Electric Company II B.V. - Energy**

The largest energy holding in Bulgaria

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

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

## KEY FINANCIAL INFORMATION

### Eurohold Bulgaria reports strong results of its energy business

Eurohold Group realized for the second quarter of 2022 a significant growth of its operating income from continuing activities amounting to 286% and a growth of its operating profit of 638%. The main reason for the strong growth is for all businesses, the most important being the reporting of the results of the energy group, which was not represented in the comparative six-month period.

### Highlights of group results

	<b>H1' 2022</b>	<b>H1' 2021</b>
<b>Revenues</b>	<b>BGN 3 167 million</b> ▲ 286%	<b>BGN 820 million</b>
<b>Operational profit</b>	<b>BGN 283 million</b> ▲ 639%	<b>BGN 38 million</b>
<b>Net result</b>	<b>BGN 62 million</b> ▲ 3008%	<b>BGN (2) million</b>
	<b>H1' 2022</b>	<b>2021</b>
<b>Assets</b>	<b>BGN 3.90 billion</b> ▲ 2%	<b>BGN 3.81 billion</b>
<b>Financial assets</b>	<b>BGN 392 million</b> ▼ 8%	<b>BGN 428 million</b>
<b>Equity</b>	<b>BGN 341 million</b> ▼ 8%	<b>BGN 371 million</b>
<b>Equity and subordinated debt instruments</b>	<b>BGN 356 million</b> ▼ 14%	<b>BGN 412 million</b>
<b>Liabilities</b>	<b>BGN 1.90 billion</b> ▼ 3%	<b>BGN 1.96 billion</b>
<b>Insurance reserves</b>	<b>BGN 1.64 billion</b> ▲ 15%	<b>BGN 1.43 billion</b>

## SIGNIFICANT EVENTS

### SUMMARY OF MAJOR EVENTS FOR EUROHOLD GROUP DURING THE PERIOD FROM 1 JANUARY 2022 UNTIL THE DATE OF THIS REPORT

Important events for Eurohold Group, presented in chronological order

#### January

- ✓ On 05.01.2022, Euroins Insurance Group AD fully repaid the bond loan issued on 18 December 2014 in the form of 100 available subordinated unsecured bonds at the date of issue with a face value of 100 thousand euros each in the amount of 10,000 thousand euros (BGN 19,558 thousand) and due on December 18, 2021 together with the last interest payment.
- ✓ 28.01.2022 - Eurohold Bulgaria AD entered into a loan agreement in the amount of EUR 7 million with the International Investment Bank, Russia and the entire amount was fully drawn down on 31.01.2022 at an interest rate of 5% and maturity on 28.01.2029.
- ✓ 14.01.2022 - The Commission for the Protection of Competition has published a decision authorizing a concentration in connection with a preliminary agreement signed by Auto Union AD in November 2021 for the sale of "Star Motors" EOOD.
- ✓ On January 28, 2022, a meeting of the Board of Directors of EIG AD was held, at which a decision was made for the Company to participate in the capital increase of ZD Euroins Georgia AD by purchasing 329,939 shares with a total value of 1,501,222.45 Georgian lari out of the unsubscribed 1,261 716 shares of ZD Euroins Georgia AD. Based on this, EIG AD will become the owner of 1,950,291 shares.
- ✓ On January 28, 2022, a Debt Substitution Agreement was concluded between Auto Union AD in its capacity as creditor, Eurohold Bulgaria AD in its capacity as underwriter and EIG AD in its capacity as original debtor. Eurohold AD replaces EIG AD as a debtor and thus becomes a creditor of EIG AD.

#### February

- ✓ No significant events occurred.

#### March

- ✓ 08.03.2022 - Eurohold issued a new corporate bond loan under private placement conditions, in the issue amount of € 40 million, distributed in 40 thousand bonds with a nominal and issue value of € 1,000, 3.25% interest, with a single repayment of the principal on the maturity date of the issue - 08.03.2029.
- ✓ 17.03.2022 - Eurohold Bulgaria AD increased the capital of its subsidiary Eastern European Electric Company II, the Netherlands, with a cash contribution of EUR 2 000 000.
- ✓ In March 2022, Eastern European Electric Company B.V., The Netherlands - the holding company directly consolidating the energy business of Eurohold Bulgaria AD, increased its shares in the capital of the electricity distributor - Electrodistribution Grid West AD (former name CEZ Razpradelnie Bulgaria AD) to 98.93% (by acquiring additional 207 107 shares or 10.74%), and the electricity supplier - Electrohold Sales AD (former name CEZ Electro Bulgaria AD) to 96.76% (by acquiring additional 1 379 shares or 27.58%).

- ✓ 17.03.2022 - Auto Union AD, as the sole owner of the capital, signed a preliminary agreement for the sale of its subsidiary Daru Car EAD. The company is an official service centre of BMW. The transaction is expected to be finalised within May 2022.
- ✓ 14.03.2022 - Eurolease Group AD, as the sole owner of the capital of Eurolease Rent-a-Car Ltd. signed a preliminary agreement for its sale. The transaction is currently pending regulatory approval.

## April

- ✓ 06.04.2022 - The energy subholding of Eurohold - Eastern European Electric Company B.V. (EEEC) submitted for consideration to the FSC tender proposals on the basis of Art. 149a, para. 1 of the POSA for the purchase of the shares of the minority shareholders in Electrodistribution Grid West AD and Electrohold Sales AD. As of the date of registration of the tender offers, EEEEC owns 98.93% of the capital of Electrodistribution Grid West AD and 96.92% of the capital of Electrohold Sales AD. For the 20,581 shares owned by the minority shareholders in Electrodistribution Grid West AD, EEEEC offers a price of BGN 300.29 per share, or a total of nearly BGN 6.2 million. The price per share offered to the minority shareholders in Electrohold Sales AD is to BGN 28,158.30 or a total of just over BGN 4.3 million for 154 shares. The offer for all the remaining shares in the two companies is approximately BGN 10.5 million (EUR 5.4 million).
- ✓ On 05.04.2022, under Amigo Leasing EAD's account in the Commercial Register and Register of Non-Profit Legal Entities, a change of its name was entered, as from that date the name under which it will carry out its activities is now Finasiti EAD.
- ✓ Change in the name of Amigo Finance EOOD (previous name Mogo Bulgaria EOOD) - On 15.04.2022, on the account of Mogo Bulgaria EOOD, in the Commercial Register and the Register of Non-Profit Legal Entities, a change of its name was entered as of as of this date, the name under which it operates is now Amigo Finance EOOD.
- ✓ At the end of April 2022, a change in the names of some of the energy companies owned by Eastern European Electric Company B.V. was entered in the Commercial Register at the Registration Agency (subsidiary of Eurohold Bulgaria AD), namely:

Old designation	New designation	New company logo
ЧЕЗ Разпределение България АД CEZ Distribution Bulgaria AD	Електроразпределителни мрежи Запад АД Electrodistribution Grid West AD (EDG West AD)	 ERM ZAPAD  ЕРМ ЗАПАД  EDG WEST
ЧЕЗ Електро България АД CEZ Electro Bulgaria AD	Електрохолд Продажби АД Electrohold Sales AD	 ELEKTPOXOΛA Πρoδaжbи  ELECTROHOLD Sales
ЧЕЗ България ЕООД	Електрохолд България ЕООД	 ELEKTPOXOΛA БЪЛΓAPIЯ

CEZ Bulgaria EOOD	Electrohold Bulgaria EOOD	
ЧЕЗ Трейд България ЕАД	Електрохолд Трейд ЕАД	
CEZ Trade Bulgaria EAD	Electrohold Trade EAD	
ЧЕЗ Информационни и комуникационни технологии България ЕАД	Електрохолд ИКТ ЕАД	
CEZ Information and Communication Technologies Bulgaria EAD	Electrohold ICT EAD	

## May

- ✓ 11.05.2022 - AUTO UNION AD has signed a final contract with M TRAX BULGARIA EOOD for the sale of Star Motors EOOD - the official importer of Mazda cars for Bulgaria. And under the contract between the parties, M TRAX BULGARIA EOOD acquired all 70 000 shares forming the capital of Star Motors EOOD, including its subsidiaries Star Motors DOOEL (North Macedonia) and Star Motors SH.P.K. (Kosovo). The new owner was registered in the Trade registry at the Registry Agency on 17.05.2022.
- ✓ 12.05.2022 - Eurohold Bulgaria's energy group, Electrohold, unveiled its new visual and corporate identity. The rebranding process of the company's shopping centres and other outlets will be completed in a few months. The new brand identity reflects Electrohold's mission and values.  
The new visual identity includes new names, logos, websites and a refreshed overall corporate design.

More information about the new visual and corporate identity of the energy companies is available on the Eurohold website [www.eurohold.bg](http://www.eurohold.bg), News section, as well as on the websites of the respective energy companies.

- ✓ 18 May 2022 - The Financial Supervision Commission (FSC) has approved the adjusted tender offers of the energy holding within the Group, Eastern European Electric Company B.V. (EEEC), for the remaining shares in Electrodistribution Grid West AD (ERM Zapad AD, formerly known as CEZ Distribution AD) and Electrohold Sales AD (formerly CEZ Electro AD). The proposals refer to the shares of the two companies that EEEC does not yet own - respectively 1.07% and 3.08% of the capital. The tender offers are in accordance with Art. 149a para. 1 of the Public Offering of Securities Act (POSA).  
EEEC is offering BGN 302.56 per share of ERM West or a total of nearly BGN 6.2 million and BGN 28,433.51 per share of Electrohold Sales AD or a total of just over BGN 4.3 million. The holding's offer for the remaining shares of the two companies is approximately BGN 10.5 million (EUR 5.4 million).  
Pursuant to the provisions of the POSA, the tender offer procedure should be completed by the end of June 2022.

- ✓ 27.05.2022 г. - Consultancy and investment activity, construction and maintenance of photovoltaic power plants, trade with solar panels and accessories, real estate transactions, representation, mediation and agency of Bulgarian and foreign legal entities in the country and abroad, as well as any other activity not expressly prohibited by law. The newly established company was registered in the TR on 27.05.2022 with Eurohold Bulgaria AD as the sole owner of the capital.
- ✓ On 27.05.2022, the shareholders of the Eurohold Bulgaria AD subsidiary Euro Finance AD decided to distribute BGN 2,101,702.83 in profit for 2021 in the form of a dividend. As a result, a dividend of BGN 2,102,000 was distributed to Eurohold Bulgaria AD. The dividend will be paid within 3 (three) months from the date of the decision.

## June

- ✓ On 17.06.2022, the tender offers from the energy holding within the Group, Eastern European Electric Company B.V., have ended. (EEEC) for the purchase of the shares of the minority shareholders in the two public subsidiaries of the energy group - Electrodistribution Grid West AD (ERM Zapad AD, with the previous name CEZ Razpredelenie Bulgaria AD) and Electrohold Sales AD (with the previous name CEZ Electro Bulgaria AD) at following results:

### **Regarding Electrodistribution Grid West AD (previously named "CEZ Distribution Bulgaria" AD):**

Number of persons who accepted the tender offer:

Number of individuals who accepted the offer – 36;

Number of legal entities that accepted the proposal – 7;

Total number of shares to be acquired from trading offeror "EASTERN EUROPEAN ELECTRIC COMPANIES" B.V. – 6,165 pieces.

Offered price per share: BGN 302.56 (three hundred and two BGN and fifty-six cents).

Deadline for payment of the price by Trade the offeror: until 28.06.2022, inclusive

The percentage of participation/votes in the general meeting of a public company achieved by Trade offeror: 99.25 %.

### **Regarding Electrohold Sales AD (previously known as "CEZ Electro Bulgaria" AD):**

**Number of persons who accepted the tender offer:**

Number of individuals who accepted the offer – 5;

Number of legal entities that accepted the offer – 2.

Total number of shares to be acquired from trading offeror "EASTERN EUROPEAN ELECTRIC COMPANY" B.V. – 37 pieces.

Offered price per share: 28,433.51 (twenty-eight thousand four hundred thirty-three BGN and fifty-one cents).

Deadline for payment of the price by Trade the offeror: until 28.06.2022, inclusive.

The percentage of participation/votes in the general meeting of a public company achieved by Trade offeror: 97.66 %.

In connection with the completed tender offers, the Commercial Offeror has reached a share in the capital of Electrodistribution Grid West AD and Electrohold Sales AD of 99.25% and 97.66%, respectively, which is why the grounds for application of Art. 157a of the POSA, namely: the tender offeror has the right within three months from the deadline of the tender offer (i.e. until 17.09.2022, inclusive) to buy out the voting shares of the remaining shareholders - with or without their consent, at a price determined in accordance with the provisions of art. 157a, para. 3 of the POSA, in accordance with the procedure and under the conditions provided for in Art. 157a of the POSA and Section I "Repurchase of shares under Art. 157a of the POSA from Chapter two "a" of Ordinance No. 13.

In the statutory terms, the trade offeror will deposit with the Commission for Financial Supervision, on the basis of Art. 157a, para. 4, a proposal to purchase the voting shares of the remaining

shareholders at a price determined in accordance with the provisions of Art. 157a, para. 3 of the POSA.

- ✓ On June 22, 2022, Eurohold Bulgaria AD received a stable outlook on its long-term credit rating 1 Fitch Ratings. In its announcement on June 22, 2022, the agency confirmed the rating it assigned the holding - "B", changing the outlook from "negative" to "stable". The stable outlook reflects the agency's assessment of Eurohold's new structure, as well as the company's changed business financial profile following the acquisition of Czech energy group CEZ's assets in Bulgaria. As a result of the acquisition, Eurohold's leading business line changes from insurance to utilities, and the company's energy business is expected to form the majority of the holding's operating profit, Fitch notes.

The agency's new assessment also reflects Eurohold's intention to divest from car sales and leasing, which should be completed by the end of this year. In its outlook for the holding company, Fitch expects strong operating cash flow and moderate capital expenditures, which will lead to a reduction in the company's indebtedness in the medium term.

- ✓ On 30.06.2022, Eurohold Bulgaria AD concluded an agreement for the sale of the remaining part of its automotive and leasing business by selling its subsidiary sub-holding companies Auto Union AD and Eurolease Group AD together with the operating companies owned by them.

The new owner of Auto Union AD and Eurolease Group AD is Asterion Bulgaria AD - a holding company whose business includes trade in cars, service activities and supply of spare parts.

Following the acquisition of CEZ Group's energy companies in Bulgaria in mid-2021, Eurohold declared the automotive and leasing businesses non-core and its intention to exit these activities. Eurohold's objective is to focus on its strategic insurance and energy businesses, supported by asset management.

As a result, Eurohold was able, through its subsidiaries Auto Union and Eurolease Group, to negotiate and implement in several transactions the sale of part of its main operating automotive companies - Star Motors (Mazda), Daru Car (BMW), N Auto (Nissan), Espace Auto (Renault) and EA Properties (management of investment properties - showroom and service).

As of 30.06.2022, Auto Union AD owns Auto Italia EOOD and several other smaller subsidiaries (offering limited brands of cars, scooters and motorcycles, as well as oils, lubricants and branded solutions for fuels).

Eurolease Group AD unites the leasing business of Eurohold, which is organically related to the automotive business and includes six subsidiaries offering financial leasing, short-term and long-term rental (operating lease) of new and used cars in Bulgaria and North Macedonia.

As of 30.06.2022, the leasing business, represented primarily by the main companies Eurolease Auto EAD (financial leasing) and Eurolease Rent a Car EOOD (operating leasing), has a gradually decreasing portfolio as a result of the sold car companies described above. The synergy created in Eurohold Group had a negative impact on the leasing business after the sale of the main car brands to Auto Union, as the most important leasing company Eurolease Auto practically lost its most important channel for generating a portfolio of new leasing business, and from there any further growth potential. This is confirmed by the reduction of the company's leasing portfolio within one year, from BGN 66 million by the half-year of 2021 to BGN 52 million by 30.06.2022, and expectations are at the end of the reporting year to drop to BGN 30 million.

The deal for the sale of the leasing and automotive business will significantly reduce the indebtedness of Eurohold Group, as leasing companies traditionally operate with a high proportion of borrowed capital, and automotive companies with working capital.

As a result of the sales, as of 30.06.2022, the following debts are eliminated from Eurohold's group indebtedness:

- > of the leasing business - 39 million euros of secured liabilities (financing of leasing activities with a pledge of receivables/cars) and 5.4 million euros of unsecured liabilities (bonds issued by the leasing companies);
- > of the automobile business - 6 million euros in secured liabilities (working capital with a pledge of inventories and receivables), 7 million euros (issued bonds) as of the first half of 2022, as well as 3 million euros in secured bank guarantees.

This will improve the overall capital position of Eurohold, as well as enable the Holding to focus on the strategic development and implementation of the investment plans of the insurance and energy businesses.

### July, August and September (events occurring after the date of the reporting period)

- ✓ On 21.7.2022, the bank loan to IBEC in the amount of 15 million euros was renegotiated, with the principal subject to return in 2 tranches - 3 million euros is due by 31.7.2022, and the remaining 12 million euros by 28.1. 2023
- ✓ On August 3, 2022, a change has been registered in one of the managing directors of Eastern European Electric Company B.V., the Netherlands, namely Rense Box (director B) has been replaced by Yoan Ivanov as director B.
- ✓ On August 18, 2022, Eurohold signed a partnership agreement with the European Athletics Association until the end of 2025. Eurohold will have the status of an official partner of European Athletics in the insurance category. The European Athletics events covered by the agreement are:
  - 2022-2025 SPAR European Cross Country Championships;
  - European Athletics Championships 2024 (Rome, Italy);
  - European Indoor Athletics Championships for 2023 and 2025;
  - 2023 and 2025 European Athletics Team Championships 1st Division.

As an official partner of European Athletics, Eurohold will benefit from the main marketing rights, which include external advertising boards at the above events, on-air broadcasting during the live broadcasts of the competitions of the European Athletics calendar, company representation through European Athletics communication channels and etc.

- ✓ On 18.8.2022, Eurohold Bulgaria AD signed a loan agreement from a banking institution in the amount of EUR 4.2 million for a period of five years for the purpose of financing the subsidiary Eastern European Electric Company B.V., The Netherlands, in connection with the squeeze-out of the minority shareholders in ERM Zapad and Electrohold Sales AD. The loan interest is 6.00% per year + reference interest rate, the loan will be repaid in quarterly instalments, starting from the expiration of a one-year grace period.
- ✓ With the entry in the Commercial Register and the Register of the National Commercial Register at the Registration Agency, on 25.08.2022, Mr. Asen Emanuilov Asenov was removed as a member of the public company's management body.
- ✓ On 25.08.2022, the FSC made a decision not to issue a ban on the publication of a proposal based on Art. 157a, para. 1 of the POSA, from "Eastern European Electric Company" B.V., Kingdom of the Netherlands, for the purchase of the shares of the remaining shareholders of the two public companies through the investment intermediary "Euro-Finance" JSC, Sofia, as follows
  - to 14,416 shares (0.75%) of the capital of "Electric Distribution Networks Zapad" AD, Sofia, from the remaining shareholders of the company. The offered price of one share is BGN 303.55;
  - 117 shares (2.34%) of the capital of Electrohold Sales AD, Sofia, from the remaining shareholders of the company. The offered price of one share is BGN 29,161.02.

The proposals for the purchase of the shares of the remaining shareholders of Electrodistribution Grid West AD and Electrohold Sales AD are available on the website [www.x3news.com](http://www.x3news.com) in the section of the respective companies.
- ✓ 8.9.2022 - The energy holding Eastern European Electric Company B.V. (EEEC) increased its participation in the two subsidiary companies of the energy group - Electrodistribution Grid West AD (ERM Zapad AD) and Electrohold Sales AD to 100% of the capital by buying out all the remaining shares of minority owners. EEEEC acquired an additional 14,416 shares of ERM Zapad for nearly BGN 4,376 million (EUR 2,237 million) or BGN 303.55 (EUR 155.2) per share, as well as 117 shares of Electrohold Sales AD for BGN 3,412 million (1,744 EUR million) or BGN 29,161.02 (EUR 14,909.79) per share.
- ✓ 20.9.2022 - The Financial Supervision Commission decided to deregister Electrodistribution Grid West AD (ERM West AD) and Electrohold Sales AD as public companies from the register under

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Art. 30, para. 1, item 3 of the Law on the Financial Supervision Commission, managed by the Financial Supervision Commission.

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

## CORPORATE INFORMATION

### EUROHOLD BULGARIA AD

#### Company data

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

Eurohold Bulgaria AD is registered in the Republic of Bulgaria with subject of activity: acquisition, management, valuation and sale of participations in Bulgarian and foreign companies, acquisition, management and sale of bonds, acquisition, valuation and sale of patents, assignment of licenses for use of patents of companies in which the company participates, financing of the companies in which the company participates.

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

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

Eurohold Bulgaria AD is an issuer of bonds with ISIN code: BG2100013205, amounting to EUR 30,000,000, and admitted to trading on a regulated market organized by Bulgarian Stock Exchange, Bonds segment, on 31.08.2021 with stock exchange code: EUBB.

Eurohold Bulgaria AD is an issuer of bonds with ISIN code: BG2100002224, amounting to EUR 40,000,000, which is to be admitted to trading on a regulated market organized by the Bulgarian Stock Exchange, Bonds segment.

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

## Share capital

The capital of Eurohold Bulgaria AD is BGN 260,500,000, divided into 260,500,000 ordinary, non-privileged, registered, dematerialized shares, with the right to vote, the right to a dividend and a liquidation share, with a nominal value of BGN 1.00 each.

All shares issued by the Company are in circulation, of the same class and fully paid up. The entire capital of the Company has been paid in cash and the same has not been increased through contributions and no shares have been issued that do not represent capital.

All shares of Eurohold Bulgaria AD are registered for trading on the Main Market of the Bulgarian Stock Exchange AD, Segment Standard Shares, stock code EUBG and on the Warsaw Stock Exchange (WSE) Poland with stock code EHG.

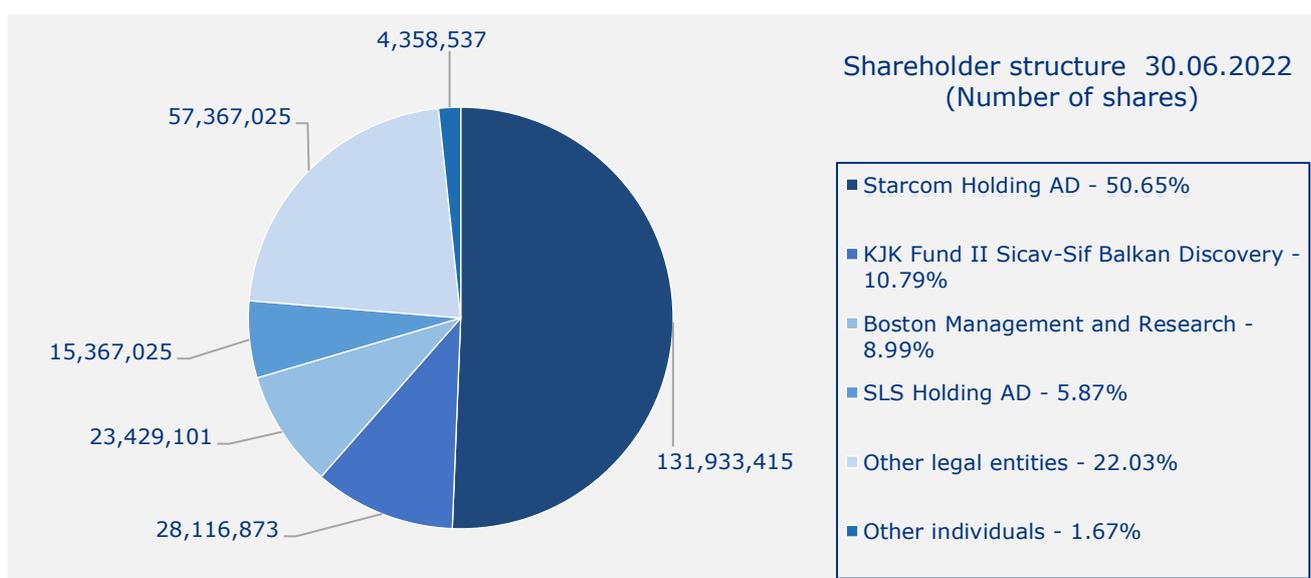
In the first half of 2022, Eurohold Bulgaria AD did not increase its share capital. As of the date of this report, the Company is not in the process of increasing its share capital.

As of 30.06.2022 and as of the date of preparation of this interim abbreviated consolidated activity report, the Company has not repurchased, and accordingly does not own, its own shares.

As of 30.06.2022, 77,227 shares of Eurohold Bulgaria AD were held by companies in Eurohold Group (as of 31.12.2021 – 77,227 shares). All shares issued by Eurohold Bulgaria AD provide their holders with the right to vote in the General Meeting of the Company.

## Capital structure

As of 30.06.2022 and as of the date of preparation of this activity report, there are only four persons who own a direct shareholding in the amount of 5 percent or more of the shares with the right to vote in the company's general meeting.



⇒ The majority shareholder in Eurohold Bulgaria is Starcom Holding AD, owning 131,933,415 shares as of 30.06.2022 representing a controlling interest of 50.65% of the capital of Eurohold Bulgaria AD. Starcom Holding AD is a holding company registered in the Republic of Bulgaria, which operates in accordance with Bulgarian legislation.

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

Starcom Holding AD, as a majority shareholder in Eurohold Bulgaria AD, does not have different voting rights in the general meeting of shareholders.

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

⇒ Boston Management and Research owns 23,429,101 shares. shares representing 8.99% of the capital of Eurohold Bulgaria AD, through the following funds managed by it:

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

⇒ SLS Holding AD is a shareholder owning 15,367,025 shares. shares representing 5.87% of the issued shares of the capital of Eurohold.

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

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## Direct and indirect control over Eurohold Bulgaria AD

### ➤ Direct control

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

### ➤ Indirect control

Eurohold Bulgaria AD is indirectly dependent on natural persons, namely:

- Asen Milkov Hristov, with indirect control over the Company, the person owns 51% of the capital of Starcom Holding AD;
- Kiril Ivanov Boshov, with indirect control over the Company, the person owns 34% of the capital of "Starcom Holding" AD.

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

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

## MANAGEMENT AND CONTROL BODIES

### Management system

#### Eurohold Bulgaria AD has a two-tier management system:

- Supervisory Board, composed of six individuals;
- Board of Directors, consisting of five Individuals;
- The company has appointed one Procurator;

#### Members of the Supervisory Board as of 30.06.2022.

<b>Asen Milkov Hristov</b> Chairman	<b>Dimitar Stoyanov Dimitrov</b> Vice Chairman	<b>Kustaa Lauri Aima</b> Independent member
<b>Radi Georgiev Georgiev</b> Member	<b>Ivaylo Krasimirov Angarski</b> Independent member	<b>Luis Gabriel Roman</b> Member

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

During the first six months of 2022 and as of the date of preparation of this Report, no changes were made in the members of the company's supervisory board.

#### Members of the Management Board as of 30.06.2022

<b>Kiril Ivanov Boshov</b> Chairman and Executive Member	<b>Assen Minchev Minchev</b> Executive member	<b>Velislav Milkov Hristov</b> Member
<b>Assen Emanuilov Asenov</b> Member (until 25.08.2022)	<b>Razvan Stefan Lefter</b> Independent member	

In the first six months of 2022, no change was made in the members of the company's management board. As of the date of preparation of this Report, there has been a change in the management board of the company, as with the entry in the Commercial Register and the register of the YULNC at the Registration Agency, on 25.08.2022, Mr. Asen Emanuilov Asenov was removed as a member of the management body of the public company.

#### Procurator as of 30.06.2022 r.

**Milena Milchova Guencheva**  
Procurator

Eurohold Bulgaria AD is represented jointly by the two executive directors or by one executive director and procurator. The Company's activity is not dependent on the individual professional experience or qualifications of other employees.

## Main Activity

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

Eurohold does not engage in activities subject to any special permit regime requiring patents, licenses or other authorisation from regulatory authorities. Such activities dependent on licenses and other permits and/or contracts are carried out by subsidiaries of the Issuer, information on which is available in the review of the activities of the relevant business groups.

In order to optimize management, business processes and fixed costs, Eurohold has established five subsidiaries - sub-holding structures by business sector (business lines). The business lines are organised by business type and market segment, namely: insurance, car sales, leasing and financial services (investment intermediation and asset management) and the newest business line, energy. The operating companies in Eurohold Group are grouped into their respective sub-holding depending on the market in which they operate.

Eurohold Bulgaria AD together with its subsidiaries and their operating companies form an economic group - Eurohold Group.

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

## Economic Group

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

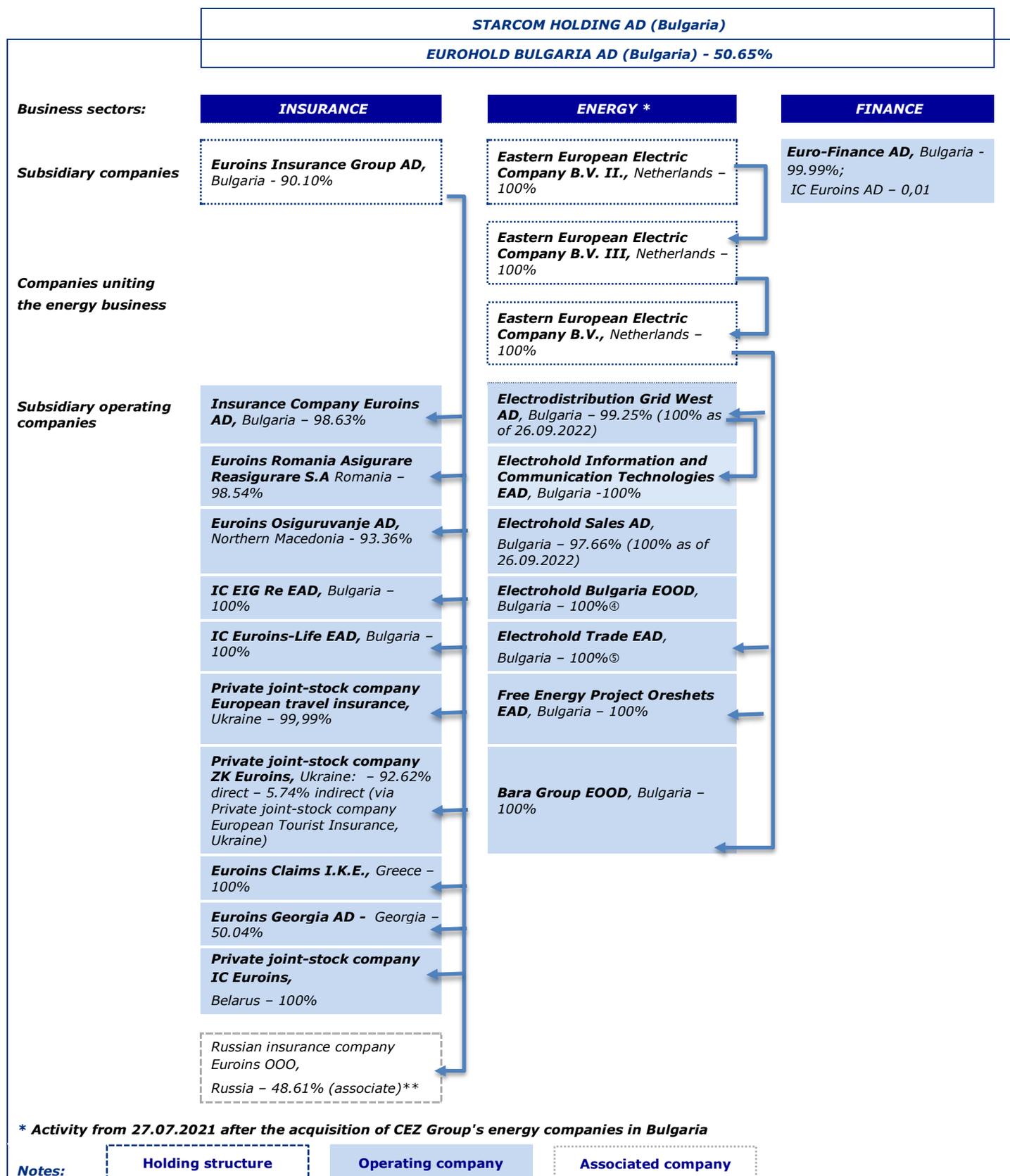
The subsidiaries are holding structures uniting the investments of Eurohold Bulgaria in the sectors - Insurance, Energy (operating since the end of July 2021), Car Sales (until 30.06.2022), Leasing (until 30.06.2022), Investment Intermediation and Asset Management.

### As of 31.12.2021, Eurohold Bulgaria AD has participations in 46 companies

<i>direct participation</i>	<i>indirect participation</i>
» <b>5</b> subsidiaries, including four sub-holding structures and one operating company	» <b>2</b> specially created companies for energy business development
	» <b>38</b> operating companies
	» <b>1</b> operating companies

### As of 30.06.2022 and as of the date of this report, Eurohold Bulgaria AD has holdings in 23 companies

<i>direct involvement</i>	<i>indirect participation</i>
» <b>3</b> subsidiaries, including two sub-holding structures and one operating company	» <b>2</b> specially created companies for the development of the energy business
	» <b>17</b> operating companies
	» <b>1</b> operating companies

**ORGANIZATIONAL STRUCTURE OF EUROHOLD BULGARIA ECONOMIC GROUP AS OF 30.06.2022 AND AS OF THE DATE OF THIS REPORT**


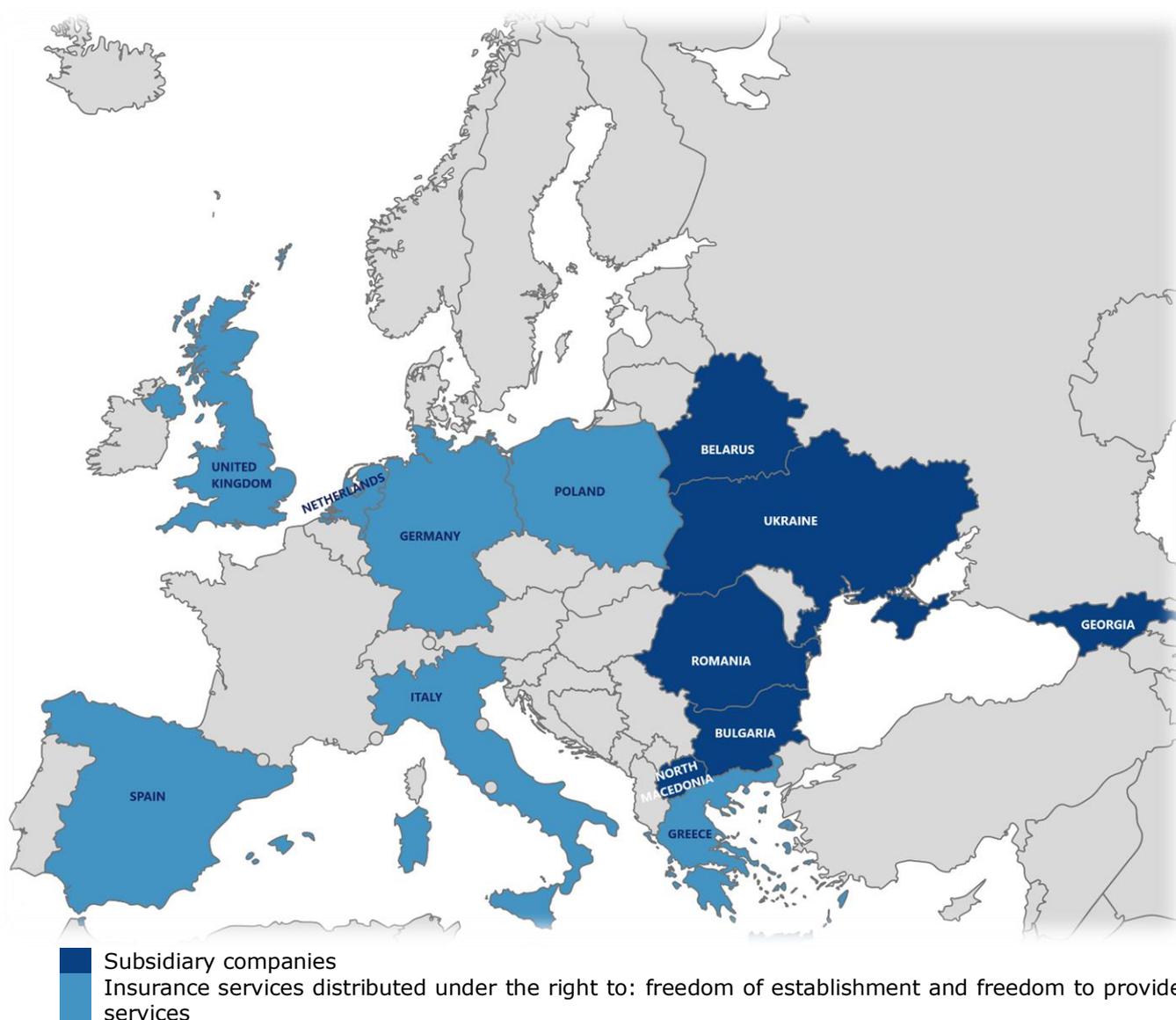
## TYPES OF SERVICES AND PRODUCTS OFFERED BY EUROHOLD GROUP, REGIONAL REPRESENTATION

Eurohold Bulgaria AD as a holding company does not develop an independent production and/or commercial activity or activity related to the provision of services. The Company's operating income is related to financial operations for the acquisition and management of subsidiary companies, which is why it is classified under the financial sector.

Through its subsidiaries, Eurohold offers a full range of services and products in the insurance, energy, automotive (until 30.06.2022), leasing (until 30.06.2022) and financial and investment sectors.

### *Types of services and activities by business sectors and main markets - regional presentation*

Through its subsidiary companies, Eurohold is positioned in the markets of the Central and South-Eastern Europe region.



## Regional performance by service/product type until 30.06.2022

Eurohold Bulgaria AD, through its subsidiaries, is positioned in the region of Central and South-Eastern Europe.

The main markets in which the Group operates are Bulgaria, Romania, North Macedonia, Ukraine, Georgia, Greece, Belarus.

In the markets of Italy, Greece (through a branch), Spain, Poland, Germany, the Netherlands and Great Britain, the insurance group offers insurance services distributed along the lines of - the right to freedom of establishment and freedom to provide services.

### ENERGY

#### Services and products provided

	Country
» Access to and transmission of electrical energy through the power distribution network and connection of new users to the power distribution network	Bulgaria
» Public supply of electrical energy	Bulgaria
» Trade in electrical energy	Bulgaria
» Complex information, communication and technological services	Bulgaria
» Commercial consulting, purchase and sale of equipment and materials	Bulgaria
» Production and trading of energy from renewable sources	Bulgaria

### INSURANCE

#### Services and products provided

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

### INVESTMENT BROKERAGE AND ASSET MANAGEMENT

#### Services and products provided

	Държава
» Investment brokerage	Bulgaria, Germany (as a member of the Frankfurt Stock Exchange – Deutsche Börse Xetra)
» Investment banking	Bulgaria
» Asset management	Bulgaria

In terms of regional representation, Bulgaria has the largest share and covers all types of services/products offered by operating companies from all business segments in which the group operates.

In Bulgaria, leading business operations are energy companies (acquired at the end of July 2021), followed by insurance companies, with the largest share being the insurers Euroins Romania Asigurare-Reasigurare S.A., Romania and ZD Euroins AD, Bulgaria .

The insurance group has the widest regional presence, which operates in 13 markets in Europe, while the energy companies operate only in the Bulgarian energy market.

## Credit ratings awarded

Eurohold Bulgaria AD has been awarded a credit rating by the rating agencies - FITCH RATINGS (Fitch) and "BAKR - CREDIT RATING AGENCY" AD (BAKR).

### CREDIT RATINGS AWARDED

 <p><b>EuroHold</b>  <b>Issuer Default Rating "B"</b>  <b>Outlook: stable</b></p>	 <p><b>EuroHold</b>  <b>Long-term: BBB-</b>  <b>Outlook: stable</b>  <b>Short-term: A-3</b></p>
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## Awarded credit ratings to the Issuer's subsidiaries

Some of the subsidiaries of Eurohold Bulgaria AD have also been awarded credit ratings, and the following ratings were issued at the last review:

 <p><b>Euroins Romania</b>  <b>Insurer Financial Strength</b>  <b>Rating "B+"</b></p>	 <p><b>Euroins Bulgaria</b>  <b>Long-term: BBB-</b>  <b>Outlook: stable</b></p>  <p><b>EIG Re</b>  <b>Long-term: BB+</b>  <b>Outlook: stable</b></p>
 <p><b>Euroins Bulgaria</b>  <b>Insurer Financial Strength</b>  <b>Rating "B+"</b></p>	
 <p><b>EIG Re</b>  <b>Insurer Financial Strength</b>  <b>Rating "B+"</b></p>	

More detailed information about the awarded credit ratings of Eurohold Bulgaria AD and its subsidiaries can be found on the websites of the respective rating agencies, namely: [www.fitchratings.com](http://www.fitchratings.com) and [www.bcra-bg.com](http://www.bcra-bg.com).

## REVIEW OF GROUP FINANCIAL RESULTS

***This section presents the results of Eurohold Group's activity by key performance indicators for the first six months of 2022 compared to the corresponding comparative period***

***The data are based on the interim condensed consolidated financial statements of Eurohold Bulgaria AD as of 30.06.2022 prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the EU.***

### SUMMARY

**In a period of deteriorating global economic prospects, record inflation and the ongoing war in Ukraine, Eurohold Group generated record results for the first six months of 2022 and registered the strongest half-year in its history.**

- ↗ Group's revenue from continuing operations is BGN 3.17 billion with a growth of nearly 4 times.
- ↗ The operating profit reached BGN 282.8 million with a growth of more than 7 times.
- ↗ The reported EBITDA amounts to over BGN 170 million, reporting a growth of over 14 times.
- ↗ The electricity business, operating under the Electrohold brand, which is new to the group, from the end of July 2021, for the first six months of 2022, contributes most significantly to the performance of Eurohold Group, realizing revenue of BGN 1.64 billion
- ↗ The insurance business once again reported significant growth, realizing BGN 1.52 billion in revenue, of which BGN 886 million was gross written premium from insurance with a growth of 73%.

These results reinforce the right direction to achieve sustainable and profitable growth, through the activities undertaken in relation to Eurohold's strategic direction, the hard work on our transformation, the digitalization of processes in all business segments through the development of digital and digital sales channels and customer follow-up services.

### ! Important emphasis

The consolidated revenue, expenses and profit of Eurohold Group for the first six months of 2022 reflect the acquired companies operating in the field of energy at the end of July 2021 by the energy subholding, Eastern European Electric Company II B.V. (EEEC II).

For the comparable period, 30 June 2021, results from the energy business have not been reported, due to the fact that at that time the energy companies were not part of Eurohold Group.

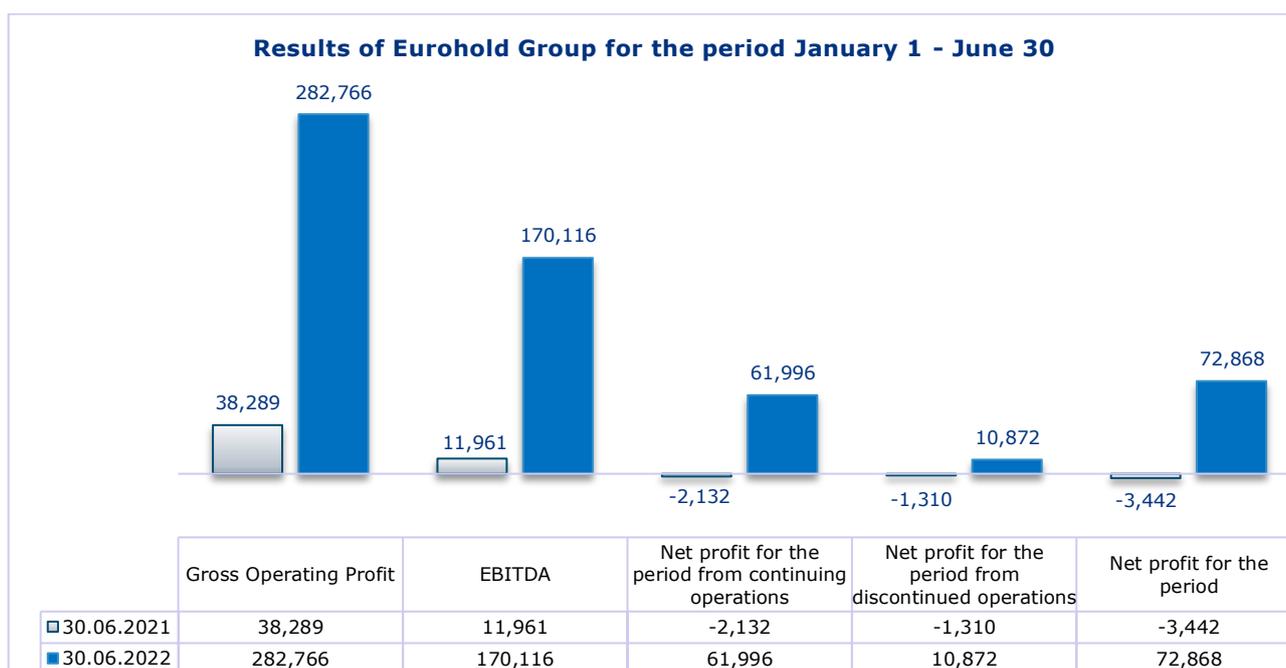
Presentation of discontinued operations in the interim condensed consolidated financial statements for the first six months of 2022

In connection with finalized sales of certain subsidiaries of Eurohold Group, the items of revenue and expenses related to the respective companies are presented in the net result from discontinued operations, both in the current and the comparable periods. Income and expenses, gains and losses relating to this group are eliminated from the profit or loss from continuing operations of the Group and are presented on a separate line in the interim condensed consolidated statement of profit or loss and other comprehensive income: "Net profit/( loss) for the period from discontinued operations".

Profit for the year from discontinued operations, Non-current assets held for sale and liabilities directly related to them - Automotive segment and Cash flows generated from discontinued operations can be traced in the notes to the interim condensed consolidated financial statements as of 30.06.2022: notes 45.3.1., 45.3.2 and 45.3.3.

The specific financial results of our operations are set forth in the following analysis.

## CONSOLIDATED FINANCIAL RESULT



**EUROHOLD GROUP REPORTED FOR THE FIRST SIX MONTHS OF 2022:**

- » Profit from operating activity of BGN 282.8 million with an increase of BGN 244.5 million and a growth of more than 7 times;

**Consolidated operating result (gross profit) by segment**

in thousand BGN	Energy	Insurance	Financial and investment activity	Parent company	Group's gross profit
30.06.2022	218 221	84 680	715	(20 850)	<b>282 766</b>
30.06.2021	-	35 270	2 236	783	<b>38 289</b>
<b>Change in thousand BGN</b>	<b>218 221</b>	<b>49 410</b>	<b>-1 521</b>	<b>(21 633)</b>	<b>244 477</b>
<b>Change %</b>	<b>n/a</b>	<b>+140%</b>	<b>(68)%</b>	<b>(2763)%</b>	<b>+639%</b>

- » Earnings before interest, depreciation and taxes (EBITDA) in the amount of BGN 170 million with an increase of BGN 158.2 million and a growth of more than 14 times;

**Consolidated ebitda by segment**

in thousand BGN	Energy	Insurance	Financial and investment activity	Parent company	Group's gross profit
30.06.2022	134 616	58 425	(116)	(22 809)	<b>170 116</b>
30.06.2021	-	12 333	1 529	(1 901)	<b>11 961</b>
<b>Change in thousand BGN</b>	<b>134616</b>	<b>46 092</b>	<b>(1 645)</b>	<b>(20 908)</b>	<b>158 155</b>
<b>Change %</b>	<b>n/a</b>	<b>+374%</b>	<b>(108)%</b>	<b>(1100)%</b>	<b>+1322%</b>

- » Net profit from continuing operations of BGN 62 million, an increase of BGN 64 million.
- » The total profit for the reporting six-month period is BGN 72.9 million, with BGN 67.1 million of profit attributable to the owners of the parent company, and BGN 5.8 million to the non-controlling interest.

During the comparable period of 2021, the group realized a net loss of BGN 3.4 million, of which a loss attributable to the owners of the parent company was BGN 4.6 million, and that of the non-controlling interest BGN 1.2 million.

**REVENUE AND EXPENSSES FROM OPERATING ACTIVITIES**
**REVENUE**

Consolidated revenue is from the continuing operations of the subsidiaries for the six months until 30.06.2022 and the individual activity of Eurohold Bulgaria AD, related to the acquisition and management of participations and financing of its subsidiaries.

The total revenue from operating activity for the six months of 2022 amounted to BGN 3.17 billion, marking a record growth of 286% compared to the revenue for the comparable six-month period of 2021, when it was BGN 82 million.

## Revenue earned by segment

Revenue from operating activities by business segment: (in BGN thousand)	change	Revenue	
	%	30.06.2022	30.06.2021
Revenue from energy business	n/a	1 641 130	-
Revenue from insurance business, including:	+87%	1 520 361	812 798
- Insurance gross written premium	+73%	885 599	512 880
Revenue from financial and investment activities	-16%	4 990	5 915
Revenue from parent company's activities	-26%	688	926
<b>Total consolidated revenue</b>	<b>+286%</b>	<b>3 167 169</b>	<b>819 639</b>

## Structure of consolidated revenue

After the acquisition of the energy companies and the sale of the automobile and leasing businesses, a change in the structure of consolidated revenue occurred, with energy becoming the leading business in Eurohold Group.

Business Activities:	Structure of consolidated revenue	
	Share to 30.06.2022	Share to 30.06.2021
Revenue from energy activity	51.8%	99.2%
Revenue from insurance activity	48.0%	-
Revenue from financial and investment activity	0.2%	0.7%
Revenue from parent company operations	0.0%	0.1%
<b>Total consolidated revenue</b>	<b>100%</b>	<b>100%</b>

## Expenses from operating activities

Group's expenses from operating activities directly reflect the changes in the volume of business of the companies included in the consolidation of Eurohold Group.

Reported expenses from operating activities in the amount of BGN 2.88 billion mark an increase of BGN 2.1 billion compared to the expenses for the previous period. A significant highlight for this growth is the accounting of the costs of energy activity and the growth of the insurance business.

Expenses from operating activities by business segment: (in BGN thousand)	change	Expenses from operating activities	
	%	30.06.2022	30.06.2021
Expenses from energy business	n/a	(1 422 909)	-
Expenses from insurance business	+85%	(1 435 681)	(777 528)
Expenses from asset management and brokerage	+16%	(4 275)	(3 679)
Expenses from the activities of the parent company	+14962%	(21 538)	(143)
<b>Total consolidated expenditure</b>	<b>+269%</b>	<b>(2 884 403)</b>	<b>(781 350)</b>

## CONSOLIDATED RESULTS FROM OTHER ACTIVITIES

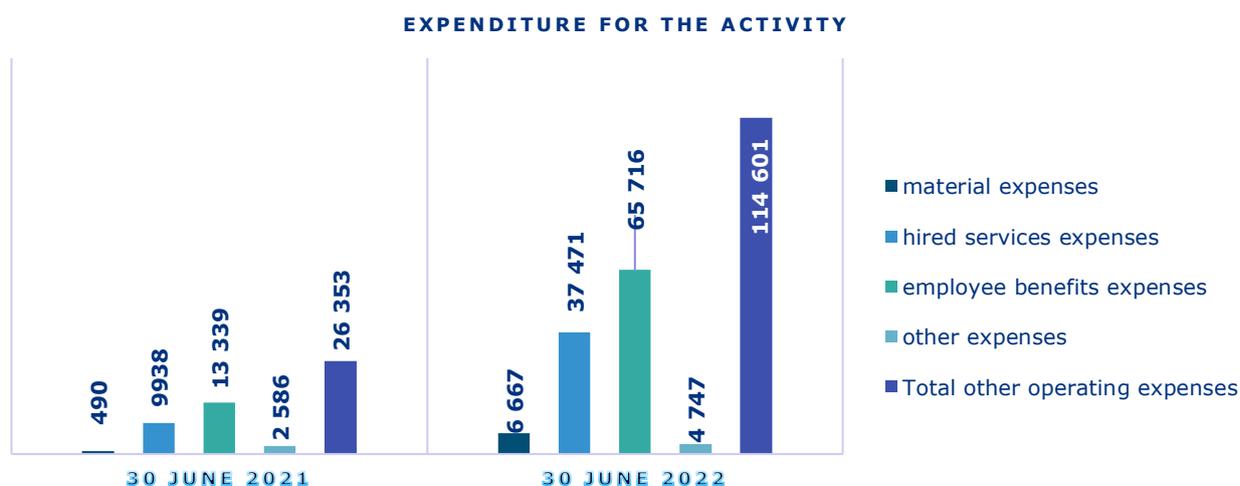
in thousand BGN	Other income, expenses and impairments	Financial income/expenses and currency differences	Depreciation expenses	Tax expenses	Results of other activities
30.06.2022	(112 650)	(43 060)	(57 084)	(7 976)	<b>(220 770)</b>
30.06.2021	(26 328)	(11 895)	(3 958)	1 760	<b>(40 421)</b>
<b>Change in thousand BGN</b>	<b>(86 322)</b>	<b>(31 165)</b>	<b>(53 126)</b>	<b>(9 736)</b>	<b>(180 349)</b>
<b>Change %</b>	<b>328%</b>	<b>262%</b>	<b>1324%</b>	<b>553%</b>	<b>446%</b>

### Analysis of the more significant results of other activities

⇒ The other income/expenses for the Group's activities (presented net) include the following items:

- » Other income, net: BGN 1,411 thousand (for the six-month period until 30.06.2021: BGN 10 thousand)
- » Other expenses for the activity: BGN 114,601 thousand (for the six months until 30.06.2021: BGN 26,353 thousand)

The item "Other expenses for the activity" includes: costs of materials, hired services expenses, employee benefits expenses, other costs, the amounts of which of which are shown in the graph below:



### Allocation of other expenses for the activities by business segment:

Other expenses for the activities:	Energy		Insurance		Financial and investment activity		Parent company	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
(in BGN thousand)								
Costs of materials	(5 996)	-	(655)	(484)	(14)	(4)	(2)	(2)
Hired services expenses	(27 291)	-	(9 076)	(7 956)	(251)	(229)	(853)	(1 753)
Employee benefits expenses	(51 008)	-	(13 766)	(12 468)	(509)	(421)	(433)	(450)
Other expenses	(1 727)	-	(2 758)	(2 029)	(98)	(83)	(164)	(474)
<b>Total other expenses for the activities</b>	<b>(86 022)</b>	<b>-</b>	<b>(26 255)</b>	<b>(22 937)</b>	<b>(872)</b>	<b>(737)</b>	<b>(1 452)</b>	<b>(2 679)</b>

» Income from reversal of impairment of financial assets, net: BGN 540 thousand (for the six months to 06/30/2021: BGN 15 thousand)

⇒ **Finance income/expenses include: finance costs; finance income** and net effect of foreign exchange differences.

For the first six months of 2022, the total net finance costs is BGN 43.1 million, reporting an increase by 262% compared to prior period.

» **Finance costs include interest costs on borrowings, interest costs on right-of-use assets and other finance costs.**

**Interest costs** account for 94% of all finance costs. The amount of interest expenses includes the corresponding interest expenses of energy and insurance activities, as well as the activities of the parent company. For the period from 1 January to 30 June 2022, the amount of interest expenses was BGN 41.3 million, which increased compared to the prior period by BGN 30.2 million.

The largest share of interest expenses belongs to the energy business with BGN 30 million of accrued interest expenses. These are mostly interest expenses from loans received by the three holding companies uniting the energy business within the group in connection with the acquisition of CEZ companies in Bulgaria.

The parent company (Eurohold Bulgaria AD) reports BGN 9.6 million of interest expenses with an increase by 9.6%.

For the period under review, the interest expenses reported by the insurance subholding amount to BGN 1.7 million, with a reduction of 30%.

## RESULTS BY TYPE OF ACTIVITY BASED ON UNCONSOLIDATED DATA (BEFORE ELIMINATIONS)

The following tables present information on revenue and profit before eliminations of each business activities for the six-months ending on 30 June 2022, as compared to the corresponding period until 30 June 2021.

Total revenue by segment			
Segments	Change %	30.06.2022 thousand BGN	30.06.2021 thousand BGN
Energy	n/a	1 641 309	-
Insurance, incl. - gross written premiums	+86.8%	1 521 225	814 200
Financial and investment activity	+72.7%	885 599	512 880
	-12.2%	5 940	6 769
<b>Total subsidiaries</b>	<b>+285.9%</b>	<b>3 168 474</b>	<b>820 969</b>
The parent company	+165.2%	3 095	1 167
<b>Total before eliminations</b>	<b>+285.8%</b>	<b>3 171 569</b>	<b>822 136</b>
Intragroup eliminations	+76.2%	(4 400)	(2 497)
<b>Total revenue</b>	<b>+286.4%</b>	<b>3 167 169</b>	<b>819 639</b>

Earnings before interest, taxes, depreciation and amortisation (EBITDA)			
Segments	Change %	30.06.2022 thousand BGN	30.06.2021 thousand BGN
Energy	n/a	134 606	-
Insurance	515.7%	56 263	9 138
Financial-investment activity	-65.3%	823	2 369
<b>Total subsidiaries</b>	<b>1566%</b>	<b>191 692</b>	<b>11 507</b>
The parent company	702%	(13 578)	(1 693)
<b>Total before eliminations</b>	<b>1715%</b>	<b>178 114</b>	<b>9 814</b>
<i>Intragroup eliminations</i>	<i>(472.5)%</i>	<i>(7 998)</i>	<i>2 147</i>
<b>Total earnings before interest, tax, depreciation and amortisation</b>	<b>1322%</b>	<b>170 116</b>	<b>11 961</b>

Net profit/loss for the period			
Segments	Change %	30.06.2022 thousand BGN	30.06.2021 thousand BGN
Energy	n/a	42 676	-
Insurance	978.2%	49 823	4 621
Financial-investment activity	-70%	673	2 236
<b>Total subsidiaries</b>	<b>1259%</b>	<b>93 172</b>	<b>6 857</b>
The parent company	95.4%	(24 138)	(12 356)
<b>Total before eliminations</b>	<b>-1355%</b>	<b>69 034</b>	<b>(5 499)</b>

<i>Intragroup eliminations</i>	-309%	(7 038)	3 367
<b>Total financial result from continuing operations</b>	<b>-3008%</b>	<b>61 996</b>	<b>(2 132)</b>
<b>Net profit for the period from discontinued operations</b>	<b>-930%</b>	<b>10 872</b>	<b>(1 310)</b>
<b>Total financial result</b>	<b>-2217%</b>	<b>72 868</b>	<b>(3 442)</b>

Revenue from the activities of the companies of *Eurohold Group* marked a substantial growth of 286%, or increase by BGN 2.35 billion. The parent company's revenue was BGN 0.7 million.

The earnings before interest, taxes, depreciation and amortisation (EBITDA) of the subsidiaries increased during the reporting period by BGN 180.2 million or nearly 17 times before taking into account the result of the parent company (BGN 13.6 million) and intra-group eliminations of BGN 8 million.

The total profit of the subsidiaries within the Group before intra-group eliminations is BGN 93.2 million, which shows increase by BGN 86.3 million or 14 times, before adding the result of the parent company, loss of BGN 24.2 million and eliminations of BGN 7 million.

## FINANCIAL POSITION

### Assets

At the end of the first six months of 2022, Eurohold Group achieved an increase in consolidated assets by 2.4%, which at the end of the reporting period amounted to BGN 3.9 billion compared to BGN 3.8 billion as of 31.12.2021.

### Analysis of the more significant assets

- ⇒ **Receivables** - The total amount of receivables, including current and non-current, increased by BGN 7 million for the reporting period compared to the end of 2021, amounting to BGN 1.93 billion.

### Current receivables by type:

Current receivables amount to BGN 1.92 billion (BGN 1.85 billion at the end of 2021), marking a growth by 4% for the first six months of 2022.

- » The largest share of current receivables is the share of reinsurers in technical reserves, which amount to BGN 1.28 billion, showing increase by BGN 191 million (+17.6%).
- » Receivables from insurance operations amounted to BGN 183.4 million compared to BGN 194 million as of 31 December 2021, reporting a decrease of BGN 10.6 million.
- » Trade receivables decreased during the reporting period by 32% from BGN 413.3 million to BGN 281.4 million after accrued depreciation. Trade receivables mainly represent:
  - receivables from customers and suppliers, net of impairment are BGN 254.4 million to (BGN 361.6 million at the end as of 2021);
  - financial lease receivables due to the sale of the leasing business were not accounted for at the end of the current period (BGN 30.7 million as of 31.12.2021);
  - advances to suppliers are BGN 17.2 million (BGN 21 million as of 31.12.2021);
  - other trade receivables are BGN 9.8 million (BGN 0.05 million at the end of 2021).

- » Other current receivables, net of impairment also marked an increase, amounting to BGN 176.6 million at the end of the reporting period compared to BGN 153.3 million at the end of 2021. Of these receivables, BGN 108.8 thousand, net of impairment belong to the energy business (BGN 94.2 thousand at the end of 2021).

### **Non-current receivables:**

Non-current receivables decreased significantly after the sale of the lease business. As of 30.06.2022 they amounted to BGN 17 million, while at the end of 2021 they amounted to BGN 82.3 million, of which BGN 52 million represented receivables under financial lease contracts.

⇒ **The financial assets** as of 30 June 2022, owned by the companies of Eurohold Group, report a decrease by BGN 35.3 million compared to the end of 2021, with their reported value at the end of the current period being BGN 392.4 million.

Financial assets are mainly attributed to the insurance companies and their value as of 30.06.2022 amounts to BGN 361.8 million, of which:

- BGN 11.8 million are government securities;
- BGN 73 million corporate bonds;
- BGN 215.2 million capital investments, measured at fair value through profit or loss; and
- BGN 61.8 million other financial assets measured at amortised cost.

⇒ As of 30.06.2022, Eurohold Group has free cash and deposits in banks with total carrying value of BGN 365.9 million, marking an increase compared to the end of 2021 by BGN 186.6 million. Of these, cash and cash equivalents amount to BGN 326.9 million compared to BGN 152.1 million at the end of 2021, incl. cash in hand of BGN 0.9 million (BGN 2.5 million at the end of 2021).

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

## **Equity and Liabilities**

### **Equity**

Group's equity is BGN 340.6 million, reporting a decrease by BGN 29.9 million compared to 31 December 2021. In this amount, the equity attributable to equity holders of the parent is BGN 283.8 million, while the non-controlling interest is BGN 56.8 million. For comparison, at the end of 2021, the equity attributable to equity holders of the parent was BGN 183 million, and the non-controlling interest was BGN 187.4 million.

The share capital of Eurohold as of June 30, 2022 did not change and amounted to BGN 260.5 million.

### **Subordinated debt instruments**

To support equity, the Group owns subordinated debt instruments in the amount of BGN 15 million, which decrease in size compared to 31.12.2021 by BGN 26 million.

As of June 30, 2022, the total amount of consolidated equity and subordinated debt amounted to BGN 355.9 million, and as of December 31, 2021, their amount was BGN 412 million. Negotiating subordinated capital contributes to maintaining a stable capital position to the group.

### **Liabilities**

Eurohold Group's liabilities (excluding subordinated debt and insurance reserves) amount to BGN 1.90 billion, reporting a decrease by 3% as compared to 31 December 2021, when their value was BGN 1.96 billion.

### Analysis of the main liabilities

» Borrowings from banks and non-bank financial institutions and bonds issued constitute the majority of liabilities. The total amount of debt obligations amounted to BGN 1.3 billion compared to BGN 1.2 billion as of 31 December 2021.

	<b>30.06.2022</b>	<i>Change</i>	<b>31.12.2021</b>
	<i>thousand BGN</i>	<i>%</i>	<i>thousand BGN</i>
<b>Bank and non-bank loans and bonds issued:</b>			
<b>From banks and non-bank financial institutions, including:</b>	<b>1 027 233</b>	<b>0.8%</b>	<b>1 018 719</b>
- non-current liabilities	984 814	7.6%	915 560
- current liabilities	42 419	(58.9)%	103 159
<b>Bonds issued, including:</b>	<b>262 972</b>	<b>32.3%</b>	<b>198 776</b>
- non-current liabilities	127 340	124.5%	56 728
- current liabilities	135 632	(4.5)%	142 048
<b>Total debt, including:</b>	<b>1 290 205</b>	<b>5.8%</b>	<b>1 217 495</b>
- total non-current liabilities	1 112 154	14.4%	972 288
- total current liabilities	178 051	(27.4)%	245 207

Of the total amount of liabilities to banks and non-bank financial institutions, the energy business has the largest share with BGN 972.9 million, of which BGN 965.8 are non-current liabilities and BGN 7.1 million are current (BGN 859.8 million total liabilities at the end of 2021, of which BGN 851 million non-current and BGN 8.8 million current liabilities). The energy business'loans are mainly related to financing the acquisition of the energy companies at the end of July 2021 and the subsequent acquisition of minority interests under the conditions of tender offers in the two public (until 20.9.2022) companies Electrodistribution Grid West AD and Electrohold Sales AD.

The total liabilities of the parent company amount to BGN 53.9 million, of which BGN 19 million are non-current liabilities and BGN 34.9 million are current liabilities (BGN 41.8 million total liabilities at the end of 2021, of which BGN 9 million non-current and BGN 32.8 million current liabilities).

Bonds issued as of 30.06.2022 are all issued by the parent company. At the end of 2021, bonds are distributed as follows: parent company BGN 179.7 million (BGN 42.7 million non-current and BGN 137 million current portion); automotive segment totaling BGN 13.7 million (BGN 8.8 million non-current and BGN 4.9 million current); lease segment totaling BGN 5.4 million (BGN 5.2 million non-current and BGN 0.2 million current).

» **Trade and other liabilities amount** to BGN 462.2 million compared to BGN 594 million at the end of 2021, of which:

- Non-current liabilities are BGN 46 million (BGN 106.6 million at the end of 2021). These include: other liabilities – non-current, finance lease liabilities and deferred income;

- Current liabilities amount to BGN 156.1 million (BGN 169.5 million at the end of 2021). They include: provisions, tax liabilities, liabilities to personnel, deferred income, liabilities to insurance companies, liabilities under lease contracts and other current obligations.

- Trade and other liabilities of BGN 260 million (BGN 318 million at the end of 2021), of which liabilities under lease contracts for rights of use assets amount to BGN 39.5 million (BGN 47.2 million at the end of 2021).

» **Liabilities for reinsurance operations** amount to BGN 129.7 million. They have increased by BGN 10.3 million compared to BGN 119.4 million at the end of 2021.

### Insurance reserves

The amount of insurance reserves as of 30.06.2022 is BGN 1.64 billion, and for the current reporting period they have increased by BGN 207.4 million compared to the end of 2021 as a result of the growth of the insurance business. The share of reinsurers in the total amount of insurance reserves amounts to BGN 1.28 billion (BGN 1.09 billion at the end of 2021).

## CASH FLOWS

The consolidated statement of cash flows is made up of sections and line items in which cash flows are reflected according to the activity from which they arose, grouped into operating, investing and financing activities.

Consolidated cash flows		30.06.2022	30.06.2021
Net cash flows from operating activities	BGN thousand	232 720	(25 718)
Net cash flows from investing activities	BGN thousand	(35 958)	46 871
Net cash flows from financing activities	BGN thousand	(22 038)	(6 989)
<b>Net increase in cash and cash equivalents</b>	<b>BGN thousand</b>	<b>174 724</b>	<b>14 164</b>
Cash and cash equivalents at the beginning of the period	BGN thousand	152 132	68 800
<b>Cash and cash equivalents at the end of the period</b>	<b>BGN thousand</b>	<b>326 856</b>	<b>82 964</b>

During the periods under review, the companies within the Group generated enough cash flows to carry on their normal operating activities.

## COURT CASES

Eurohold Bulgaria AD and its subsidiaries are parties to various state and legal proceedings within the framework of their usual activities in view of the regulated nature of their activities.

Notwithstanding the above, there are no state, legal or arbitration proceedings (including those that are pending or that could be instituted) that may have or have had a material impact on Eurohold Bulgaria AD and/or its subsidiaries which could affect the financial position and/or profitability of Eurohold Group.

All lawsuits are disclosed in detail in note 46. "Contingent liabilities, commitments and provisions for lawsuits" from the Appendices to the interim condensed consolidated financial statements as of 06/30/2022.

## GUARANTEES AND GUARANTEES PROVIDED

Eurohold Bulgaria AD, as well as some of its subsidiaries, are guarantors/co-debtors for bank loans granted to other companies. Information on the guarantees and warranties provided is available in note 46.2. "Guarantees and provided guarantees" to the interim condensed consolidated financial statements as of 30 June 2022.

## FINANCIAL RATIOS

## FINANCIAL INDICATORS EUROHOLD GROUP

(thousand BGN)

N:	Indicators:	H1 2022	H1 2021	H1'2022/H1'2021	
		period	period	period	percent
<b>Statement of profit or loss</b>					
1	Financial result before tax from continuing operations	69,972	-3,892	73,864	1897.8%
2	Financial result after tax from continuing operations	61,996	-2,132	64,128	3007.9%
3	Operating income	3,167,169	819,639	2,347,530	286.4%
4	Operating expenses	2,884,403	781,350	2,103,053	269.2%

N:	Indicators:	H1 2022	2021	H1'2022/2021	
		period	period	period	percent
<b>Statement of Financial Position</b>					
5	Total Equity	340,629	370,506	-29,877	-8.1%
6	Total liabilities, subordinated debt instruments and insurance reserves	3,556,832	3,434,669	122,163	3.6%
7	Total assets	3,897,461	3,805,175	92,286	2.4%
8	Current assets	2,707,590	2,485,802	221,788	8.9%
9	Current liabilities	2,362,234	2,282,902	79,332	3.5%
10	Current accounts receivable	1,917,790	1,845,607	72,183	3.9%
11	Financial actives	392,354	427,671	-35,317	-8.3%
12	Financial assets	326,856	152,132	174,724	114.9%
13	Inventories	31,532	33,168	-1,636	-4.9%

## COEFFICIENTS

## Profitability:

14	Gross return on equity ratio (1/5)	0.21	-0.01	0.22	2055.5%
15	Net return on equity ratio (2/5)	0.18	-0.01	0.19	3262.9%
16	Ratio of gross profitability of liabilities (1/6)	0.02	-0.001	0.02	1836.1%
17	Ratio of net profitability of liabilities (2/6)	0.02	-0.001	0.02	2908.0%
18	Gross return on assets ratio (1/7)	0.02	-0.001	0.02	1855.3%
19	Net return on assets ratio (2/7)	0.02	-0.001	0.02	2939.0%

## Efficiency:

20	Cost efficiency ratio (4/3)	0.91	0.95	-0.04	-4.5%
21	Revenue Efficiency Ratio (3/4)	1.10	1.05	0.05	4.7%

## Liquidity::

22	Total liquidity ratio (8/9)	1.15	1.09	0.06	5.3%
23	Quick Liquidity Ratio (8-13)/9	1.13	1.07	0.06	5.4%
24	Immediate liquidity ratio (11+12)/9	0.30	0.25	0.05	19.9%
25	Absolute Liquidity Ratio (12/9)	0.14	0.07	0.07	107.6%

## Financial autonomy:

26	Coefficient of financial autonomy (5/6)	0.10	0.11	-0.01	-11.2%
27	Debt ratio (6/5)	10.44	9.27	1.17	12.6%
28	Coefficient of financial independence (5/7)	0.09	0.10	-0.01	-10.2%
29	Coefficient of financial indebtedness (6/7)	0.91	0.90	0.01	1.1%

## OVERVIEW OF KEY RESULTS BY BUSINESS LINE

### EUROINS INSURANCE GROUP - INSURANCE

In the first half of 2022, Euroins Insurance Group (EIG, the EIG Group) reports gross written premiums of BGN 886 million compared to BGN 513 million for the same period of 2021. EIG reports consolidated profit of BGN 50 million (before taxes) as of June 30, 2022, compared to BGN 3 million of profit before taxes as of June 30, 2021.

A major contributor to the increase in gross written premiums and profit before tax is Euroins Romania, where the increase in gross written premiums for the second quarter of 2022 compared to the same period of 2021 is significant. This is largely due to the substantial increase in MTPL prices in the last quarter of 2021.

The registered business of insurance company Euroins AD grew to BGN 228 million during the second quarter of 2022 (Q2 2021 - BGN 160 million), or a growth of 42%. Businesses in the Republic of Greece and the Republic of Poland respectively have a share in the written gross premiums of 19% (Q2 2021 - 20%) and 18% (Q2 2021 - 26%). Insurance company Euroins AD also reports a significant increase in recorded business in Great Britain, which at the end of the half-year was BGN 62 million (H1 2021 - BGN 14 million). Euroins North Macedonia follows its sustainable development strategy and reports recorded gross premiums of BGN 16 million and profit before taxes of BGN 661 thousand (Q2 2021 - BGN 691 thousand).

Despite the difficulties caused by the ongoing military conflict in Ukraine, the two local subsidiaries that are part of EIG Group report encouraging results, and for the second quarter of 2022, regardless of the reduction in reported gross premiums, they remain profitable.

The group is in the process of collecting additional data and, accordingly, their analysis in relation to the high levels of inflation in the current year and their possible negative effect on the offered insurance products, review of the general conditions and the available protection options, where and if this is necessary, with a view to preserving the profitable cash flows from the activity.

*Note: when presenting the results of the insurance group, the comparative information, as well as the percentage change compared to the previous reporting period, are presented by using the average exchange rate of the relevant foreign currency against BGN for the relevant prior reporting period.*

### Results by insurance companies

#### Euroins Bulgaria

In the second quarter of 2022, Euroins Bulgaria reported gross written premium of BGN 228 million compared to BGN 160 million for the same period of 2021. The main reason for this growth of 42% is direct insurance premiums due to the increase in non-motor business written.

Major non-motor lines such as Accident and Travel Assistance (188%) saw growth, with a significant role for this increase played by the reported income for travel assistance insurance in Great Britain, Liability (15%), Guarantees (106%) due to the start of new business in Greece, Cargo (40%) and Property (5%).

Motorists' Civil Liability insurances maintained their positions compared to the comparative period, while Car Casco insurances grew by 2%. Motorist Liability insurance sales reported a decrease in Poland, where in the second quarter of 2022, Euroins Bulgaria reported gross premiums in the amount of BGN 37 million (Q2 2021 - BGN 38 million) or a decrease of 4%. Assistance supplements to the concluded Motorist Liability insurances in Poland in the amount of BGN 4.2 million for the second quarter of 2022 (the second quarter of 2021 - BGN 3.7 million) continue to be successfully marketed.

The branch in Greece saw an increase of 9% in the sales of Motorist Liability - BGN 27 million for the second quarter of 2022 against BGN 25 million for the same period of 2021. There, as well as in Poland, they have successfully placed Assistance supplements to the concluded insurances in the amount of BGN 5 million for the second quarter of 2022 (Q2 2021 - BGN 4.5 million).

In Bulgaria, a decrease by 4% is reported in the sales of Civil liability of motorists - BGN 25 million for the second quarter of 2022 against BGN 26 million for the same period of 2021.

Net earned premiums amount to BGN 85 million (Q2 2021 - BGN 84 million), and claims incurred, net of reinsurance, reach BGN 37 million (Q2 2021 - BGN 39 million).

The main coefficients that characterize the efficiency of the activity of ZD Euroins AD in the second quarter of 2022 have the following expression:

- ▶ Loss rate: 49.6% (Q2 2021 - 52.1%)
- ▶ Combined quota: 97.3% (Q2 2021 - 93%)

Net acquisition costs increased 21% for the second quarter of 2022 compared to the same period last year, and related to net premiums earned increased 5%. The increase is mainly related to the increase in the recorded business of the Company.

The levels of administrative expenses are increasing mostly in the part of personnel expenses, which is due to increases in employee remuneration (BGN 4,810 thousand compared to BGN 3,315 thousand for Q2 2021).

The result of investment activity is negative - BGN 715 thousand (Q2 2021: BGN 2.5 million profit).

In the second quarter of 2022, ZD Euroins Bulgaria reports a profit for group purposes in the amount of BGN 1.8 million before taxes (Q2 2021 - BGN 8 million before taxes).

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## **Euroins Romania**

On 17 of September 2021 CITY INSURANCE stopped policy issuing. Following the bankruptcy of CITY INSURANCE, the market immediately started to reprice MTPL by increasing, significantly, the tariffs.

Starting 24 September 2021, Euroins Romania implemented new tariffs that were approx. 26% higher than previous tariffs.

Starting 1 October 2021, the Company implemented new system of commissions for brokers. The expected decrease in the average brokerage commission is 4%.

In the first quarter of 2022 there is a normalization of the levels of MTPL prices on the Romanian market.

In 2021 the company changed its accounting policy in connection with the reporting of technical provisions in order to present more reliable and more relevant information in the financial statements about the effect of operations, taking also into account local regulatory requirements. Thus, a restatement was made in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The comparative data presented below have been recalculated as far as they are related to the change.

The effect of this recalculation is basically one-off, although the increased amount of gross technical reserves (mainly IBNR) will have an impact on the future provisions and their greater stability. A major part of the gross premium income falls on motorist liability insurance (94% of the portfolio), where the reported income increased by 109% compared to the same period of the previous year.

Net earned premiums amount to BGN 281 million (Q2 2021 - BGN 163 million), and claims incurred, net of reinsurance, amount to BGN 151 million (Q2 2021 - BGN 124 million).

The main coefficients that characterize the efficiency of Euroins Romania's activity in the second quarter of 2022 have the following expression:

- Damage ratio: 69.6% (Q2 2021 year - 80%);
- Combined quota: 77.7% (Q2 2021 - 108.1%);

Net acquisition costs decreased significantly in the second quarter of 2022 compared to the previous year, which is due to the write-off in the second quarter of 2022 of a recognized reinsurance provision in 2021 due to the elimination of the relevant contingencies. Administrative expenses increased by 11% compared to the comparable period, but related to net premiums earned decreased by 1.4%.

The technical result of the Company in the first half of 2022 is positive: BGN 48 million (Q2 2021 - negative BGN 13 million).

The result of investment activity is negative - BGN 2 million (Q2 2021 year: BGN 5 million profit).

In the second quarter of 2022, Euroins Romania reports a profit for group purposes in the amount of BGN 46 million before taxes (Q2 2021 - BGN 7 million loss before taxes).

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### **Euroins North Macedonia**

In the second quarter of 2022, the revenues from written gross premiums of Euroins Macedonia increased by 25% compared to the second quarter of 2021 and reached BGN 16 million. The Company's main business lines are motorists' liability insurance and agricultural insurance.

In the case of agricultural insurance, which has a major share of the Company's portfolio, the recorded business is in the amount of BGN 6 million, and for the same period of 2021, BGN 4.6 million was reported. Sales of motorist liability insurance increased compared to the comparable period, where gross income was realized in the amount of BGN 6.5 million (Q2 2021 - BGN 5.5 million) or 41% of the total gross premiums recorded for the period.

Claims incurred, net of reinsurance, decreased by 10% compared to the comparable period, while net premiums earned increased by 12%.

Administrative expenses remained at their level compared to the previous year, and related to net premiums earned decreased by 1%.

Net acquisition increased 44%, driven by both the change in the accounting model for accounting for commissions and an increase in written business, and relative to net premiums earned increased 6%.

The result of investment activity is negative - BGN 234 thousand (Q2 2021 year - BGN 968 thousand profit).

The realized profit for group purposes is in the amount of BGN 661 thousand before taxes (Q2 2021 - BGN 691 thousand).

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### **Euroins Life**

The gross premium income of Euroins Life for the reporting period is BGN 4 million, thus maintaining its levels from the same period of the previous year.

The loss ratio decreased from 23.2% for the second quarter of 2021 to 19.3% in 2022.

The result of investment activity is positive - BGN 751 thousand (Q2 2021 - BGN 86 thousand profit).

The ratio of acquisition costs decreased from 77.2% to 71.4%. The high amount of acquisition costs is the result of the change in the sales strategy from direct sales to the use of distribution channels - non-bank financial institutions and brokers.

In the second quarter of 2022, Euroins Life reports a profit for group purposes in the amount of BGN 510 thousand before taxes (Q2 2021 - BGN 322 thousand loss before taxes).

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### **EIG Re**

In the second quarter of 2022, EIG Re reported gross premiums of BGN 11 million, an increase compared to the second quarter of 2021 - BGN 8.3 million.

A major share of the Company's active reinsurance portfolio falls on "Property" (39%) and "Cargo" (37%) insurances. Active reinsurance accounts for the majority of written business - 86% or BGN 9.5 million, and fronting - 13% or BGN 1.4 million.

The result of investment activity is positive - BGN 227 thousand (Q2 2021 year - BGN 21 thousand profit).

A profit for group purposes in the amount of BGN 1.4 million before taxes was reported (Q2 2021- BGN 78 thousand).

The strategy of the management of Euroins Insurance Group and EIG Re is for the Company to continue to develop as an active reinsurer and, as an internal reinsurer, to participate in the optimization of the capital requirements of the Group and its subsidiaries in the context of Solvency II.

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### **Euroins Ukraine**

In the second quarter of 2022, the Company reported written gross premiums in the amount of BGN 12.5 million against BGN 18.5 million for the comparable period, or a decrease of 32% compared to the previous year. A greater part of the realized premium income in the second quarter of 2022 was formed on the basis of sales in the Western part of Ukraine, which is comparatively much less affected by the hostilities.

The main business lines in which the company specializes are motor insurance, and non-motor - health insurance.

Despite the reported decrease, the Company reports profit before taxes for group purposes of BGN 336 thousand (Q2 2021 - profit of BGN 190 thousand before taxes).

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### **European Travel Insurance, Ukraine**

In the second quarter of 2022, the Company recorded premiums totaling BGN 5.9 million, which represents a 44% decrease compared to the second quarter of 2021 (Q2 2021 - BGN 10.5 million). A greater part of the realized premium income was formed in the period before the start of the military conflict in Ukraine.

Travel Assistance Insurances have a 100% stake in the Company's portfolio.

Despite the significant reduction in premium income, the Company reports a profit of BGN 408 thousand before taxes (Q2 2021 - BGN 2.2 million). The reported positive financial result is due to the Company's low administrative costs and fully online sales of insurance, which helps its flexibility and ability to react to various shock situations, such as the more than two-year-long Covid-19 pandemic and the ongoing military conflict in the country. However, the reductions in travel are having a strong negative impact on his business.

## Euroins Georgia

Insurance Company Euroins Georgia is specialized in Accident and Health. For Q2 2022 this line of business formed app. 46% of the insurance portfolio of the Company followed by Motor Hull with 29%.

Total gross premiums written in Q2 2022 amounted to BGN 6.4 million, which represented a decrease of 19%.

The financial result for Group purposes is a loss amounting to BGN 575 thousand before taxation (Q2 2021- 690 thousand loss before taxation).

## EASTERN EUROPEAN ELECTRIC COMPANY II B.V. (EEEC II) - ENERGY

Eastern European Electric Company II B.V. (Eastern European Electric Company II B.V., EEEEC), a holding company registered in the Netherlands with a subject of activity - participation, management, control and financing of companies, unites the companies acquired on 27.07.2021 operating on the territory of Bulgaria in the energy segment.

At the end of July 2021, Eastern European Electric Company B.V. acquired CEZ Group Assets in Bulgaria, turning Eurohold's energy group into the largest independent private energy group in the country.

The group consists of seven operating companies operating in the field of distribution, supply, electricity trading and inter-company management, information technology services, and three specially created companies for the purpose of unifying Eurohold's energy investments.

## Financial performance of energy companies

Energy companies (also referred to in this report as "ELECTROHOLD energy companies") for the period from 01.01.2022 to 30.06.2022 generated operating profit from their activities in the amount of BGN 218.4 million and net profit in the amount of BGN 42.7 million BGN

For the six months of 2022, the Electrohold energy companies realized a total of BGN 1.64 billion in revenue from their activities.

## Analysis of material income and expenses

### » **Total revenue from energy activities broken down by nature and type:**

<b>Revenue from energy activities</b>	<b>BGN thousand</b>
Customers on the open market	1 008 103
Household consumers	407 904
Business users	191 733
Revenues from customer connection fees	9 001
Late payment penalties	2 645
Revenues from services for the survey, repair and maintenance of the electricity distribution network, and commercial metering facilities	4 920
Revenues from information, communication, technology (ICT) and other services	2 984
Revenue from the Electricity System Security Fund	731
Other revenue	13 288
<b>Total revenue from energy activities</b>	<b>1 641 309</b>

» **The operational costs of the energy companies amounted to BGN 1.42 billion.**

<b>Energy activity costs</b>	<i>BGN thousand</i>
Cost of purchased electricity	(720 313)
Technology costs for electricity transmission	(58 972)
Balancing energy	(26 414)
Transmission and access service costs	(1 572)
Other costs	(615 638)
<b>Total energy activity costs</b>	<b>(1 422 909)</b>

» **The other expenses of the energy group amount to BGN 86.2 million.**

<b>Other expenses</b>	<i>BGN thousand</i>
Cost of materials	(6 022)
Hired services expenses	(27 454)
Employee benefits expenses	(51 008)
Other operating expenses	(1 727)
<b>Total other expenses</b>	<b>(86 211)</b>

» **Net finance costs are BGN 31.3 million.**

<b>Finance costs, net</b>	<i>BGN thousand</i>
<b>Finance income</b>	<b>855</b>
Interest income	177
Other finance income	678
<b>Finance costs</b>	<b>(32 174)</b>
Interest expenses on bank loans	(30 039)
Interest expenses on lease obligations	(88)
Other finance costs	(2 047)
<b>Finance costs, net</b>	<b>(31 319)</b>

### Analysis of material assets, equity and liabilities

The assets of the EEEC energy group amount to BGN 2.30 billion.

The companies have cash and cash equivalents of BGN 178.8 million, trade receivables are BGN 280.2 million net of impairment, of which BGN 56 million are compensations in connection with the program for compensating the costs of transmission and distribution network operators (operators) for the purchase of electricity costs, which was approved by government via Decision N° 893 dated 30 December 2021 and Ministry of Councils Letter N° 476 dated 30 December 2021.

Energy companies Eurohold own property, machinery and equipment worth BGN 838.8 million, of which machines, facilities and equipment worth BGN 316.8 million, land, buildings and structures in the amount of BGN 108.8 million, technical equipment of BGN 345.9 million, transport vehicles of BGN 6.5 million, costs

for acquisition of non-currents assets of BGN 43 million and other items of property, plant and equipment of BGN 2 million. Intangible assets are worth BGN 103 million, incl. licenses and property rights with carrying value BGN 50.8 million.

The liabilities of the EEEC group amount to BGN 1.29 billion. The total long-term liabilities amount to BGN 1.03 billion and mainly represent liabilities for received loans of BGN 965.8 million, of which liabilities to banks are BGN 724 million, and loans from non-financial institutions are BGN 241.8 million. Short-term liabilities amount to BGN 262.2 million.

## **EURO-FINANCE AD - INVESTMENT MEDIATION AND ASSET MANAGEMENT**

### **(financial and investment activities)**

Euro-Finance is an investment intermediary, a member of the Frankfurt Stock Exchange, giving direct access to Xetra® through the EFOCS trading platform. The company also offers trading of currencies, indices, stocks and precious metals through contracts for difference on the EF MetaTrader 5 platform.

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

During the reporting period, Euro-Finance AD continues to follow the activities set out in the development program in the direction of developing online service for individual clients, increasing funds under management and participation in projects related to corporate consulting and restructuring.

In 2022 "EURO-FINANCE" AD continues to offer its services through two tied agents, entered in the Register of the Financial Supervision Commission as such, as follows:

» Affiliated agent "Winners Group" EOOD, entered in the Trade Register and the Register of the National Center for Registration at the Registration Agency with EIC: 204522460, with headquarters and management address in the city of Sofia, Vazrazhdane district, "Alexander Stamboliyski" Blvd. No. 84, building "Urban Model", floor 6, entered in the Register of persons who can perform activities as bound agents of the FSC based on Decision No. 19 - OA dated 14.01.2021 of the FSC.

» Affiliated agent "Studio Personal Finances" Ltd., entered in the Commercial Register and the Register of the National Center for Registration at the Registration Agency with EIC: 206297756, with headquarters and management address in the city of Sofia, 3 Dr. Hristo Stambolski Street, fl. 3, entered in the Register of persons who can perform activities as bound agents of the FSC on the basis of Decision No. 496 - OA dated 15.07.2021 of the FSC.

Bound agents are persons under Art. 33, para. 1 of ZPFI, which are commercial companies and which, for the purpose of promoting the sales of the services of "EURO-FINANCE" AD, provide and carry out for remuneration on its behalf and under its full and unconditional responsibility one or more of the following investment services and activities:

1. sending invitations to clients to conclude transactions;
2. acceptance and transmission of orders from customers;
3. offering financial instruments.

Affiliated agents provide the above-mentioned services to the clients or potential clients of "EURO-FINANCE" JSC only in relation to the shares of collective investment schemes of AMUNDI.

### **Analysis of the Company's results as of 30.06.2022.**

The company made a profit of BGN 673 thousand for the first six months of 2022.

<b>The structure of financial income and expenses from the main activity:</b>	<b>30.06.2022 BGN thousand</b>	<b>30.06.2021 BGN thousand</b>
Income from financial-investment activity, including:	<b>5 940</b>	<b>6 769</b>
Income from commission fees	1 921	1 763
Income from operations with financial assets and instruments	3 341	4 703
Gain on exchange rate differences	110	-
Income from investments in equity instruments	250	2
Interest income	318	301
<b>Expenses for financial and investment activity</b>	<b>(4 275)</b>	<b>(3 679)</b>
Transaction costs – BSE, CFN, CD, MST, FCI, foreign brokers fees	(126)	(150)
Loss on transactions with financial assets and instruments	(4 101)	(3 459)
Loss on exchange rate differences	-	(30)
Interest expenses	(48)	(40)
<b>Net profit from operating activity</b>	<b>1 665</b>	<b>3 090</b>

The net result of the main activity of the Company can be presented according to their nature, as follows:

- » Interest income – BGN 249 thousand;
- » Other income from main activity – BGN 1,436 thousand;

The expenses for the six months ended on 30.06.2022, related to the current service of the company, amount to BGN 1,010 thousand.

The assets of "EURO-FINANCE" AD as of 30.06.2022 amounted to BGN 32.5 million (BGN 30.6 million as of 31.12.2021). The company owns BGN 3.6 million investments in long-term financial assets and BGN 4.6 million in short-term financial assets, receivables under repurchase agreements amount to BGN 8.6 million, own funds in the amount of BGN 6 million and BGN 8 million cash to customers.

As of June 30, 2022, the company's equity is 22.8 million, of which BGN 14.1 million registered capital.

### ***EUROHOLD BULGARIA AD - INDIVIDUAL BASIS***

The results of Eurohold Bulgaria AD for the first six months of 2022 are available on the company's website [www.eurohold.bg](http://www.eurohold.bg), under "Financial Information".

### **INFORMATION ON LARGE RELATED PARTY DEALS IN THE SECOND QUARTER OF 2022**

All significant transactions concluded by Eurohold Bulgaria AD and its subsidiaries are disclosed in the "Significant Events" section of this interim consolidated activity report, as well as in the notes to the interim condensed consolidated financial statements as of 30 June 2022.

## STRATEGIC FOCUS AND TRENDS

### STRATEGIC DIRECTION OF EUROHOLD FOR THE FUTURE DEVELOPMENT OF THE GROUP

#### **Energy**

The energy business development strategy envisages the implementation of the energy companies' investment program aimed at the following areas: Customer service and satisfaction; Renewal and maintenance of the power transmission network; Renewable sources and energy efficiency; Innovations and technologies.

The intention of "Eurohold Bulgaria" AD is to convert "Eastern European Electric Company" B.V. in a regional utility company in the country in terms of sustainability and customer satisfaction. The issuer undertakes a clear commitment to investments in technologies and digitization of processes to improve the efficiency of energy companies in maintaining financial stability and compliance with regulatory norms, as well as by ensuring continuity in the operational management of the assets subject to acquisition.

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

#### **Energy companies focus on investments in e-services, digitalization, modernization and education**

The priority of Electrohold is to increase the quality of services and improve customer service. Currently, more than 80% of the services of Electrohold Sales AD and more than 90% of those of ERM Zapad have been digitized. Over half a million customers use e-invoices, and more than 200,000 have registered for SMS services. The new corporate sites are also tailored to the need for digital service.

The other focus will be on investments in digitization and modernization of the ERM West network and its services. From the beginning of 2021 to the end of 2023, nearly BGN 300 million will be invested in this direction. Electrohold has focused its efforts on preparing the network for a new generation of electricity and at the same time is working hard to comply with its main commitment - maintenance of the largest network in the country and continuity of supply. The efforts of over 3,000 employees are engaged in this activity.

The projects currently being implemented include the latest generation technologies for real-time network monitoring and management, constant consumption monitoring and optimal team utilization. Drones are being implemented and artificial intelligence is being used, which is an important prerequisite for the development of the economy of the future.

Electrohold will follow its policy of being a responsible investor in society. A key element in the company's sustainable development concept is support for professional education, nature conservation and the improvement of the urban environment. With the new brand, Electrohold positions itself as a modern and attractive employer and will continue to upgrade its programs for the development of young talents.

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## **Insurance**

Regarding the insurance sector, Eurohold's strategy envisages organic growth, the diversification of the product portfolio, increasing profitability and improving the profitability of operations in Romania and Bulgaria. The focus will be on development of: products; distribution with attention to online sales channels; and international expansion with a focus on organically developing business in current regions and expanding operations to other markets under the Free Provision of Services law.

The development of insurance companies is aimed at sustainability and organic growth of insurers' market positions, through the development of new products, both in existing classes of insurance, and in the development of new combined insurances with the aim of diversifying the insurance portfolio, meeting the changed expectations of customers and in accordance with the changed business environment, strengthening know-how exchange processes in management, business and corporate practices between companies, as well as focusing on the digitization of the overall system and online product offering. The activity will also be aimed at developing new direct distribution channels with a focus on online channels. In addition, the focus will be placed on business growth by expanding the operations of insurance services distributed under the right of freedom of establishment and freedom to provide services. The insurance business of Eurohold, united in the subsidiary company Euroins Insurance Group, is well positioned in the markets of Europe and has a strong potential for growth.

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## **Investment Brokerage and Asset Management**

The expectations are that the investment intermediary Euro-finance AD will continue its sustainable development by expanding its market positions and generating growth in its revenues. The impact of Covid-19 on this segment is negligible.

Euro-finance has fully digitized its operations, renewed and modernized the company's corporate website. Special attention is paid to expanding the presence of Euro-Finance in the Internet space and reaching a wider range of potential customers by promoting the products and services of the investment intermediary.

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

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

## DESCRIPTION OF PRINCIPAL RISKS

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

In the event that any of the risks described in this section occur even partially or in combination with other risk factors or circumstances, this may have a significant adverse effect on the company's operations, the results of its operations or its financial condition. If this leads to a reduction in the market price of the shares, investors may lose part or all of their investment. Additional risks and other uncertain events that are not currently known or are considered insignificant as of the date of this report may also have a material adverse effect on the operations of Eurohold Bulgaria AD, the results of operations or its financial condition.

We warn potential investors that the future results of the company's activities may differ significantly from past results as a result of the occurrence of the described risks, or many other risk factors.

The users of this report should keep in mind that Eurohold Bulgaria AD develops its activities through its subsidiaries, in this regard its financial condition, operating results and development prospects are directly dependent on the condition, results and prospects of its subsidiaries. The most significant risks affecting the companies of Eurohold Group are listed below.

### 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.

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#### ⇒ Risks related to the activity and structure of Eurohold

As far as the activity of "Eurohold Bulgaria" AD is related to the management of assets of other companies, it cannot be attributed to a separate sector of the national economy and is exposed to the sectoral risks of the subsidiaries. Eurohold Bulgaria AD group companies operate in the following sectors: "insurance", "energy" (from 27.07.2021), "leasing" (until 30.06.2022), "car sales" (until 30.06 .2022) 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.

The development trends of Eurohold Group are directly related to the risk factors influencing the activity and business sector of the companies of the economic group, their prospects, growth potential, the ability to generate revenues and profits and maintain a stable financial position.

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

Due to the factors described above, the risks associated with Eurohold's activities must be considered together with the specific risks for each business sector represented in its economic structure.

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## ➤ Energy business

The energy business emerges as generating the largest part of Eurohold Group's revenues, which implies a strong dependence of the group on the risks specific to this 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 behaviour 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 influencing fundamentals (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.

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➤ **Insurance business**

In the insurance direction, a significant risk is also concentrated, 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**

Credit risk reflects possible losses as a result of unexpected default or deterioration of the credit position of counterparties or debtors of subsidiaries over the next 12 (twelve) months. The Group maintains its established relationships with leading reinsurance companies in the industry with a high credit rating, which minimizes the risk of default of the type 1 counterparty.

### **Operational risk**

Operational risk means the risk of loss as a result of inappropriate or malfunctioning internal processes, people or systems, or external events. The executive directors of the companies within the scope of the Group in connection with the operational risk management:

- have distributed the powers and responsibilities for operational risk management and has an approved list of employees responsible for identifying and reporting operational events;
- carry out operational control over the periodicity and completeness of the reports and assessments of the operational risk, prepared by the risk management function.

The main sources of operational risk at the group level are personnel, processes, systems, internal events. Losses from operating events that arise as a result of different combinations of factors are classified into several main categories:

- internal fraud;
- external fraud;
- customers, product and business practices;
- damage to tangible assets;
- interruption of the activity and / or failure of the information system;
- management of execution, delivery and processing.

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

### **Insurance risk management**

The objective probability of damage to property or non-property goods, the realization of which is uncertain, unknown and regardless of the will of the insured person represents an insurance risk.

An insurance contract is a contract under which the Group assumes significant insurance risk on the other hand (insured person) by agreeing to compensate the insured person or other beneficiary in the event of a specific unexpected future event (the insured event) that adversely affects the insured person or beneficiary.

The property is subject to a number of risks, including theft, fire, business disruption and weather conditions. Compensation for phenomena such as storms, floods, landslides, fires, explosions, and rising crime rates occur on a regional scale, which means that each company manages the distribution of its geographical risk very carefully. In the event of an earthquake, each company expects the real estate portfolio to include high claims for structural real estate claims and large claims due to business disruptions, while transportation

links are down and the property is closed due to renovations. Each company accepts the total risk exposure, which is ready to take in certain areas for a number of events such as natural disasters.

The current aggregate position is monitored during the signing of a risk and monthly reports are prepared, which show the key concentrations to which each of the Group companies is exposed. Each of the insurance companies uses different modelling tools to control concentration and simulate catastrophe losses to measure the effectiveness of reinsurance programs and their net risk exposure. During the year, "stress" and "scenario" tests are conducted using these models.

The greatest probability of significant losses for any insurance company arises from catastrophic events such as floods, damage, claims from storms or earthquakes. Each company manages its risk by concluding reinsurance contracts.

The opinion of the management regarding the concentration of risk is that efforts have been made for equal territorial distribution of the insured property. The risk is systematically assessed by the Reinsurance Director of the respective company and the accumulation of insurance amounts by regions is monitored.

The Management does not consider that at the end of the reporting period there are significant concentrations of insurance risk in the portfolio of each insurance company, part of the Group. The opinion of the Management regarding the concentration of the insurance risk is that efforts have been made for a relatively even distribution of the insured property and cars. A systematic risk assessment is performed and the accumulation of insurance amounts is monitored both by groups of clients and by regions.

### **Reinsurance risk management**

Insurance companies, part of the Group, assign their insurance risk to limit their exposure to losses when concluding various insurance contracts that cover individual risk, group risks or certain lines of co-insurance business, which are renewable on an annual basis. These reinsurance contracts distribute the risk and minimize the effect of losses. The amount of each risk retained depends on the assessment of the specific risk of each company, which in certain circumstances reaches limits based on the characteristics of the coverage. Under the terms of the reinsurance contracts, the reinsurer agrees to reimburse the assigned amount in the event that the indemnity is paid. However, each company remains liable to its insured persons in respect of the assigned insurance if the reinsurer fails to meet the obligations it assumes. In non-life insurance, the predominant use of reinsurance aims to manage exposures to time-related events, natural events, multi-victim events, catastrophic fires and responsibilities (General Civil Liability and Motor Third Party Liability). When choosing a reinsurer, each company takes into account relative security. The security of the reinsurer is assessed on the basis of a public rating and conducted internal surveys.

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### **▶ 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. 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

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## **⇒ 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.

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## **⇒ 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.

In the medium term, the group intends to concentrate on organic growth of the currently existing businesses, expanding their market positions, maintaining a stable financial position and capital structure.

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### ⇒ Risks related to the management of Eurohold. Operating risk

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

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.

The Group defines the operating risk as: the risk of loss or non-realization of profits, which is caused by non-functioning or not implemented internal control systems or by factors external to the Group, such as economic condition, changes in the insurance environment, technical progress and others. Legal risk is part of operational risk and arises as a result of non-compliance or misapplication of legal and contractual commitments that would have an adverse effect on operations. The definition does not include strategic risk and goodwill risk.

The Group's objective is to manage operational risk so as to prevent financial loss and in the most efficient manner, while maintaining its good reputation and at the same time not hindering initiative and creativity in its actions.

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

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

The management of Eurohold Bulgaria AD supports the efforts of the subsidiary companies in the Group to attract bank resources for investments and use the opportunities that this type of financing provides for securing working capital. The volumes of these borrowed funds are maintained at certain levels and are allowed after proving the economic efficiency for each company.

The management's policy is aimed at raising financial resources from the market, mainly in the form of 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 share capital or granting loans. 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.

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### ⇒ 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.

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⇒ **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.

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⇒ **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.

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⇒ **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**

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⇒ **Macroeconomic risk**

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

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

The outcome of the realization of some risks related to the international environment will depend to a large extent on the plans and preventive measures of individual countries and international institutions, which is also evident from the latest global economic crisis and the COVID-19 pandemic. The risk of the influence of the international environment on companies cannot be diversified and affects all players, but on the other hand, it can become an engine for the development and implementation of innovations and digitalization, which can drastically change and increase the efficiency of business on a global scale.

The macroeconomic situation and economic growth on a global scale are of fundamental importance 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 policy, exchange rates, taxes, GDP, inflation, budget deficit and external debt, unemployment rate and income structure.

Macroeconomic trends, such as: the impact of the force majeure event that occurred at the beginning of 2020 due to the globally announced COVID-19 pandemic and the measures taken by the governments of the affected countries; the global economic crisis; slowing down of economic growth; the risk of systematic global financial fluctuations; periodic fiscal imbalances; changes in exchange rates for certain currencies; volatility in the prices of energy products; economic and political uncertainty 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 Bulgaria's economy faces the risk of external influences and depends directly on international market conditions. The presence of unfavorable macroeconomic conditions in Bulgaria, including an increase in unemployment and inflation, as well as fiscal instability may have a material adverse effect on the Company's business, its financial condition and/or its results of operations.

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

### ***Manifested macroeconomic risks at the date of preparation of this report***

We are currently witnessing macroeconomic risk arising from the scale and spread of the coronavirus (COVID-19) pandemic, which has affected the entire 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, much of the global economy slowed its growth, and activity in some sectors was almost completely suspended. As a result of the measures imposed by governments, a significant amount of international trade was impeded. Globally, the subsequent business results from the economic disruptions caused by the pandemic were: a worsening economic outlook, a significant increase in expected credit losses and other impairments, and a decrease in revenue due to lower volumes and reduced customer activity.

In 2021, the Covid-19 pandemic continued to impact the health system, the social environment and the economy. Deviations in the prices of energy resources had a strong impact, as did the displacement of trade relations, leading to a worldwide wave of intense inflationary pressure. After the start of mass vaccination, a gradual recovery of the global and local economy and the expected recovery of global activity also began. In Bulgaria, however, economic activity and unchanged final household consumption will contribute to an expected economic growth of around 3.8% in 2021. The labor market also had a favorable development and unemployment continued to decline, following its trend, reaching 4.8 % in the end of the year. The banking system remained stable, well capitalized, with high levels of liquidity meeting regulatory requirements.

At the moment, uncertainty and risks to the economy remain high. The latest wave of the Omicron coronavirus actively developed in early 2022 again led to a slowdown in economic recovery in Europe, accompanied by high inflation, absenteeism and online work, increasing shortages of materials, equipment and labor. Record energy prices have further increased the cost of living and reduced the purchasing power of Europeans, especially in low-income households. In general, the impact of the pandemic on economic activity has generally weakened over time, including that the slowdown in the recovery did not last long, given the rapid subsidence of the last wave and the lifting of restrictive measures. But possible new waves of infection, correspondingly imposed anti-epidemic measures and a prolonged shortage of personnel could prevent the recovery of economic activity. They could also slow down critical supply chains for longer than expected. On the other hand, weaker demand growth in the near term may help overcome supply constraints a little sooner than expected.

The outbreak of hostilities between Russia and Ukraine has received widespread international condemnation, and numerous countries have imposed sanctions on assets and operations owned by the Russian state and certain individuals. The IMF notes that the sanctions imposed by a number of countries against Russia are having an impact on the global economy and financial markets, and will have significant side effects in other countries as well. In many countries, the crisis is causing adverse shocks to both inflation and activity amid already heightened price pressures. Central banks closely monitor the impact of rising international prices on domestic inflation, with a view to monitoring and, where necessary, taking appropriate, carefully considered responses. Fiscal policy will need to support the most vulnerable households to offset rising living costs.

Eurohold Bulgaria owns, through its subsidiary Euroins Insurance Group AD, investments in insurance companies in Ukraine, Belarus and Russia (associated participation). However, these participations are insignificant in value against the background of the total value of the assets of the insurance subholding and the assets of Eurohold Bulgaria AD.

The management of Eurohold is following with concern the development of the military conflict between Russia and Ukraine, and is assessing its impact on the Group's business by analyzing the impact on both sides of the conflict.

The economic consequences of the military conflict in Ukraine cannot be assessed at this stage of development, but already indicate extremely serious price effects on the overall global economy. They could add to the already strong uncertainty caused by Covid-19, further straining the supply chain due to restrictive and logistical issues and adding to inflationary pressures. If the conflict continues to develop, the economic damage will be significant and is expected to affect all internal sectors of the economy, both of Bulgaria and the EU, including the sectors and regions in which Eurohold Group operates.

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

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## ⇒ Risk of force majeure events

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

Force majeure circumstances may also arise which could have a severe impact on the overall macroeconomic and international environment. An example of such a risk is the "Pandemic" declared by the World Health

Organization from an outbreak of acute respiratory syndrome associated with a new coronavirus (COVID-19) developing in early 2020.

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### ⇒ Risk associated with COVID-19

The extent of the impact of the coronavirus crisis on Eurohold Group depends on a number of factors, the most significant of which are the measures taken by the governments of the countries in which we operate, as well as those of our suppliers (mainly automotive companies). It also depends on the purchasing power of our customers, these are factors over which we have no influence. With Eurohold Group's development strategy adopted in 2021, namely to reduce the share of or exit the automotive and leasing businesses and focus on the insurance and energy businesses, Eurohold management believes that the future impacts of Covid-19 on the Group would be insignificant.

While the outlook for the group is significantly more certain than it was at the end of 2020, there is still some uncertainty in a number of key areas. Continued volatility in the speed of economic recovery in the regions in which we operate, a possible prolongation of reduced economic activity as a result of the impact of the coronavirus, ongoing stock market volatility, supply chain disruption and movement restrictions across Europe could impact the Group's capital position and liquidity, meaning that the level of uncertainty continues.

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

As at the date of this report, Eurohold Bulgaria plc is a stable business structure with a sustained market position and preserved operating profitability, able to ensure a good outlook for its shareholders and partners in the face of an unprecedented health and economic crisis.

The management of this risk can be traced in note 2.6.1. "Risk of an unfavorable long-term development of the Covid-19 (Coronavirus) pandemic following the lapse of the measures taken by the governments in Bulgaria and in other countries where the Group operates" to the interim condensed consolidated financial statements.

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### ⇒ Political risk

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

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

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

Despite the stable policy pursued so far, there is no certainty that factors will not appear in the country that would cause social and political tension, lead to a significant and abrupt change in the political and economic conditions, which could have a significant adverse effect on business. Currently, the political situation in Bulgaria is not particularly stable. This instability has been caused by regular and two early parliamentary elections held in 2021 to form a government, in the latter the party that won the most votes, which was newly formed, was able to form a coalition government. However, it proved unstable and in June 2022

received a vote of no confidence. In this regard, the country is currently facing new parliamentary elections, which are expected to be held in October 2022.

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

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

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### ⇒ Risk of high levels of unemployment

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

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

According to data from the National Statistical Institute (NSI), the following indicators were reported for the second quarter of 2022:

- The coefficient of economic activity for the population aged 15 - 64 years is 73.2%, and compared to the second quarter of 2021, it increases by 1.3 percentage points.
- The employment rate for the population aged 15 - 64 years increased by 2.0 percentage points compared to the same quarter of 2021 and reached 69.8%.
- The unemployment rate was 4.7%, or 0.9 percentage points lower than in the second quarter of 2021.
- Discouraged persons aged 15 - 64 are 49.6 thousand, or 4.3% of the economically inactive persons in the same age group.

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

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### ⇒ Country credit risk

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

On 18.06.2022, the international rating agency Fitch Ratings confirmed the long-term credit rating of Bulgaria in foreign and local currency 'BBB' with a positive outlook.

Bulgaria's rating is supported by its strong external and fiscal position relative to countries with the same rating, the reliable political framework of EU membership and the long-term functioning of the currency board regime. On the other hand, adverse demographic factors weigh on potential growth and public finances in the long term.

The positive outlook reflects plans for eurozone membership, which could lead to further improvements in the country's external position. The authorities remain committed to adopting the euro until 2024, with risks around the time horizon mainly stemming from external factors. The rating agency does not expect a delay

of more than one year in the adoption of the euro in case the country fails to meet the convergence criteria in 2023, as they believe that there is a clear commitment at the EU level to speed up this process.

Fitch Ratings forecast GDP growth to slow to 3% in 2022 from 4.2% in 2021 as higher inflation and weaker external demand weigh on the country's consumption and foreign trade, respectively. Economic development held up surprisingly well in the first quarter of 2022, with private consumption holding steady, but the rating agency expects activity to weaken as inflationary pressures build over the year. Fitch Ratings continue to expect a moderate acceleration in growth in 2023 (to 3.8%), largely due to stronger investment related to EU funds. Political uncertainty remains an important downside risk. The renewed prospect of new elections could delay the uptake of the Recovery and Resilience Plan, which was finally approved in April. However, the risks of a more substantial slowdown appear limited at present, underscoring the economy's resilience over the past few years to both domestic and external shocks.).

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

On 28 May 2022, the international rating agency S&P Global Ratings confirmed the long-term and short-term credit rating of Bulgaria in foreign and local currency 'BBB/A-2'. The outlook for the rating remains stable.

The rating agency expects that the Russia-Ukraine military conflict will cause a shock to the Bulgarian economy and as a result real GDP growth in 2022 will slow down to 1.6% compared to 4.3% (in their November forecast) , and the budget deficit will double to 5% of GDP. S&P note that Bulgaria's strong external and fiscal balances will help cushion this shock, and a steady inflow of transfers from the EU will support growth over the medium term.

The stable outlook reflects S&P's expectations that the Bulgarian economy will not suffer major external or fiscal imbalances. Rather, the shock to the economy, along the lines of the military conflict, will be temporary and economic growth will pick up from 2023, supported by the inflow of transfers from the EU. S&P expect this to limit the growth of consolidated government debt, which will remain low internationally.

According to S&P, the Bulgarian economy will be affected by the conflict in Ukraine due to high inflation, which will lead to a decrease in disposable income, lower business and consumer confidence in the country, as well as secondary effects resulting from lower economic activity in the - the country's important trade partners in the EU. The rating agency assesses that the situation related to interrupted gas supplies from Russia to Bulgaria remains manageable due to ongoing efforts to diversify supplies and remaining gas reserves, which are low but still sufficient. However, S&P sees high and rising inflation rates as a challenge for the government. Pressure on public finances is increasing, but net government debt remains below 20% of GDP and provides sufficient policy space.

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

The adoption of a consistent and long-term economic policy in Bulgaria would be a valid reason for the potential increase in the country's credit rating, which in turn would have a favorable impact on the economic group of Eurohold expressed in the Group's financing opportunities. In the event of a downgrading of Bulgaria's credit rating, as a result of the unstable governance of the country, there may be a negative impact on the Group and on the cost of financing, except in the event that its loan agreements are not with fixed interest rates.

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## ⇒ Inflation risk

Inflation risk is associated with the likelihood that inflation will affect real investment returns. The main risks related to the inflation forecast relate to the dynamics of international prices and the rate of economic growth in Bulgaria. International commodity prices may rise more significantly as a result of political crises or increased demand. The limited supply of some agricultural goods and especially cereals internationally in connection with unfavorable climatic phenomena may additionally cause higher inflation in the country.

According to NSI data, the monthly inflation in August 2022 was 1.2% compared to the previous month, and the annual inflation for August 2022 compared to August 2021 was 17.7%. Year-to-date inflation

(August 2022 vs. December 2021) is 12.6%, and average annual inflation for the period September 2021 - August 2022 vs. September 2020 - August 2021 is 11.7%.

According to the Harmonized Index of Consumer Prices (HICP), monthly inflation in August 2022 was 0.8% compared to the previous month, and annual inflation for August 2022 compared to August 2021 was 15%. Year-to-date inflation (August 2022 vs. December 2021) is 11.2%, and average annual inflation for September 2021 - August 2022 vs. September 2020 - August 2021 is 9.9%.

According to the price index for the August 2022 small basket, an increase of 1.7% was registered on a monthly basis and by 14.1% since the beginning of the year (August 2022 compared to December 2021).

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

Inflation can affect the amount of the Company's expenses, as part of the company's liabilities are interest-bearing. Their service is linked to the current interest rates, which also reflect the inflation rates in the country. Therefore, the maintenance of low inflation levels in the country is considered a significant factor for the activity of Eurohold Group.

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

Given this, every investor should carefully consider and account for both the current levels of inflation risk and the future possibilities for its manifestation.

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## ⇒ **Currency risk**

This risk is related to the possibility of local currency depreciation. For Bulgaria specifically, this is the risk of premature abandonment of the currency board under a fixed exchange rate. On 10 July 2020, the European Central Bank announced that Bulgaria was officially accepted into the ERM II currency mechanism. The central rate of the Bulgarian lev is fixed at 1 euro = 1.95583 leva. It was assumed that Bulgaria joins the ERM with its existing currency board arrangement, as a unilateral commitment and without additional requirements to the ECB.

Any significant depreciation of the Leva could have a material adverse effect on businesses in the country, including the Company. A risk also exists when a business entity's revenues and expenses are generated in different currencies. The exposure of businesses operating in Bulgaria is particularly pronounced against the US dollar, which is the main currency in a significant part of the world markets for raw materials and products.

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

Changes in various exchange rates did not materially affect the Company's operations until controlling interests were acquired in the countries of Romania, North Macedonia, Ukraine, Georgia, Belarus. The financial results of these companies are presented in the local currencies, respectively, Romanian Leu (RON), Macedonian Denar (MKD), Ukrainian Hryvnia (UAH) and Georgian Lari (GEL), Belarusian Ruble (BYR), whose exchange rate is almost freely determined in the local currency market. Eurohold Bulgaria AD's consolidated earnings will be exposed to currency risk depending on the movement of these currencies against the euro.

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## ⇒ **Interest rate risk**

Interest rate risk is related to the possibility of a change in the prevailing interest rates in the country. Its impact is expressed by the possibility that the net income of companies may decrease due to an increase in the interest rates at which the Issuer finances its operations. Interest rate risk is included in the category of

macroeconomic risks due to the fact that the main prerequisite for a change in interest rates is the occurrence of instability in the financial system as a whole. This risk can be managed through the balanced use of different sources of financial resources.

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

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

The Company's results may be impacted by regulatory changes. Eurohold Group operates in a highly regulated environment in various European countries. The possibility of more radical changes in the regulatory framework, in the interpretation or practice of implementing legislation, and in the divergence of legislation and regulations in Bulgaria and in the countries in which the Company operates, could have an adverse effect on its business as a whole, its operating results, and its financial condition.

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#### ⇒ **Risk of increased competition**

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

### **C. RISK MANAGEMENT AND MINIMISATION MECHANISMS**

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

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

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

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

Sofia,  
26 September 2022

**Assen Minchev,**  
*Executive Director*

**Milena Guentcheva,**  
*Procurator*

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## INDEPENDENT AUDITOR'S REVIEW REPORT

**To the shareholders of  
EUROHOLD BULGARIA AD  
Sofia, Bulgaria**

We have reviewed the accompanying interim condensed consolidated financial statements of EUROHOLD BULGARIA AD and its subsidiaries (the Group) as of 30 June 2022, which comprise the interim condensed consolidated statement of financial position as at 30 June 2022 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and the notes to the interim condensed consolidated financial statements, including a summary of significant accounting policies.

### *Management's Responsibility for Interim Condensed Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation and for a necessary internal control system determined by the management to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibilities*

Our responsibility is to express a conclusion on the accompanying interim condensed consolidated financial statements. We conducted our review in accordance with International Standard of Review Engagements (ISRE) 2400 (Revised) "Engagements to review historical financial statements". ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this interim condensed financial statements.

### *Basis for Qualified Conclusion*

1. The Group has disclosed the carrying amount of goodwill of BGN 169 598 thousand as of 30 June 2022 in note 38 "Goodwill" to the interim condensed consolidated financial statements, of which BGN 164 478 thousand is related to the insurance business. The latest impairment testing of goodwill was performed as of 31 December 2021. Due to the inherent uncertainties caused by the specifics of the insurance business and the uncertain economic situation as a result of the high inflation and the expectations for growing negative impact of the war in Ukraine, we were unable to perform the procedures, which we deemed necessary to determine to what extent the assumptions and judgements used in the valuations about the future development of the subsidiaries from insurance segment are reasonable and reflect the possible effects of the above factors. Accordingly, we were unable to determine whether and to what extent adjustments are necessary to the carrying amount of goodwill of BGN 164 478 thousand as of 30 June 2022 related to Group's insurance business.

2. As disclosed in note 21 “Share of reinsurers in technical reserves” to the interim condensed consolidated financial statements, Group’s share of reinsurers in the claim reserves is BGN 719 333 thousand as of 30 June 2022. These reinsurance contract assets are the actual or estimated amounts to be netted from the gross amount of claim reserves in accordance with Group’s financial commitments under reinsurance contracts, which are usually characterized by a high degree of subjectivity and complexity. In determining the amount of the share of reinsurers in the claims reserve for one of the subsidiaries in the Group, being BGN 457 989 thousand as of 30 June 2022, management has made the relevant calculations based on contractual terms, and by applying certain judgements and estimates, and subsequent analysis of events that have occurred or are expected to occur. We were unable to perform the procedures in order to determine as to whether the assumptions used in the estimates for this subsidiary are reasonable and whether the effect of the business development after 31 December 2021 has been taken reflected in the calculations. Accordingly, we were unable to determine whether and to what extent adjustments to the Group’s expected recoverability of the reinsurances contract assets are necessary as of 30 June 2022.

*Qualified Conclusion*

Based on our review, except for the possible effects of the matters described in the “Basis for Qualified Conclusion” section of our report, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022 and its consolidated financial performance and consolidated cash flows for the period ended on this date in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Bulgarian legislation.

**Mariy Apostolov**  
Managing partner

**Silvia Dinova**  
Registered auditor responsible for the review

**Grant Thornton Ltd.**  
Audit Firm

26 September 2022  
Bulgaria, Sofia, 26, Cherni Vrah Blvd.