EUROHOLD BULGARIA

1 January – 31 March

2021

Interim

Consolidated Report

INTERIM CONSOLIDATED REPORT

containing information about important events that occurred during the period January 1 - March 31, 2021 according to Art. 100o, para 4, item 2 of POSA

Further information on:
About Us
Structure
Corporate Governance
Information for investors
Communications and Media
You can find on:
www.eurohold.bg

TABLE OF CONTENTS

INTERIM CONSOLIDATED MANAGEMENT REPORT

FIRST QUARTER 2021 OVERVIEW

FINANCIAL OVERVIEW

EUROHOLD GROUP

The financial results of the Eurohold Group in the first quarter of 2020 remain stable as it maintains its revenues, realizes operating profit growth and strengthens its market position, despite the impact of the introduced anti-epidemiological measures to limit the spread of COVID-19 throughout the reporting period and still closed or partially operating business sectors in the field of services and tourism.

	Q1 2021	Q1 2019
Revenue	BGN 421 mln ◄ 0%	BGN 421 mln ▲ 6%
Gross operating profit	BGN 31 mln ▲ 2%	BGN 30.5 mln ▼ 6%
Net profit	BGN 1.2 mln ▼63%	BGN 3.3 mln ▼ 42%

	Q1 2021	2020
Assets	BGN 1 679 mln ▲ 3%	BGN 1 627 mln ▲ 8%
Financial assets	BGN 349 mln. ▲ 2%	BGN 342 mln ▲ 31%
Equity	BGN 132 mln ▼ 3%	BGN 135 mln ▼ 29%
Equity and subordinated debts	BGN 218 mln ▲ 3%	BGN 212 mln ▲ 1%
Liabilities	BGN 597 mln ▲ 3%	BGN 578 mln ▲ 9%
Insurance reserves	BGN 863 mln ▲ 3%	BGN 837 mln ▲ 9%

BUSINESS DEVELOPMENT

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

1. FSC Approved Eurohold's Capital Increase Prospectus

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

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

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

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

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

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

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

The capital of Eurohold Bulgaria AD will be increased only if at least 31,604,096 shares are subscribed and fully paid, representing 40% (forty percent) of the offered shares. In this case, based on Art. 192a, para. 2 of the Commerce Act, the capital will be increased only with the value of the subscribed and fully paid shares, equal to or exceeding the indicated minimum admissible amount of the raised capital, whereby the public offering is considered successfully completed. It is not possible to subscribe for shares above the maximum admissible amount of the capital announced for raising amounting to 79,010,240 shares.

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

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

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

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

After obtaining the permits, Eurohold Bulgaria AD has all the necessary regulatory permits for acquisition.

The next steps in the realization of the transaction are signing the contracts for financing and transfer of shares. Funding will be provided through own funds (raised from share capital increase) and borrowed capital from leading global investment banks.

STRATEGIC FOCUS

Strategic goals for entering new regulated business sectors through acquisition of assets

2019 provided a good perspective for the realization of the medium and long-term goals of Eurohold, namely diversification of the investment portfolio, reduction of market risk and the risk of economic cyclicality through the acquisition of the Bulgarian energy business owned by the Czech energy group CEZ.

The entry and strategic expansion in the medium term in the energy sector of Bulgaria and Southeast Europe would have an effective impact, both on reducing the concentration of the group in the insurance sector and on increasing the sustainability of the Group's revenues in economic crises and recessions as currently worldwide, crise caused by the COVID-19 pandemic.

With the acquisition of energy companies owned by CEZ in Bulgaria, Eurohold Bulgaria AD aims to create a strong regional company within the holding on the model of Euroins Insurance Group AD (one of the largest insurance groups in Southeast Europe) and the opportunity to diversification of its investment portfolio.

Realization of the set strategic goals

In view of the implementation of the above strategy, on April 1, 2019 Eurohold Bulgaria AD made a binding offer for the acquisition of CEZ's Assets in Bulgaria, and on June 20, 2019 the contract for acquisition of CEZ's Bulgarian business was signed. The transaction has received the necessary approvals and permits from the relevant regulatory authorities - the Commission for Protection of Competition and the Commission for Energy and Water Regulation, in accordance with applicable law.

Eurohold Bulgaria AD will acquire control over the business of CEZ Group in Bulgaria through the specially established company Eastern European Electric Company B.V., the Netherlands, whose sole owner of the capital is the 100% subsidiary of Eurohold company Eastern European Electric Company II. B.V., the Netherlands.

Strategic investment

The investment in the purchase of CEZ's assets in Bulgaria is a strategic investment for Eurohold, which is important for the strategic positioning of the Holding, as well as of its subsidiaries.

The largest distributor of electricity

Taking into account the specifics of the organization of the energy market, the CEZ group in Bulgaria is realized as the largest distributor of electricity in the country, covering an area of about 40,000 sq. Km., Serving over 3 million consumers.

Better financial condition and risk profile

The finalization of the acquisition of CEZ's assets in Bulgaria will have a positive effect on both the profitability of Eurohold Bulgaria AD and the long-term credit rating of the company, which will lead to an improvement in the financial condition and risk profile of Eurohold.

The package of companies subject to acquisition includes:

- CEZ Distribution Bulgaria AD - an electricity distribution company
- CEZ Electro Bulgaria AD - a public electricity supply company and a licensed trader
- CEZ ICT Bulgaria EAD - IT services company (a subsidiary of CEZ Distribution Bulgaria AD)
- Free Energy Project Oreshets EAD – a photovoltaic park
- Bara Group EOOD - biomass electricity production

» CEZ Bulgaria EAD - coordinates and manages the activities of all companies of the group in the country

Acquisition structure of CEZ's Bulgarian Assets transaction

As of the date of this Report, Eurohold Bulgaria is in the final stage of realizing the acquisition of CEZ's Assets in Bulgaria, namely structuring the financing of the transaction.

In 2021, Eurohold Bulgaria will close the transaction for the acquisition of CEZ energy assets in Bulgaria, with the total value of the investment amounting to approximately EUR 490 million.

The transaction will be carried out in 2 stages.

First stage includes the acquisition by Eastern European Electric Company B.V., the Netherlands of 67% of the share capital of two listed companies - CEZ Electro Bulgaria AD (power supply utility company and licensed energy trader) and CEZ Distribution Bulgaria AD (electricity distribution company), as well as the acquisition of 100% of the capital of five other companies - at total of EUR 335 million in aggregate.

Second stage includes the acquisition by Eastern European Electric Company B.V., the Netherlands of a minority stake (33%) in the public listed companies CEZ Electro Bulgaria AD and CEZ Distribution Bulgaria AD. Upon stage one of the acquisition is completed for Eastern European Electric Company B.V. arises the legal obligation to submit a mandatory tender offer to the minority shareholders for the purchase of their respective minority stake (shares from the capital) in the two public listed companies - CEZ Electro Bulgaria AD and CEZ Distribution Bulgaria AD. Currently, the Company cannot make an estimation how many of the minority shareholders will accept the offer and sell their shares. Assuming all minority shareholders shall accept the offer, the Company estimates the necessary funds for this second stage of the transaction at approx. EUR 100 million.

Separately, apart from the acquisition of participations in the target companies, the investment also includes repayment to the current majority shareholder of shareholder's loans in total amount of EUR 45 million provided to some of the subsidiary target companies and subject to repayment in stage one of the transaction execution.

Transaction Financing

The purchase of the shares in the two listed target companies - CEZ Electro Bulgaria AD and CEZ Distribution Bulgaria AD from the majority shareholder and those from the minority shareholders (stemming from the obligation of the acquiring company to conduct mandatory tender offers) will be secured through a combination of equity (raised through an increase in the share capital) and debt financing raised by Eastern European Electric Company B.V.

GROUP FINANCIAL RESULTS OVERVIEW

SUMMARY

The financial results in the first quarter of 2020 were affected by the Covid-19 pandemic, raised by the impact of reduced economic and customer activity in the pursuit of limited measures by entrepreneurs in these operators.

In these unpredictable times, the Eurohold Group has strengthened its resilience and flexibility by remaining focused on its main objectives, despite numerous challenges and impacts, by maintaining group revenues at the level of the first quarter of 2021 and setting a solid start to the year with strong sales, operating margin and cash flow. The realized revenues for the reporting period are BGN 420.6 million, which is only BGN 0.472 million less than the revenues for the first quarter of 2020 - a period during which only the second part of March was affected by the outbreak of the Covid pandemic. -19. These results show that we are moving in the right direction towards achieving sustainable and profitable growth.

For the reporting period, the Eurohold Group recorded a 2% increase in operating profit amounting to BGN 31 million and a net operating profit of BGN 1.2 million.

Overall, in the first three months of 2021 we continued to work hard on our transformation, as in all our business segments, we worked hard on digitalization of processes and development of digital and digital sales channels and subsequent customer service.

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

CONSOLIDATED FINANCIAL RESULT

The Eurohold Group reported for the first three months of 2020 a consolidated operating result of BGN 31 million. The achieved operating result is higher by 2% compared to the reported for comparable period in 2019. However, the net financial result decreased by 63% - from BGN 3.3 million decreased to BGN 1.2. The profit relating to the owners of the parent company amounted to BGN 0.4 million, and for the non-controlling interest a profit of BGN 0.8 million. For comparison, in the first quarter of 2020 the group realized the profit relating to the owners of the parent company in the amount of BGN 2.8 million, and that of the non-controlling interest BGN 0.5 million.

The factors influencing the group financial result are mainly related to the effects of Covid-19 on the group's business, actions taken by the management of the subsidiaries to minimize the negative impact of the pandemic and help our customers with flexible and individual solutions, increase our expected credit losses and increase in insurance reserves.

Despite the ongoing efforts to manage the unprecedented situation, there are factors that the management of the companies in the group cannot influence. This is confirmed by some of our businesses, which have been significantly affected by the emergency epidemiological situation and have suffered significant losses. These are mainly companies whose operations are related to one of the most affected sectors - tourism, namely those operating in the leasing sector and in particular those offering short-term and long-term leasing (car rental and operating leasing) of cars, as well as our insurance company. in Ukraine, specializing in offering tourism-related insurance.

REPORTED REVENUES

- 0.1% group revenue decline

+1% growth of insurance revenues

Revenues on a consolidated basis are formed by the activities of the subsidiaries and the individual activity of Eurohold Bulgaria, related to the acquisition and management of participations and financing of subsidiaries.

The total group revenues for Q1'2020 amount to BGN 420.6 million, which marks a decrease of only 0.1% compared to the realized consolidated revenues for the same period in 2020, when they amounted to BGN 421 million.

In the segment presentation of operating revenues, the most significant increase of BGN 2.5 million (+ 1%) was noted by the insurance division, which generated revenues for Q1'2020 amounting to BGN 375 million of which participating at the consolidated level (Eurohold Group) recorded gross insurance premiums amounted to BGN 0.25 million, the growth of this indicator is 6%.

The automotive group reduced by BGN 4 million the revenues from its operating activity, as the total revenues of this division amounted to BGN 37 million. The automobile division of Eurohold - Avto Union AD reported a good performance at the beginning of the current year, reducing its revenues by only 10.6% against the background of the reported decrease in revenues in the range between 40% and 30% in the second, third and fourth quarters of 2020. The automotive business was severely affected by the adverse impact from the measures taken to control the pandemic and the reduced economic activity, the interruptions of the production process in the automotive industry, the broken supply chain during 2020 as during the reporting period there is a positive trend and resumption of consumer activity.

The leasing activity also managed to compensate the negative effect on its operations and to realize for the reporting quarter an increase of 12% of its revenues by reporting a total of BGN 6 million of operating revenues from its activity.

The activity of the financial-investment activity continues the strong performance in 2020. During the reporting period revenues from the activity increased by 34% amounting to BGN 2.4 million.

Eurohold Bulgaria, as a holding company, does not perform regular trade transactions and/or services. The main (operating) revenues of the holding company have a financial character, as the most significant of them - profits from operations with financial instruments and subsequent valuations are manifested in different reporting periods and do not have a permanent manifestation. For reporting period the Company realized revenues in the amount of BGN 0.6 million compared to BGN 0.5 million for Q1'2019.

In the structure of revenues the main share in the total revenues is occupied by the insurance business with 89%, followed by the automotive business with 8.8%. At the same time, the revenues of the leasing division occupy a share of 1.4% of the financial and investment activity 0.6%, and those of the individual activity of Eurohold - a share of 0.1%.

For comparison, in the structure of the revenues from operating activity for the first quarter of 2020, the insurance activity had a share of 88.4% in the total amount of the revenues, respectively the automobile activity 9.8%, the leasing activity occupied 1.3%, the financial - investment activity 0.4% , and the revenues from the individual activity of Eurohold accounted for 0.1% of the total revenues of the Group.

REPORTED OPERATING EXPENSES

-0.3% decline of group operating expenses

+31 growth of operating expenses from Leasing

The reported operating expenses in the amount of BGN 390 million are BGN 1 million higher than the realized for comparable period.

The Group's operating expenses directly reflect changes in the volume of business of the companies.

The main generator of the marked growth are the expenses generated by the insurance group by BGN 1.6 million (+ 0.5%), which is 0.2% less than the marked growth of the insurance revenues.

The leasing group reports operating expenses in the amount of BGN 2.5 million, representing an increase of 31% compared to the expenses for the comparable period.

This amount also includes the reported for the year interest expenses of the leasing companies, which represent an operating expense due to the nature of their activity and amounted to BGN 0.9 million. The leasing business is accompanied by high levels of interest expenses due to the specifics of financing with attracted capital, as its size is related to the size of the generated business for the respective period.

The expenses structure is identical to the distribution of revenues and is also directly dependent on the type and size of the respective businesses, their growth or decline. The analysis shows that 91% of operating expense occupied by the insurance operations, and 8% by automotive operations.

For comparable period, in the expense structure, the operating expense reported by insurers accounted for 90%, while those of car companies accounted for 9%.

CONSOLIDATED OPERATING RESULT (GROSS PROFIT) BY SEGMENTS

000'BGN	Insurance	Automotive	Leasing	Investment banking	Parent company	Group's gross profit
31.03.2021	21 619	5 442	3 531	-79	508	**31 021**
31.03.2020	20 697	6 312	3 471	-421	457	**30 516**
Change 000'BGN	**922**	**-870**	**60**	**342**	**51**	**505**
Change %	**4.5%**	**-13.8**	**1.7%**	**-81.2%**	**11.2%**	**1.7%**

As the largest business unit, the insurance group has the greatest influence on the gross profit of the group. For Q1'2020, the insurers realize a reduction of the gross profit of 4.5% amounting to BGN 21.6 million. The group gross profit reported an increase of 1.7% and amounted to BGN 31 million compared to BGN 30.5 million for comparable period in 2020.

OTHER CONSOLIDATED RESULTS

000'BGN	Other income/expenses net	Net financial income/expenses	Depreciation expenses	Tax expenses	Total for the Group
31.03.2021	(18 844)	(6 163)	(4 807)	(3)	**(29 817)**
31.03.2020	(18560)	(4 077)	(5 186)	(576)	**(27 247)**
Change 000'BGN	**-284**	**2 086**	**379**	**-579**	**-2 570**
Change %	**1.5%**	**51%**	**-7.3%**	**-100.5%**	**9.4%**

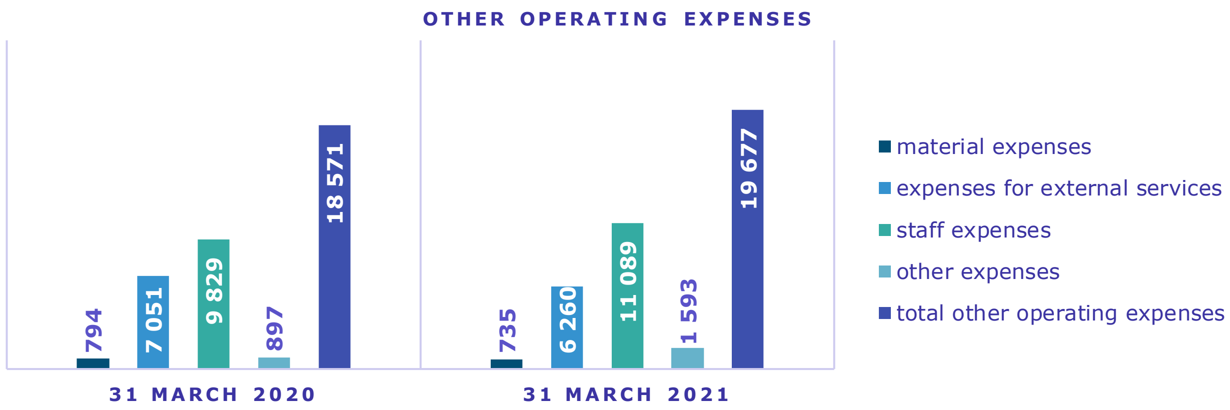
⇒ **Other income/expenses** for the Group's activity (presented net) increased by 1.5% for the reporting period and amounted to (BGN 18.8) million. This summary item includes - Other income / (expenses), net; Other operating expenses; (Accrued) / recovered impairment loss on financial assets, net.

Analysis of other income/expenses:

» The other revenues amount to BGN 1.4 million and represent mainly received financing of the automobile and leasing business under the government program for preservation of employment ("Payment of compensations by the order of art. 1, para 3 of CMD №55 / 30.03. 2020 of an employer who has established part-time work under Article 138a, paragraph 2 of the Labor Code ", acquired publicity as Measure" 60/40 "), in connection with overcoming the consequences of the Covid-19 pandemic. The distribution of the financing is as follows: the financed in the amount of BGN 1.381 million for the Automotive Business and BGN 39 thousand for Leasing business.

» Other operating expenses represent the sum of: material costs, external service costs, remuneration expense and other costs.

» (Accrued)/recovered loss from impairment of financial assets, net amounts to BGN -0.6 million, while for the same period in 2020 the net value of impairments of financial assets is almost zero.



⇒ **Financial income/expenses include:** financial income, financial expenses and the net effect of changes in foreign exchange rates. For the first three months their total net amount was BGN 6 million, reporting an increase of 51% compared to the same period in 2020.

Financial expenses summarize interest expenses, interest expenses on usable assets and other financial expenses.

Interest expenses account for 90% of all financial expenses. The amount of interest expense includes the relevant costs of the insurance and automotive sectors, as well as the parent company. For the period from 1 January to 31 March 2021 the reported interest expenses amounted to BGN 6 million, increasing by BGN 1.2 million.

The largest interest expense is generated by the parent company (Eurohold Bulgaria AD) in connection with the attraction of interest-bearing loans in order to carry out the expansion of the Insurance Group, incl. new acquisitions of companies by the subsidiary insurance subholding in the region of Central and Eastern Europe as well as for capital investments related to share capital increase of subsidiaries. For the first three months of 2021, the parent company reported interest expenses of BGN 4.3 million increasing by 17.2%. This is mainly due to an increase in the value of bank loan liabilities in connection with a new loan disbursed in 2020 and a new bond issue.

The automotive group uses borrowed capital for working capital and bank guarantees for deferred payment. The amount of these attracted funds is determined by the expansion of the automotive business, transactions with corporate customers, stock - cars and spare parts, etc. For the reporting period the interest expenses of the automotive group amounted to BGN 0.5 million compared to BGN 0.4 million.

The insurance business does not require borrowing, so interest expense reported in this business line represent a loan resource of the parent company of the insurance group - Euroins Insurance Group. For the reporting period, interest expenses reported by the insurance sub-holding amounted to BGN 1.3 million. with an increase of 60% in connection with an increase in the amount of subordinated debt capital at the end of 2020.

FINANCIAL CONDITION

+ 3% Asset growth

+2% Financial assets growth

+10% growth of cash, cash equivalents and time deposits

Активи

As of the end of Q1'2021, the companies of the Eurohold Group have achieved an increase in consolidated assets by 8%, which at the end of the reporting period amounted to BGN 1.68 billion compared to BGN 1.63 billion as of 31.12.2020.

The most significant change in consolidated assets in value terms is observed in the following balance sheet items: financial assets and reinsurers' share in technical provisions, followed by changes in balance sheet items - cash, cash equivalents and time deposits, receivables and inventories.

⇒ The financial assets as of March 31, 2021, owned by the companies of the Eurohold Group, report an increase of BGN 7 million compared to the end of 2020 and their book value at the end of the current period is equal to BGN 349 million.

The financial assets are mainly owned by the insurance companies and amount to BGN 337 million. Of which BGN 108 million are government securities, BGN 20 million corporate bonds, capital investments reported at fair value in the amount of BGN 136 million and other financial assets at amortized cost amounting to BGN 75 million.

⇒ At the end of March,31,2021, the Eurohold Group has free cash and deposits with banks in the total amount of BGN 101 million, noting an increase of BGN 9 million compared to the end of 2020. Cash and cash equivalents amount to BGN 70 million compared to BGN 69 million at the end of 2020, incl. the cash in amount of BGN 3.1 million (BGN 3.6 million at the end of 2020).

⇒ The total amount of receivables, including current and non-current, increased by BGN 42 million for the reporting period compared to the end of 2020, reaching BGN 879 million, of which current receivables amounting to BGN 828 million (BGN 786 million at the end of 2020).

The largest share of current receivables has the reinsurer's share in technical reserves, which amount to BGN 541 million marked an increase of BGN 18 million for the first three months of the current year.

Receivables from insurance operations, which amount to BGN 163 million compared to BGN 149 million as of March 31, 2020, also reported an increase of 10%.

Trade receivables increased from BGN 45.6 million to BGN 48 million. Trade receivables are mainly receivables from customers and suppliers amounting to BGN 19 million (up 6%) and financial leasing receivables in the amount of BGN 24.7 million, which also increased at the end of reporting period by BGN 0.5 million, prepaid advances in the amount of BGN 4.5 million and other trade receivables BGN 1.3 million.

Other receivables increased by BGN 6 million and reached BGN 75 million.

Non-current receivables amount to BGN 51 million, recording a slight increase of BGN 0.5 million. They mainly represent receivables from financial leasing and at the end of 2020 they amounted to BGN 50 million.

Part of the consolidated assets is Investments in associates and other companies. Their amount at the end of the reporting period amounted to BGN 11 million. Investments in associated enterprises are owned by Euroins Insurance Group (BGN 6 million) representing the amount of the insurance subholding's share in the capital of the Russian insurance company. The remaining BGN 4 million represent investments of Euro-Finance AD in long-term financial assets, reported at fair value through profit /loss.

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

EQUITY AND LIABILITIES

+ 3% growth of Assets

+3% growth of Liabilities

+3% growth of insurance reserves

Equity

Total equity of Eurohold Bulgaria amounted to BGN 131.5 million decreasing by BGN 3 million compared to 31 December 2020. The capital belonging to the parent company amounted to BGN 105 million, while the capital belonging to the non-controlling interest for the period amounted to BGN 27 million. For comparison, at the end of 2020, the capital belonging to the parent company amounted to BGN 106 million, and the capital belonging to the non-controlling interest - of BGN 29 million.

The share capital of Eurohold remains unchanged and amounts to BGN 197.5 million.

Subordinated debts

In support of its equity, the Group holds subordinated debt instruments in the amount of BGN 87 million, which increased by BGN 9.7 million compared to the end of 2020. Subordinated debt instruments are distributed as follows:

Insurance business

Issued subordinated debt instrument in the form of a bond loan, which was issued on 18 December 2014 in the form of 100 bonds available, subordinated, unsecured, at the date of issue 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% + 3-month Euribor, which was subsequently reduced to 9.75% + Euribor and is due at the end every six months.

Tier 1 capital in the form of subordinated term debt with Starcom Holding AD with a limit of EUR 12.6 million (originated in 2020) and EUR 10 million (originated in 2021), as of 31.3.2021 EUR 4.9 million have been utilized from the latter one with 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.

Parent company

After reviewing the indebtedness and in order to strengthen the capital of the group, the Parent Company has agreed and converted part of the loan liabilities as of 31.12.2020 in the form of subordinated debts (unissued) with Starcom Holding AD, representing tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law.

As of 31.12.2020 and as of 31.03.2021 the tier 1 capital has a total value of BGN 33 thousand and has an indefinite term for repayment, but not earlier than 5 years, and an interest rate of 6%, due at the end of each quarter.

As of 31.03.2021 the total amount of equity and subordinated debts amounts to BGN 218 million, as of 31.12.2020 their amount was BGN 212 million. The negotiation of subordinated capital contributes to maintaining the stable capital position of the group.

Liabilities

The consolidated liabilities (excluding subordinated debts and insurance provisions) of the Eurohold Group amount to BGN 597 million, reporting an increase of 3% vs. the comparable period, when their value amounted to BGN 578 million.

Consolidated liabilities are grouped under the following balance sheet items: loans to banking and non-banking institutions and bonds,non-current liabilities, current liabilities, trade and other payables and reinsurance liabilities.

- The majority of liabilities are liabilities on loans to banks and non-bank financial institutions and bond loans. The total amount of loan liabilities amounts to BGN 364 million after an increase of BGN 26 million compared to December 31, 2020, when they amounted to BGN 338 million. The non-current part of these liabilities amounts to BGN 284 million, respectively the current part amounts to BGN 80 million.

Liabilities on loans to banks and non-bank financial institutions and bond loans:	**31.03.2021 000'BGN**	**Change %**	**31.12.2020 000'BGN**
To banks and non-bank financial institutions, incl.:	**170 183**	***-2%***	**174 341**
- non-current liabilities	*114 455*	*-4%*	118 948
- current liabilities	*55 728*	*1%*	55 393
On bond loans, incl.:	**193 819**	***19%***	**163 342**
- non-current liabilities	*169 891*	*22%*	139 559
- current liabilities	*23 928*	*1%*	23 783
Total borrowings, incl.:	**364 002**	***8%***	**337 683**
- total non-current liabilities	*284 346*	*10%*	258 507
- total current liabilities	*79 656*	*1%*	79 176

- The amount of non-current liabilities at the end of March,2020, amounts to BGN 14 million, relatively maintaining its size compared to the end of 2020. Non-current liabilities mainly include non-current liabilities under financial leasing of automotive and leasing division in the total amount of 11.7 BGN million, as well as other non-current liabilities amounting to BGN 2.7 million.

The following table summarizes the Group's total financial lease liabilities, including current and non-current liabilities:

Financial lease liabilities:	**31.03.2021** ***000'BGN***	**Change %**	**31.12.2020** ***000'BGN***
Total financial lease liabilities, incl.:	**18 358**	***0.6%***	**18 255**
- non-current liabilities	*11 673*	*-1.7%*	*11 878*
- current liabilities	*6 685*	*4.8%*	*6 377*

- Consolidated current liabilities increased from BGN 62 million to BGN 67 million. This item includes the Group's liabilities to personnel and insurance companies, tax and other current liabilities, current financial leasing liabilities (shown in the table above), income for future periods and provisions.

- Trade and other payables amount to BGN 102 million compared to BGN 117 million as of 2020. Part of the trade and other payables are liabilities of the group under leasing contracts - rights of use.

The following table presents summary information on the total liabilities of the group under leasing contracts - with right of use, including current and non-current liabilities:

liabilities of the group under leasing contracts - right of use:	31.03.2021 000'BGN	Change %	31.12.2020 000'BGN
Total liabilities of the group under leasing contracts - with right of use, incl.:	**37 302**	***-8%***	**40 570**
- non-current liabilities	*30 544*	*-11%*	*34 301*
- current liabilities	*6 758*	*8%*	*6 269*

- Liabilities under reinsurance operations increased by 6% and from BGN 47 million, taking into account the growth of the insurance business, reached BGN 50 million as of 31.03.2021.

Insurance reserves

The amount of the insurance reserves as of 31.03.2021 is BGN 863 million, as for the current reporting period they increase by BGN 26 million compared to the end of 2020.

CASH FLOWS

The consolidated statement of cash flows is composed of sections and articles in which the cash flows are reflected according to the activity from which they arose, grouped into operating, investment and financial activities.

Consolidated cash flows		Q1 2021	Q1 2020
Net cash flows from operating activities	000'BGN	(2 108)	4 795
Net cash flows from investment activities	000'BGN	10 112	(67 284)
Net cash flows from financial activities	000'BGN	(10 621)	12 133
Net increase / (decrease) in cash and cash equivalents	000'BGN	**1 599**	**(50 356)**
Cash and cash equivalents at the beginning of the year	000'BGN	68 800	91 690
Cash and cash equivalents at the end of the year	000'BGN	**70 399**	**41 334**

During the periods under review, the companies of the Group generate sufficient and positive cash flow to carry out the normal course of their operating activities.

The cash holdings of the Eurohold Group at the end of Q1'2021 amounted to BGN 70,399 thousand, reporting an increase of 70%.

OVERVIEW OF THE KEY RESULTS BY BUSINESS LINES

EUROINS INSURANCE GROUP - INSURANCE

In Q1 2020, Euroins Insurance Group (EIG, the Group) reported consolidated gross written premiums amounting to BGN 250 million compared to BGN 234* million for Q1 2020. EIG reported consolidated profit before taxes amounting to BGN 5.8 million as at March 31,2020, compared to profit BGN 6.4 million reported for the comparative period.

As a part of the Group's development strategy in the region of Central and Eastern Europe, at the end of April 2020 was acquired insurance company Ergo Belarus. It is the fifth company in the region of the former Soviet Union that was acquired by the Group. Thus, the Group expects to generate more than 15% of its revenues from this region. The consolidation of the Company started from May 2020 and for Q1 2021 were reported gross written premiums in the amount of BGN 3.5 million.

EIG confirms its presence in the insurance markets of Central and Eastern Europe and through its subsidiary participation in PJSC Euroins Ukraine and associated participation in Euroins Russia, which reported respectively gross written premiums of BGN 9.6 million and BGN 17.7 million.

The insurance company acquired in the end of 2018 in the Republic of Ukraine - European Travel Insurance (ETI) / former name ERV / was the most affected Company of the Group as a result of the global pandemic of COVID-19 (Coronavirus) that resulted in a historic slowdown of the tourism sector. The expectations of the Group are related to the gradual recovery in the coming years of the tourism industry, which will lead to an improvement of the financial performance of the Company. ETI reported revenues for Q1 2021 amounting to BGN 3.5 million or not a significant change compared to Q1 2020. However, the Company is still profitable (BGN 168 thousand before taxes), as a result of maintaining low administrative expenses and thanks to the online organization of the sales.

The other Companies, including the presence of foreign markets through the freedom of services and freedom of establishment mechanisms, have sustained a positive development and trend in the recorded business. The subscribed business of IC Euroins AD increased to BGN 74 million for Q1 2021 (Q1 2020 – BGN 63 million), of which the businesses in the Republic of Greece and the Republic of Poland were respectively 19% and 30%. Euroins Northern Macedonia following its sustainable development strategy, also reported positive result – respectively profit before taxes amounting to BGN 525 thousand.

On 4 October 2018 a decision has been voted by the Extraordinary General Meeting of the Shareholders of Euroins Insurance Group to increase the capital of the Group from BGN 483,445,791 to BGN 543,445,791 by way of issuing 60,000,000 ordinary, registered, materialized, non-privileged shares with nominal and issue value of 1 (one) Bulgarian lev per share, with 1 (one) voting right in the General Meeting of the Shareholders, with dividend right and liquidation quota. The newly issued shares have been entirely subscribed by the majority shareholder Eurohold Bulgaria AD. The increase has been entered in the Trade Register on 25 October 2018. On 5 October 2018 25% of the nominal value of the newly issued shares, BGN 15,000,000, have been paid in. Further BGN 3,950 thousand have been paid in in 2019 and BGN 41,050 thousand in 2020, thus the newly subscribed shares are fully paid.

In December 2020 Fitch Ratings confirmed the ratings that were assigned to Eurohold Bulgaria and Euroins Romania in 2017, namely Long-Term Default Rating "B" to Eurohold Bulgaria and Insurer Financial Strength Rating "BB-" to Euroins Romania. As part of the same process, because Euroins Romania and Euroins Bulgaria were the key components of Eurohold Bulgaria, Fitch Ratings assigned Insurer Financial Strength Rating "BB-" to Euroins Bulgaria as well. And in addition, Fitch Rating assigned the same rating to EIG Re reflecting the expected strategic importance of the company as a captive reinsurer within Euroins Insurance Group.

Results by insurance companies

Euroins Bulgaria

In Q1 2020 Euroins Bulgaria reported a total GWP of BGN 74 million compared to BGN 63 million for the same period of 2020. The reason for the growth of 18% is the direct insurance business written in Greece and Poland, and the new insurance business in UK. The Greek business has been written according to the EU directive for Freedom of establishment, while the Polish – according to the EU directive for Freedom of services and UK- temporary permission regime following Brexit.

Main non-motor lines of business reported growth: Accident and Travel (114%), as a significant role for this increase is the reported income from Travel assistance in the UK and Liability (11%). MTPL grew by 15%, Motor Hull – there was no significant change compared to Q1 2020. The increase of the sales in Poland was behind the MTPL growth, where Euroins Bulgaria reported gross premiums of BGN 20 million for Q1 2021 compared to BGN 14 million for the same period of 2020. Assistance additions to the MTPL in Poland in the amount of BGN 1.7 million for Q1 2021 (Q1 2020 - BGN 1.3 million) were also successfully placed.

Net earned premiums amounted to BGN 50 million (Q1 2020- BGN 39 million), while net incurred claims reached BGN 23 million (Q1 2020- BGN 16 million).

The main ratios that define the profitability in Q1 2021 are as follows:

Loss ratio: 52.1% (Q1 2020- 45.4%)

Combined ratio: 93.4% (Q1 2020- 93.5%)

Net acquisition costs increased by 14% for Q1 2021 compared to the same period of the previous year, but compared to net earned premiums decreased by 4%, while administrative expenses remained the same compared to Q1 2020 but compared to net earned premiums decrease by 3%.

The result from investment activity is a profit- BGN 1.3 million (Q1 2020- 666 thousand loss).

Euroins Bulgaria reported a profit for Group purposes amounting to BGN 4.4 million before taxation compared to profit amounting to BGN 1,4 million for Q1 2020.

The sound financial condition of the Company was also reaffirmed by the updated Long-Term Claims Paying Ability Rating assigned by BCRA, Credit Rating Agency, in February 2021. The assigned rating is "BBB-" with Stable long-term outlook.

Euroins Romania

In Q1 2021 Euroins Romania reported a decrease in the gross written premiums respectively amounting to BGN 143 million for Q1 2020 and BGN 146 million for Q1 2020. There is no change in the MTPL GWP, which is a main line of business of the Company (96%).

Net earned premiums amounted to BGN 82 million (Q1 2020- BGN 84 million) and net claims incurred amounted to BGN 59 million (Q1 2020- BGN 48 million).

The main ratios that define the profitability in Q1 2021 are as follows:

Loss ratio: 77.5% (Q1 2020- 64.7%)

Combined ratio: 102.7% (Q1 2020- 92.3%)

Net acquisition costs decreased by 12% for Q1 2021 compared to the same period of the previous year, and compared to net earned premiums decreased by 3.5%, while administrative expenses increased by 27%, but compared to net earned premiums increased only by 1.2%.

The result from investment activity is a profit – BGN 3 million (Q1 2020- BGN 1.5 million loss).

Euroins Romania reported for Q1 2021 a profit for Group purposes amounting to BGN 966 thousand before taxes compared to a profit amounting to BGN 4 million for the comparative period.

Euroins North Macedonia

In Q1 2021 the gross premiums written by Euroins Macedonia decreased by 2% reaching BGN 6.3 million. The Agricultural insurance, which has a main share in the portfolio of the Company, the written business reaches BGN 2.5 million for Q1 2021 (BGN 2.4 million for Q1 2020). There was a decrease in the MTPL gross written premium with 2%, which amounted to BGN 2.6 million and represented 41% of the total GWP for Q1 2021.

There was an increase with 34% in the net claims incurred compared to Q1 2020 and in the earned premium with 8%.

There was a slight decrease in the administrative expense ratio with 1.3% and an increase in the acquisition expense ratio with 7.6%.

The result from investment activity is a loss- BGN 60 thousand (Q1 2020- BGN 450 thousand loss).

The profit for Group purposes is amounting to BGN 525 thousand before taxes compared to a profit of BGN 995 thousand for Q1 2020.

Euroins Life

The gross written premiums of Euroins Life for Q1 2021 amounted to BGN 2 million, which represented a growth of nearly 193% compared to Q1 2020.

The loss ratio decreases from 32% for Q1 2020 to 20% for Q1 2021.

The result from investment activity is a loss- BGN 47 thousand (Q1 2020- 179 thousand loss).

The Company reported a loss for Group purposes amounting to BGN 147 thousand before taxation. The main reason for the negative financial result is the increase of the acquisition costs. The acquisition ratio increased from 36% to 75% imposed due to the change in sales strategy from direct sales to the use of distribution channels – non- banking financial institutions and brokers.

Euroins Ukraine

In Q1 2021 the Company reported written gross premiums amounting to BGN 9.6 million, which represented an increase of 54% compared to Q1 2020. All main lines of business increased: MTPL- 22%, Casco- 19%, Cargo- 9%, Health- 117%, Liabilities- 24% and Property- 159%. There was also a significant improvement in the technical result of the Company, which was mainly due to the measures taken in connection with the reduction of the average damage in motor insurance. The loss ratio decreases from 43% for Q1 2020 to 37% for Q1 2021.

Administrative expenses incurred in Q1 2021 were without significant change compared to Q1 2020, while the acquisitions showed an increase, which is largely related to the reported higher revenues of the Company.

The result from investment activity is a loss – BGN 86 thousand (BGN 490 thousand profit).

The Company reported a loss for Group purposes amounting to BGN 224 thousand before taxation (Q1 2020- BGN 147 thousand loss).

EIG Re

In Q1 2021 EIG Re reported gross premiums of BGN 4.4 million or an increase compared to Q1 2020 amounting to BGN 3 million due to an increase in the share of active reinsurance in the structure of the insurance portfolio. In the second half of 2020 EIG RE signed new intragroup active reinsurance quota share contracts, that cover Property, Cargo, Marine and Carrier Liability.

The Company reported a profit for Group purposes amounted to BGN 1 million before taxation, due to a decrease of the technical reserve provisions.

The strategy of the management of Euroins Insurance Group and EIG Re is for the Company to continue its development as a reinsurer and participating in the optimization of the capital requirements of the Group and its subsidiaries in the context of Solvency II.

European Travel Insurance, Ukraine

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

In Q1 2021 the Company had written gross premiums of BGN 3.5 million, which was not a significant change compared to Q1 2020. Travel Assistance retain the largest share in the Company's portfolio or 87%. There is a decrease in net premiums earned by 25% compared to the previous reporting period.

The outbreak of the COVID-19 epidemic in mid-March 2020, which resulted in the introduction of a number of restrictive measures regarding the right to move globally and had a strong negative impact on the tourism sector, in which the Company specializes. However, the Company reported a profit for Group purposes amounted to BGN 168 thousand before taxation due to its low administrative expenses and online structure of the sales.

Euroins Georgia

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

Insurance Company Euroins Georgia is specialized in Accident and Health. For Q1 2021 this line of business formed app. 75% of the insurance portfolio of the Company, while the rest is split between Motor Hull (13%), MTPL (5%), etc. Total gross premiums written in Q1 2021 amounted to BGN 4.6 million, which represented a decrease of nearly 41%. This decrease was due to state tenders in connection with Casco insurance concluded in Q1 2020. Also, the premium earnings coming from the new business written predominantly in Motor Hull were not sufficient.

The financial result for Group purposes is a loss amounting to BGN 105 thousand before taxation (Q1 2020- 582 thousand loss before taxation).

Euroins Belarus

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

EIG has been consolidating the Company since the beginning of May 2020. The gross premiums for Q1 2021 are amounting to BGN 3.5 million and the profit before taxes reported for the period is BGN 32 thousand. The largest share of the written premiums falls on Casco insurance or 64% of the Company's portfolio, while the right to conclude MTPL insurance is provided only to state insurance companies in Belarus.

Euroins Russia

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

The largest share in the Company's portfolio falls on Accident and Travel Assistance- 37% and Motor Third Party Liability - 30%.

In Q1 2021 the Company, which is associate to EIG reported written gross premiums of BGN 17,7 million compared to BGN 16.6 million for Q1 2020 and a loss before taxation amounting to BGN 2.8 million (Q1 2020- BGN 289 thousand profit).

The loss is mainly due to a change in the assessment of future receipts for recourses, subrogations and other compensations - net of reinsurance. The reason for the change in the actuarial valuation of this value was the revision of the calculation method. The delta was around EUR 1.8 million. However, the Company plans to offset the loss with income from other developing types by half a year. The result of the investment activity of the Company was also not sufficient compared to the previous period.

EUROINS INSURANCE GROUP AD (EIG). BUSINESS OVERVIEW

Euroins Insurance Group AD is one of the largest private insurance groups operating in the region of Central and Southeastern Europe. Euroins Insurance Group operates mainly in Bulgaria, Romania, North Macedonia, Greece, Ukraine, Georgia, Russia, and from 2020 in Belarus. Also through the Bulgarian insurance company IC Euroins AD, the group operates in Poland, Spain, Italy, Greece (through a branch), and recently in the UK, the Netherlands and Germany, offering insurance services distributed under the right to freedom of establishment and freedom to provide services. At present, the insurance subholding owns 10 subsidiaries and 1 associated company, which have a total of over 250 regional offices and over 3 million customers.

The insurance group offers insurance products in the field of non-life and life insurance.

The long-term strategic goal of Euroins Insurance Group AD is to achieve a diversified, profitable and sustainable market share in the region of Central and Southeast Europe, as well as to expand the portfolio of the insurance business by offering a full range of insurance products - non-life and life insurance. The strategy for entering a country is based on the risks, the levels of regulation and the proximity to the main markets of the insurance group.

Euroins Insurance Group is the only independent insurer among the largest players in the region, providing the company with more flexibility and focus.

The short-term strategy will be focused mainly on the development of insurance companies part of the Euroins Insurance Group AD. The aim of Eurohold Bulgaria AD is to focus efforts on sustainability and organic growth of the market positions of insurers by developing new products, both in existing insurance classes and in developing new products in order to diversify the insurance portfolio, meeting the changed expectations of the clients and the accordingly changed business environment caused by the COVID-19 pandemic, strengthening of processes for exchange of know-how in managerial, business and corporate practices between the companies, as well as concentration in digitalization of the whole system and online product offering.

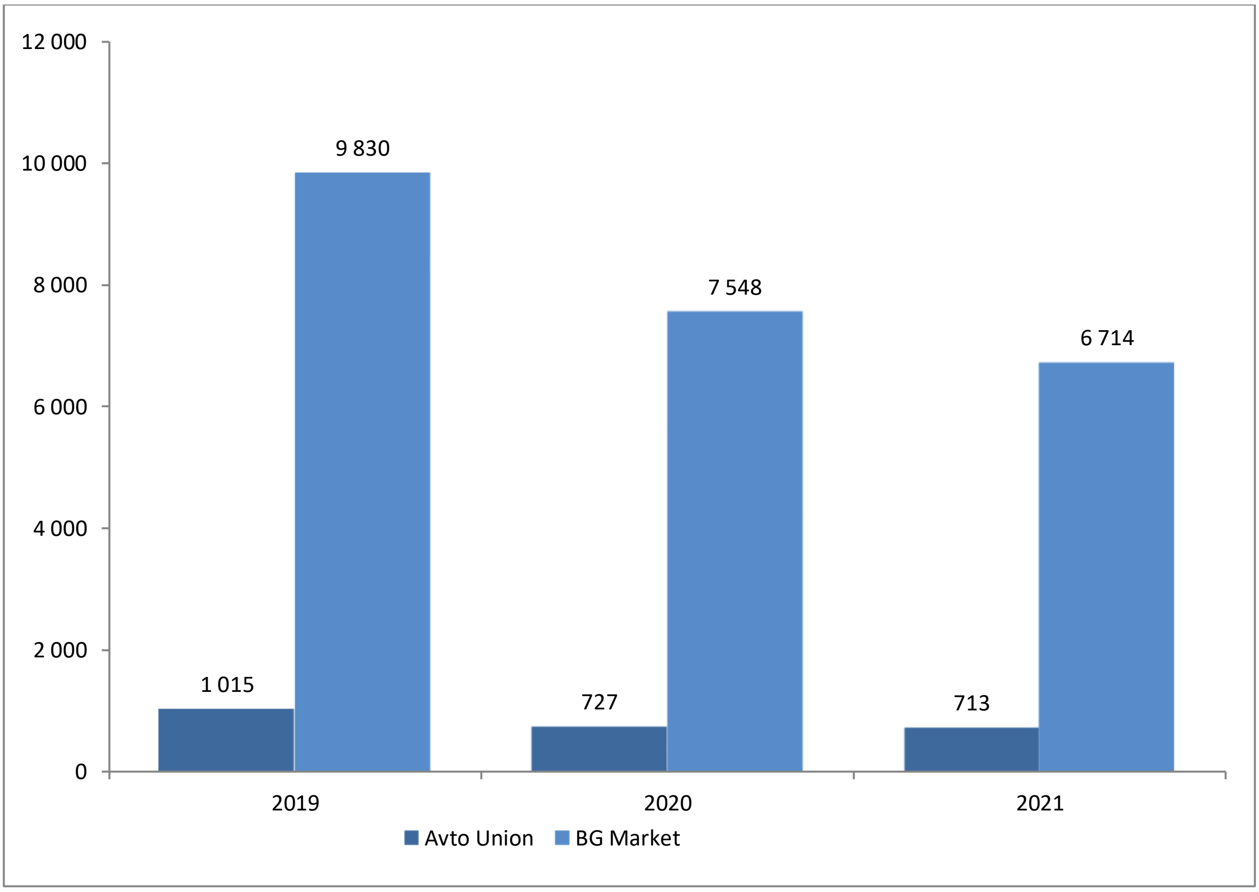
More information about Euroins Insurance Group and its subsidiaries can be found in the annual consolidated statements of Eurohold Bulgaria AD for 2020, as well as on the website of the insurance sub-holding www.eig.bg .

AVTO UNION - AUTOMOTIVE

Financial results of automotive companies

The consolidated financial result of the Group for the period from 01.01.2021 to 31.03.2021 is a profit of BGN 749 thousand (2020 - a loss of BGN 6 thousand). The consolidated financial result for the owners of the parent company for the same period is a profit of BGN 224 thousand, and for comparison in the same period of 2020 it was a loss of BGN 246 thousand.

The number of cars sold by the Group for the first quarter of 2021 decreased by 1.9% compared to the same period in 2020. Revenues from sales of cars, spare parts, oils and fuels decreased by 10.5%. The same is observed in the revenues from sales of services, as there is a decrease of 6.8% compared to the same period in 2020.



Sales of new cars of Avto Union for the first 3 months of 2021 compared to those on the Bulgarian market, no. – 03 YTD 2019, 03 YTD 2020 и 03 YTD 2021

source: AAI

The market performance of the Avto Union Group on the Bulgarian automotive market in the first three months of 2021 enjoys good indicators and deserves to be noted. The number of cars sold by the Group for the period from 01.01.2021 to 31.03.2021 cumulatively decreased by only 1.9% compared to the same period in 2020, which is a remarkably small decrease of only 14 cars. It is important to note that the market share of the Group for the same period improved by 1.0% compared to the same period in 2020, reaching a level of 10.6% of the total market. For comparison, according to Association of Automobil Importers in Bulgaria (AAI), the Bulgarian market of of new personal cars and light commercial vehicles for the first quarter with the accumulation of 2021 decreased by as much as 11% compared to the same period in 2020.

Operating expenses for the first quarter of 2021 decreased by 6.5% compared to the same period in 2020, or by BGN 498 thousand. This is largely a result of the efforts and other additional measures taken by the Managing Authorities of the Group in order to minimize the negative impact of the Covid-19 pandemic (Coronavirus). The main ones include:

» Optimization of the staff structure and increase of the efficiency of the labor process;

» Centralization of deliveries and additional costs optimization.

With the application of IFRS 16, the Group of Auto Union AD reports for the reporting period depreciation of assets with rights of use leased property and buildings under operating leases in the amount of BGN 706 thousand, and for 2020 740 thousand. In this regard, the total depreciation expenses of the company in the first quarter of 2021 amount to BGN 1,655 thousand, compared to BGN 1,696 thousand for 2020.

The expenses for materials increased by 10.4% or BGN 40 thousand, the same is observed for the Other expenses as there the increase is by 62.9% or BGN 117 thousand. The personnel expenses decrease by 2.5% or BGN 86 thousand, as well as a decrease of 26.7% or BGN 528 thousand is also observed in the

Expenses for services, which is a result of the above-mentioned measures taken by the company's management.

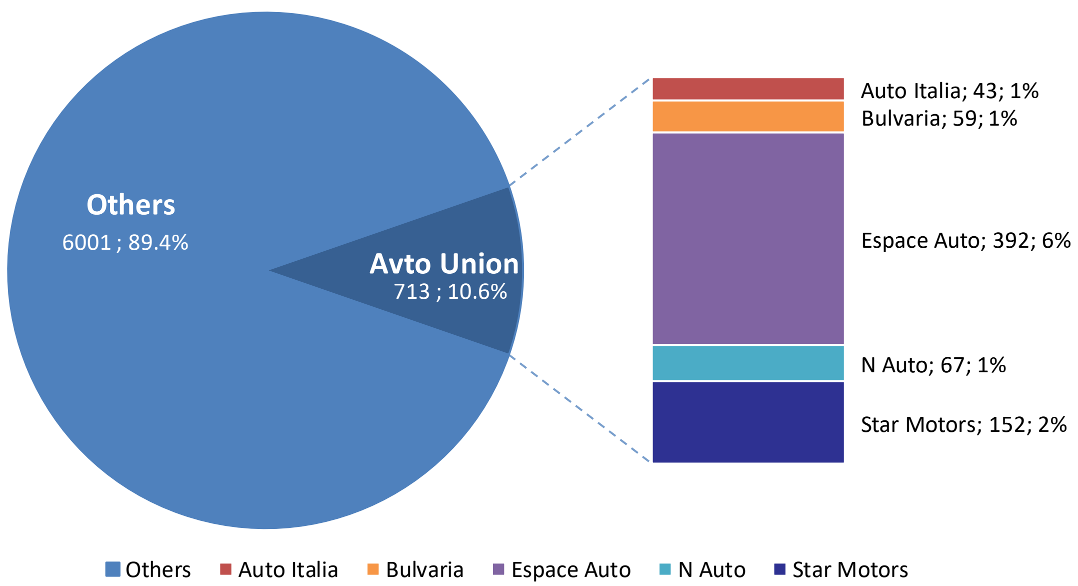
An increase of 8.3% or BGN 64 thousand compared to the same period of the previous year is observed in financial expenses. With the application of IFRS 16, the Group of Auvo Union AD reports during the reporting period interest expenses on used assets with rights of use leased property and buildings under the terms of operating lease in the amount of BGN 153 thousand, compared to BGN 170 thousand. as of 31.03.2020. In this regard, the total interest expenses of the company for the first quarter of 2021 amount to BGN 837 thousand, and for 2020 amounted to BGN 773 thousand. The financial revenues in turn increase their levels compared to the same period of 2020, marking an increase of BGN 64 thousand.

For the period ending 31.03.2021, the sales of new personal cars and light commercial vehicles, realized by Avto Union - the automobile holding in the group of Eurohold Bulgaria, amount to 713 units compared to 727 units sold in the same period of 2020, which is a decrease of 1.9%. According to the Association of Automobile Importers in Bulgaria market for new cars and light trucks in the first quarter with the accumulation of 2021 decreased by 11% compared to the same period of 2020. During the reporting period Opel recorded an increase of 28.1% for Sofia and 28.6% in its sales for Varna. Espace Auto OOD recorded a decrease in sales by 41.3% in Renault cars, but on the other hand recorded an increase of 21.6% in Dacia cars. N Auto Sofia EAD maintains its levels from the previous year in Nissan cars. Auto Italia EAD reduced its sales of cars with the FIAT brand by 61.5%, as well as those with the Alfa Romeo brand by 85.7%. In sales of the Maserati luxury car brand, Auto Italia maintained its levels from the previous year. Star Motors marks a 51% increase in sales of new Mazda cars compared to the same period last year.

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

- Closing entire businesses, industries and state borders for a longer period of time inevitably has a negative impact on car dealers, with this impact having a greater impact on those dealers who have had a higher percentage of corporate partners in their mix from customers (as is the case with the companies in the Avto Union group). Management believes, based on the observed economic "awakening" and recovery, that by the end of 2021, Avto Union will be able to regain its strong market position (in terms of market share) before Covid-19;

- The second is related to the fact that one of the main partners and suppliers of original equipment (OEM) of Avto Union, namely - Fiat-Chrysler Automobiles (FCA), marks a steady trend of losing market position both in the world and in Europe. Uncertainty about the future development of the new French-Italian concern (merger of FCA with PSA), together with inadequately-responsive product demand policy on the model range, lead to a shrinking market share of Fiat worldwide, which unfortunately gives its reflection in Bulgaria as well. The management hopes that very soon the Italian car manufacturer will "get back on its feet" and will be able to quickly regain its otherwise traditionally strong position in the global car market.



Number of cars sold and market share of car companies in the group of Avto Union for the first quarter of 2021 - number and percentages

source: AAI

Avto Union Group	**Sales**		**%**
	Q1 2021	**Q1 2020**	**Change**
January – March (YTD)	713	727	-1.9%
By quarter:			
Q1 (January-March)	713	727	-1.9%
Q2 (April-June)	*n/a*	*n/a*	*n/a*
Q3 (July-September)	*n/a*	*n/a*	*n/a*
Q4 (October-December)	*n/a*	*n/a*	*n/a*

For the period under review of this Activity Report, the subsidiary Espace Auto EOOD has distributed a dividend in the amount of BGN 969 thousand to its parent company (N Auto Sofia EAD). These income from distributed dividend is eliminated for the purposes of the consolidated financial statements of the Group as of 31.03.2021.

AVTO UNION. BUSINESS OVERVIEW

The main activity of Avto Union AD is the sale of new motor vehicles, motorcycles and scooters, the sale of original spare parts, lubricants and accessories, as well as the redemption of motor vehicles. Avto Union AD also offers to its clients leasing and insurance services, which it provides through companies from the related sub-holdings of Eurohold Bulgaria AD - Eurolease Group AD and Euroins Insurance Group AD.

The portfolio of Avto Union AD, which is the largest number of brands in Bulgaria, according to the statistics published by the European Association of Vehicle Manufacturers, includes eight brand motor vehicles and four brands of scooters, lubricants, fuels and additional automotive services. Through its 11 (eleven) subsidiary companies, Avto Union AD is the exclusive importer of Mazda, Fiat, Alfa Romeo and Maserati vehicles in Bulgaria, as well as an authorized dealer of Opel, Nissan, Renault, Dacia.

Overview of the activity in the first quarter of 2021

On 12.02.2021 the utilization of the agreed credit line was started. As of 31.03.2021 the utilized amount was EUR 992 thousand.

On March 12, 2021 a change was registered in the Board of Directors of the subsidiary Daru Car EAD - Mr. Asen Assenov was deleted as a member of the Board, and in his place was registered the longtime manager of the company - Mr. Stoyno Tsanev. The latter was also elected Executive Director and legal representative of the company.

The management of Avto Union is always looking for new opportunities to develop its portfolio of brands and services it offers on the Bulgarian market. In this regard, the subsidiary Auto Italia EAD has entered into an agreement with Ferrari S.p.A, according to which it will be authorized to offer certified used cars by the Italian company brand, as well as services for them. Thus, Auto Italia EAD continues to develop its strategy for niche positioning in the market of luxury Italian super-cars, becoming the first official representative of the world-famous brand in Bulgaria. In connection with this, in 2020 and the beginning of 2021 Auto Italia EAD has incurred expenses in the amount of approximately BGN 350 thousand for the construction of a new showroom and a new service base, specially adapted to meet all the requirements of the luxury Italian manufacturer. In 2021, these expenses are expected to form new fixed assets in Auto Italia EAD, and at the time of preparation of this consolidated report they are in actual operation.

More information about the sub-holding Avto Union and its subsidiaries can be found in the annual consolidated report of Eurohold Bulgaria AD for 2020, as well as on the website of the automotive sub-holding **www.avto-union.bg**.

EUROLEASE GROUP – LEASING

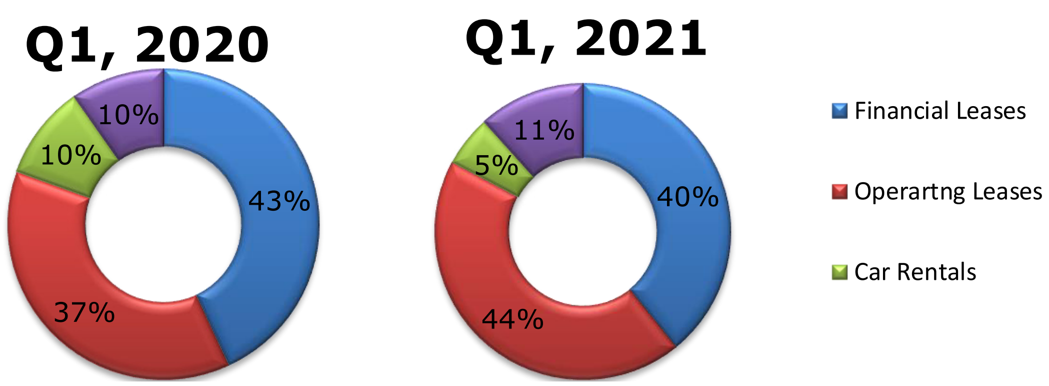
Financial results

Eurolease Group reports consolidated loss at BGN 188 thousand in Q1, 2021, compared to BGN 108 thousand profit in Q1, 2020.

During Q1, 2021 the impairment costs amount to BGN 445 thousand compared to BGN 2 thousand in Q1, 2020. Management has decided to take a conservative approach and accrue impairment in accordance with its updated impairment model in relation to IFRS 9 (increased impairment %). The updated IFRS 9 impairment model, considering the situation with COVID-19, requires a higher impairment charge to be charged during the year.

From the beginning of 2021 so far there has been a gradual increase in the volume of new business. The management forecasts companies to reach their volumes of new business generated before the pandemic by the end of 2021.

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



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

- During the reporting period total revenues of the different business lines amount at BGN 4,697 thousand against BGN 4,617 thousand for Q1, 2020.
- Financial leasing - In absolute terms, the revenues from financial leasing amount to BGN 1,841 thousand compared to BGN 1,989 thousand for 01.01.2020-31.03.2020.
- Operating lease - the amount of revenues from this area reports a significant increase. As of 31.03.2021 their amount is BGN 2,048 (against BGN 1,728 thousand for Q1, 2020), which is mainly due to the establishment of the Simpl brand and the increased demand in the new service of Sofia Motors EOOD.
- Short-term rent - the amount of revenues decreased by 43% to BGN 261 thousand compared to BGN 455 thousand for Q1, 2020. The reason for this is the effect of Covid 19, respectively the reduced number of flights and tourists in Bulgaria;
- Sale of used cars - the relative share of revenues from the sale of used cars increases by 21%. In absolute value they are BGN 547 thousand.

A decrease is also observed in the operating expenses, which amount to BGN 3,429 thousand at the end of Q1, 2021 compared to BGN 3,535 thousand for the same period of 2020.

The consolidated assets amount to BGN 119,399 thousand compared to BGN 119,273 thousand as of December 31, 2020.

Consolidated net investment in finance lease declines with 1.26% to BGN 76,364 thousand from BGN 77,343 thousand in the end of 2020.

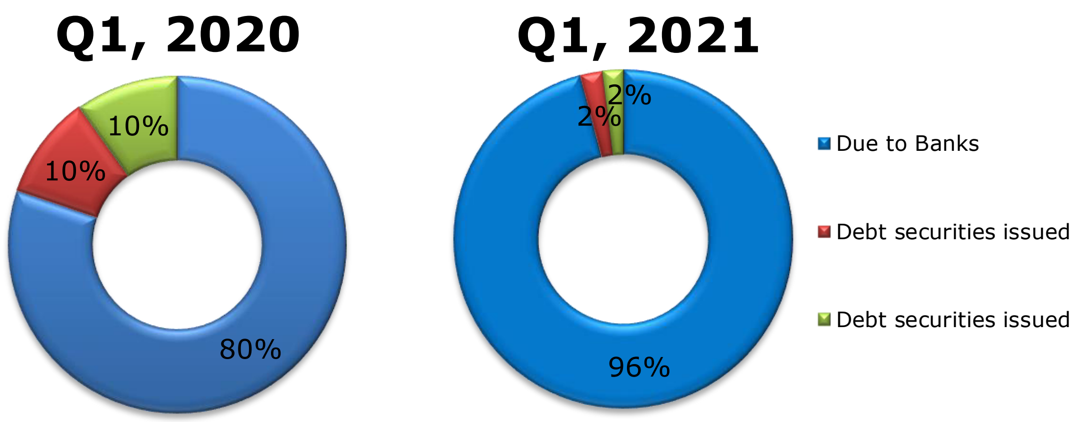
In the end of Q1, 2021 consolidated fixed assets amount at BGN 26,421 thousand compared to BGN 26,494 thousand in the end of 2020.

At the end of March, 2021 there are no significant changes in the relative share of the type of funding used:

- Liabilities to banks as at 31 March 2021 amount at BGN 80,687 thousand, relatively unchanged from BGN 81,244 thouand in the comparable period;

- Liabilities to other financial institutions stand at BGN 10,137 thousand. The amount is mainly due by Eurolease Rent a Car to lease companies financing company's fleet;

- In the end of 3M, 2021 debt securities issued decreased by 11% and stand at BGN 8,852 thousand from BGN 9,993 thousand in the end of 2020.



Eurolease Group individual financial result in Q1, 2021 is loss at BGN 188 thousand compared to loss at BGN 148 thousand a year ago.

Company's assets amount at BGN 36,490 thousand.

- **Eurolease Auto Bulgaria**

The financial result of Eurolease Auto in Q1, 2021 is a profit at BGN 174 thousand against BGN 270 thousand a year earlier.

As a non-bank leasing company, Eurolease Auto EAD does not fall within the scope of the private moratorium announced by the Bulgarian National Bank within the meaning of the Guidelines of the European Banking Authority (EBA) on legislative and private moratoriums on loan payments in connection with COVID-19 (EBA)/GL/ 2020/02). However, the Company offered its customers a deferral of principal payments. The rescheduled exposures by the end of 2020 represent less than 3% of the Company's portfolio.

To support businesses directly affected by the pandemic, government programs have been introduced to provide liquidity for grants, preferential lending and investment measures. The activity of Eurolease Auto EAD does not fall within the eligible industries for financing, due to which the Company has not benefited from state aid.

The impairment costs as at the end of first quarter is in the amount of BGN 57 thousand, compared to BGN 2 thousand as of 31.03.2020. Given the situation with COVID-19, Management has decided to take a conservative approach and accrue impairment in accordance with its updated impairment model in relation to IFRS 9 (increased impairment %).

The company's results are influenced by Covid 19 due to the reduced economic activity in the country, the lower levels of new business, the desire of some customers to reschedule their leases and the rescheduling of bank financing by Eurolease Auto.

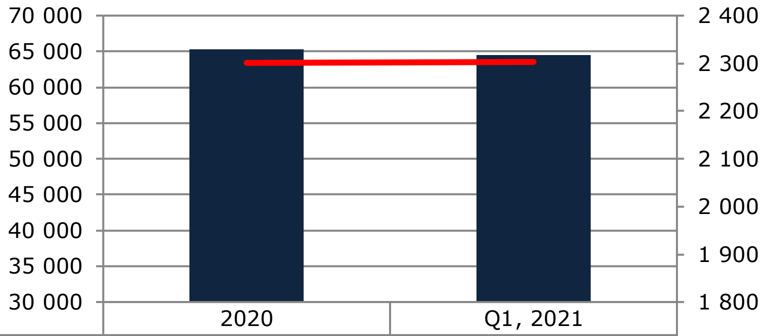
The interest income amounts to BGN 1,150 thousand as of 31.03.2021, the interest expense amounts to BGN 499 thousand and respectively the net interest income amounts to BGN 651 thousand for Q1, 2020. The interest margin for Q1, 2021 is 56.60%.

The administrative expenses of the company at the end of the reporting period increased to BGN 563 thousand, compared to BGN 501 thousand at the end of Q1, 2020

As of the end of March, 2021 company`s assets stand at BGN 83,515 thousand compared to BGN 83,318 thousand in the end of 2020.

The net investment in financial leasing amounts to BGN 64,549 thousand compared to BGN 65,349 thousand at the end of 2020. From the beginning of 2021 so far there has been a gradual increase in the volume of new business.

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

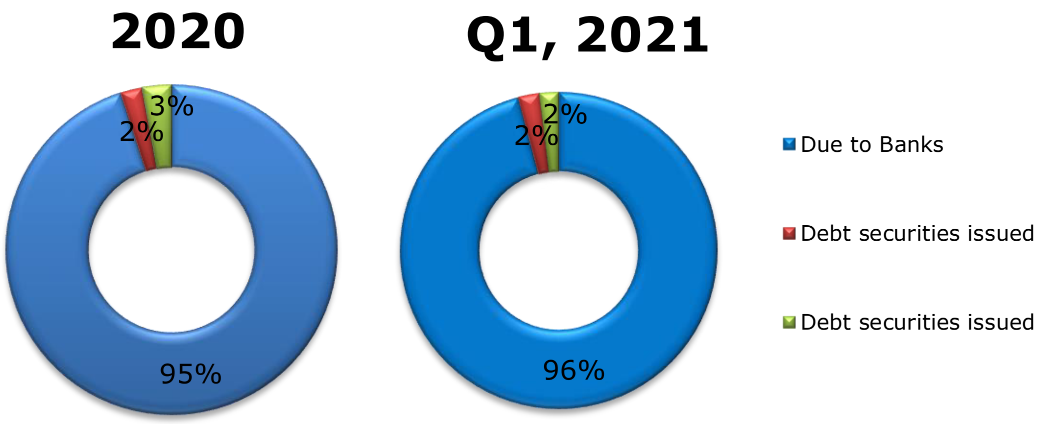


	2020	Q1, 2021
Portfolio (in '000 BGN)	65 349	64 549
Total number of vehicles	2 301	2 303

As of March, 2021 company’s equity stands at BGN 21,948 thousand; at year end 2020 equity was BGN 21,774 thousand.

As of the end of the reporting period company’s liabilities amount at BGN 61,567 thousand compared to BGN 61,544 thousand in the end of 2020.

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



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

- Bank loans – as of the end of March, 2021 they amount at BGN 56,586 thousand;
- Liabilities to other financial institutions amount to BGN 1,273 thousand;
- Company's liabilities on debt instruments issued amount at BGN 1,137 thousand.

➢ Eurolease Auto North Macedonia

Eurolease Auto Macedonia realized interest income in Q1, 2021 in the amount of BGN 200 thousand, compared to BGN 172 thousand in Q1, 2020. The interest expense of the company increases with BGN 57 thousand – from BGN 121 thousand for Q1, 2020 to BGN 178 thousand for Q1, 2021. As a result of the two effects, the net interest income of Eurolease Auto Macedonia decreased to BGN 22 thousand compared to BGN 51 thousand a year earlier.

Revenues from fees and commissions as of 31.03.2021 are at the level of BGN 40 thousand, compared to BGN 21 thousand for the first quarter of 2020. Revenues from operating leases marked a slight increase to BGN 44 thousand compared to BGN 41 thousand the previous year.

The administrative expenses of Eurolease Auto Macedonia in first quarter of 2021 amount to BGN 82 thousand.

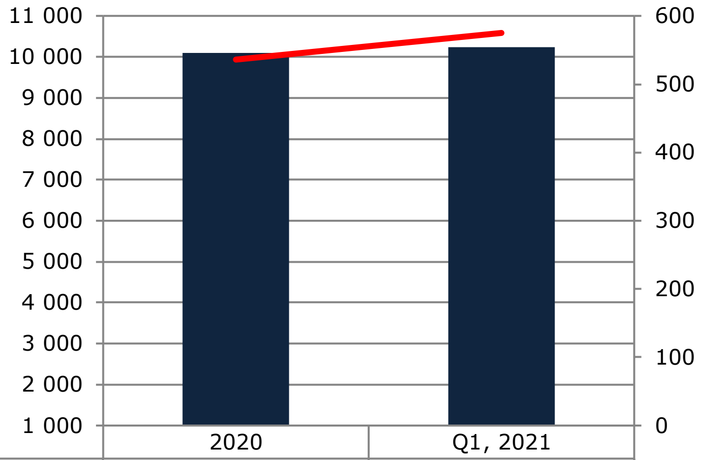
Eurolease Auto Macedonia realized a profit of BGN 24 thousand in Q1, 2021 compared to BGN 31 thousand profit during the previous year. The decline in the company's results is largely due to the covid pandemic and the reduced new business, the need to reschedule customer contracts, the decline in overall economic activity in the country.

During the reporting period, the net investment in financial leasing amounts to BGN 10,243 thousand at the end of Q1,2021 compared to BGN 10,088 thousand at the end of 2020.

Based on the Decree on the implementation of the Law on Leasing during a state of emergency, published in the Official Gazette of the Republic of Northern Macedonia № 19, the Company approves the recommendations for the introduction of a temporary moratorium on lease payments, thus introducing measures to support its customers, individuals and legal entities, through special conditions to facilitate the repayment of lease obligations.

The approved temporary moratorium provides for the possibility to change the schedule for repayment of principal and/or interest on liabilities without changing the key parameters of the loan agreement, such as the already agreed interest rate. Deferral of liabilities for a period of up to 10 (initially 3) months until 31 January 2021 (initially 30 June 2020) has been approved.

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



	2020	Q1, 2021
Portfolio (in '000 BGN)	10 088	10 243
Total number of vehicles	536	575

As of 31.03.2021 the assets of the company amount to BGN 12,325 thousand compared to BGN 11,959 thousand as of December 31, 2020.

The bank liabilities of Eurolease Auto Macedonia increase on an annual basis by 3.56%, reaching BGN 10,073 thousand.

- **Amigo Leasing**

The main activity of the Company is financial lease of used cars and provision of loans to individuals.

The financial result of Amigo Leasing EAD for Q1, 2021 is a profit of BGN 49 thousand, compared to a profit of BGN 189 thousand for the comparable period in 2020.

To support businesses directly affected by the pandemic, government programs have been introduced to provide liquidity for grants, preferential lending and investment measures. The activity of Amigo Leasing EAD does not fall within the eligible industries for financing, due to which the Company has not benefited from state aid.

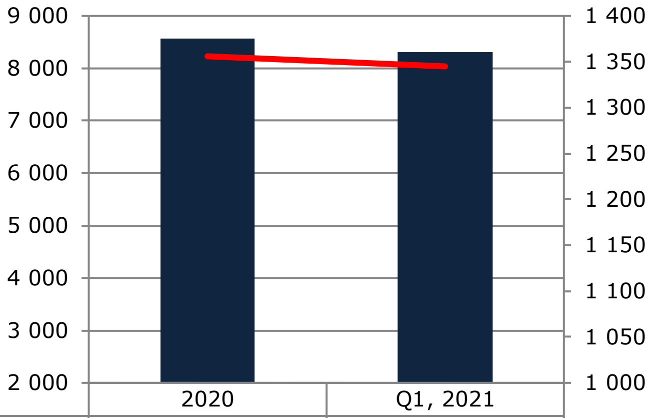
During Q1, 2021 Amigo Leasing realized BGN 419 thousand in interest income, which is a decrease of 23% compared to Q1, 2020 (BGN 548 thousand for the period 01.01.2020 – 31.03.2020). The interest margin for 2020 reached 73.98%. The effect is due to the lower levels of new business in the last year due to the difficult economic situation.

For Q1, 2021 the impairment expense amounts to BGN 204 thousand. In the first quarter of 2020 such expense is not charged. Management has decided to take a conservative approach and accrue impairment in accordance with its updated impairment model in relation to IFRS 9 (increased impairment %).

The net investment in financial leasing as of 31.03.2021 is BGN 8,316 thousand, marking a slight decrease of 3%, compared to the size at the end of 2020 (BGN 8,561 thousand).

As a non-bank leasing company, Amigo Leasing EAD does not fall within the scope of the private moratorium announced by the Bulgarian National Bank within the meaning of the Guidelines of the European Banking Authority (EBA) on legislative and private moratoriums on loan payments in connection with COVID-19 (EBA). /GL/ 2020/02). However, the Company offered its customers a deferral of principal payments. Rescheduled exposures by the end of 2020 represent less than 2% of the Company's portfolio.

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



	2020	Q1, 2021
Portfolio (in '000 EUR)	8 561	8 316
Total number of vehicles	1 356	1 345

Loan reaceivables amount at BGN 91 thousand, compared to BGN 120 thousand as at 31.12.2020.

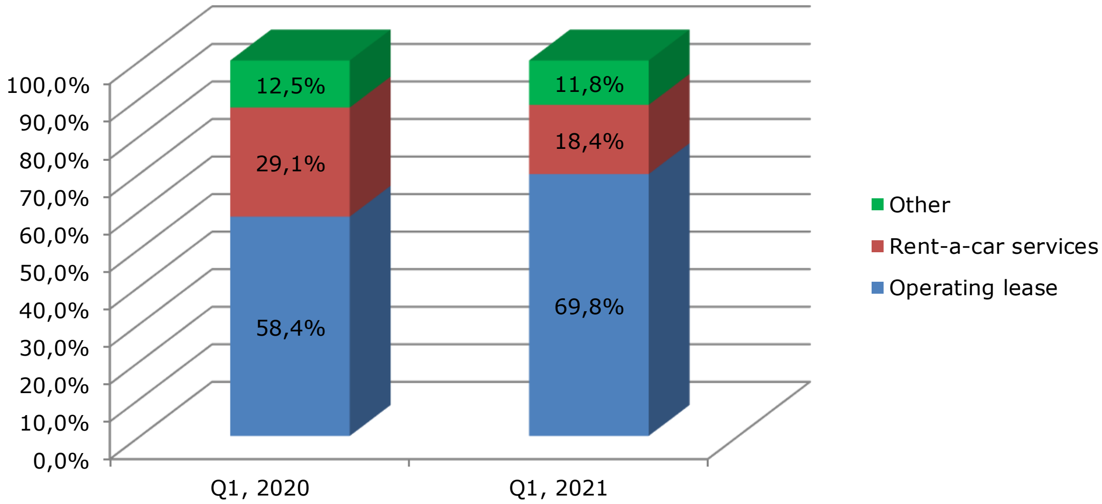
For Q1, 2021 the Company has administrative expenses of BGN 306 thousand.

The company finances its activities with its own and loan funds, as bank loans at the end of first quarter, 2021 amount to BGN 6,049 thousand. The amount of loans received from individuals - investors as of 31.03.2021 is BGN 915 thousand. They are provided by persons not related to the Company.

- **Eurolease Rent a Car**

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

The following chart shows the breakdown of company's revenues by business line in Q1, 2021 and Q1, 2020:



In Q1, 2021, the revenues generated by Eurolease Rent A Car from operating leases decreased by 5% compared to the comparable period for 2020. The decrease in the revenues from short-term car rental by almost 50% is more significant - up to BGN 229 thousand compared to BGN 455 thousand for Q1, 2020

The company operates in one of the sectors most affected by the covid pandemic and the operating lease revenues are relatively stable, but they cannot compensate for the decline in car rental services. Eurolease Rent a Car is a company whose revenues are characterized by seasonality and as such it is highly dependent on the number of flights and the state of the tourism industry in Bulgaria.

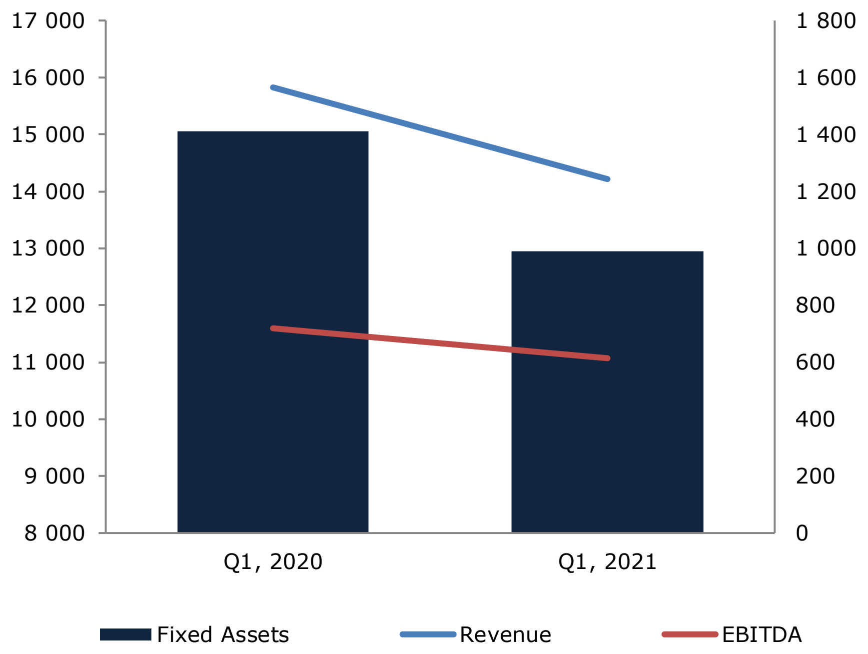
To support businesses directly affected by the pandemic, government programs have been introduced to provide liquidity for grants, preferential lending and investment measures. The company has benefited from state aid in the amount of BGN 32 thousand under the 60/40 scheme. The measure 60/40 is a short-term tool for urgent business support to maintain employment, but also to guarantee the income of employees.

In Q1, 2021, the company's interest expenses decreased to BGN 80 thousand, compared to BGN 117 thousand a year earlier.

The administrative expenses of the Company during the first quarter of 2021 decreased by 15% to BGN 1,335 thousand against BGN 1,584 thousand a year earlier.

The financial result of the company for the period under review is a loss of BGN 175 thousand compared to a loss of BGN 143 thousand in Q1, 2020.

The chart below presents the fixed assets of the Company, the realized revenues, as well as EBITDA in Q1, 2021 and Q1, 2020.



The total assets of the company amount to BGN 14,644 thousand as of 31.03.2021, compared to BGN 13,232 thousand a year earlier.

Liabilities to financial and non-financial institutions for Q1, 2021 marked a slight increase from BGN 8,481 thousand at the end of 2020 up to BGN 8,508 thousand as of 31.03.2021 The company reduces the used bank financing by 5% from BGN 3,096 thousand (31.12.2020) to BGN 2,940 thousand in the current reporting period.

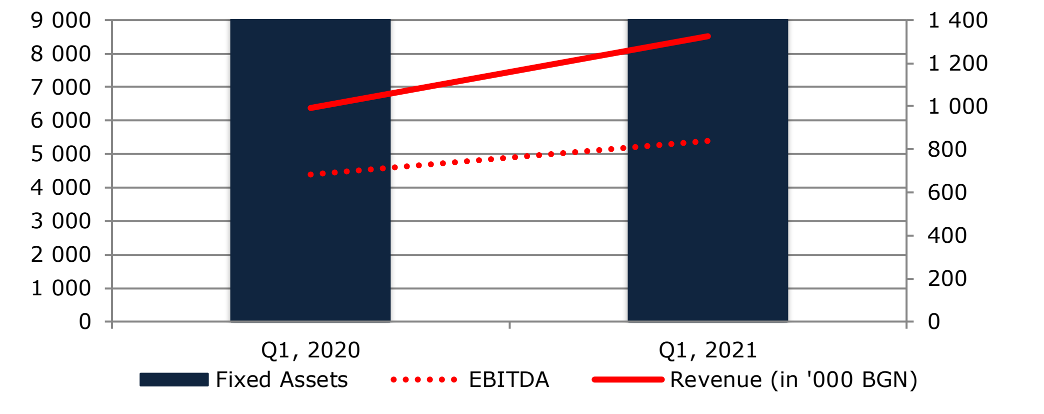
- **Sofia Motors**

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

The financial result of Sofia Motors at the end of the first quarter of 2021 is a loss of BGN 7 thousand compared to a loss of BGN 51 thousand for the comparative period. The Company's result is affected by the high administrative costs caused by the development of new products in the portfolio, providing full-service car rental, as well as the difficult economic situation in the country, dictated by the restrictions imposed on COVID-19. The company focuses on building good contacts with car dealers, advertising the new service through various communication channels and adding different types of cars in order to increase future revenues.

To support businesses directly affected by the pandemic, government programs have been introduced to provide liquidity for grants, preferential lending and investment measures. The activity of Sofia Motors EOOD does not fall within the eligible industries for financing, due to which the Company has not benefited from state aid.

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



As of March 31, 2021 The company's assets amount to BGN 12,115 thousand, compared to BGN 11,892 thousand as of December 31, 2020.

Company's liabilities amount at BGN 11,815 thousand compared to BGN 11,585 thousand as at 31 December 2020.

In accordance with its Trade Receivables Impairment Policy, the Company recognizes expected credit losses in the amount of BGN 169 thousand.

During the reporting period, the company reported a 7% decline in its trade liabilities. Leasing liabilities also decreased by almost 3%, reaching BGN 4,144 thousand (December 31, 2020 - BGN 4,266 thousand)

- **Autoplaza**

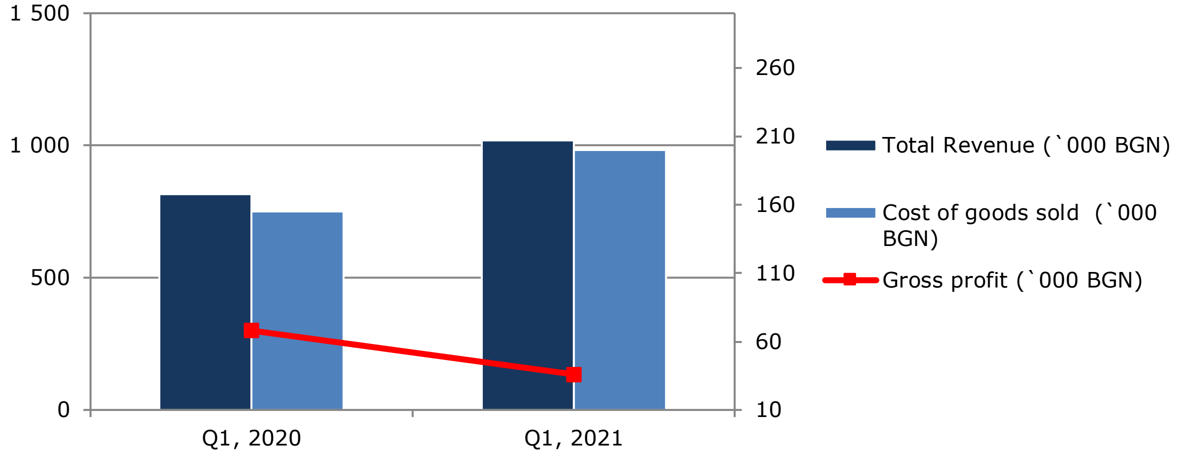
The main activity of Autoplaza EAD involves sale of vehicles returned from lease, rent-a-car and "buy-back". The company operates in close cooperation with Auto Union, Eurolease Auto Bulgaria and Eurolease Rent Car. Autoplaza experts participate in international tender procedures aiming to be able to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

The financial result of Autoplaza for Q1, 2021 is a loss of BGN 23 thousand, compared to a profit of BGN 20 thousand for the same period of 2020. The sector in which the Company operates is one of the most affected by the Pandemic.

During the period under review, Autoplaza realized a gross profit from the sale of goods and services in the amount of BGN 113 thousand, compared to BGN 172 thousand in the comparable period.

To support businesses directly affected by the pandemic, government programs have been introduced to provide liquidity for grants, preferential lending and investment measures. The company has benefited from state aid in the amount of BGN 7 thousand under the 60/40 scheme. The measure 60/40 is a short-term tool for urgent business support to maintain employment, but also to guarantee the income of employees.

The chart below shows the change in total revenue, the carrying amount of assets sold and the company's gross profit. The declared state of emergency puts strong pressure on the sales of Autoplaza, as during this period consumers are not inclined to buy outside the essential goods.



The assets of the company amount to BGN 1,928 thousand as of 31.03.2021, compared to BGN 1,810 thousand at the end of 2020. During the period of the state of emergency, the Company has slowed down the pace of car purchases due to the situation and stocks in the warehouse have decreased. Cars for sale increased by about 23% - from BGN 773 thousand for Q1, 2020 up to BGN 954 thousand for the current period.

At the end of March, 2021 the liabilities of the Company on received bank loans reach BGN 1,379 thousand, compared to BGN 1,358 thousand at the end of the previous 2020.

EUROLEASE GROUP AD. BUSINESS OVERVIEW

The leasing subholding Eurolease Group is a company uniting Eurohold's investments in the leasing sector in the Balkans.

The companies, part of the Eurolease Group, offer financial and operational leasing of new personal cars and light commercial vehicles, trucks and buses.

The Group also offers car rental services, as well as the sale of repurchased used cars with proven origin. The car rental activity is performed by the company Eurolease - Rent a Car, which operates under the trademarks of AVIS and BUDGET. The long-term experience in providing operating leasing to large international and local companies, as well as the established market niches for the provision of car rental services rank the Group among the market leaders.

One of the activities of the leasing group is related to the sale of cars returned from leasing, rent-a-car and "buy-back" (through the company Autoplaza EAD).

The strategic goal of Eurolease Group EAD is to become one of the leading lessors in the country. To this end, Eurolease Group EAD strives to build a strong and sustainable brand based on the provision of high quality and comprehensive services. The aim is to increase its reputation as an innovative and flexible partner to a variety of customers and to offer new, specific products and services in cooperation with the insurance and automotive companies of the Group.

More information about the Eurolease Group sub-holding and its subsidiaries can be found in the annual consolidated report of Eurohold Bulgaria AD for 2020, as well as on the company's website **www.euroleasegroup.com**.

EURO-FINANCE AD - INVESTMENT INTERMEDIATION AND ASSET MANAGEMENT (financial-investment activity)

Euro-Finance is an investment intermediary, a member of the Frankfurt Stock Exchange, providing direct access to Xetra® through the EFOCS trading platform. The company also offers trading in currencies, indices, stocks and precious metals through contracts for difference in the EF MetaTrader 5 platform.
The company also has the highest equity of all investment intermediaries, according to FSC data.

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

The company realizes net revenues from operating activities for the first three months of 2021 in the amount of BGN 268 thousand, generated by:

- Interest income - BGN 122 thousand;
- Other revenues from main activity - BGN 146 thousand;

The expenses for the period related to the current servicing of the company amount to BGN (440) thousand.

Euro-Finance AD. Business overview

Euro-Finance is the largest investment intermediary in Bulgaria in terms of share capital and turnover. The company is a leading investment intermediary licensed by the FSC and a full member of the Deutsche Börse Group. The full license issued by the FSC authorizes Euro-Finance AD to operate on the territory of the EU and third countries. The activity of the company meets the highest standards in the field of financial and investment services.

As an investment intermediary, Euro-Finance AD offers its clients activities such as brokerage, asset management, investment banking, merger and acquisition consulting, and other investment services for corporate and institutional clients.

Euro-Finance AD offers individual portfolio management, mainly to individual and institutional investors based in Bulgaria. The company offers three types of individual investment portfolios (conservative, balanced and aggressive). These portfolios are based on the client's risk characteristics and the asset structure that are actively managed by the company in line with the client's specific needs, as these assets typically include investments in shares, bonds, alternative investments, and money resources. Balanced portfolios can be invested up to 60% in shares and alternative investments, and aggressive portfolios can be invested up to 95% in shares and alternative investments.

In 2020, Euro-Finance laid the foundations for its cooperation with Amundi Asset Management - the largest asset management company in Europe for market capitalization of managed assets. Amundi has over 80 years of experience in managing and offering mutual funds and is among the ten largest asset management companies in the world. Amundi is a public company whose shares are traded on Euronext. Credit Agricole, the second largest banking group in France, is a majority shareholder in Amundi.

In 2020 Euro-Finance AD continued its efforts to develop and promote the segment of services focused on transactions with foreign financial instruments, focusing on updating its EFOCS e-commerce platform.

More information about Euro-Finance AD can be found in the annual consolidated report of Eurohold Bulgaria AD for 2020, as well as on the company's website **www.eurofinance.bg**

EUROHOLD BULGARIA AD – STANDALONE BASE

FINANCIAL RESULT ON STANDALONE BASE

INCOME

The income of the company over the reporting period amounted to BGN 0.9 million, of which:

- » Income from profits from operations with financial instruments and subsequent valuations totaling BGN 0.3 million, including:
  - BGN 206 thousand profit from transfer of ownership of repurchased own bonds 10,500 pcs. from the EMTN Programme in EUR with ISIN XS1731768302
  - BGN 97 thousand profit from repurchase of own bonds 5 900 pcs. with ISIN BG2100013205.
- » Income from revaluations of debt instruments measured at fair value, in the total amount of BGN 0.2 million, including:
  - BGN 113 thousand from revaluation of purchased own bonds 10,500 pcs. from EMTN Programme in EUR with ISIN XS1731768302;
  - BGN 32 thousand from revaluation of purchased own bonds 900 pcs. with ISIN BG2100013205;
- » Other financial income (positive exchange rate differences) amounting to BGN 0.4 million.

For comparison, the income reported by Eurohold as of 31.03.2019 amounted to BGN 1.8 million, formed by:

- » Income from profits from operations with financial instruments and subsequent valuations totaling BGN 0.4 million;
- » Other financial income (positive exchange rate differences) amounting to BGN 1.4 million.

EXPENSES

In the first quarter of this year, Eurohold Bulgaria marked a slight increase in its operating expenses, which amounted to BGN 5.9 million for the reporting period, compared to BGN 5.4 million as of 31.03.2019.

The reported increase by 9.7% of operating expenses amounted to BGN 0.5 млн. лв. and it was characterized mainly by an increase in interest expenses by BGN 0.9 million and a decrease in expenses for external services by BGN 0.5 million. The other operating expenses remain relatively constant, as their total change compared to the previous period is an increase of BGN 0.1 million.

Interest expenses amounted to BGN 4.9 million and they are grouped into three categories, namely:

- Interest on loans from banks and non-banking financial institutions amounting to BGN 0.8 million accounting an increase of BGN 0.2 million – the increase is due to the new bank loan disbursed in mid-2020;
- Interest on the EMTN Programme bonds amounting to BGN 3.2 million – with an reported increase of BGN 0.4 million due to the newly issued in November 2020 bond loan in the amount of EUR 30 million, on which interest in the amount of BGN 0.5 million was accrued for the first quarter of 2021.
- Interests on borrowings and leasing from related and third parties amounting to BGN 0.9 million – an increase of BGN 0.3 million was reported.

RESULTS FROM OPERATING ACTIVITIES

For the first three months of 2021, Eurohold Bulgaria realized a loss from operating activities in the amount of BGN 5.9 million, accounting an increase of the loss by BGN 0.5 million vs. the comparable period.

FINANCIAL RESULT

For the period January 1 - March 31, 2020 Eurohold Bulgaria AD reports a financial result on an individual basis a loss of BGN 5 million. For comparison, the financial result realized for the comparable period of the previous year was a loss of BGN 3.5 million.

FINANCIAL POSITION

ASSETS

As of 31st of March 2021 the company's assets increased by BGN 3.7 million and reached to BGN 637.4 million compared to BGN 633.7 million as of the end of 2020.

Non-current investments

The assets of Eurohold Bulgaria AD mainly represent investments in subsidiaries and other enterprises, as of the end of the current reporting period amounted to BGN 632.9 million compared to BGN 629.5 million at the end of 2020.

The growth by BGN 3.4 million was entirely due to an increase of the investment in the subsidiary Euroins Insurance Group AD. The increase is in connection with the acquisition by Eurohold Bulgaria AD of another 3,915,473 shares of the capital of the subsidiary Euroins Insurance Group AD. As a result, the participation in the capital of the subsidiary insurance subholding was increased to 96.67%, with which the total shares held by Eurohold Bulgaria AD amount to 525,371,935 shares.

Non-current assets

Non-current assets include property, plant and equipment, and intangible assets. During the reporting period, non-current assets increased by BGN 0.2 million, which was due to a decrease in the recognized assets (properties) with the right of use by BGN 0.1 million as their value at the end of the reporting period amounted to BGN 2 million.

In the first quarter of 2021 Eurohold Bulgaria has provided long-term loans to subsidiaries amounting to BGN 0.3 million.

Current assets

Current assets relatively retain their value and amount to BGN 2.2 million, they include:

- Receivables from related parties from commercial operations in the amount of BGN 0.6 million, reporting an increase for the period by BGN 0.2 million;
- Other receivables and assets in the amount of BGN 1.4 million., which decreased by BGN 0.2 million;
- Cash and cash equivalents amounting to BGN 0.3 million.

EQUITY

As of 31.03.2021 the equity of Eurohold Bulgaria amounted to BGN 298.7 million compared to BGN 303.7 million at the end of 2020. The reported decrease of 1.6% was due to the realized loss during the current reporting period.

SUBORDINATED DEBT INSTRUMENTS

In order to strengthen the capital of the group and after reviewing the indebtedness, Eurohold Bulgaria has agreed and converted part of its loan obligations as of 31.12.2020 in the form of a subordinated debt (not issued) instrument.

The subordinated debt instrument represents unissued tier 1 capital and amounts to BGN 33 million due to the majority shareholder Starcom Holding for an indefinite period, but not earlier than 5 years with interest due at the end of each quarter, calculated as fixed interest rate of 6.5%.

The total amount of equity and subordinated tier 1 capital amounted to BGN 331.5 million as of March 31, 2021.

LIABILITIES

The company's liabilities reached BGN 338.7 million, increasing by 2.6% at the end of the reporting period.

The change in liabilities was due to the following factors:

» Non-current liabilities

Non-current liabilities marked an increase of 7.1% compared to the end of 2020. They are formed mainly by liabilities on borrowed funds for financing, incl. loans from financial and non-financial institutions and liabilities under bonds loans with a total value as of 31.03.2021 of BGN 236 million.

Loans from financial and non-financial institutions

During the reporting period there was a decrease in the long-term amount of loans received from banking institutions by BGN 2.9 million and as of 31.03.2021 their amount was BGN 39.9 million. This change is due to the following factors:

- Reduction of the non-current liability under a bank loan from the International Investment Bank by BGN 1.5 million - from BGN 12 million at the end of 2020 to BGN 10.5 million as of the end of reporting period due to their reporting in short-term liabilities.

The loan liabilities from the International Investment Bank represent attracted funds under a second bank loan with an agreed limit of EUR 10 million and principal due as of March 31, 2021 in the amount of EUR 6.9 million, the agreed interest rate on the loan is 6.0% + EURIBOR, maturity - March 2025, secured by a pledge of shares of a subsidiary.

- Loan agreement with the International Bank for Economic Cooperation as of the date of the report EUR 15 million (BGN 29.3 million) have been utilized.

The loan agreement was concluded in the third quarter of 2020, with the following parameters: principal limit - EUR 20 million, which can be disbursed in three tranches within six months (the disbursed funds are currently € 15,000,000) ; interest: 6.5% on an annual basis on the utilized amount; term of the loan - the utilized principal of the loan shall be repaid in full on the maturity date - 31.07.2022, but not later than 01.01.2023; the loan cannot be renegotiated; collateral - pledge of shares of a subsidiary.

Bond loans

The non-current liabilities on bond loans increased by BGN 58.1 million and at the end of the reporting period amounted to BGN 193.8 million. The increase is characterized by the following changes:

- The liability under the issued bond loan (within the EMTN Programme) increased by BGN 20 million and at the end of the reporting period amounted to BGN 136.2 million.
- The liability on issued corporate bond loan with ISIN: BG2100013205 decreased by BGN 1.8 million. The amount of the loan liability at the end of March 2021 amounted to BGN 56.9 million.

In the first quarter of 2021 the following bond transactions were made:

- Repurchased 10,500 own bonds from EMTN Programme in EUR with ISIN XS1731768302 and a profit from operations with investments and financial instruments was realized in the amount of BGN 206 thousand was reported. The liabilities for the repurchased own bonds were settled as of 31.03.2021 (as of 31.12. 2020 they are not settled)
- 5,000 own bonds were repurchased with ISIN BG2100013205 and a profit from operations with investments and financial instruments in the amount of BGN 82 thousand was reported.

- 900 own bonds were repurchased with ISIN BG2100013205 and a profit from operations with investments and financial instruments in the amount of BGN 15 thousand was reported.
- The ownership of 5,000 repurchased own bonds shares has been transferred with ISIN BG2100013205 and a loss from investment operations in the amount of BGN 109 thousand was reported.

Information about EMTN programme conditions (EUR and PLN) is publicly available on the Irish Stock Exchange website, Bonds section. The maturity of the EMTN Programme in PLN is on 29.12.2021, and that of EMTN Programme in EUR - on 07.12.2022.

On November 26, 2020 Eurohold Bulgaria AD issued a bond loan with ISIN code BG2100013205 in the amount of EUR 30,000,000 (BGN 58,674,900) under the terms of an initial private (non-public) offering within the meaning of Art. 205, para. 2 of the Commercial Law. The issue is the second in a row and represents 30,000 corporate bonds issued, which are ordinary, registered, dematerialized, interest-bearing, secured, non-convertible, and freely transferable of one class and with equal rights. The nominal and issue value of each bond is EUR 1,000. The maturity date of the issue is November 26, 2027, and the principal is repaid once at maturity. Interest payments are made every six months, as of the date of registration of the issue (November 26, 2020), at a fixed nominal interest rate - 3.25% on an annual basis. The debenture loan is secured in favor of all bondholders with Bond Loan insurance, valid until the date of full repayment of the issue and covering 100% of the risk of non-payment by Eurohold Bulgaria AD to any and all interest and/or principal payment. Eurohold will take the necessary actions for subsequent admission of the bond issue to trading on a regulated market - Bulgarian Stock Exchange AD within 6 (six) months from the date of registration of the bond issue in Central Depository AD. At the first general meeting of the bondholders, held on 18.12.2020 as a Trustee of the bondholders for issue of corporate bonds with ISIN code BG2100013205, Financial House Ever AD was elected - performing activity as an investment intermediary. The funds raised from the issue were used according to the purposes for which it was issued, namely for repayment of short-term liabilities of the Company and additional payment of subscribed but unpaid capital of the subsidiary Euroins Insurance Group AD.

» Current liabilities

In the first quarter of 2021, Eurohold's current liabilities decreased by BGN 6.8 million, amounting to BGN 70 million at the end of the period. The largest change in current liabilities was observed in the liabilities on loans from financial and non-financial institutions, amounting to BGN 15.4 million or decrease by BGN 3.5 million compared to the end of 2020, as well as short-term liabilities to related parties.

Loans from financial and non-financial institutions

The significant part of the current liability to financial institutions is the first bank loan disbursed by the International Investment Bank reported entirely in short-term liability and maturing - December 2021. The loan is granted under the following parameters - agreed limit of EUR 15 million and principal due December 31, 2021 The agreed interest rate on the loan is 6.0% + EURIBOR and is secured by a pledge of shares of a subsidiary.

Also, Eurohold Bulgaria AD has a liability of BGN 4.9 million under issued Euro Commercial Papers (ECP), with a maturity of 5.2021, an annual interest rate of 2.0% and a face value of EUR 2,500 thousand, as well as interest in the amount of 0.3 BGN million under the loan to the International Bank for Economic Cooperation.

Bond loans

Current liabilities on bond loans increased by BGN 2 million as the amount includes the entire liability on the principal of the loan issued under the EMTN Programme in PLN (maturing - December 2021) in the amount of BGN 18.9 million, as well as liabilities under interest to bondholders of all issues.

Short-term liabilities to related parties

Current liabilities to related parties decreased by BGN 6.6 million at the end of March 2021 and amounted to BGN 28.8 million.

Summary information on liabilities on borrowed funds

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

Loan liabilities	Change %	**31.03.2021 *000'BGN***	31.12.2020 *000'BGN*
Subordinated debt instruments	0%	**32 784**	**32 784**
Liabilities to financial and non-financial loans:	**-11.4%**	**60 219**	**67 994**
- *Non-current liabilities to banks*	6.8%	39 861	42 747
- *Current liabilities to banks*	-18.5%	15 432	18 945
- *Other non-current borrowings*	-96.6%	50	1 450
- *Other current borrowings (Euro Commercial Papers – ECPs)*	0.5%	4 876	4 852
Bond Loan Obligations:	**10.5%**	**215 183**	**194 719**
- *Non-current liabilities on bond loans, including:*	10.6%	193 092	174 531
- *EMTN Programme*	*0.8%*	*136 197*	*135 158*
- *Bond loan ISIN code BG2100013205*	*-3.0%*	*56 895*	*58 675*
- *Current liabilities on bond loans (interests)*	9.4%	22 091	20 188
Liabilities to related parties:	**104.3%**	**26 133**	**12 790**
- *Non-current*	-0.5%	1 694	1 703
- *Current*	120.4%	24 439	11 087
Total loan liabilities	**8.4%**	**334 319**	**308 287**

CONDITIONAL OBLIGATIONS AND COMMITMENTS

Litigations

As at 31.12.2020 against the Company has no substantial legal proceedings instituted.

The Company appeals against imposed penal decrees with general material interest in the amount of BGN 100 thousand. As at the date of this report a forecast for the probability of entry into force of the decrees cannot be made, the Company has not reported expenses for provisions under them.

The company is a plaintiff in a material interest case of EUR 375 363,21. The company requests a refund of the amount it has transferred. The transferred amount was completely blocked in an account at Erste Bank, Novi Sad, on the basis of a prosecutor's order and an order of the civil court and will be returned to the company after a formal ruling in the above case. A final judgment is expected within the next 12 months. In view of the declared state of emergency in the country it is possible to extend the deadline.

Guarantees provided

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

Business division	**Amount in EUR'000 as at 31.3.2021**	**Amount in BGN'000 as at 31.3.2021**	**MATURITY (EUR'000)**					
			2021	**2022**	**2023**	**2024**	**2025**	**After 2025**
Lease sub-holding								
For funding of lease operations	12 788	25 010	62	2 491	2 078	1 477	555	6 125
Automotive sub-holding								
Working capital loans	3 710	7 256	3 710	-	-	-	-	-
TOTAL:	**16 498**	**32 266**	**3 772**	**2 491**	**2 078**	**1 477**	**555**	**6 125**

In connection with a loan to the automotive subholding Eurohold Bulgaria AD has established a pledge of shares of a subsidiary.

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

Company from :	Contracted limit in EUR'000 as at 31.12.2020	Contracted limit in BGN'000 as at 31.12.2020	MATURITY(EUR'000)		
			2021	2022	2023
Automotive sub-holding	3 750	7 334	3 750	-	-
Automotive sub-holding	1 050	2 054	-	1 050	-
Automotive sub-holding	4 300	8 410	4 300	-	-
Energy sub-holding	5 000	9 779	5 000	-	-
TOTAL:	14 100	27 577	13 050	1 050	-

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

Company/ Guarantor	Currency	Guaranteed liability	Guaranteed amount as at 31.03.2021 in original currency	Maturity date
Euroins Insurance Group AD	EUR	Issue of bonds (EMTN programme)	70 000 000	12/2022 .
Euroins Insurance Group AD	PLN	Issue of bonds (EMTN programme)	45 000 000	12/2021
Euroins Insurance Group AD	EUR	Bank loan	15 000 000	07/2022.

EASTERN EUROPEAN ELECTRIC COMPANY II B.V. - BUSINESS OVERVIEW

EASTERN EUROPEAN ELECTRIC COMPANY II B.V. is the newest division in the Eurohold Group, established in 2019 in order to unite the investments of Eurohold Bulgaria in the energy business.

The intention of Eurohold Bulgaria AD is to turn Eastern European Electric Company B.V. in a regional utility company in the country in terms of sustainability and customer satisfaction. Eurohold is clearly committed to investing in technology and digitizing processes to improve the efficiency of energy companies while maintaining financial stability and regulatory compliance, as well as by ensuring continuity in the operational management of the acquired assets.

Information on the acquisition of CEZ's assets in Bulgaria will be published in the interim reports of Eurohold Bulgaria for 2021, as well as on the company's website www.eurohold.bg.

DESCRIPTION OF THE MAIN RISKS

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

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

***

Редът на изброяване на рисковете във всяка от категориите по-долу е според тяхната същественост от гледна точка на отрицателното им въздействие върху Еврохолд и неговата икономическа група, както и вероятността от тяхното възникване.

a) NON-SYSTEMATIC RISKS

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

Risks related to the activity and structure of Eurohold

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

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

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

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

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

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

- **Insurance business**

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

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

Underwriting risk

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

- Risk associated with premiums and reserves
- Lapse risks;
- Catastrophic risks.

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

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

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

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

Market Risk

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

Market risk includes the following sub-risks:

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

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

Insurance business

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

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

Underwriting risk

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

- Risk associated with premiums and reserves
- Lapse risks;
- Catastrophic risks.

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

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

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

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

Market Risk

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

Market risk includes the following sub-risks:

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

- Currency risk.

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

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 modeling 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.

- **Automotive sector**

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

Risks related to withdrawal of permits and authorizations

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

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

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

Dependence on norms and standards

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

Other systematic and non-systematic risks of particular importance

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

- **Leasing sector**

Risk of lack of attracted external debt financing at reasonable prices

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

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

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

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

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

- **Investment intermediation and asset management**

The activity of investment intermediation and asset management in the Group is represented by the investment intermediary Euro-Finance AD. The risk in the sector of financial intermediation and asset management is related to the high volatility of the debt and capital markets, the changes in financial tendencies and the investment culture of the general public.

Market and credit risk

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

Risk in settlement and clearing of transactions

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

Risk of change in the regulatory framework

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

Risks in the transmission and processing of information

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

Risks related to Eurohold's development strategy

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

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

Risks associated with future acquisitions and their integration in the structure

At present, the economic group of Eurohold Bulgaria AD develops its operations mainly in Bulgaria and other European countries such as Romania, Northern Macedonia, Ukraine, Georgia, Greece, Belarus and Russia through acquisitions of companies and assets. The Issuer expects that such acquisitions will continue in the future. The Group intends to implement a strategy for identifying and acquiring businesses, companies and assets with a view to expanding its operations. The risk for Company is the uncertainty as to whether it will succeed and, in the future, identify the appropriate acquisition and investment opportunities. On the other hand, there is uncertainty as to the evaluation of the profitability of future asset acquisitions and whether they will lead to comparable results with the investments made so far. Also, investments in new acquisitions are subject to a number of risks, including possible adverse effects on the performance of the economic group as a whole, unforeseen events, as well as difficulties in integrating and optimizing operations and complementary businesses.

Risks related to the management of Eurohold. 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.

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

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

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

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

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

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

Risks related to recruiting and retaining qualified staff

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

Risk of concentration

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

Risk of lack of liquidity

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

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

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

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

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

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

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

a) SYSTEMATIC RISKS

Macroeconomic risk

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

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

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

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

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

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

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

We are currently witnessing a macroeconomic risk posed by the scale and spread of the coronavirus pandemic (COVID-19), which has affected the world and dramatically affected global macroeconomics and economic growth. Due to the COVID-19 pandemic, at the end of the first and throughout the second quarter of 2020, a large part of the world economy slowed down and work in some sectors was almost completely stopped. As a result of the measures imposed by governments, a significant part of international trade has been hampered. Globally, the subsequent business results of the economic disruption caused by the pandemic are: deteriorating economic prospects, a significant increase in expected credit losses and other impairments, as well as a decrease in revenues caused by lower volumes and reduced customer activity.

The effects of the COVID-19 crisis on the global automotive industry (at the end of the first and the beginning of the second quarter of 2020) are significant, in some countries there has been a sharp reduction in production and even a halt in the production process. B result of the pandemic, car manufacturers in the whole world realized significant losses. This also affected the car sales business of the Company due to disruption of the supply chain and reduced consumer activity. All this had a negative impact on the activity of the companies from the leasing division of the Company, whose services and products are mainly related to financial leasing of new and used cars, renting cars for short-term ("rent-a-car") and long-term (operating leasing) rental and sale of used cars.

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

Risk of occurrence of force majeure circumstances

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

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

Risk associated with COVID-19

The outbreak of Covid-19 and its effect on the global economy has affected our customers and our performance as the future effects of pandemic development remains uncertain.

Impact of the coronavirus crisis during the reporting period and in the following periods

The outbreak of Covid-19 has had and continues to have a significant impact on global business and the economy in which the Eurohold Group companies operate. At present, the COVID-19 pandemic is emerging from the third phase of its heyday, leaving significant uncertainties in estimating the duration of coronavirus spread and its impact. A number of countries have taken drastic new measures to control the coronavius infection, including Bulgaria.

The impact and duration of the Covid-19 crisis on a global scale is likely to affect our companies' business in the coming periods. Prolonged reduced economic activity as a result of the effects of coronavirus could lead to adverse business effects, lower revenues due to reduced customer activity and due to stock market volatility and a disrupted supply chain, may also have an impact on capital adequacy position and liquidity of the group.

The extent of the impact of the coronary crisis on the Eurohold Group depends on many factors, the most significant being the measures taken by the governments of the countries in which we operate, as well as our supplier countries (mainly cars), also depends on the purchasing power of our customers, these are factors we cannot influence.

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

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

Analysis of Covid-19 (Coronavirus) risk

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.

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

Development of Covid-19 Pandemic (Coronavirus)
The National Assembly of the Republic of Bulgaria declared a state of emergency dated March 13, 2020, which expired on May 13, 2020. Similar measures were taken by all Member States of the European Union, as well as by the main trading partners (outside the European Union) of the Republic of Bulgaria.

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

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

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

Effect on economic growth

The table below presents information on the expectations for economic growth of the Republic of Bulgaria, according to the data of the International Monetary Fund (April 2021)" https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021), including forecast data after the occurrence of the pandemic situation related to Covid-19 (Coronavirus).

	Historical data			Forecast	Actual	Forecast		
	2017	**2018**	**2019**	**2020 (before Covid-19)**	**2020 (Covid-19)**	**2021**	**2022**	**2026**
Economic GDP growth	3.5%	3.1%	3.4%	3.2%	(3.8)%	4.4%	4.4%	2.8%

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

	Historical data			Forecast	Actual	Forecast		
	2017	**2018**	**2019**	**2020 (before Covid-19)**	**2020 (Covid-19)**	**2021**	**2022**	**2026**
Economic GDP growth	2.6%	1.9%	1.3%	1.4%	(6.6)%	4.4%	3.8%	1.3%

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

	Historical data			Forecast	Actual	Forecast	
	2017	**2018**	**2019**	**2020 (before Covid-19)**	**2020 (Covid-19)**	**2021**	**2022**
Romania	7.3%	4.5%	4.1%	3.5%	(3.9)%	6.0%	4.8%
North Macedonia	1.1%	2.9%	3.2%	3.4%	(4.5)%	3.8%	4.0%
Ukraine	2.5%	3.4%	3.2%	3.0%	(4.2)%	4.0%	3.4%
Georgia	4.8%	4.8%	5.0%	4.8%	(6.1)%	3.5%	5.8%
Belarus	2.5%	3.1%	1.4%		(0.9)%	(0.4)	0.8%
Russian Federation	1.8%	2.8%	2.0%	1.9%	(3.1)%	3.8%	3.8%

Greece	1.3%	1.6%	1.9%	2.2%	(8.2)%	3.5%	5.0%
Poland	4.8%	5.4%	4.5%	3.1%	(2.7)%	3.5%	4.5%
Italy	1.7%	0.9%	0.3%	0.5%	(8.9)%	4.2%	3.6%
Spain	3.0%	2.4%	2.0%	1.8%	(11.0)%	6.4%	4.7%
United Kingdom	1.7%	1.3%	1.4%	1.4%	(9.9)%	5.3%	5.1%

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

⇒ **Effect on credit ratings**

As a result of the expected economic effects of the slowdown in overall activity, some rating agencies worsened their forecast on long-term debt positions, both in terms of government debt and in terms of corporate debt positions. The table below provides information on the change in the credit rating (including forecast) assigned by Fitch to the Republic of Bulgaria and to the Parent company of the Group.

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

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

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

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

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

Analysis of the expected effect on the IFRS model 9

The Group (as a part of the Eurohold Bulgaria Group) applies IFRS 9 from January 01, 2018, although The Insurance business had the right to postpone its application until January 1, 2023 (joint application with IFRS 17).

The Group's management has analyzed the expected effect on the overall model of IFRS 9, the results of which are presented in detail below. The focus of the analysis includes:
The assessment of the deterioration of the credit quality of the counterparties;

The assessment of the potential effect on the expected credit losses from the exposures to the counterparties.

The general conclusion of the Management of the Group is that at the time of issuing this consolidated financial statement in short term, no significant deterioration of the credit quality of the counterparties is expected due to:
The measures taken by the Government of the Republic of Bulgaria, the governments of the countries where the Group operates, including the applied private and public moratoriums, which currently do not lead to additional indications of significantly deteriorated credit quality of the counterparties. Management strictly monitors the existence of long-term indications of deterioration, as the general temporary potential liquidity problems of counterparties caused directly by Covid-19 (Coronavirus) are not considered indications of credit deterioration;

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

With regard to the model (including the complete and simplified one) for calculating the expected credit losses, the Management considers that it is possible to make a change in the general model. Management recognizes the possible short-term risks to the overall economic development of the main countries in which the Group operates, and in some markets, the expected reduction in Gross Domestic Product would be significant, but also takes into account the general expectations for rapid recovery in 2021-2022. to return to the average predicted growth levels before Covid-19 (Coronavirus). For these reasons, the Group's management has decided to review its model for calculating expected credit losses under IFRS 9 and to update some of its expectations, namely because the Management believes that some of the Group's counterparties may be affected from the deteriorating economic situation and in this regard has taken action to update some of the parameters in its calculation model.

As of 31 December 2020 sufficiently reliable both macroeconomic statistics and information on the medium-term levels of probability of default are available, By changing the model, the management has increased the expected credit loss of financial assets, incl. of net investment in financial leasing, receivables from loans, trade and other receivables, deposits and cash in banking institutions. Quantitative values regarding the changed parameters for the most significant credit risk exposures for the Group are as follows:

Arithmetic average increase of 34 percentage points of the expected credit loss for unsecured overdue trade receivables, which are subject to calculation of credit losses according to the simplified model;
Increase in the expected credit loss, of the exposures that are part of the full model (ie deposits and cash in banking institutions), as the average increase for cash in banking institutions is 67.3 percentage points;
Arithmetic mean increase in the expected credit loss of exposures in loans and local bonds by 169 percentage points compared to 2019.
As a result of the update in the statistics, the impairment for expected credit losses accrued on receivables from leasing contracts classified in Group 1 in 2020 increases by 0.02% compared to 2019, impairment of receivables under leasing contracts classified in Group 2 decreased by 1.13%, and for those of Group 3 the impairment for expected credit losses increased by 18.66%.

Political risk

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

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

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

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

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

Risk of high unemployment rates

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

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

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

According to data from the National Statistical Institute (NSI) for the fourth quarter of 2020, the following indicators have been reported:

- The economic activity rate for the population aged 15-64 is 72.7%, and compared to the fourth quarter of 2019, it decreases by 0.3 percentage points;
- The employment rate for the population aged 15-64 decreased by 1.2 percentage points compared to the same quarter of 2019 and reached 68.8%.
- The unemployment rate is 5.2%, or 1.1 percentage points higher compared to the fourth quarter of 2019.
- The discouraged persons aged 15 - 64 are 62.1 thousand or 5.2% of the economically inactive persons in the same age group.

In the fourth quarter of 2020 the total number of employed persons aged 15 and over was 3 126.9 thousand, of which 1 692.3 thousand men and 1 434.5 thousand women. Compared to the fourth quarter of 2019, the number of employees decreased by 3.0%. The relative share of employed persons in the population aged 15 and over is 52.9%, as for men this share is 59.8%, and for women - 46.6%.

In the fourth quarter of 2020 the number of unemployed persons was 173.1 thousand, of which 95.7 thousand (55.3%) were men and 77.4 thousand (44.7%) were women. The unemployment rate is 5.2%, respectively 5.4% for men and 5.1% for women. Compared to the fourth quarter of 2019, the unemployment rate increased by 1.1 percentage points, with the increase for men and women being 1.0 and 1.3 percentage points, respectively.

Unemployment growth between the fourth quarter of 2019 and the fourth quarter of 2020 is largely due to the increased number of unemployed with duration of unemployment of up to one year. During this period, it increased by 23.1 thousand and reached 88.0 thousand. In the fourth quarter of 2020, the long-term unemployed (for one or more years) were 85.1 thousand, or 49.2% of all unemployed persons. The long-term unemployment rate increased by 0.4 percentage points to 2.6%, with the increase being almost the same for men and women.

Source: ***www.nsi.bg***

Credit risk of the country

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

<u>On November 28, 2020, the international rating agency S&P Global Ratings confirmed Bulgaria's 'BBB' rating with a stable outlook.</u>

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 summary report notes the improvement in expectations for the development of the Bulgarian economy, as domestic demand is more resilient to the impact of the pandemic than the agency's preliminary estimates. The decline in GDP in 2020 has been revised to -4.5% compared to -6.5% set in the S&P forecast for May. The budget deficit will remain moderate this year and next, after which a rapid consolidation is expected, accompanied by a significant inflow of European funds. The rating agency also notes the inclusion of the Bulgarian lev in Exchange Rate Mechanism II in July and Bulgaria's accession to the Banking Union, noting that the process of final accession to the euro area will strengthen cooperation between the BNB and the ECB and is expected to take several years.

The stable outlook reflects the agency's expectations for a rapid recovery of the Bulgarian economy after the pandemic, with no imbalances in the external and financial sectors over the next two years. This will allow for rapid fiscal consolidation and limit the growth of public debt.

The rating agency would raise the credit rating if the recovery of the Bulgarian economy is accompanied by faster fiscal consolidation, as well as an improvement in external balance sheets, exceeding the agency's expectations. Factors that would lead to a downgrade include a deepening economic downturn or a slowdown in the recovery, which in turn will lead to longer fiscal consolidation and rising public debt over the next two years.

Source: <u>www.minfin.bg</u>

<u>On 19.02.2021, the international rating agency Fitch Ratings raised the outlook from stable to positive over Bulgaria's long-term credit rating in foreign and local currency, and the 'BBB' rating was confirmed.</u>

The positive outlook reflects the reduction in macroeconomic risks arising from the COVID-19 pandemic, supported by a more sustainable economy and a sound policy framework, as well as an ongoing gradual process towards the introduction of the euro. According to the rating agency, the short-term negative risks arising from the pandemic and the uncertain outcome of the elections are largely offset by the prospects for significant EU investment funding and commitment to macroeconomic and fiscal stability, supported by long-term currency board arrangements and participation. Bulgaria in the Exchange Rate Mechanism II (ERM II).

In the coming years, Bulgaria will be one of the main beneficiaries of EU transfers, including EUR 16.6 billion (27% of GDP in 2020) in the next multiannual financial framework (2021-2027) and 7.5 billion (12% of GDP) EU grants under the Next Generation EU (NGEU) mechanism. Despite the challenge of absorbing such a large amount of funds, Fitch Ratings believes that this will increase economic growth from the projected 3% in 2021 to 4-5% in the period 2022-2025.

Bulgaria's rating is supported by its strong external and fiscal balances and the sound political framework of EU membership and the long-standing functioning of the currency board arrangement. The assessment is limited by slightly lower income levels compared to the median of BBB countries and unfavorable demographics, which may limit growth and affect public finances in the long term. The governance indicators are slightly above those of the countries selected for comparison.

Despite the negative effects of the pandemic, thanks to long-term prudent fiscal policy, public finance indicators remain better than other countries with the same rating, as well as to EU countries. The rating agency estimates the budget deficit (on an accrual basis) at 4% of GDP in 2020 (compared to a median of 6.9% for countries with a similar rating), mainly influenced by COVID-19-related expenditure measures. about 3% of GDP. The implementation of revenues exceeded the revised budgetary targets, partly due to improvements in tax collection, as well as a weaker-than-expected economic contraction.

The main factors that could lead to an increase in the rating are: progress towards joining the euro area; improving the growth potential of the economy, leading to a faster convergence of income levels with that of countries with a higher rating. Factors that could lead to a downgrade are: adverse policy developments that undermine confidence in economic recovery; prolonged increase in public debt; materialization of contingent liabilities in the state budget balance or weaker growth prospects.

***Source:* www.minfin.bg**

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

Inflation risk

The inflation risk is related to the possibility of inflation influencing the real return of investments. The main risks associated with the inflation forecast refer to the dynamics of international prices and the rate of economic growth in Bulgaria. International commodity prices may increase more significantly as a result of political crises or increased demand. The limited supply of certain agricultural commodities, especially of cereals, internationally, in connection with adverse climatic events, may additionally cause higher inflation in the country.

According to NSI data, the consumer price index for March 2021 compared to February 2021 is 100.1%, i.e. monthly inflation is 0.1%. Inflation since the beginning of the year (March 2021 compared to December 2020) is 0.9%, and annual inflation for March 2021 compared to March 2020 is 0.6%. The average annual inflation for the period April 2020 - March 2021 compared to the period April 2019 - March 2020 is 0.8%.

The harmonized index of consumer prices for March 2021 compared to February 2021 is 100.2%, ie monthly inflation is 0.2%. Inflation since the beginning of the year (March 2021 compared to December 2020) is 0.8%, and annual inflation for March 2021 compared to March 2020 is 0.8%. The average annual inflation for the period April 2020 - March 2021 compared to the period April 2019 - March 2020 is 0.5%.

The price index for the small basket for March 2021 compared to February 2021 is 99.9%, and since the beginning of the year (March 2021 compared to December 2020) is 100.7%.

***Source:* www.nsi.bg**

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

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

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

Currency risk

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

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

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

The changes in the various exchange rates did not significantly affect the activities of the Company until the moment when control participations in the countries Romania, Northern Macedonia, Ukraine, Georgia, Belarus were acquired. The financial results of these companies are presented in local currency, respectively

- Romanian leu (RON), Macedonian denar (MKD), Ukrainian hryvnia (UAH) and Georgian lari (GEL), Belarusian ruble (BYR), whose exchange rate is determined almost freely on the local foreign exchange market. Consolidated revenue of Eurohold Bulgaria AD will be exposed to currency risk depending on the movement of these currencies against the euro.

Interest rate risk

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

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

Risks related to regulatory changes Regulatory risk

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

Risk of increased competition

All sectors in which the subsidiaries of the Eurohold Group operate have a highly competitive environment. The future success of the group will depend on the ability of Eurohold and its subsidiaries to remain competitive compared to other companies operating in the market segment. The competitiveness of the Eurohold Group is discussed in detail in item 5.6. "Competitive position".

b) MANAGEMENT AND RISK MINIMIZATION MECHANISMS

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

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

General risk management is focused on minimizing the potential negative effects that could affect the Group's financial results. Financial risks are currently identified, measured and monitored through various control mechanisms in order to determine adequate prices for the services and products offered by the companies in the Eurohold Group and the borrowed capital attracted by them. An adequate assessment of the market circumstances, the investments made in the group and the forms of maintaining the free liquid assets is performed, without allowing an unjustified concentration of a given risk.

The occurrence of unexpected events, the incorrect assessment of current trends, as well as many other micro and macroeconomic factors may influence the judgment of the company's management team.

Sofia,
21 May 2021

Assen Minchev,

Executive director

Milena Guentcheva,

Procurator

Eurohold Bulgaria AD
Interim consolidated profit or loss account or loss and other comprehensive income for the period ending March 31, 2021

In thousand BGN	*Notes*	31.3.2021	31.3.2020
Revenue from operating activities			
Revenue from insurance business	*3*	374 648	372 143
Revenue from car sales and after sales	*5*	36 946	41 321
Revenue from leasing business	*6*	5 999	5 361
Revenue from asset management and brokerage	*8*	2 392	1 792
Revenue from the activities of the parent company	*10*	617	457
		420 602	**421 074**
Expenses of operating activities			
Expenses of insurance business	*4*	(353 029)	(351 446)
Cost of cars and spare parts sold		(31 504)	(35 009)
Expenses of leasing business	*7*	(2 468)	(1 890)
Expenses of asset management and brokerage	*9*	(2 471)	(2 213)
Expenses of the activities of the parent company	*11*	(109)	-
		(389 581)	**(390 558)**
Gross Operating Profit		**31 021**	**30 516**
Other income/(expenses), net	*12*	1 425	5
Other operating expenses	*13*	(19 677)	(18 571)
(Accrued)/recovered impairment loss on financial assets, net	*14*	(592)	6
EBITDA		**12 177**	**11 956**
Financial expenses	*15*	(6 716)	(5 506)
Financial income	*16*	204	37
Foreign exchange gains/(losses), net	*17*	349	1 392
EBTDA		**6 014**	**7 879**
Depreciation and amortization	*18*	(4 807)	(5 186)
EBT		**1 207**	**2 693**
Tax expenses	*19*	(3)	576
Net profit for the period		**1 204**	**3 269**
Net profit, attributable to:			
Equity holders of the parent		403	2 765
Non-controlling interests		801	504

Prepared by: Signed on behalf of BoD: Procurator:

/Tsvetelina Cheresharova-Doycheva/ /Assen Minchev/ /Milena Guentcheva/

21.5.2021

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

Eurohold Bulgaria AD
Interim consolidated profit or loss account or loss and other comprehensive income for the period ending March 31, 2021 (continued)

In thousand BGN	*Note*	31.3.2021	31.3.2020
Net profit for the period	*45*	**1 204**	**3 269**
Other comprehensive income			
Other comprehensive income to be reclassified subsequently to profit or loss:			
Net loss from change in the fair value of financial assets through other comprehensive income		(861)	74
Exchange differences on translating foreign operations		(11)	(1 536)
Other comprehensive income for the period, net of tax		**(872)**	**(1 462)**
Total comprehensive income for the period, net of tax		**332**	**1 807**
Total comprehensive income, attributable to:			
Equity holders of the parent		(401)	1 406
Non-controlling interests		733	401
		332	**1 807**

Prepared by: Signed on behalf of BoD: Procurator:

/Tsvetelina Cheresharova-Doycheva/ /Assen Minchev/ /Milena Guentcheva/

21.5.2021

Eurohold Bulgaria AD
Interim Consolidated statement of financial position
as of March 31, 2021

In thousand BGN	*Note*	31.3.2021	31.12.2020
ASSETS			
Cash and cash equivalents	*20*	70 399	68 800
Time Deposits at banks	*21*	30 935	23 455
Reinsurers' share in technical reserves	*22.1*	541 466	523 261
Insurance receivables	*22.2*	163 268	149 128
Trade receivables	*23*	48 070	45 608
Other receivables	*24*	74 729	68 426
Machinery, plant and equipment	*25, 25.3-5*	45 228	46 702
Intangible assets	*27*	4 437	4 358
Inventory	*28*	25 439	26 634
Financial assets	*29*	348 649	341 981
Deferred tax assets	*30*	11 656	11 544
Land and buildings	*25, 25.1-2*	51 398	53 247
Investment property	*26*	9 561	9 652
Investments in associates and other investments	*31*	10 107	10 849
Other financial investments	*32*	1 003	1 861
Non-current receivables	*33*	51 783	51 234
Goodwill	*34*	190 397	190 397
TOTAL ASSETS		**1 678 525**	**1 627 137**

Prepared by: Signed on behalf of BoD: Procurator:

/Tsvetelina Cheresharova-Doycheva/ /Assen Minchev/ /Milena Guentcheva/

21.5.2021

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

Eurohold Bulgaria AD
Interim Consolidated statement of financial position (continued)
as of March 31, 2021

In thousand BGN	*Notes*	31.3.2021	31.12.2020
EQUITY AND LIABILITIES			
Equity			
Issued capital	*44.1*	197 526	197 526
Treasury shares	*44.1*	(97)	(97)
Share Premium	*44.2*	49 568	49 568
General reserves		7 641	7 641
Revaluation and other reserves		(69 615)	(68 559)
Retained earnings/(losses)		(80 817)	(36 496)
Profit for the year	*45*	403	(43 807)
Equity attributable to equity holders of the parent		**104 609**	**105 776**
Non-controlling interests	*46*	26 912	29 167
Total equity		**131 521**	**134 943**
Subordinated debts	*35*	**86 725**	**76 985**
LIABILITIES			
Bank and non-bank loans	*36*	170 183	174 341
Obligations on bond issues	*37*	193 819	163 342
Non-current liabilities	*38*	14 410	14 345
Current liabilities	*39*	66 629	61 906
Trade and other payables	*40*	102 304	117 148
Payables to reinsurers	*41*	49 800	46 855
Deferred tax liabilities	*42*	340	342
		597 485	**578 279**
Insurance reserves	*43*	862 794	836 930
		862 794	**836 930**
Total liabilities and subordinated debts		**1 547 004**	**1 492 194**
TOTAL EQUITY AND LIABILITIES		**1 678 525**	**1 627 137**

Prepared by: Signed on behalf of BoD: Procurator:

/Tsvetelina Cheresharova-Doycheva/ /Assen Minchev/ /Milena Guentcheva/

21.5.2021

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

Eurohold Bulgaria AD
Interim Consolidated statement of cash flows
for the period ending March 31, 2021

In thousand BGN	*Note*	31.3.2021	31.3.2020
Operating activities			
Profit for the period before tax:		**1 207**	**2 693**
Adjustments for:			
Depreciation and amortization	*18*	4 807	5 186
Foreign exchange gain/(loss)		(2 722)	(2 281)
Net investment income (interest income and expense)		3 688	2 436
Other non-monetary adjustments		(2 460)	1 045
Operating profit before change in working capital		**4 520**	**9 079**
Change in trade and other receivables		22 905	23 643
Change in inventory		(1 195)	1 921
Change in trade and other payables and other adjustments		(24 232)	(29 806)
Cash generated from operating activities		**1 998**	**4 837**
Interest (paid)/received		375	(6)
Income tax paid		(265)	(36)
Net cash flows from operating activities		**2 108**	**4 795**
Investing activities			
Purchase of property, plant and equipment		(1 106)	(514)
Proceeds from the disposal of property, plant and equipment		410	26 051
Loans granted		(12 702)	(8 358)
Repayment of loans, including financial leases		26 752	2 241
Interest received on loans granted		627	314
Purchase of investments		(73 831)	(88 680)
Sales of investments		67 077	430
Dividends received		829	769
Effect of exchange rate changes		26	(20)
Other proceeds/(payments) from investing activities, net		2 030	483
Net cash flows from investing activities		**10 112**	**(67 284)**

Prepared by: Signed on behalf of BoD: Procurator:

/Tsvetelina Cheresharova-Doycheva/ /Assen Minchev/ /Milena Guentcheva/

21.5.2021

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

Eurohold Bulgaria AD
Interim Consolidated statement of cash flows (continued)
for the period ending March 31, 2021

In thousand BGN	*Note*	31.3.2021	31.3.2020
Financing activities			
Proceeds from loans		18 262	38 278
Repayment of loans		(22 986)	(19 330)
Lease repayments		(3 765)	(3 698)
Payment of interest, charges, commissions on investment loans		(2 156)	(2 722)
Dividends paid		(144)	(390)
Other proceeds/(payments) from financing activities, net		168	(5)
Net cash flows from financing activities		**(10 621)**	**12 133**
Net increase / (decrease) in cash and cash equivalents		**1 599**	**(50 356)**
Cash and cash equivalents at the beginning of the period	*20*	68 800	91 690
Cash and cash equivalents at the end of the period	*20*	**70 399**	**41 334**

Prepared by: Signed on behalf of BoD: Procurator:

/Tsvetelina Cheresharova-Doycheva/ /Assen Minchev/ /Milena Guentcheva/

21.5.2021

Eurohold Bulgaria AD
Interim Consolidated Statement of Changes in Equity
for the period ending March 31, 2021

In thousand BGN	Share capital	Share premium	General reserves	Revaluation and other reserves	Retained earnings/ (losses)	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance as of 1 January 2020 (recalculated)	**196 173**	**49 568**	**7 641**	**(58 160)**	**(36 687)**	**158 535**	**33 502**	**192 037**
Treasury shares repurchased	1 256	-	-	-	-	**1 256**	-	**1 256**
Dividends	-	-	-	-	-	**-**	(637)	**(637)**
Change in non-controlling interest due to transactions without change of control	-	-	-	(912)	191	**(721)**	(3 451)	**(4 172)**
Profit for the period	-	-	-	-	(43 807)	**(43 807)**	264	**(43 543)**
Other comprehensive income:								
Revaluation reserve from recalculations in the foreign currency presentation	-	-	-	(10 433)	-	**(10 433)**	(567)	**(11 000)**
Changes in the fair value of financial assets through other comprehensive income	-	-	-	946	-	**946**	56	**1 002**
Total other comprehensive income	**-**	**-**	**-**	**(9 487)**	**-**	**(9 487)**	**(511)**	**(9 998)**
Total comprehensive income	**-**	**-**	**-**	**(9 487)**	**(43 807)**	**(53 294)**	**(247)**	**(53 541)**
Balance as of 31 December 2020	**197 429**	**49 568**	**7 641**	**(68 559)**	**(80 303)**	**105 776**	**29 167**	**134 943**
Treasury shares repurchased	-	-	-	-	-	**-**	-	**-**
Dividends	-	-	-	-	-	**-**	(930)	**(930)**
Change in non-controlling interest due to transactions without change of control, other changes	-	-	-	(252)	(514)	**(766)**	(2 058)	**(2 824)**
Profit for the period	-	-	-	-	403	**403**	801	**1 204**
Other comprehensive income:								
Revaluation reserve from recalculations in the foreign currency presentation	-	-	-	(11)	-	**(11)**	-	**(11)**
Change in fair value of available-for-sale and revaluation assets	-	-	-	(793)	-	**(793)**	(68)	**(861)**
Total other comprehensive income	**-**	**-**	**-**	**(804)**	**-**	**(804)**	**(68)**	**(872)**
Total comprehensive income	**-**	**-**	**-**	**(804)**	**403**	**(401)**	**733**	**332**
Balance as of 31 March 2021	**197 429**	**49 568**	**7 641**	**(69 615)**	**(80 414)**	**104 609**	**26 912**	**131 521**

Prepared by: Signed on behalf of BoD: Procurator:

/Tsvetelina Cheresharova-Doycheva/ /Assen Minchev/ /Milena Guentcheva/

21.5.2021

Consolidated statement of profit or loss by Business Segments
for the period ending March 31, 2021

In thousand BGN	Note	31.3.2021 Consolidated	31.3.2021 Insurance business	31.3.2021 Automotive	31.3.2021 Leasing business	31.3.2021 Asset manage-ment and brokerage	31.3.2021 Parent company	*31.3.2021 Elimination*
Revenue from operating activities								
Revenue from insurance business	*3*	374 648	375 402	-	-	-	-	*(754)*
Revenue from car sales and after sales	*5*	36 946	-	38 755	-	-	-	*(1 809)*
Revenue from leasing business	*6*	5 999	-	-	6 286	-	-	*(287)*
Revenue from asset management and brokerage	*8*	2 392	-	-	-	2 746	-	*(354)*
Revenue from the activities of the parent company	*10*	617	-	-	-	-	621	*(4)*
		420 602	**375 402**	**38 755**	**6 286**	**2 746**	**621**	***(3 208)***
Expenses of operating activities								
Expenses of insurance business	*4*	(353 029)	(355 189)	-	-	-	-	*2 160*
Cost of cars and spare parts sold		(31 504)	-	(31 504)	-	-	-	*-*
Expenses of leasing business	*7*	(2 468)	-	-	(2 518)	-	-	*50*
Expenses of asset management and brokerage	*9*	(2 471)	-	-	-	(2 471)	-	*-*
Expenses of the activities of the parent company	*11*	(109)	-	-	-	-	(111)	*2*
		(389 581)	**(355 189)**	**(31 504)**	**(2 518)**	**(2 471)**	**(111)**	***2 212***
Gross profit		**31 021**	**20 213**	**7 251**	**3 768**	**275**	**510**	***(996)***
Other income/(expenses), net	*12*	1 425	-	1 381	39	5	-	*-*
Other operating expenses	*13*	(19 677)	(11 466)	(5 472)	(1 944)	(387)	(701)	*293*
(Accrued)/recovered impairment loss on financial assets, net	*14*	(592)	-	(136)	(445)	(11)	-	*-*
EBITDA		**12 177**	**8 747**	**3 024**	**1 418**	**(118)**	**(191)**	***(703)***
Financial expenses	*15*	(6 716)	(1 593)	(827)	(16)	-	(4 994)	*714*
Financial income	*16*	204	-	216	-	-	-	*(12)*
Foreign exchange gains/(losses), net	*17*	349	-	(9)	-	-	358	*-*
EBTDA		**6 014**	**7 154**	**2 404**	**1 402**	**(118)**	**(4 827)**	***(1)***
Depreciation and amortization	*18*	(4 807)	(1 353)	(1 655)	(1 590)	(54)	(170)	*15*
EBT		**1 207**	**5 801**	**749**	**(188)**	**(172)**	**(4 997)**	***14***
Tax expenses	*19*	(3)	(3)	-	-	-	-	*-*
Net profit for the period		**1 204**	**5 798**	**749**	**(188)**	**(172)**	**(4 997)**	***14***

Consolidated statement of profit or loss by Business Segments
for the period ending March 31, 2020

In thousand BGN	Note	31.3.2020 Consolidated	31.3.2020 Insurance business	31.3.2020 Automotive	31.3.2020 Leasing business	31.3.2020 Asset manage-ment and brokerage	31.3.2020 Parent company	*31.3.2020 Elimination*
Revenue from operating activities								
Revenue from insurance business	*3*	372 143	372 574	-	-	-	-	*(431)*
Revenue from car sales and after sales	*5*	41 321	-	43 248	-	-	-	*(1 927)*
Revenue from leasing business	*6*	5 361	-	-	5 668	-	-	*(307)*
Revenue from asset management and brokerage	*8*	1 792	-	-	-	2 179	-	*(387)*
Revenue from the activities of the parent company	*10*	457	-	-	-	-	543	*(86)*
		421 074	**372 574**	**43 248**	**5 668**	**2 179**	**543**	***(3 138)***
Expenses of operating activities								
Expenses of insurance business	*4*	(351 446)	(353 797)	-	-	-	-	*2 351*
Cost of cars and spare parts sold		(35 009)	-	(35 009)	-	-	-	*-*
Expenses of leasing business	*7*	(1 890)	-	-	(1 915)	-	-	*25*
Expenses of asset management and brokerage	*9*	(2 213)	-	-	-	(2 213)	-	*-*
Expenses of the activities of the parent company	*11*	-	-	-	-	-	-	*-*
		(390 558)	**(353 797)**	**(35 009)**	**(1 915)**	**(2 213)**	**-**	***2 376***
Gross profit		**30 516**	**18 777**	**8 239**	**3 753**	**(34)**	**543**	***(762)***
Other income/(expenses), net	*12*	5	-	-	-	6	-	*(1)*
Other operating expenses	*13*	(18 571)	(9 438)	(5 929)	(2 109)	(404)	(1 109)	*418*
(Accrued) / recovered impairment loss on financial assets, net	*14*	6	-	-	(2)	8	-	*-*
EBITDA		**11 956**	**9 339**	**2 310**	**1 642**	**(424)**	**(566)**	***(345)***
Financial expenses	*15*	(5 506)	(1 043)	(767)	(16)	(12)	(4 113)	*445*
Financial income	*16*	37	-	153	-	-	-	*(116)*
Foreign exchange gains/(losses), net	*17*	1 392	-	(6)	-	-	1 398	*-*
EBTDA		**7 879**	**8 296**	**1 690**	**1 626**	**(436)**	**(3 281)**	***(16)***
Depreciation and amortization	*18*	(5 186)	(1 811)	(1 696)	(1 518)	(40)	(173)	*52*
EBT		**2 693**	**6 485**	**(6)**	**108**	**(476)**	**(3 454)**	***36***
Tax expenses	*19*	576	576	-	-	-	-	*-*
Net profit for the period		**3 269**	**7 061**	**(6)**	**108**	**(476)**	**(3 454)**	***36***

Notes to the Interim Consolidated Financial Statements for Q1.2021

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

1. INFORMATION ABOUT THE ECONOMIC GROUP

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

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

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

The parent company has the following managing bodies: General Meeting of Shareholders, Supervisory Board /two-tier system/ and Management Board, with the following members as at 31.3.2021:

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

Mandate until 09.05.2022.

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

Mandate until 14.08.2022.

As of 31.3.2021, the Parent company is represented and managed by Kiril Ivanov Boshov and Assen Mintchev Mintchev – Executive Members of the Management Board, and Hristo Stoev – Procurator, jointly by the one of the executive members and the Procurator of the Parent Company only.

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

As of 31.3.2021, the Audit Committee of the Parent Company comprises the following members:
Ivan Georgiev Mankov, Country:Bulgaria – Chairman;
Dimitar Stoyanov Dimitrov, Country:Bulgaria – Member;
Rositsa Mihaylova Pencheva, Country:Bulgaria – Member.

1.1 Scope of Activities

The scope of activities of the parent company is as follows: acquisition, management, assessment and sales of participations in Bulgarian and foreign companies, acquisition, management and sales of bonds, acquisition, assessment and sales of patents, granting patent use licenses to companies in which the parent company participates, funding companies, in which the Parent company participates.

1.2 Structure of the economic group

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

Companies involved in the consolidation and percentage of participation in equity

Insurance Sector

Company	% of participation in the share capital 31.3.2021	% of participation in the share capital 31.12.2020
Euroins Insurance Group AD (EIG AD) *	**96.37%**	**94.41%**
Indirect participation through EIG AD:		
Insurance Company Euroins AD, Bulgaria	98.63%	98.63%
Euroins Romania Asigurare-Reasigurare S.A., Romania	98.51%	98.51%
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	92.62%	92.62%
Euroins Ukraine PrAT, Ukraine through European Travel Insurance PrAT, Ukraine	5.74%	5.74%
Euroins Claims I.K.E., Greece	100.00%	100.00%
Insurance Company Euroins Georgia JCS, Georgia	50.04%	50.04%
European Travel Insurance PrAT, Ukraine	99.99%	99.99%
CJSC Insurance company Euroins, Belarus *(former CJSC IC ERGO)*	93.12%	93.12%

*direct participation

Automobile Sector

Company	% of participation in the share capital 31.3.2021	% of participation in the share capital 31.12.2020
Avto Union AD (AU AD)*	**99.99%**	**99.99%**
Indirect participation through AU AD:		
Avto Union Service EOOD, Bulgaria	100.00%	100.00%
N Auto Sofia EAD, Bulgaria	100.00%	100.00%
Espace Auto OOD, Bulgaria through N Auto Sofia EAD	51.00%	51.00%
EA Properties EOOD, Bulgaria	51.00%	51.00%
Daru Car AD, Bulgaria	100.00%	100.00%
Auto Italy EAD, Bulgaria	100.00%	100.00%
Bulvaria Varna EOOD, Bulgaria	100.00%	100.00%
Bulvaria Sofia EAD, Bulgaria	100.00%	100.00%
Star Motors EOOD, Bulgaria	100.00%	100.00%
Star Motors DOOEL, North Macedonia through Star Motors EOOD	100.00%	100.00%
Star Motors SH.P.K., Kosovo through Star Motors DOOEL	100.00%	100.00%
Motohub OOD, Bulgaria	51.00%	51.00%
Motobul EAD, Bulgaria	100.00%	100.00%
Benzin Finance EAD, Bulgaria	100.00%	100.00%
Bopar Pro S.R.L., Romania through Motobul EAD	99.00%	99.00%

*direct participation

Finance Sector

Company	% of participation in the share capital 31.3.2021	% of participation in the share capital 31.12.2020
Euro-Finance AD, Bulgaria*	**99.99%**	**99.99%**

*direct participation

Company	% of participation in the share capital 31.3.2021	% of participation in the share capital 31.12.2020
Eurolease Group EAD*	**90.01%**	**90.01%**
Indirect participation through Eurolease Group EAD:		
Eurolease Auto EAD, Bulgaria	100.00%	100.00%
Eurolease Auto Romania AD, Romania	77.98%	77.98%
Eurolease Auto Romania AD through Euroins Romania Asigurare-Reasigurare S.A., Romania	20.45%	20.45%
Eurolease Auto DOOEL, North Macedonia	100.00%	100.00%
Eurolease Rent A Car EOOD, Bulgaria	100.00%	100.00%
Amigo Leasing EAD, Bulgaria	100.00%	100.00%
Autoplaza EAD, Bulgaria	100.00%	100.00%
Sofia Motors EOOD, Bulgaria	100.00%	100.00%

*direct participation

Energy sector

Company	% of participation in the share capital 31.3.2021	% of participation in the share capital 31.12.2020
Eastern European Electric Company II B.V., Netherlands	**100.00%**	**100.00%**
Indirect participation through Eastern European Electric Company II B.V:		
Eastern European Electric Company B.V., Netherlands	100.00%	100.00%

* direct participation
Currently, the energy sector companies are not active.

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1. Basis for Preparation of the Interim Consolidated Financial Statement

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

In preparing these interim consolidated financial statements, the same accounting policies, accounting techniques and calculation methods and basic assumptions have been applied as in the last consolidated annual financial statements for 2020.

The interim consolidated financial statements for the period ending 31 March 2021 should be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2020, prepared in accordance with all International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (IFRS adopted by the EU). For the purposes of paragraph 1 (8) of the Supplementary Provisions of the Accounting Act applicable in Bulgaria, the term "IFRS adopted by the EU" means International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and the Council.

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

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

ACCOUNTING POLICY

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

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

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

2.2. Comparative data

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

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

2.3. Consolidation

The interim consolidated financial statements include an interim consolidated statement of financial position, an interim consolidated statement of profit or loss and other comprehensive income, an interim consolidated cash flow statement and an interim consolidated statement of changes in equity as of 31.3.2021. These statements include the Parent Company and all subsidiaries. A subsidiary is consolidated by the Parent Company by holding, directly or indirectly, more than 50% of the voting shares of the capital or by the ability to manage its financial and operating policies in order to obtain economic benefits from its activities.

The full consolidation method is applied. Reports are aggregated in order, with items such as assets, liabilities, property, income and expense aggregated. All domestic transactions and balances between the companies in the group are eliminated. There is an elimination of opposing elements: capital, financial, commercial, reputation calculation at the date of acquisition.

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

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

Principles of consolidation

Business combinations are reported as accounting using the purchase method. This method requires the acquirer to recognise separately from goodwill the acquired identifiable assets, liabilities assumed and participation which does not constitute control in the acquiree. Expenses not directly related to the acquisition relate to profit or loss for the period.

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

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

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

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

Transactions with non-controlling interest

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

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

2.4. Functional and reporting currency

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

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

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

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

2.5. Accounting assumptions and approximate accounting estimates

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

Significant judgments

Deferred tax assets
Tax loss

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

Revenue from contracts with customers

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

2.6. Uncertainty of accounting estimates

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

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

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

Evaluation of the pending payment reserve

The Reserve for Outstanding Payments includes RBNS claims as at the date of the consolidated financial statements as well as unrecognized claims (IBNR).

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

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

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

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

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

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

Claims on recourse claims

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

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

Share of reinsurers in technical provisions

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

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

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

Inventories - Impairment

At the end of the reporting period, the management reviews the available inventories - materials, commodities to determine whether there are those with a net realizable value below their carrying amount. In determining net realizable value, management takes into account the most reliable information available at the date of the estimate. During this review as of 31.03.2021 no indications for impairment of inventories were established.

Impairment of property, plant and equipment
In accordance with IAS 36, at the end of the reporting period, an estimate is made as to whether there is any indication that the value of an asset in property, plant and equipment is impaired. In the case of such indications, the recoverable amount of the asset is calculated and the impairment loss is determined.

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

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

Impairment of loans and receivables and net investment in finance leases

- **Net investment in finance leases**

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

- **Cash and cash equivalents**

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

- **Loans receivables**

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

- **Litigation and claims**

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

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

2.7. Revenue

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

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

Clients' contracts typically include a single performance obligation:
- Sales of cars (spare parts);
- Car Services.

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

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

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

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

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

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

The Group examines whether there are other promises in client contracts that are separate performance obligations for which part of the transaction price should be allocated.

When determining the transaction price, the account is taken of the impact of variable remuneration, including price discounts, the existence of significant components of funding, non-monetary remuneration and remuneration payable to the client (if any).

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

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

- **Free goods**

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

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

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

- **Sales with redemption capability**

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

Approach for recognizing major types of revenue under customer contracts

Sales revenue is realized by the following:
- car sales;
- car leasing;
- services, repair services;
- sales of spare parts.

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

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

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

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

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

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

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

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

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

The Group is the principal in the following transactions:

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

The Group is an agent for the following transactions:

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

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

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

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

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

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

Income	IFRS / IAS - Applicable to Recognition of Revenue (Income)	Recognition approach
Net gain on the sale of property, plant and equipment and intangible assets	IAS 16 IAS 38	Gains or losses arising on the disposal of property, plant, equipment or intangible asset as a result of a sale are included in profit or loss when the asset is derecognised. The asset is derecognised at the time the control is transferred to the sold asset.
Rental income	IFRS 16	Lease income from operating leases is recognized as income on a straight-line basis over the lease term unless the Group's management considers that another systematic basis reflects the timing model in which the lessor's benefit is reduced leased asset.
Surplus assets and asset liquidation	Conceptual framework	Revenues from surplus assets are recognized when surpluses are established.
Income from insurance events	Conceptual framework	Revenue is recognized when the Group's right to receive the payment is established.
Income from penalties		Revenue is recognized when the Group's right to receive the payment is established.
Income from write-off of liabilities	IFRS 9	Revenue from write-offs is recognized when the liability expires or the creditor waives its rights.

Income	IFRS / IAS - Applicable to Recognition of Revenue (Income)	Recognition approach
Government Grants	IAS 20	Grants awarded by the State are recognized when there is reasonable assurance that they will be received and that all applicable conditions are met. Government grants are recognized in profit or loss on a systematic basis during the periods in which the Group recognizes as an expense the related costs that the grant is intended to offset.

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

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

The financial revenue generated by Eurohold Group generated stems from:
- investment operations;
- positive differences from operations with financial instruments and currency exchange operations;
- fee and commission income;
- dividends;
- interest on loans granted.

2.8. Expenses

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

Administrative expenses are recognized as expenses incurred during the year that are related to the management and administration of the Group companies, including expenses related to administrative staff, management staff, office and other external services.
Financial costs include: costs arising from investment operations, negative financial operations and currency exchange rate differences, interest expense on bank and commercial loans and debt securities, and charges for fees and commissions.

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

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

2.9. Interests

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

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

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

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

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

2.10. Fees and commissions

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

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

2.11 Segment reporting

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

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

Insurance:
- Insurance Services

Financial services:
- Lease services
- Investment intermediation

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

Energy:
- Establishment, participation, management and control of energy companies.
  At present, companies in this segment are not operating.

2.11.1. Insurance business

Recognition and measurement of insurance contracts

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

contract. Premiums paid to reinsurers are recognized as an expense in accordance with reinsurance services received.

Health insurance premiums

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

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

Life insurance premiums

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

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

Insurance reserves

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

The *total reserves* are those that insurers must form within the meaning of the Commercial Act.

The *technical provisions* group shall include:

- unearned premium reserve;
- reserve for upcoming payments – includes a reserve for claims arising but not claimed and a reserve for claims made but outstanding;
- reserve for unexped claims;
- other reserves - including mathematical reserve.

The unearned premium reserve

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

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

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

Reserve for upcoming payments

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

- reserve for claims arising but not claimed;
- reserve for claims made but outstanding.

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

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

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

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

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

Reinsurance
In its normal course of business, the insurance companies in the Group assign a risk to reinsurers in order to reduce their potential net losses through risk diversification.

Reinsurance does not cancel the direct liability of the company concerned to the insured.

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

Premiums and losses relating to these reinsurance contracts are treated as income and expense in the same way as would be considered if reinsurance was a direct business, taking into account the classification of reinsurance business products.

Coupled (or accepted) premiums and reimbursed benefits (or paid damages) are reported in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position as gross amounts.
Contracts where substantial insurance risk is transferred are accounted for as insurance contracts. Recoverable amounts are recognized in the same year as the corresponding loss.

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

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

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

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

2.11.2. Leasing activity

Leasing activity – The Group as lessor

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

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

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

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

2.11.2.1 Financial leasing

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

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

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

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

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

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

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

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

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

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

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

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

i) accounts for the amendment to the lease as a new lease from the effective date of the amendment; and

ii) measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the amendment to the lease;

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

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

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

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

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

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

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

2.11.2.2. Operating leasing

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

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

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

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

2.11.3. Financial intermediation activity

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

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

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

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

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

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

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

/1/ For Bulgarian and foreign shares and rights admitted to trading on a regulated securities market in the Republic of Bulgaria as well as Bulgarian shares and rights admitted for trading on a regulated market in Member States:

a/ at the last price of a transaction concluded with them, announced in the stock exchange bulletin, if the volume of the transactions concluded with them for the day is not less than 0.02 per cent of the volume of the respective issue or reaches the estimated volume.

b/ if a price can not be determined under (a) - the arithmetic mean of the highest bid price or short selling respectively of the orders that are valid at the time of closing the regulated market on the estimated day , and the last price of a transaction concluded with the relevant securities for the same day.

c/ in the event that for the valuation day there are no deals with securities of the respective issue, the average of the highest bid or short selling offer respectively, valid at the moment of closing the regulated market for the assessed day, and the weighted average price of the last prices of the transactions concluded with the relevant securities and the traded volumes within the last 30-day period.

d/ If it is not possible to apply the valuation methods in a-c as well as for the non-traded shares, the post evaluation shall be based on the net book value of the assets.

/2/ For units of collective investment undertakings not traded on a regulated market, including in cases of temporary suspension of redemption:

a/ at the last announced redemption price.

b/ at the last designated and announced issue value per unit, less the amount of the unit-redemption and redemption costs provided for under the fund rules, in cases where the collective investment scheme has not reached the minimum amount of the net asset value.

/3/ for derivative financial instruments - in the order indicated in /1/, and in case of impossibility to apply this method of valuation - by an appropriate model for valuation of derivative financial instruments.

/4/ for Bulgarian and foreign bonds, as well as government securities issued pursuant to BNB Ordinance No. 5 - by the method of discounted future net cash flows with a discount factor consisting of a risk-free rate and a risk premium.

/5/ for foreign securities admitted for trading on internationally recognized and liquid regulated securities markets abroad:

a/ at the last price of a transaction concluded with them on the relevant market on the day of valuation;

b/ if it is not possible to apply the valuation method under "a", the valuation shall be made at the "buy" or "sell" price, upon closing of the market on the day of the valuation announced in the electronic securities price information system;

c/ if it is impossible to apply the assessment method under letter b) the valuation shall be made at the last price of a transaction concluded with them within the last 30-day period;

/6/ In cases where there is no trading on a regulated market in working days for the country, the valuation valid for the day of the last trading session shall be accepted. In the subsequent assessment of bonds under the first sentence, the accrued interest for the respective days shall also be reported.

Price sources are regulated securities markets - the Bulgarian Stock Exchange and foreign regulated markets where the relevant securities are traded.
Quotation sources can be recognized by world news agencies such as REUTERS, BLOOMBERG, and so on.

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

- foreign exchange swap;
- interest rate swap;
- forward foreign exchange and interest rate contracts;
- futures;
- options.

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

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

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

2.12. Taxes

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

Current taxes on profits of Bulgarian companies in the Group are determined in accordance with the requirements of Bulgarian tax legislation - the Corporate Income Tax Act. The nominal tax rate for Bulgaria in 2021 is 10% (2020: 10%).

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

Country	Tax rate	
	2021	2020
Romania	16%	16%
North Macedonia	10%	10%
Ukraine	18%	18%
Georgia	15%	15%
Greece	24%	29%
Belarus	18%	18%

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

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

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

The deferred taxes on the profits of the Group companies are assessed at a rate valid for 2021, which for the Bulgarian companies is 10% and for the subsidiaries abroad is as follows:

Country	Tax rate for 2021
Romania	16%
North Macedonia	10%
Ukraine	18%
Georgia	15%
Greece	24%
Belarus	18%

2.13. Non-current assets

2.13.1. Property, plant and equipment, rights of use

2.13.1.1. Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

2.13.1.2. Rights of use

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

2.13.2. Goodwill

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

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

2.13.3. Intangible assets

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

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

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

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

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

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

2.13.4. Depreciation methods

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

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

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

2.14. Investment property

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

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

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

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

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

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

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

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

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

2.16. Pension and other payables to employees and social legislation staff

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

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

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

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

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

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

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

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

2.17. Financial assets and liabilities

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

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

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

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

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

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

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

Subsequent valuation of financial assets

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except for derivatives and financial liabilities that are designated for measurement at fair value through profit or loss (except for derivative financial instruments that are designated and effective as hedging tool).
All interest-related expenses and, if applicable, changes in the fair value of the instrument that are recognized in profit or loss are included in financial expenses or financial income.

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

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

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

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

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

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

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

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

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

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

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

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

- **Net investment in financial leasing**

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

- **Cash**

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

- **Receivables on loans**

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

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

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

- **Judicial and adjudicated receivables**

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

2.18. Inventory

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

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

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

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

2.19. Provisions, contingent liabilities and contingent assets

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

The amount recognized as a provision is calculated on the basis of the most reliable estimate of the costs required to settle a current liability at the end of the reporting period, taking into account the risks and uncertainties associated with the current liability. Where there are a number of similar obligations, the probable need for an outflow to settle the obligation is determined taking into account the group of liabilities as a whole. Provisions are discounted when the effect of time differences in the value of money is significant.

Third party benefits in respect of a liability that the Group is certain to receive are recognized as a separate asset. This asset may not exceed the value of the provision in question.

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

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

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

2.20. Equity and earnings per share

2.20.1. Equity

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

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

2.20.2. Earnings per share

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

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

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

2.21. Liabilities

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

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

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

2.22. Financial Risk Management

Factors that determine the financial risk

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

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

2.22.1. Currency risk

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

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

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

2.22.2. Interest rate risk

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

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

2.22.3. Credit risk

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

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

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

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

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

2.22.4 Liquidity risk

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

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

2.22.5 Other risks Covid-19 (Coronavirus)

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

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

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

Development of Covid-19 Pandemic (Coronavirus)

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

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

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

The Group's management has analyzed the expected effect on both the economic growth and the credit quality of the countries (and respectively the counterparties) where it operates, and the analysis is presented below.

Effect on economic growth

The table below presents information on the expectations for economic growth of the Republic of Bulgaria, according to the data of the International Monetary Fund (April 2021)" https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021), including forecast data after the occurrence of the pandemic situation related to Covid-19 (Coronavirus).

	Historical data			Forecast	Actual	Forecast		
	2017	**2018**	**2019**	**2020 (before Covid-19)**	**2020 (Covid-19)**	**2021**	**2022**	**2026**
Economic GDP growth	3.5%	3.1%	3.4%	3.2%	(3.8)%	4.4%	4.4%	2.8%

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

	Historical data			Forecast	Actual	Forecast		
	2017	**2018**	**2019**	**2020 (before Covid-19)**	**2020 (Covid-19)**	**2021**	**2022**	**2026**
Economic GDP growth	2.6%	1.9%	1.3%	1.4%	(6.6)%	4.4%	3.8%	1.3%

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

	Historical data			Forecast	Actual	Forecast	
	2017	2018	2019	2020 (before Covid-19)	2020 (Covid-19)	2021	2022
Romania	7.3%	4.5%	4.1%	3.5%	(3.9)%	6.0%	4.8%
North Macedonia	1.1%	2.9%	3.2%	3.4%	(4.5)%	3.8%	4.0%
Ukraine	2.5%	3.4%	3.2%	3.0%	(4.2)%	4.0%	3.4%
Georgia	4.8%	4.8%	5.0%	4.8%	(6.1)%	3.5%	5.8%
Belarus	2.5%	3.1%	1.4%		(0.9)%	(0.4)	0.8%
Russian Federation	1.8%	2.8%	2.0%	1.9%	(3.1)%	3.8%	3.8%
Greece	1.3%	1.6%	1.9%	2.2%	(8.2)%	3.5%	5.0%
Poland	4.8%	5.4%	4.5%	3.1%	(2.7)%	3.5%	4.5%
Italy	1.7%	0.9%	0.3%	0.5%	(8.9)%	4.2%	3.6%
Spain	3.0%	2.4%	2.0%	1.8%	(11.0)%	6.4%	4.7%
United Kingdom	1.7%	1.3%	1.4%	1.4%	(9.9)%	5.3%	5.1%

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

Effect on credit ratings

As a result of the expected economic effects of the slowdown in overall activity, some rating agencies worsened their forecast on long-term debt positions, both in terms of government debt and in terms of corporate debt positions. The table below provides information on the change in the credit rating (including forecast) assigned by Fitch to the Republic of Bulgaria and to the Parent company of the Group.

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

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

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

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

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

Analysis of the expected effect on the IFRS model 9

The Group (as a part of the Eurohold Bulgaria Group) applies IFRS 9 from January 01, 2018, although The Insurance business had the right to postpone its application until January 1, 2023 (joint application with IFRS 17).

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

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

The general conclusion of the Management of the Group is that at the time of issuing this consolidated financial statement in short term, no significant deterioration of the credit quality of the counterparties is expected due to:

- The measures taken by the Government of the Republic of Bulgaria, the governments of the countries where the Group operates, including the applied private and public moratoriums, which currently do not lead to additional indications of significantly deteriorated credit quality of the counterparties. Management strictly monitors the existence of long-term indications of deterioration, as the general temporary potential liquidity problems of counterparties caused directly by Covid-19 (Coronavirus) are not considered indications of credit deterioration;

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

With regard to the model (including the complete and simplified one) for calculating the expected credit losses, the Management considers that it is possible to make a change in the general model. Management recognizes the possible short-term risks to the overall economic development of the main countries in which the Group operates, and in some markets, the expected reduction in Gross Domestic Product would be significant, but also takes into account the general expectations for rapid recovery in 2021-2022. to return to the average predicted growth levels before Covid-19 (Coronavirus). For these reasons, the Group's management has decided to review its model for calculating expected credit losses under IFRS 9 and to update some of its expectations, namely because the Management believes that some of the Group's counterparties may be affected from the deteriorating economic situation and in this regard has taken action to update some of the parameters in its calculation model.

As of 31 March 2021 sufficiently reliable both macroeconomic statistics and information on the medium-term levels of probability of default are not available, the management has not changed the expected credit loss of financial assets compared to that as of December 31, 2020, incl. of net investment in financial leasing, receivables from loans, trade and other receivables, deposits and cash in banking institutions.

2.23. Determination of fair values

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

Fair value measurement implies that the transaction for the sale of the asset or the transfer of the liability is carried out:
- the underlying market for that asset or liability;
  or
- in the absence of a major market - the most profitable market for that asset or liability.

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

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

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

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

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

2.24. Cash flows

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

Operating cash flows are calculated as a result for the year, adjusted for non-monetary operating positions, changes in net working capital and corporate tax.

Cash flows from investing activities include payments in connection with the purchase and sale of fixed assets and cash flows associated with the purchase and sale of businesses and activities. Purchase and sale of other securities that are not cash and cash equivalents are also included in investing activities.

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

2.25. Leasing

The Group as a lessee

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

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

Leasing assets and liabilities are initially measured at present value.

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

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

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

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

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

Applicable Rates at Eurohold Bulgaria AD:

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

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

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

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

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

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

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

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

Practical expedients applied

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

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

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

The Group as a lessor

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

3. Revenue from insurance business	31.3.2021 *BGN'000*	31.3.2020 *BGN'000*
Gross premiums written from insurance	249 469	234 177
Received recoveries from reinsurers	57 933	69 056
Positive change in the gross provision for unearned premiums and unexpired risk reserve	6 278	16 972
Positive change in reinsurers' share in unearned premium reserve	7 961	-
Change in the reinsurers' share in other reserves	17 392	-
Positive change in other technical reserves	-	24 964
Recourse income	4 497	2 304
Fees and commissions income	21 290	16 808
Investment income	8 671	6 935
Other revenue	1 157	927
	374 648	**372 143**

4. Expenses of insurance business

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Paid claims, claims handling and prevention expenses	(138 888)	(149 474)
Change in the gross provision for unearned premiums and unexpired risk reserve	(5 337)	-
Share of the reinsurer in the change of the unearned premium reserve	(4 326)	(14 350)
Change in other technical reserves	(31 157)	(88)
Change in the reinsurers' share in the other reserves	-	(16 577)
Premiums ceded to reinsurers	(99 673)	(96 238)
Acquisition expenses	(56 980)	(50 806)
Investment expenses	(3 802)	(8 945)
Other expenses	(12 866)	(14 968)
	(353 029)	**(351 446)**

5. Revenue from car sales and after sales

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Revenue from sale of cars and spare parts	35 562	39 727
Revenue from after sales and rent-a-car services	1 384	1 594
	36 946	**41 321**

6. Revenue from leasing business

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Revenue from services and sale of goods	4 458	3 636
Interest income	1 524	1 708
Other financial revenue	17	17
	5 999	**5 361**

7. Expenses of leasing business

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Interest expenses	(919)	(908)
Book value of goods sold	(1 472)	(906)
Foreign exchange losses	(26)	(23)
Other expenses	(51)	(53)
	(2 468)	**(1 890)**

8. Revenue from asset management and brokerage

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Interest income	122	116
Gains from sale of financial assets and financial instruments	1 832	1 455
Other revenue	438	221
	2 392	**1 792**

9. Expenses of asset management and brokerage

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Interest expenses	(27)	(25)
Losses from sales of financial assets and financial instruments	(2 347)	(1 950)
Foreign exchange losses,net	(22)	(172)
Other expenses	(75)	(66)
	(2 471)	**(2 213)**

10. Revenue from the activities of the parent company

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Gains from sale of financial assets and financial instruments	448	357
Other revenue	169	100
	617	**457**

11. Expenses of the activities of the parent company

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Losses from sales of financial assets and financial instruments	(109)	-
	(109)	**-**

12. Other income/(expenses), net

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Other income/(expenses), net	1 425	5
	1 425	**5**

12.1. Other income

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Automotive business*	1 381	-
Leasing business*	39	-
Asset management and brokerage	5	5
	1 425	**5**

* Government grants received in Q1.2021 amounting to BGN 1 381 thousand for the Automotive business(Q1.2020: BGN 0) and BGN 39 thousand for the Leasing business(Q1.2020: BGN 0) in connection with overcoming the consequences of the Covid-19 pandemic under the government's employment retention program "Payment of compensation by the order of art. 1, para 3 of CMD №55 / 30.03.2020 of an employer, who has established part-time work by the order of art. 138a, para 2 of the Labor Code.

13. Other operating expenses

	31.3.2021 BGN'000	31.3.2020 BGN'000
Expenses on materials	(735)	(794)
Expenses on hired services	(6 260)	(7 051)
Employee benefits expenses	(11 089)	(9 829)
Other expenses	(1 593)	(897)
	(19 677)	**(18 571)**

13.1. Expenses on materials by segments

	31.3.2021 BGN'000	31.3.2020 BGN'000
Insurance business	(222)	(321)
Automotive business	(425)	(385)
Leasing business	(81)	(81)
Asset management and brokerage	(6)	(6)
Parent company	(1)	(1)
	(735)	**(794)**

13.2. Expenses on hired services by segments

	31.3.2021 BGN'000	31.3.2020 BGN'000
Insurance business	(3 558)	(3 339)
Automotive business	(1 401)	(1 814)
Leasing business	(814)	(898)
Asset management and brokerage	(114)	(103)
Parent company	(373)	(897)
	(6 260)	**(7 051)**

13.3. Employee benefits expenses by segments

	31.3.2021 BGN'000	31.3.2020 BGN'000
Insurance business	(6 590)	(5 271)
Automotive business	(3 296)	(3 382)
Leasing business	(781)	(794)
Asset management and brokerage	(221)	(224)
Parent company	(201)	(158)
	(11 089)	**(9 829)**

13.4. Other expenses by segments

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Insurance business	(1 096)	(507)
Automotive business	(303)	(186)
Leasing business	(40)	(93)
Asset management and brokerage	(43)	(59)
Parent company	(111)	(52)
	(1 593)	**(897)**

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

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
(Accrued) impairment loss on financial assets	(848)	(3)
Recoverable impairment loss on financial assets	256	9
	(592)	**6**

14.1 (Accrued) impairment loss on financial assets by segments

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Insurance business	-	-
Automotive business	(239)	-
Leasing business	(593)	(2)
Asset management and brokerage	(16)	(1)
Parent company	-	-
	(848)	**(3)**

14.2 Recovered impairment loss on financial assets by segments

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Insurance business	-	-
Automotive business	103	-
Leasing business	148	-
Asset management and brokerage	5	9
Parent company	-	-
	256	**9**

15. Financial expenses

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Interest expenses	(6 064)	(4 897)
Interest expenses – Right of use assets	(429)	(400)
Other financial expenses	(223)	(209)
	(6 716)	**(5 506)**

15.1 Interest expenses by segments

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Insurance business	(1 341)	(836)
Automotive business	(472)	(435)
Parent company	(4 251)	(3 626)
	(6 064)	**(4 897)**

15.2 Interest expenses – right of use assets by segments

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Insurance business	(243)	(192)
Automotive business	(153)	(160)
Leasing business	(16)	(16)
Asset management and brokerage	-	(11)
Parent company	(17)	(21)
	(429)	**(400)**

15.3 Other financial expenses by segments

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Automotive business	(159)	(139)
Parent company	(64)	(70)
	(223)	**(209)**

16. Financial income

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Interest revenue	204	37
	204	**37**

16.1 Financial income by segments

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Automotive business	204	37
	204	**37**

17. Foreign exchange gains/(losses), net

	31.3.2021	31.3.2020
	BGN'000	*BGN'000*
Automotive business	(9)	(6)
Parent company	358	1 398
	349	**1 392**

18. Depreciation and amortization by segments

	31.3.2021 *BGN'000*	31.3.2020 *BGN'000*
Insurance business incl.	(1 342)	(1 792)
Right of use assets	*(594)*	*(1 047)*
Automotive business incl.	(1 651)	(1 666)
Right of use assets	*(702)*	*(710)*
Leasing business incl.	(1 590)	(1 518)
Right of use assets	*(70)*	*(71)*
Asset management and brokerage incl.	(54)	(37)
Right of use assets	*(44)*	*(32)*
Parent company incl.	(170)	(173)
Right of use assets	*(153)*	*(157)*
	(4 807)	**(5 186)**

19. Tax expenses

	31.3.2021 *BGN'000*	31.3.2020 *BGN'000*
Income tax expense	(40)	(80)
Deferred tax	37	656
	(3)	**576**

19.1 Tax expenses by segments

	31.3.2021 *BGN'000*	31.3.2020 *BGN'000*
Insurance business	(3)	576
	(3)	**576**

20. Cash and cash equivalents

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Cash on hand	3 118	3 646
Deposits up to 3 months	66 103	64 133
Restricted cash	682	681
Cash equivalents	742	575
Impairment	*(246)*	*(235)*
	70 399	**68 800**

21. Time deposits at banks by segments

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Insurance business	31 074	23 594
Impairment	*(139)*	*(139)*
	30 935	**23 455**

22.1 Reinsurers' share in technical reserves

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Unearned premium reserve	166 920	161 103
Reserve for unexplored claims	1 212	5 561
Claims reserve, incl.:	373 334	352 505
Reserves for incurred, but not reported claims	*172 160*	*157 423*
Reserves for reported, but not settled claims	*201 174*	*195 082*
Other technical reserves	-	4 092
	541 466	**523 261**

22.2 Receivables from insurance business

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Receivables from direct insurance	118 303	108 227
Receivables from reinsurers or sedants	17 424	16 741
Receivables from recourse/subrogation	27 541	24 160
	163 268	**149 128**

23. Trade receivables

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Trade receivables	19 299	18 234
Impairment	*(1 709)*	*(1 405)*
Financial lease receivables	24 739	24 260
Advances paid	4 457	3 252
Other	1 319	1 302
Impairment	*(35)*	*(35)*
	48 070	**45 608**

23.1. Trade receivables by segments

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Insurance business	374	603
Automotive business	16 029	14 980
Impairment	*(1 074)*	*(917)*
Leasing business	2 788	2 469
Impairment	*(635)*	*(487)*
Asset management and brokerage	101	102
Impairment	(2)	*(3)*
Parent company	11	84
Impairment	*(2)*	*(2)*
	17 590	**16 829**

24. Other receivables

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Insurance business	42 414	38 566
Impairment	*(2 014)*	*(2 014)*
Automotive business	16 807	17 486
Impairment	*(73)*	*(73)*
Leasing business	28	1 397
Impairment	-	*(115)*
Asset management and brokerage	*128*	102
Parent company	1 084	1 314
Impairment	*(16)*	*(16)*
Prepaid expenses	14 904	10 208
Receivables under court procedures	2 612	2 640
Impairment	*(1 746)*	*(1 871)*
Tax receivables	601	802
	74 729	**68 426**

24.1. Tax receivables by segments

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Insurance business	75	29
Automotive business	48	436
Leasing business	255	111
Parent company	223	226
	601	**802**

25. Property, plant and equipment

	Land, plots	Land, plots-rights of use	Buildings	Buildings-rights of use	Machinery and equipment	Vehicles	Vehicles-rights of use	Furniture and fittings	Assets under construction	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cost											
As of 1 January 2020	**5 170**	**169**	**13 721**	**47 042**	**10 571**	**65 524**	**51**	**7 682**	**726**	**3 135**	**153 791**
Additions	-	-	96	8 584	718	13 027	-	283	172	371	**23 251**
Acquisition of a subsidiary*	-	-	2 084	-	213	133	-	110	-	-	**2 540**
Disposals	-	-	(107)	(4 923)	(757)	(17 223)	-	(266)	(31)	(24)	**(23 331)**
Other changes	(301)	-	(1 044)	2 328	(411)	(1 438)	-	(118)	(120)	-	**(1 104)**
As of 31 December 2020	**4 869**	**169**	**14 750**	**53 031**	**10 334**	**60 023**	**51**	**7 691**	**747**	**3 482**	**155 147**
Additions	-	-	224	187	150	3 670	-	242	7	430	**4 910**
Disposals	-	-	-	(739)	(248)	(4 107)	-	(32)	(13)	(412)	**(5 551)**
Other changes	-	-	-	-	-	216	-	(72)	-	72	**216**
As of 31 March 2021	**4 869**	**169**	**14 974**	**52 479**	**10 236**	**59 802**	**51**	**7 829**	**741**	**3 572**	**154 722**
Depreciation											
As of 1 January 2020	**-**	**40**	**5 054**	**7 102**	**7 360***	**20 354**	**19**	**4 740**	**5**	**2 188**	**46 862***
Depreciation for the period	-	42	474	8 340	954	9 183	-	732	-	179	**19 904**
Acquisition of a subsidiary*	-	-	181	-	80	39	-	38	-	-	**338**
Disposals	-	-	(3)	(964)	(743)	(6 877)	-	(250)	-	(14)	**(8 851)**
Other changes	-	-	(590)	(104)	(303)	(1 865)	32	(90)	(135)	-	**(3 055)**
As of 31 December 2020	**-**	**82**	**5 116**	**14 374**	**7 348**	**20 834**	**51**	**5 170**	**(130)**	**2 353**	**55 198**
Depreciation for the period	-	11	117	1 552	166	2 481	-	154	-	50	**4 531**
Disposals	-	-	-	(159)	(31)	(1 626)	-	(30)	-	(4)	**(1 850)**
Other changes	-	-	-	-	-	217	-	(56)	-	56	**217**
As of 31 March 2021	**-**	**93**	**5 233**	**15 767**	**7 483**	**21 906**	**51**	**5 238**	**(130)**	**2 455**	**58 096**
Net book value:											
As of 1 January 2020	**5 170**	**129**	**8 667**	**39 940**	**3 211***	**45 170**	**32**	**2 942**	**721**	**947**	**106 929***
As of 31 December 2020	**4 869**	**87**	**9 634**	**38 657**	**2 986**	**39 189**	**-**	**2 521**	**877**	**1 129**	**99 949**
As of 31 March 2021	**4 869**	**76**	**9 741**	**36 712**	**2 753**	**37 896**	**-**	**2 591**	**871**	**1 117**	**96 626**

*Insurance business

25.1. Land and buildings by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	5 955	5 798
Automotive business	8 655	8 705
	14 610	**14 503**

25.2. Land and buildings by segments – Rights of use

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	18 515	19 417
Automotive business	14 105	14 907
Leasing business	1 391	1 461
Asset management and brokerage	942	971
Parent company	1 835	1 988
	36 788	**38 744**

25.3 Machinery and equipment by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	1 722	1 949
Automotive business	992	997
Leasing business	39	40
	2 753	**2 986**

25.4. Vehicles by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	3 448	3 706
Automotive business	9 441	10 457
Leasing business	24 756	24 745
Asset management and brokerage	136	151
Parent company	115	130
	37 896	**39 189**

25.5. Vehicles by segments – rights of use

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Automotive business	-	-
	-	**-**

25.6. Furniture and fittings and other assets by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	1 007	814
Automotive business	2 548	2 685
Leasing business	120	118
Asset management and brokerage	32	32
Parent company	1	1
	3 708	**3 650**

25.7. Assets under construction by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	119	120
Automotive business	752	749
Leasing business	-	8
	871	**877**

26. Investment property

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Net book value at 1 January	**9 652**	**15 703**
Acquired	-	-
Disposals	-	(6 305)
Revaluation / (Impairment)	(91)	-
Write-offs on sale of subsidiaries	-	254
Net book value as at the period end	**9 561**	**9 652**

27. Intangible assets

	Software	Licenses	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000
Cost				
As of 1 January 2020	**9 247**	**119**	**1 792**	**11 158**
Additions	1 938	14	126	2 078
Acquisition of a subsidiary*	363	-	12	375
Disposals	(61)	(5)	(227)	**(293)**
Other changes	(585)	-	(6)	**(591)**
As of 31 December 2020	**10 902**	**128**	**1 697**	**12 727**
Additions	45	14	420	**479**
Disposals	(52)	-	(72)	**(124)**
Other changes	-	-	-	**-**
As of 31 March 2021	**10 895**	**142**	**2 045**	**13 082**
Depreciation				
As of 1 January 2020	**6 599**	**114**	**899**	**7 612**
Depreciation for the period	683	-	96	**779**
Acquisition of a subsidiary*	137	-	9	**146**
Disposals	(47)	-	-	**(47)**
Other changes	(121)	-	-	**(121)**
As of 31 December 2020	**7 251**	**114**	**1 004**	**8 369**
Depreciation for the period	246	-	30	**276**
Disposals	-	-	-	**-**
Other changes	-	-	-	**-**
As of 31 March 2021	**7 497**	**114**	**1 034**	**8 645**
Net book value:				
As of 1 January 2020	**2 648**	**5**	**893**	**3 546**
As of 31 December 2020	**3 651**	**14**	**693**	**4 358**
As of 31 March 2021	**3 398**	**28**	**1 011**	**4 437**

*Insurance business

28. Inventories by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	483	438
Automotive business	22 062	24 128
Leasing business	2 894	2 068
	25 439	**26 634**

29. Financial assets by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Government bonds measured at FVTPL, incl.:	102 471	96 246
Insurance business	*101 735*	*95 494*
Asset management and brokerage	*736*	*752*
Government bonds measured at OCI, incl.:	5 967	5 967
Insurance business	*5 967*	*5 967*
Total government bonds	**108 438**	**102 213**
Corporate bonds measured at FVTPL, incl.:	19 794	21 353
Insurance business	*18 449*	*20 001*
Asset management and brokerage	*1 338*	*1 345*
Parent company	*7*	*7*
Total corporate bonds	**19 794**	**21 353**
Capital investments measured at FVTPL, incl.:	137 932	127 598
Insurance business	*135 600*	*125 528*
Asset management and brokerage	*2 332*	*2 070*
Total capital investments	**137 932**	**127 598**
Other financial assets measured at amortised cost, incl.:	82 485	91 081
Insurance business	*75 473*	*83 800*
Asset management and brokerage	*7 276*	*7 281*
Impairment	*(264)*	*(264)*
Total other financial assets	**82 485**	**90 817**
	348 649	**341 981**

30. Deferred tax assets

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	10 907	10 804
Automotive business	519	510
Leasing business	230	230
	11 656	**11 544**

31. Investments associates and other investments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	6 457	6 457
Asset management and brokerage	3 650	4 392
	10 107	**10 849**

32. Other financial investments by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	722	1 580
Asset management and brokerage	281	281
Parent company	9	9
Impairment	*(9)*	*(9)*
	1 003	**1 861**

33. Non-current receivables

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Finance lease receivables	49 962	50 450
Subsidiaries	1 838	799
Impairment	*(17)*	*(15)*
	51 783	**51 234**

34. Goodwill

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Euroins Insurance Group AD	165 123	165 123
Motobul EAD	12 538	12 538
Bulvaria Varna EOOD	5 591	5 591
Daru Car OOD	1 400	1 400
Eurolease Group EAD	1 312	1 312
Eurolease Rent-a-Car EOOD	1 803	1 803
Sofia Motors EOOD	10	10
Euro-Finance AD	2 620	2 620
	190 397	**190 397**

35. Subordinated debts

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Subordinated debts, issued – Insurance business	19 558	19 558
Subordinated debts, not issued, Teir 1 capital	67 167	57 427
Insurance business	*34 383*	*24 643*
Parent company	*32 784*	*32 784*
	86 725	**76 985**

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.

Tier 1 capital is in the form of subordinated term debt with Starcom Holding AD with a limit of EUR 12.6 million (incurred in 2020) and EUR 10 million (incurred in 2021), as at 31.3.2021 4.9 million were disbursed EUR from the latter, at 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.

Parent company
After reviewing the indebtedness and in order to strengthen the capital of the group, the Parent Company has agreed and converted part of the loan liabilities as of 31.12.2020 in the form of subordinated debts (unissued) with Stracom Holding AD, representing tier 1 capital, according to the applicable provisions of the current Bulgarian and Community law.
As of 31.03.2021 and 31.12.2020 the tier 1 capital has a total value of BGN 32 784 thousand and has an indefinite repayment period, but not earlier than 5 years, and an interest rate of 6%, due at the end of each quarter.

36. Bank and non-bank loans by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	21 795	21 872
Automotive business	17 284	15 835
Leasing business	80 687	81 244
Parent company	50 417	55 390
	170 183	**174 341**

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

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business, incl.	21 784	21 866
Loans from non-bank financial institutions	*21 784*	*21 866*
Automotive business, incl.:	1 052	1 915
Bank loans	*1 052*	*1 915*
Leasing business, incl.:	51 758	53 870
Bank loans	*51 758*	*53 870*
Parent company, incl.:	39 861	41 297
Bank loans	*39 861*	*41 297*
	114 455	**118 948**

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

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business, incl.:	11	6
Bank loans	*10*	*5*
Loans from non-bank financial institutions	*1*	*1*
Automotive business, incl.:	16 232	13 920
Bank loans	*16 232*	*13 915*
Loans from non-bank financial institutions	*-*	*5*
Leasing business, incl.:	28 929	27 374
Bank loans	*28 929*	*27 374*
Parent company, incl.:	10 556	14 093
Bank loans	*10 556*	*14 093*
	55 728	**55 393**

37. Bond obligations by segments

	31.3.2021 BGN'000	31.12.2020 BGN'000
Automotive business	14 315	14 606
Leasing business	4 362	5 212
Parent company	175 142	143 524
	193 819	**163 342**

37.1 Bond obligations – long-term, by segments

	31.3.2021 BGN'000	31.12.2020 BGN'000
Automotive business	13 640	13 542
Leasing business	2 763	2 524
Parent company	153 488	123 493
	169 891	**139 559**

37.2 Bond obligations – short-term, by segments

	31.3.2021 BGN'000	31.12.2020 BGN'000
Automotive business	675	1 064
Leasing business	1 599	2 688
Parent company	21 654	20 031
	23 928	**23 783**

38. Non-current liabilities

	31.3.2021 BGN'000	31.12.2020 BGN'000
Other non-current liabilities	2 737	2 467
Finance lease liabilities	11 673	11 878
	14 410	**14 345**

38.1. Other non-current liabilities by segments

	31.3.2021 BGN'000	31.12.2020 BGN'000
Insurance business	468	119
Automotive business	1 394	1 521
Leasing business	845	795
Parent company	30	32
	2 737	**2 467**

38.2. Finance lease liabilities – non-current, by segments

	31.3.2021 BGN'000	31.12.2020 BGN'000
Automotive business	6 801	6 919
Leasing business	4 788	4 863
Asset management and brokerage	84	96
	11 673	**11 878**

39. Current liabilities

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Payables to employees	4 707	4 536
Social-security liabilities	4 422	3 248
Tax liabilities	16 137	6 619
Other current liabilities	32 972	33 960
Finance lease liabilities	6 685	6 377
Deferred revenue	211	219
Provisions	1 495	6 947
	66 629	**61 906**

39.1. Payables to employees by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	3 448	3 243
Automotive business	897	952
Leasing business	282	268
Parent company	80	73
	4 707	**4 536**

39.2. Social-security liabilities by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	3 871	2 765
Automotive business	460	386
Leasing business	82	81
Parent company	9	16
	4 422	**3 248**

39.3. Tax liabilities by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	13 304	3 936
Automotive business	2 089	1 976
Leasing business	426	417
Asset management and brokerage	66	77
Parent company	252	213
	16 137	**6 619**

39.4. Other current liabilities by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	26 247	30 059
Automotive business	1 247	910
Leasing business	1 820	1 460
Asset management and brokerage	779	587
Parent company	2 879	944
	32 972	**33 960**

39.5. Finance lease liabilities – current, by segments

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Automotive business	2 731	2 699
Leasing business	3 910	3 678
Asset management and brokerage	44	-
	6 685	**6 377**

39.6. Deferred revenue – current, by segments

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Insurance business	-	8
Automotive business	211	211
	211	**219**

39.7. Provisions - by segments

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Insurance business	946	6 408
Automotive business	269	259
Asset management and brokerage	280	280
	1 495	**6 947**

40. Trade and other payables

40.1. Trade and other payables by segments

	31.3.2021 *BGN'000*	31.12.2020 *BGN'000*
Insurance business	15 366	4 179
Automotive business	38 924	43 153
Leasing business	2 885	1 644
Asset management and brokerage	6	60
Parent company	7 821	27 522
	65 002	**76 558**

40.2. Leasing liabilities – rights of use, by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	18 894	20 793
Short-term	*3 943*	*2 713*
Long-term	*14 951*	*18 080*
Automotive business	14 664	15 124
Short-term	*2 443*	*2 499*
Long-term	*12 221*	*12 625*
Leasing business	1 439	1 533
Short-term	*269*	*269*
Long-term	*1 170*	*1 264*
Asset management and brokerage	976	1 001
Short-term	*103*	*102*
Long-term	*873*	*899*
Parent company	1 329	2 139
Short-term	*-*	*686*
Long-term	*1 329*	*1 453*
	37 302	**40 590**

41. Payables to reinsurers

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	49 800	46 855
	49 800	**46 855**

42. Deferred tax liabilities by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	2	2
Automotive business	201	203
Leasing business	137	137
	340	**342**

43. Insurance reserves

	31.3.2021 BGN'000	31.12.2020 BGN'000
Unearned premium reserve, gross amount	266 820	264 273
Reinsurers' share in unearned premium reserve	*(166 920)*	*(161 103)*
Unexpired risks reserve, gross amount	2 224	8 537
Reinsurers' share in Unexpired risks reserve	*(1 212)*	*(5 561)*
Reserve for incurred but not reported claims, gross amount	226 466	208 749
Reinsurers' share in reserve for incurred but not reported claims	*(172 160)*	*(157 423)*
Reserve for reported but not settled claims, gross amount	362 308	342 783
Reinsurers' share in reserve for reported but unsettled claims	*(201 174)*	*(195 082)*
Other technical reserve, gross amount	239	7 814
Reinsurers' share in other technical reserves	-	*(4 092)*
Mathematical reserves	4 737	4 774
	862 794	**836 930**

44. Share capital and share premium

44.1 Share capital

	31.3.2021 BGN'000	31.12.2020 BGN'000
Issued shares	197 526	197 526
Treasury shares	(97)	(97)
Share capital	**197 429**	**197 429**
Number of shares	**197 525 600**	**197 525 600**

As of 31.3.2021, 97 227 numbers of voting shares of Eurohold Bulgaria AD are held by companies in the Eurohold Group (as of 31.12.2020 – 97 227 voting shares).

The share capital as of 31.03.2021 is distributed as follows:

Share holders	%	Number of shares	Par value
Starcom Holding AD	50.08%	98 924 841	98 924 841
KJK Fund II Sicav-Sif Balkan Discovery	14.23%	28 116 873	28 116 873
Blubeard Investments Limited	9.96%	19 672 400	19 672 400
Specialized Logistic Systems AD	6.17%	12 186 009	12 186 009
PIC Budeste via UPF, APF and PPF	6.08%	12 005 698	12 005 698
Other companies	11.15%	22 016 051	22 016 051
Other individuals	2.33%	4 603 728	4 603 728
Total	**100.00%**	**197 525 600**	**197 525 600**

44.2 Share premium

	31.3.2021 BGN'000	31.12.2020 BGN'000
Share premium	49 568	49 568
	49 568	**49 568**

45. Net profit for the year

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Current result attributable to the shareholders	403	(43 807)
Current result attributable to the non-controlling interest	801	264
	1 204	**(43 543)**

45.1. Net profit for the year by segments

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Insurance business	5 798	(27 950)
Automotive business	749	1 541
Leasing business	(188)	(544)
Asset management and brokerage	(172)	223
Parent company	(4 997)	(16 754)
Pfofit/(Loss) attributable to the non-controlling interest	(801)	(264)
Intercompany eliminations of dividends and other	14	(59)
	403	**(43 807)**

46. Non-controlling interests

	31.3.2021	31.12.2020
	BGN'000	*BGN'000*
Non-controlling interest attributable to profit	801	264
Non-controlling interest attributable to equity	26 111	28 903
	26 912	**29 167**

47. Events after the end of the reporting period

COVID-19 (Coronavirus)
At the end of 2019, news from China about COVID-19 (Coronavirus) first appeared, when a limited number of unknown virus cases were reported to the World Health Organization. During the first few months of 2020, the virus spread worldwide and its negative effects gained momentum. On 11.03.2020, after cases of new coronavirus strains were reported in 114 countries, the World Health Organization (WHO) announced the COVID-19 epidemic for a pandemic. On 13.03.2020, at the request of the government, the National Assembly declared a state of emergency in Bulgaria due to the coronavirus, which lasted until 13.5.2020 and was replaced by an emergency epidemic until 31.5.2021.

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

The Management is closely monitoring the situation and looking for ways to reduce its impact on the Group, but a fall in the prices of shares on the global stock exchanges could affect the fair value of the Group's investments if the negative trend continues.

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

The Management Board of Eurohold Bulgaria AD is not aware of other significant events occurring after the reporting period.

INSIDE INFORMATION

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

EUROHOLD BULGARIA AD has disclosed the following information:

21 May, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

17 May, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

16 May, 2021
Annual Consolidated Financial Report for the year ended on 31 December 2020:
1. Annual Consolidated Financial Report as of 31 December 2020, IFRS;
2. Notes to the Annual Consolidated Financial Statements;
3. Independent Auditor's Report;
4. Consolidated Management Report for 2020;
5. Corporate Governance Declaration;
6. Annual Financial Report – FSC forms;
7. Non-Financial Declaration;
8. Declaration from the responsible persons;

14 May, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

7 May, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

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

29 April, 2021
Bulgaria's FSC Approved Eurohold's Capital Increase Prospectus (News Release);

28 April, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

27 April, 2021
Annual Financial Report for the year ended on 31 December 2020:
1. Annual Financial Report as of 31 December 2020, IFRS;
2. Notes to the Annual Financial Statements;
3. Independent Auditor's Report;
4. Management Report for 2020;
5. Corporate Governance Declaration;

6. Annual Financial Report – FSC forms;
7. Independent Auditor's Declaration;
8. Declaration from the responsible persons;

26 April, 2021
Eurohold Mandated J.P. Morgan AG as Lead and Exclusive Arranger for Structuring the Debt Financing related to the Deal with CEZ Group (News Release);

22 April, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

13 April, 2021
Interim Consolidated Financial Report for Q4'2020:
1. Updated Interim Consolidated Financial Statements as of 31st of December,2020, IFRS;
2. Notes to the Interim Consolidated Financial Statements for Q4'2020;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

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

8 April, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

6 April, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

31 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

26 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

24 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

18 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

17 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

16 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

12 March, 2021
Annual Financial Report for the year ended on 31 December 2019:
1. Annual Financial Report as of 31 December 2019, IFRS;
2. Notes to the Annual Financial Statements;
3. Independent Auditor's Report;

4. Management Report for 2019;
5. Corporate Governance Declaration (revised);
6. Annual Financial Report – FSC forms;
7. Independent Auditor's Declaration;
8. Declaration from the responsible persons;

11 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

9 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

8 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

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

2 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

1 March, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

1 March, 2021
Interim Consolidated Financial Report for Q4'2020:
1. Interim Consolidated Financial Statements as of 31st of December,2020, IFRS;
2. Notes to the Interim Consolidated Financial Statements for Q4'2020;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

23 February, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

19 February, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

12 February, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

3 February, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

29 January, 2020
Interim Financial Report for Q4'2020:
1. Interim Financial Statements as of 31st of December,2020, IFRS;
2. Notes to the Interim Financial Statements for Q4'2020;
3. Interim Management Report;
4. Interim Financial Statements – FSC forms;
5. Internal Information;

6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

22 January, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

19 January, 2021
Eurohold got approval from the Energy and Water Regulatory Commission to acquire the subsidiaries of CEZ Group in Bulgaria (News Release);

15 January, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

12 January, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

5 January, 2021
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

Asen Minchev,

Executive Member of the Management Board
of Eurohold Bulgaria AD

EUROHOLD

ADDITIONAL INFORMATION TO THE INTERIM FINANCIAL REPORT OF EUROHOLD BULGARIA FOR Q1'2021

in accordance with art. 33, par. 1of Ordinance No. 2 of September 17, 2003 on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities

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

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

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

No changes have been made in the economic group of the issuer.

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

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

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

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

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

	Shareholder	***Number of shares***	***% participation***
1.	Starcom Holding AD	98 924 841	50.08%
2.	KJK Fund II Sicav-Sif Balkan Discovery	28 116 873	14.23%
3.	Blubeard Investments Limited	19 672 400	9.96%
4.	SLS AD	12 186 009	6.17%
5.	PAC-Future through UPF, VPF and PPF	12 084 298	6.13%

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

	Shareholder	***Number of shares***	***% participation***
1.	Dimitar Stoyanov Dimitrov	200	-
2.	Assen Emanuilov Assenov	67 400	0.03%
3.	Velislav Christov	200	-

7. **Information about pending judicial, administrative or arbitration proceedings concerning claims or liabilities of at least 10 per cent of the equity of the issuer; if the total amount of the debts or the obligations of the issuer in all proceedings exceeds 10 per cent of its own capital , information about each case separately is provided**

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

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

The related parties' transactions for the reported period are disclosed in Notes to the separate Financial statement for Q1'2020. The conditions under which the transactions were made do not deviate from the market for this type of transactions.

Asen Minchev,
Executive Director of Eurohold Bulgaria AD

INFORMATION ACCORDING TO ANNEX 9

according to the requirements of Article 33, paragraph 1, item 3 of ORDINANCE № 2 of 17.09.2003 on prospectuses for public offering and admission to trading on a regulated securities market and for the disclosure of information

1. There has no change of persons exercising a control over the Company

2. Opening of insolvency proceedings for the company or its subsidiary and all essential stages of the proceedings

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

3. Conclusion or execution of significant transactions

There has no conclusion or execution of significant transactions.

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

5. Change in company auditors and reasons for change

At the regular general meeting of the shareholders of Eurohold Bulgaria AD held on 30.09.2020, the auditing company Zaharinova Nexia Ltd., UIC 200876536, Sofia 1309, 157-159 K. Velichkov Blvd., 1st floor, office 3, was elected as an auditor to perform an independent financial audit of the individual and consolidated financial statements of Eurohold Bulgaria AD for 2020. Audit company Zaharinova Nexia Ltd. is included in the list of the Institute of Graduates expert accountants in Bulgaria under reg.№ 138.

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

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

During the reporting period Eurohold Bulgaria AD acquired another 3,915,473 shares of the capital of its subsidiary Euroins Insurance Group AD. As a result of the acquisition, the participation in the capital of the subsidiary insurance subholding was increased to 96.67%, with which the total shares held by Eurohold Bulgaria AD amount to 525,371,935 shares.

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

At the extraordinary session, held on 10.04.2021, the General Meeting of Shareholders adopted a resolution for increase of the share capital of the Company from BGN 197,525,600 (one hundred ninety-seven million five hundred twenty-five thousand six hundred) to BGN 276,535,840 (two hundred and seventy-six million five hundred and thirty-five thousand eight hundred and forty) through issuance of a new issue of shares under the terms of a public offering pursuant to the provisions of the Public Offering of Securities Act. The new issue consists of 79,010,240 shares of the same type and class as the existing issue of shares of the company, namely: dematerialized, registered, non-preferred, with the right to 1 (one) vote in the general meeting of the shareholders of the company, with the right to dividend and right to liquidation share, proportionate to the nominal value of the share. The nominal value of each share is BGN 1.00 (one). The issue value of each share is BGN 2.50 (two and 0.50).
The capital of Eurohold Bulgaria AD will be increased only if at least 31,604,096 shares are subscribed and fully paid, representing 40% (forty percent) of the offered shares. In this case, based on Art. 192a, para. 2 of the Commerce Act, the capital will be increased only with the value

of the subscribed and fully paid shares, equal to or exceeding the indicated minimum admissible amount of the raised capital, whereby the public offering is considered successfully completed. It is not possible to subscribe for shares above the maximum admissible amount of the capital announced for raising amounting to 79,010,240 shares.

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

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

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

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

On 29th of April 2021, The Bulgaria's Financial Supervision Commission (FSC) approved Eurohold’s capital increase prospectus, which will allow the largest Bulgarian public holding and one of the leading independent financial and insurance groups in the CEE/SEE/CIS region to raise up to EUR 100 million by issuing new shares on the Bulgarian Stock Exchange (BSE).
The Bulgarian investment intermediary Euro-Finance AD will be the lead manager of the public offering. Eurohold has appointed Renaissance Capital solely in capacity of a financial adviser in relation with the offering.

Asen Minchev,
Executive Director of Eurohold Bulgaria AD

EUROHOLD

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

The undersigned,

1. Asen Minchev – Executive member of the Management Board of Eurohold Bulgaria AD
2. Tsvetelina Cheresharova-Doycheva – Financial controller of Eurohold Bulgaria AD (complier of the financial statements)
3. Milena Guentcheva – Procurator of Eurohold Bulgaria AD

hereby DECLARE that to our best knowledge:

1. The set of interim consolidated financial statements for Q1'2021, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;

2. The consolidated interim management report of Eurohold Bulgaria AD for Q1'2021 contains credible review of the information under article 100o, paragraph 4, item 2 of Public Offering of Securities Act.

DECLARERS:

1. Assen Minchev

2. Tsvetelina Cheresharova-Doycheva

3. Milena Guentcheva