EUROHOLD BULGARIA AD

INTERIM MANAGEMENT REPORT AND FINANCIAL STATEMENTS

1 January – 30 June 2020

CONTENTS

Further information on:
About Us
Structure
Corporate Governance
Information for investors
Communications and Media

you can find on:

www.eurohold.bg

INTERIM MANAGEMENT REPORT

containing information on important events occurred in the period 1 January – 31 March 2020 in accordance with Art. 100o, para. 4, item 2 of the POSA

Financial performance (Standalone base)

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

FINANCIAL RESULT

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

INCOME

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

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

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

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

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

EXPENSES

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

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

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

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

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

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

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

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

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

RESULTS FROM OPERATING ACTIVITIES

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

OTHER INCOME / (EXPENSES) NET

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

ASSETS

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

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

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

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

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

EQUITY AND LIABILITIES

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

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

The change in liabilities was due to the following factors:

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

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

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

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

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

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

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

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

GUARANTEES PROVIDED

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

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

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

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

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

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

IMPORTANT EVENTS FOR EUROHOLD BULGARIA AD OCCURRED IN THE PERIOD 1 JANUARY – 30 JUNE 2020

No significant events occurred during the reporting period, which affect the results in the financial statements of Eurohold Bulgaria AD as of 30.06.2020.

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. In the first quarter of 2020, the virus spread worldwide and its negative effects gained momentum. On March 11, 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 March 13, 2020, at the request of the government, the National Assembly declared a state of emergency in Bulgaria because of the coronavirus, which will continue until May 13, 2020.

At this stage of the crisis, no significant impact on the Company has been observed. The company takes all necessary measures in order to preserve the health of its employees 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 follow the instructions of all national institutions.

The management is closely monitoring the situation and looking for ways to reduce its impact on the Company, but a fall in the prices of shares on the global stock exchanges could affect the fair value of the Company'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 negative effects.

There are no other events after the reporting period that would require additional disclosure or adjustments in the financial statements of Eurohold Bulgaria AD as at 30 June 2020.

DESCRIPTION OF MAIN RISKS AND UNCERTAINTIES

Potential investors should bear in mind that Eurohold Bulgaria AD operates through its subsidiaries, in this regard its financial position, operating results and prospects are directly dependent on the status, results and prospects of its subsidiaries.

1. Systematic risks

Impact of the international environment. External factors that may adversely affect the economic growth of the countries in which the Eurohold Group operates

The Group's strategy focuses on maintaining its position as a leader in the CEE / SEE region. The implementation of the policy of Eurohold Bulgaria AD depends on several factors that are beyond the control of the Company, in particular, the market conditions, the general business environment, the regulatory environment and the activities of its main competitors in the business. Any failure of the Company to maintain its leading position in the CEE / SEE region in terms of the services and products it offers can significantly reduce its attractiveness to existing and potential customers. As a result, this will reduce its credit rating, and subsidiaries and result in a decrease in revenue or an increased cost.

The Eurohold Group operates in Bulgaria, Romania, Northern Macedonia, Ukraine, Georgia, Russia, Greece, Spain, Italy and Poland and, accordingly, its overall financial position and the results of its operations are affected by the legal framework, economic and political conditions in those countries. Any deterioration in the macroeconomic conditions in such states or the wider CEE / SEE region may adversely affect certain products and services offered by the Group and lead to lower revenues than initially planned. Besides, sweeping changes in government policy and regulatory systems in any such jurisdiction may lead to an increase in operating costs and capital requirements for the Group.

Any future periods of economic slowdown or slow economic growth in each of the markets in which the Group operates could have a similar or more pronounced effect on the Group's business, financial position, cash flows, results of operations or prospects.

Eurohold Bulgaria AD's expansion strategy in the insurance sector will increase the Group's exposure to macroeconomic and other risks, which may cause a material adverse effect on the Group's business, financial condition, cash flows, results of operations or prospects.

Macroeconomic risk

Macroeconomic risk is the risk of shocks that can affect economic growth, population incomes, supply and demand, profit generation, and more. These shocks include global economic and business conditions, fluctuations in national currencies, political events, changes in legislation and regulatory requirements, priorities of domestic governments, and more. The macroeconomic situation and global economic growth are essential for the development of the Company, including the national policies of the countries, and in particular, the regulations taken by the Central Banks. The banks are influence monetary, interest rate policies, and the financial exchange rates, taxes, GDP, inflation, budget deficits, and external debt, unemployment rates and income structure.

The outcome of realizing some of the risks associated with the international environment will also depend to a large extent on the pre-drafted plans and the preventive measures of individual countries and international institutions. The risk of the impact of the global environment on businesses cannot be diversified and affects all players. However, on the other hand, it can become a driver for the development and implementation of innovations that will dramatically change and increase business efficiency on a global scale.

The development of Bulgaria's economy faces the risk of external influences and depends directly on global market conditions. Adverse macroeconomic conditions in Bulgaria, including rising unemployment and inflation, as well as fiscal instability, can have a material adverse effect on Eurohold's business, financial position and/or results of operations.

Eurohold Bulgaria AD seeks to monitor the likelihood of this risk occurring and develops measures to mitigate as far as possible the effects it may have on the whole Group. However, the Company cannot wholly exclude and limit its impact on the business, financial position, profits and cash flow at a group level. It is also possible that this risk will exacerbate other risks outlined in this Activity Report.

Macroeconomic risks including political; credit risk of the state; inflation, currency and interest rate risk; the risks associated with high levels of unemployment, emerging markets, and regulatory changes.

Risk of occurrence of force majeure events

Force majeure is all-natural disasters and other cataclysms such as severe climate change, floods, earthquakes, civil disobedience, clashes, strikes, acts of terrorism and hostilities, that are unforeseen. Force majeure may also be accidents at the material base of a mechanical character in which the Company is housed or in storage areas due to human or systematic error. The occurrence of such events may disrupt the Company's ordinary activities until the damage has been rectified. They may also lead to an unpredictable change in the investor relationship and interest in the securities market issued by the Company.

Force majeure may also occur and have a substantial impact on the overall macroeconomic and international environment. An example of this risk is the World Health Organization Pandemic announced by the epidemic of an acute respiratory syndrome associated with the new NCOV-2019 (COVID-19) coronavirus that developed at the end of 2019. The new virus discovered in China at the end of 2019 has spread rapidly around the world, with Europe profoundly affected.

At present, the COVID-19 pandemic is in full swing, and all world economies have virtually stopped. A number of countries have taken drastic measures to control the coronavirus infection, including Bulgaria. Overall, the current global economic crisis is already having a global impact on the economic life, and it is expected that it will be much worse than the 2008 financial crisis.

Strict anti-epidemic measures and restrictions are in place in Bulgaria aimed at limiting social contacts and limiting the spread of the virus. This leads to disruption of the normal economic activity of almost all economic entities in the country. The pandemic causes a significant decline in economic activity and creates considerable uncertainty about future developments in the macroeconomy in 2020 and beyond.

Political risk

Political risk reflects the impact of political processes in the country on the economic and investment process, and in particular on the return on investment. The degree of political risk is determined by the likelihood that long-term economic policy will be adversely affected by the government, which may harm 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 multi-party parliamentary system, free elections, ethnic tolerance and a definite system of separation of powers. Bulgaria is a member of NATO and has been a member of the European Union (EU) since January 1, 2007. The desire for European integration, the presence of a dominant political formation, the pursuit of rigorous fiscal discipline and the adherence to a moderate deficit, create predictability and minimize political risk.

The political situation is not expected to deteriorate in the long term, as there is political and public consensus on the factors that support long-term economic stability and a stable macroeconomic framework.

There is also no change in the taxation policy pursued so far regarding the taxation of the income of individuals and legal entities, including in connection with their transactions in the capital market since it is essential for attracting foreign investment.

Country credit risk

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

On 21.02.2019, Fitch Ratings confirmed the outlook for Bulgaria's credit rating as positive. The Agency affirmed Bulgaria's long-term foreign currency and local currency BBB credit rating and declared the country's BBB credit rating ceiling as well as its short-term foreign and domestic credit rating, F2. Confirming the outlook as positive reflects Fitch Ratings' assessment that indicators for the development of Bulgaria's international sector have improved significantly. The prolonged period of a steady decline in the external debt to GDP ratio and positive current account trends have led to a better performance of Bulgaria's external finances compared to the BBB group. Compared to other countries with similar ratings, the country's public finance indicators have a positive effect on confirming the rating assessment. Government debt to GDP will continue to fall below that of countries rated BBB.

Source: www.minfin.bg

On November 29, 2019, the rating agency S&P Global Ratings assessed the outlook for Bulgaria's credit rating as positive. At the same time, the agency upgraded its long-term and short-term foreign currency and local currency credit rating "BBB- / A-2". The strengthened outlook for Bulgaria's credit rating reflects S&P Global Ratings' expectations that fiscal and external indicators will continue to improve and that the authorities will take further steps to strengthen the financial sector, where the level of non-performing loans remains high. The agency notes that in 2019, the country's economic recovery will continue with a growing contribution of domestic demand to net exports. Improvements are reflected in the labour market, thereby increasing disposable income and private consumption. Public investment financed through European funds will also be an important factor for economic recovery. At the same time, Bulgaria continues to face structural constraints on demographic challenges. Net emigration, especially in the skilled labour force and the ageing population, poses challenges to economic policy and opportunities for social cohesion.

Source: www.minfin.bg

Inflation risk

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

The main risks associated with the inflation forecast relate to the dynamics of international prices and the pace of economic growth in Bulgaria.

Inflation can affect the amount of the Company's expenses as part of the Company's liabilities are interest-bearing. Their service is linked to current interest rates, which also reflect inflation rates in the country. Therefore, maintaining low inflation levels in the country is considered as a significant factor for the activity of Eurohold Bulgaria AD.

At present, and overall, the currency board mechanism provides assurances that inflation in the country will remain under control and will not adversely affect the economy of the country, and in particular the activities of the Company.

With this in mind, every investor should think carefully about and take into account both current levels of inflation risk and future opportunities for its manifestation.

Currency risk

This risk is related to the possibility of impairment of the local currency. For Bulgaria in particular, this is a risk of premature withdrawal from the conditions of the Currency Board at a fixed exchange rate of the national currency. Given the policy adopted by the government and the BNB, it is expected that the Currency Board will remain in place until the country joins the Eurozone.

Any significant depreciation of the lev may have a material adverse effect on the business entities in the country, including the Company. There is also a risk when a business entity's income and expenses are formed in different currencies. Particularly pronounced is the exposure of economic entities operating in the territory of Bulgaria to the US dollar, which is the main currency of a significant part of the world markets of raw materials and products.

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

Interest rate risk

Interest rate risk is related to the possibility of adverse changes in the prevailing interest rates in the country. Its influence expressed by the ability of the Company's net income to decrease as a result of an increase in the interest rates at which the Company finances operations. Interest rate risk is included in the category of macroeconomic risks since the main prerequisite for change in interest rates is the appearance of instability in the financial system as a whole. This risk can be managed through the balanced use of different sources of financial resources.

Raising interest rates, under other things being equal, would affect the cost of the financial resource used by Eurohold to carry out various business projects. It may also affect the amount of the Company's expenses since not a small portion of the Company's liabilities are interest-bearing, and their servicing is related to current interest rates.

Risk of high unemployment

In market economies, unemployment is recognized as a social risk at work. As a socially assessed risk, unemployment is subject to compulsory social security and compensation under certain conditions. The activity of state policy on social protection of unemployment, as well as promotion and support of the unemployed in seeking and starting a job and/or another type of economic activity, gives the content of process for managing this social risk.

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

In the fourth quarter of 2019, the unemployment rate in Bulgaria decreased compared to the previous quarter. According to the latest NSI data, the country's unemployment rate for the fourth quarter of 2019 is 4.1% or 0.6 percentage points lower than in the fourth quarter of 2018. The number of people unemployed in 2019 equals 138.5 thousand. During the same period, the unemployment rate was 4.4 percentage points for men and 3.8 percentage points for women. Of all the unemployed, 9.5% had tertiary education, 45.9% had secondary education, and 44.6% had primary or lower school. The unemployment rates by educational levels are 1.3% for higher education, 3.3% for secondary education and 13.8% for primary and lower education respectively.

Emerging markets

Investors in emerging markets, such as Bulgaria, need to be aware that these markets are at higher risk than in more developed markets. Moreover, adverse political or economic developments in other countries could have a significant negative impact on Bulgaria's GDP, its foreign trade and the economy as a whole. Investors should take special care in assessing existing risks and must decide whether, in the presence of those risks, investing in Eurohold shares is appropriate for them.

Investing in emerging markets is only suitable for experienced investors who fully appreciate the importance of these risks. Investors should also bear in mind that emerging market conditions are changing rapidly and therefore, the information contained in this document may become outdated relatively quickly.

Risks associated with regulatory changes. Regulatory risk

The results of the Company may be influenced by changes in the regulatory framework. The Eurohold Group operates in a highly regulated environment in various European countries. The possibility of more radical changes in the regulatory framework in the interpretation and practice of law enforcement could harm the activity as a whole, operational results, as well as the financial position of the Holding.

2. Unsystematic risks

Risks related to the activity and structure of Eurohold Bulgaria AD

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

To the extent that the Company's activity is related to the management of assets of other companies, it cannot be assigned to a separate sector of the national economy and is exposed to the sectoral risks of its subsidiaries. In general, Eurohold Bulgaria Group companies operate in two main areas: the financial sector, including insurance, leasing, investment intermediation, and the car sales sector.

The main risk associated with the activities of Eurohold Bulgaria is the possibility of reducing the sales revenues of the companies in which it participates, which affects the dividends received. Regarding, this may have an impact on the Company's growth revenue and the change in profitability.

The poor performance of one or more subsidiaries could lead to the deterioration of the results on a consolidated basis. This is related to the price of the Company's shares since the market price of the shares reflects the business potential and assets of the economic Group as a whole.

Risks related to the Company's development strategy

The future profits and economic value of the Company depend on the plan chosen by the senior management team of the Company and its subsidiaries. Choosing the wrong strategy can lead to significant losses.

Eurohold Bulgaria AD controls the risk of strategic mistakes through continuous monitoring at the implementation of its marketing strategy and its results, which would be crucial for it to able to respond on time if a change is needed at some stage in the strategic development plan. Untimely or inappropriate changes to the strategy can also have a material adverse effect on the Company's performance, operating results and financial position.

Risks associated with the management of the Company

The risks associated with the control of the Company are the following:
- making wrong decisions about the day-to-day management of investments and liquidity, both by senior management and the Company's operational staff;
- the inability of the administration to start the implementation of planned projects or the lack of appropriate guidance for specific projects;
- possible technical errors of the unified management information system;
- potential failures of the internal control system;
- leaving key staff and inability to recruit staff with the required skills;
- the risk of excessive increases in management and administration costs leads to decreasing overall profitability of the Company.

Risks associated with attracting and retaining qualified staff

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

Eurohold's business depends to a large extent on the contribution of many individuals, members of the management and supervisory bodies, senior and middle-level managers of the parent company and subsidiaries of the core business lines. There is no certainty that these key employees will continue to work for Eurohold in the future. The success of the Company will also be related to its ability to retain and motivate these individuals. The inability of the Company to maintain sufficiently experienced and qualified personnel for managerial, operational and technical positions can harm the activity of the economic Group as a whole, its operational results, as well as its financial status.

Risks associated with future acquisitions and their integration into the structure

At present, Eurohold Holding Bulgaria's economic Group develops its operations mainly in Bulgaria and other countries such as Romania, Northern Macedonia, and Ukraine, Georgia, Russia, and others through acquisitions of companies and assets. Eurohold expects these acquisitions to continue. The Group intends to pursue a strategy of identifying and acquiring businesses, companies, and assets to expand its operations. The risk to Eurohold lies in the uncertainty about whether it will succeed in identifying suitable acquisition and investment opportunities in the future. On the other hand, there is uncertainty about the assessment of the profitability of future purchases of assets and whether they will produce comparable results with the investments made so far. Acquisitions and investments are also subject to some risks, including possible adverse effects on the performance of the business group as a whole, unforeseen events, as well as obligations and difficulties in integrating activities.

Financial risk

Financial risk is the additional uncertainty for the investor to generate income when the Company uses borrowed or borrowed funds. This further economic uncertainty adds to the business risk. Where part of the funds used by the firm to finance its business is in the form of loans or debt securities, payments for those funds are a fixed liability. The indicators of financial autonomy and financial indebtedness take into account the ratio between own and borrowed funds in the capital structure of the Company. The high level of the economic autonomy ratio, or the low level of the financial indebtedness ratio, is a kind of guarantee for investors that the Company can pay its long-term obligations regularly.

The effect of using borrowed funds (debt) to increase the ultimate net income attributable to shareholders is called financial leverage. The benefit of economic advantage is when the Company benefits from investing the attracted funds more than the costs (interest) of attracting them. The risk indicator, in this case, is the degree of financial leverage, which is expressed as the ratio of pre-interest income and taxes to pre-tax income, the so-called interest rate. The acceptable or "normal" degree of financial risk depends on the business risk. If there is a small business risk for the firm, then it can be expected that investors would be willing to assume higher financial risk and vice versa.

Currency risk

As a whole, Eurohold's activities on the territory of the Republic of Bulgaria do not generate currency risk due to the current currency board and the fixing of the national currency BGN to the euro since 1997. Currency risk exists for the investments of the Group, which are made outside the country. Investments for insurance business are made in Romania, Macedonia, Ukraine, Georgia, and Poland, as well as leasing destinations in Macedonia, where each of the countries has a freely convertible currency whose relative value to other currencies is determined by free finances these markets. A dramatic change in macro-framework of any of the countries where Eurohold through its subsidiaries is active can harm its consolidated results. In the end, however, the Company reports its consolidated financial results in Bulgaria, in Bulgarian leva, which in turn are pegged through a fixed exchange rate to the euro. On the other hand, the euro is also changing its value relative to other global currencies but is significantly less exposed to drastic fluctuations.

Interest rate risk

The increase in interest rates, on equal terms, would affect the cost of the financial resource used by the Company in the implementation of various business projects. It can also affect the amount of expenses of the Company since not a small part of the Company's liabilities are interest rates and their servicing is related to current interest rates.

Liquidity risk

Liquidity risk is related to the possibility of Eurohold Bulgaria AD not to repay the agreed amount and/or its liabilities when they become due. Having good financial indicators for a company's profitability and capitalization is not a guarantee for the smooth payment of current payments. Liquidity risk can also arise with delayed payments from customers.

Eurohold Bulgaria strives to minimize this risk through optimal cash flow management within the Group. The Group applies an approach that provides the necessary liquidity to meet the obligations incurred under ordinary or extraordinary conditions, without causing unacceptable losses or damaging the reputation of individual companies and the economic Group as a whole.

Companies make financial planning to meet the payment of expenses and current liabilities for a period of thirty days, including the servicing of financial commitments. This financial planning minimizes or eliminates the potential impact of emergencies.

The management of Eurohold supports the efforts of the subsidiaries in the Group to attract banking resources for investments and use the opportunities provided by this type of financing to provide working capital. The volumes of attracted funds are maintained at certain levels and are allowed after proving the cost-effectiveness of each Company.

Eurohold's management policy seeks to raise financial resources from the market in the form of equity securities (debt) and debt instruments (bonds) to invest in its subsidiaries by lending to them to finance their projects. The funds raised are also used to increase the capital of subsidiaries.

Market risk

Market risk is generally the risk of reducing the value of an investment based on current market conditions. Market risk can be defined as due to macroeconomic factors and includes units such as interest rate risk, currency risk and the risk of fluctuating inflation. For Eurohold Bulgaria AD, the market risk is related to the possibility of reducing the price of the traded financial instruments.

Credit risk

This is the risk arising from the Company's inability to meet its obligations under the borrowed funds. It is related to the timely, partial or total failure of the Company to repay its interest and principal on its borrowed funds. Credit risk also represents the risk of a counterparty not paying its debt to the Company. In this regard, the strict financial policies and control systems established by Eurohold's management team act as preventive measures against the downgrading of this rating and in favour of maintaining the current interest rates at which the Company finances its operations.

Risk of concentration

There is a risk of concentration, which represents the ability of the Company to incur losses due to the focus of financial resources in the business sector or related parties. This risk is due to the possibility that the invested funds may not be fully repaid due to the recession in the investee business.

Risk of Lack of liquidity

Liquidity risk is related to the possibility that Eurohold will not repay the agreed amount and/or its liabilities when they become due. Having good financial indicators for a company's profitability and capitalization is not a guarantee for the smooth payment of current payments. Liquidity risk can also arise with delayed payments from customers.

Eurohold Bulgaria strives to minimize this risk through optimal cash flow management within the Group. The Group applies an approach that provides the necessary liquidity to meet the obligations incurred under ordinary or extraordinary conditions, without causing unacceptable losses or damaging the reputation of individual companies and the economic Group as a whole.

Risk associated with investing in securities

When an individual or legal entity invests in the shares of a particular company, it inevitably assumes the risk of a possible collapse in the value of those shares. To a large extent, this depends on the management models and the long-term goals and plans of the offering joint-stock company. Minimizing this risk also depends on the level of diversification of the securities portfolio held by investors. Shareholders in the liquidation of a company are they are ranked among last persons entitled to a share of the residual assets.

Eurohold Bulgaria makes every effort to effectively and efficiently manage its subsidiaries financially, to maintain the current or increase the price of their shares, which are also traded on the Warsaw Stock Exchange's primary market. These efforts involve but are not limited to, hiring and motivating a highly qualified management team and organizing regular meetings for the evaluation and control of key employees and the results of their work. It can be concluded that the higher risk of investing in equities leads to a higher possible return, which is one of the basic rules in the economy.

Risks related to the holding structure of the Company

To the extent that Eurohold Bulgaria's business is related to the management of assets of other companies, it cannot be attributed to a separate sector of the national economy and is exposed to the sectoral risks of the subsidiaries listed below. Moreover, the impact of individual risks is proportional to the share of the respective industry in the structure of the Company's long-term investment portfolio.

Also, Eurohold's core activities are carried out through its subsidiaries, which means that its financial results are directly linked to the financial performance and development of its subsidiaries. The poor performance of one or more subsidiaries could lead to a deterioration in consolidated results. This is related to the price of Eurohold shares, which may change as a result of investors' expectations of the Company's prospects.

The presence of portfolio companies, whose net sales revenue is generated by products sold to other subsidiaries, puts the performance of the companies directly dependent on the level of profitability of the related party clients, which may negatively affect the profitability of the subsidiaries the whole Group.

Risk of possible transactions between group companies, terms of which differ from market ones, as well as dependence on the activities of the subsidiaries

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

The risk of possible transactions between the Group companies under conditions other than market ones entails the assumption of low profitability from the intra-group financing provided. Another risk that may be borne is that when making intra-group business transactions, not enough revenue will be generated, and hence a reasonable profit for the respective Company. At the consolidated level, this can harm the profitability of the whole Group.

Within the Company are ongoing transactions between the parent company and its subsidiaries and between the subsidiaries themselves, arising from the nature of their core business. All related party transactions are conducted on terms that are indistinguishable from reasonable market prices and following IAS 24.

Eurohold Bulgaria operates through its subsidiaries, which means that its financial results are directly dependent on the financial results, development, and prospects of the subsidiaries. One of Eurohold Bulgaria's main goals is to realize significant synergies between its subsidiaries as a consequence of the integration of the three business lines - insurance, leasing, and car sales. The poor performance of one or more subsidiaries could lead to a deterioration of the consolidated financial results. This has to do with Eurohold's stock price, which may change as a result of investors' expectations of the Company's outlook.

RISK MANAGEMENT

The elements through which the Group manages risks, are directly related to specific procedures for prevention and solving any problems in the operations of EuroHold in due time. These include current analysis in the following directions:

- Market share, pricing policy and marketing researches for the development of the market and the market share;
- Active management of investments in different sectors;
- Comprehensive policy in asset and liabilities management aiming to optimize the structure, quality and return on assets;
- Optimization of the structure of raised funds aiming to ensure liquidity and decrease of financial expenses for the group;
- Effective management of cash flows;
- Administrative expenses optimization, management of hired services;
- Human resources management.

Upon occurrence of unexpected events, the incorrect evaluation of current market tendencies, as well as many other micro- and macroeconomic factors could impact the judgment of management. The single way to overcome this risk is work with experienced professionals, maintain and update of fully comprehensive database on development and trends in all markets of operation.

The Group has implemented an integrated risk management system based on the Enterprise Risk Management model. The risk management process covers all the Group's organizational levels and is aimed at identifying, analyzing and limiting risks in all areas of the Group's operations. In particular, the Group minimizes insurance risk through proper selection and active monitoring of the insurance portfolio, matching the duration of asset and liabilities as well as minimizing F/X exposure. An effective risk management system allows the Group to maintain stability and a strong financial position despite the ongoing crisis on the global financial markets.

Risk management in the Group aims to:

- identify potential events that could impact the Group's operations in terms of achieving business objectives and achievement related risks;
- manage risk so that the risk level complies with the risk appetite specified and accepted by the Group;
- ensure that the Group's objectives are attained with a lower than expected risk level

Date: 31 August 2020

Asen Minchev,

Executive Member of the Management Board

Eurohold Bulgaria AD
Interim separate statement of profit or loss and other comprehensive income
for the First Half of 2020

	Notes	30.06.2020 BGN '000	30.06.2019 BGN '000
Revenue from operating activities			
Dividend income	*3*	547	669
Gains from sale of investments and subsequent revaluation	*4*	777	266
Interest income	*5*	-	349
Other financial revenue	*6*	1 507	5
		2 831	**1 289**
Expenses on operating activities			
Interest expenses	*7*	(8 120)	(7 768)
Losses on sale of investments and subsequent revaluation	*8*	(4)	(34)
Other financial expenses	*9*	(204)	(300)
Hired services expenses	*10*	(1 228)	(769)
Salaries and related expenses		(292)	(257)
Depreciation	*13.1, 13.2*	(342)	(15)
(Expenses) / Revenue from impairment of financial assets, net	*11*	(18)	-
		(10 208)	**(9 143)**
Profit / (Loss) from operating activities		**(7 377)**	**(7 854)**
Other revenue/(expenses),net	*12*	140	236
Net Profit /(Loss)		**(7 237)**	**(7 618)**
Other comprehensive income		**-**	**-**
Total comprehensive income for the period		**(7 237)**	**(7 618)**

Prepared by: Signed on behalf of BoD: Procurator:

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

31.08.2020

These separate financial statements have been approved from the Board of Directors of Eurohold Bulgaria AD. The notes are an integral part of the separate financial report.

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

	Notes	30.06.2020 BGN '000	31.12.2019 BGN '000
ASSETS			
Non-current assets			
Property, machinery and equipment	*13.1*	2 453	2 793
Intangible assets	*13.2*	15	14
		2 468	**2 807**
Investments			
Investments in subsidiaries and other companies	*14*	**584 458**	**581 007**
Current assets			
Related parties' receivables	*16*	420	651
Other receivables	*17*	1 380	1 359
Cash and cash equivalents	*18*	192	138
		1 992	**2 148**
TOTAL ASSETS		**588 918**	**585 962**

These separate financial statements have been approved from the Board of Directors of Eurohold Bulgaria AD. The notes are an integral part of the separate financial report.

Eurohold Bulgaria AD
Interim separate statement of financial position (continued)
as at 30 June 2020

	Notes	30.06.2020 BGN '000	31.12.2019 BGN '000
EQUITY AND LIABILITIES			
Equity			
Share capital	*18.1*	197 526	197 526
Share premium	*18.2*	49 568	49 568
General reserves	*18.2*	7 641	7 641
Retained earnings		65 720	80 351
Profit / (Loss) for the year		(7 237)	(14 631)
Total equity		**313 218**	**320 455**
Non-current liabilities			
Interest-bearing loans and borrowings	*19*	20 525	25 531
Bond liabilities	*20*	134 097	135 768
Non-current related parties' liabilities	*21*	1 521	1 538
Other non-current liabilities	*22*	1 793	2 152
		157 936	**164 989**
Current liabilities			
Interest-bearing loans and borrowings	*19*	47 400	42 639
Bond liabilities	*20*	5 121	755
Trade payables	*23*	1 228	1 799
Related parties liabilities	*24*	62 597	53 955
Other current liabilities	*25*	1 418	1 370
		117 764	**100 518**
Total liabilities		**275 700**	**265 507**
TOTAL EQUITY AND LIABILITIES		**588 918**	**585 962**

Prepared by: Signed on behalf of BoD: Procurator:

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

31.08.2020

Eurohold Bulgaria AD
Interim separate statement of cash flows
for the First Half of 2020

	Notes	30.06.2020 BGN '000	30.06.2019 BGN '000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before tax		**(7 237)**	**(7 618)**
Adjusted for:			
Depreciation		342	15
Interest income	*5*	-	(349)
Interest expenses	*7*	8 120	7 768
Dividend income	*3*	(547)	(669)
(Gains)/ Losses from sale of investments, net		(193)	(189)
(Gains)/ Losses from revaluation of investments, net		(666)	-
Foreign exchange differences		(1 447)	277
(Expenses for)/reintegration of impairment of financial assets, net		18	-
Adjustments in working capital:			
Change in trade and other receivables		210	(878)
Change in trade and other payables, other adjustments		(152)	251
Net cash flows from operating activities		**(1 552)**	**(1 392)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(3 451)	(11 359)
Proceeds from sale of investments		-	-
Borrowings granted		-	(993)
Proceeds/ (payments) of borrowings		-	1 384
Proceeds from interests on loans		-	1 090
Dividends received		547	669
Other cash receipts/ payments from investing activities		(3)	-
Net cash used by investing activities		**(2 907)**	**(9 209)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		18 731	21 105
Repayments of loans		(11 644)	(6 004)
Interest and commissions paid		(2 170)	(2 578)
Lease payments		(400)	(11)
Dividends paid		-	-
Other cash receipts/ payments from financing activities		(4)	(2 012)
Net cash generated/(used) by financing activities		**4 513**	**10 500**
Net increase/(decrease) in cash and cash equivalents		**54**	**(101)**
The effect of IFRS 9		**-**	**-**
Cash and cash equivalents at the beginning of the year	*18*	138	282
Cash and cash equivalents at the end of the period	*18*	**192**	**181**

Prepared by: Signed on behalf of BoD: Procurator:

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

31.08.2020

Eurohold Bulgaria AD
Interim separate statement of changes in equity
as at 30 June 2020

	Share capital BGN '000	General reserves BGN '000	Share premium BGN '000	Retained earnings BGN '000	Total Equity BGN '000
Balance as at 31 December 2018	**197 526**	**7 641**	**49 568**	**83 053**	**337 788**
Adjustment upon initial application of IFRS 16	-	-	-	*(159)*	***(159)***
Error correction	-	-	-	*(74)*	***(74)***
Balance as at 1 January 2019 (recalculated)	**197 526**	**7 641**	**49 568**	**82 820**	**337 555**
Loss for the year	-	-	-	(14 631)	**(14 631)**
Dividends	-	-	-	(2 469)	**(2 469)**
Balance as at 31 December 2019	**197 526**	**7 641**	**49 568**	**65 720**	**320 455**
Balance as at 1 January 2020	**197 526**	**7 641**	**49 568**	**65 720**	**320 455**
Loss for the period	-	-	-	(7 237)	**(7 237)**
Dividends	-	-	-	-	-
Balance as at 30 June 2020	**197 526**	**7 641**	**49 568**	**58 483**	**313 218**

Prepared by: Signed on behalf of BoD: Procurator:

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

31.08.2020

Notes to the Interim Separate Financial Statement for the First Quarter of 2020

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

1. INFORMATION ABOUT THE GROUP

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

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

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

The governing bodies of the company are: the general meeting of shareholders, the supervisory board /two-tier system/ and the management board comprising the following members as at 30.06.2020:

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

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

As at 30.06.2020, the 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 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 Company's internal control, risk management and financial reporting system.

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

1.1. Scope of Activities

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

1.2. Types of Activities

As a holding company with a main activity of acquisition and management of subsidiaries, Eurohold Bulgaria AD performs mainly financial activities.

The companies within the issuer's portfolio operate on the following markets: insurance, leasing, finance and automobile.

Insurance and Health Insurance line:
- Insurance services
- Health insurance services
- Life insurance services

Leasing line:
- Leasing services
- Car rentals

Financial line:
- Investment intermediation

Automobile line:
- Sales of new cars
- Car repairs

Energy line: Currently, the energy line companies are not active.

2. SUMMARY OF THE GROUP'S ACCOUNTING POLICY

2.1. Basis for Preparation of the Financial Statement

The separate financial statement of Eurohold Bulgaria AD is prepared in compliance with International Financial Reporting Standards (IFRS), issued and published by the International Accounting Standards Board (IASB) and adopted by the Commission of the European Union (EU). For the purposes of paragraph 1, point 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.

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

The separate financial statement has been prepared on a going concern basis.

As a holding company, Eurohold Bulgaria does not carry out regular business activities.

ACCOUNTING POLICY

2.2. General point

The most significant accounting policies applied in the preparation of the separate annual financial statement are set out below.

The separate annual financial statement is prepared in accordance with the principles for valuation of all IFRS assets, liabilities, income and expenses. The valuation bases are disclosed in details below in the accounting policies of those separate financial statement.

2.3. Accounting Assumptions and Accounting Estimates

The presentation of the non-consolidated financial statement in accordance with International Financial Reporting Standards requires management to make the best estimates, accruals and reasonable assumptions that affect the reported amounts of assets and liabilities, income and expense and disclosure of contingent receivables; liabilities at the reporting date. These estimates, accruals and assumptions are based on the information available at the date of the unconsolidated financial statement, which is why the future factual results could be different from them (as in a financial crisis, uncertainties are more significant).

2.4. Presentation of the financial statement

The financial statement is presented in accordance with IAS 34 Interim Financial Reporting. This follows the same accounting policy and calculation methods as in the last annual financial statement as at 31.12.2019.

Two comparative periods are presented in the statement of financial position when the Company applies the accounting policy retrospectively, recalculates the positions in the financial statements retrospectively; or reclassify items in the financial statements and this has a material effect on the information in the statement of financial position at the beginning of the previous period.

2.5. Functional and Reporting Currency

The Bulgarian Lev (BGN) is the functional and reporting currency of the company. The data presented are in thousands BGN (000'BGN) (including the comparative information for 2019), unless otherwise specified. Since 1 January 1999, the Bulgarian Lev is pegged to the EURO at the exchange rate: BGN 1,95583 for EUR 1.

Upon initial recognition, a foreign currency transaction is recorded in the functional currency by applying to the amount in foreign currency the exchange rate at the time of the transaction or operation. Cash, receivables and payables denominated in foreign currency are reported in the BGN equivalent on the basis of the exchange rate as at the date of the operation and are revaluated on quarter and annual basis using the official exchange rate of the Bulgarian National Bank on the last working day of the quarter/year.

Non-monetary reporting items of the separate statement of financial position that have been initially denominated in foreign currency are stated in the functional currency by applying the historical exchange rate as at the date of the operation and are not subsequently revaluated at the closing exchange rate.

The effect of foreign exchange losses and gains related to the settlement of business transactions in foreign currency or the reporting of business transactions at exchange rates different from those that have been initially recognized is stated in the separate statement of profit or loss and other comprehensive income at the time of occurrence thereof under Other financial revenue/(expenses)

2.6. Consolidated financial statement of the Company

The company has begun the process of preparing its interim consolidated report for the first quarter of 2020 in accordance with the current IFRS, which report will also include the current non-consolidated report. According to the planned dates, the management expects an interim consolidated report to be approved for issuance no later 30.09.2020 from the board of Directors of the company, after which date the report will be available to third parties.

2.7. Investments in subsidiaries, associates and joint ventures

A subsidiary is a company that is subject to the control of the Company as an investor. Having control means that the investor is exposed to or has rights to the variable return of its shareholding in the investee and is able to influence this return by means of its powers over the investee. Long-term investments, being shares in subsidiaries, are stated in the separate financial statements at acquisition price (cost), which is the fair value of paid consideration, including the direct expenses for acquisition of the investment.

These investments are not traded at stock exchanges.

The investments in subsidiaries held by the Company are subject of impairment review. Upon finding conditions for impairment, it is recognized in the separate statement for profit or loss and other comprehensive income as financial expense.

Upon purchase and sale of investments in subsidiaries, the "date of entering into" the transaction applies.

Investments are derecognized upon transferring the pertaining rights to other entities upon occurrence of legal grounds to this effect thus losing the control over the economic benefits from the investments. The revenue from their sales is stated in "financial revenue" or "financial expenses", respectively, in the separate financial statement for profit or loss and other comprehensive income.

The companies in which the company holds between 20% and 50% of the voting rights and may significantly affect, but not perform control functions, are considered associated companies.

Investments in associates are accounted for by applying the equity method. By the equity method, the investment in an associate is accounted for in the non-consolidated statement of financial position at acquisition cost, plus changes in the share of net assets of the associate after acquisition. Goodwill associated with an associate is included in the carrying amount of the investment and is not depreciated.

The investments in associates and other companies held by the Company are subject of impairment review . Upon finding conditions for impairment, it is recognized in the separate statement for profit or loss and other comprehensive income.

Investments in associates and other companies are derecognized upon transferring the pertaining rights to other entities upon occurrence of legal grounds to this effect thus losing the joint control over the economic benefits from the investments.

The revenue from their sale is stated under the item Gains from financial operations, or under the item Losses from financial operations, respectively, in the separate financial statement for profit or loss and other comprehensive income.

2.8. Income

Revenue in the Company is recognized at an amount that reflects the remuneration the Company expects to be entitled to in exchange for the goods or services transferred to the customer.

To determine whether and how to recognize revenue, the Company uses the following 5 steps:

1. Identify the contract with a client;
2. Identify performance obligations;
3. Determining the transaction price;
4. Distribution of the transaction price to the execution obligations;
5. Recognition of revenue upon satisfaction of performance obligations.

Revenue is recognized either at any time or over time when or until the Company satisfies the performance obligations, transferring the promised goods or services to its customers.

The Company recognizes as contract liabilities remuneration received in respect of unmet performance obligations and presents them as other liabilities in the separate statement of financial position. Similarly, if the Company meets a performance obligation before receiving the remuneration, it recognizes in the separate statement of financial position either as asset under the contract or receivable, depending on whether or not something other than a specified time is required to receive the remuneration.

Dividend incomes are recognized upon certifying the right to obtain them.

Eurohold Bulgaria AD generates financial income mainly from the following activities:

- Income from operations with investments;
- Gains from financial operations;
- Income from dividends;
- Income from loan interest granted to subsidiaries and third parties;
- Income from Services granted to subsidiaries.

2.9. Expenses

Expenses are recognized at the time of occurrence thereof and on the accrual and comparability principles.

Administrative expenses are recognized as expenses incurred during the year and are relevant to the management and administration of the company, including expenses that relate to the administrative staff, officers, office expenses, and other outsourcing.

Deferred expenses (prepaid expenses) are carried forward for recognition as current expenses for the period in which the contracts they pertain to are performed.

Financial expenses include: expenses incurred in relation to investment operations, negative differences from financial instruments operations and currency operations, expenses on interest under granted bank loans and obligatory issues, as well as commissions.

Other operating income and expenses include items of secondary character in relation to the main activity of the Company.

2.10. Interest

Interest income and expenses are recognized in the separate sstatement of profit or lost and other comprehensive income using the effective interest rate method. The effective interest rate is the rate for discounting the expected cash payments and proceeds during the term of the financial asset or liability up to the net book value of the respective asset or liability. The effective interest rate is calculated upon the initial recognition of the financial asset or liability and is not adjusted subsequently.
The calculation of the effective interest rate includes all received or paid commissions, transaction costs, as well as discounts or premiums, which are an integral part of the effective interest rate. Transaction costs are the inherent costs directly attributable to the financial asset or liability acquisition, issue or derecognition.

The interest income and expenses stated in the separate statement of profit or lost and other comprehensive income include interest recognized on the basis of effective interest rate under financial assets and liabilities carried at amortized value.

2.11. Fees and Commissions

Fees and commissions costs, which 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 fees and commissions incomes, including logistic services fees, insurance and other intermediation fees, are recognized upon providing the respective services.

The other fees and commissions cost relevant mainly to banking services are recognized upon receipt of the respective services.

2.12. Taxes

Income Tax
The current tax includes the tax amount, which should be paid over the expected taxable profit for the period on the basis of the effective tax rate or the tax rate applicable on the day of preparation of the separate statement of financial position and all adjustments of due tax for previous years.

The company calculates the income tax in compliance with the applicable legislation.

The income tax is calculated on the basis of taxable profit after adjustments of the financial result in accordance with the Corporate Income Tax Act.

Current income taxes are defined in compliance with the Bulgarian tax legislation – the Corporate Income Taxation Act. The nominal tax rate for 2020 is 10% of the taxable profit (2019: 10%).

Deferred Tax
Deferred tax is calculated using the balance sheet method for all temporary differences between the net book value as per the financial statements and the amounts used for taxation purposes.

The deferred tax is calculated on the basis of the tax rate that is expected to be effective upon the realization of the asset or the settlement of the liability. Deferred tax assets and liabilities are not discounted.

Deferred tax liabilities are recognized in full.

Deferred tax assets are recognized only if it is probable that they will be utilized through future taxable income.

Deferred tax assets and liabilities are offset only when the Company has the right and intention to offset current tax assets or liabilities from the same tax institution.

The effect from changes in the tax rates on the deferred tax is reported in the separate statement of profit or lost and other comprehensive income, except in cases when it concerns amounts, which are earlier accrued or reported directly in equity. Based on IAS 12, Income Taxes, the Company recognizes only the portion of a current tax asset or liability from the acquisition or sale of financial instruments for which the Company expects to realize a reverse benefit in the foreseeable future, or does not control the timing of the reverse benefit. The Company's policy applies equally to each class of financial instruments.

VAT
Eurohold Bulgaria AD has a VAT registration and charges 20% tax upon delivery of services.

At the date of preparation of those annual separate financial statement in connection with the conclusion of a real estate (office) lease located in London, United Kingdom, the Company is in the process of VAT registration in that country

Withholding tax
Pursuant to the Corporate Income Tax Act, payment of incomes to foreign individuals or legal entities is subject to withholding tax within the territory of the Republic of Bulgaria. Withholding tax is not due provided the foreign legal entity has proved grounds for application of the Agreements for Avoidance of Double Taxation before tax rate or applicable tax rate on the day of expiration of the tax payment term.

2.13. Fixed Assets

2.13.1 Property, plant and equipment, right-of-use assets

2.13.1.1 Property, plant and equipment

Property, plant and equipment (fixed tangible assets) are measured at acquisition cost, less the amount of accrued amortization and possible impairment losses.

The company has fixed value capitalization threshold to BGN 700, under which acquired assets, regardless if they have the characteristics of fixed assets, are reported as current expenses at the time of acquisition thereof.

Initial Acquisition
Fixed tangible assets are initially measured:

- at acquisition cost, which includes purchase price (including duties and nonrefundable taxes) and all direct costs for bringing the asset into working condition according to its purpose: for assets acquired from external sources;
- at fair value: for assets obtained as a result of a charitable transaction;
- at evaluation approved by the court and all direct costs for bringing the asset into working condition according to its purpose – for assets acquired as a contribution of physical assets.

Borrowing costs directly related to acquisition, construction or production of eligible assets are included in the acquisition cost (cost) of this asset. All other borrowing costs are reported on current basis in the profit or loss for the period.

Subsequent measurement
The approach chosen by the Company for the subsequent measurement of machines and equipment is the cost model under IAS 16 - historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenses
Subsequent costs associated with an item of property, plant and equipment are added to the carrying amount of the asset when it is probable that the Company will have economic benefits that exceed the initially estimated effectiveness of the existing asset. All other subsequent expenses are recognized as an expense for the period in which they are incurred.

The residual value and useful lives of property, plant and equipment are evaluated by management at each reporting date.

Sales profits and loss

Upon sales of fixed assets, the difference between the net book value and the sales price of the asset is reported as profit or loss in the statement of profit or lost and other comprehensive income, in item "Other revenue/(Expenses), net".
Fixed tangible assets are derecognized from the statement of financial position upon sale or when the asset is finally decommissioned and no further economic benefits are expected after derecognition.

2.13.1.2. Right-of-use assets

The Company presents the right-to-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. Intangible assets

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

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

Subsequent costs arising from intangible assets after initial recognition are recognized in profit or loss and other comprehensive income for the period in which they occur, unless the asset is able to generate more than the projected future economic benefits and when these costs can be reliably estimated and attributed to the asset. If these conditions are met, the cost is added to the cost of the asset.

The Company 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.

The carrying amount of intangible assets is reviewed for impairment when there are events or changes in circumstances that indicate that the carrying amount could exceed their recoverable amount.

The gain or loss on sale of intangible assets is determined as the difference between the proceeds from the sale and the carrying amount of the assets and is recognized in the statement of profit or loss and other comprehensive income in the line Other income / (Expenses), net.

2.13.3. Depreciation Methods

The company applies the straight-line method of depreciation. Depreciation of assets begins from the month following the month of acquisition thereof. Land and assets in process of construction are not depreciated.

The useful life by groups of assets depends on: the usual wear and tear, equipment specificity, future intentions for use and the probable moral aging.

The estimated useful lives by groups of assets are as follows:

Buildings	25 years
Machinery and equipment	3–10 years
Vehicles	4–6 years
Fixtures and fittings	3–8 years
Computers	2–3 years
Software	2 years
Right-of-use-assets	over the shorter of the asset's life and the lease term on a straight line basis

2.13.4. Impairment

In calculating the amount of impairment, the Company defines the smallest identifiable group of assets for which individual cash flows (a cash-generating unit) can be determined. As a result, some assets are subject to an impairment test on an individual basis, while others are subject to a cash-generating unit.

All cash-generating assets and units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment when events or changes in circumstances indicate that their carrying amount cannot be recovered.

Net book values of fixed tangible and intangible assets are subject to review for impairment, when events or changes in circumstances have occurred, which evidence that the net book value might permanently differ from their recoverable amount. If there are indicators that the estimated recoverable value is less than their net book value, the latter is adjusted up to the recoverable value of assets.

An impairment loss is recognized as the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is higher than the fair value less costs to sell of an asset and its value in use.

Impairment losses are recognized as expense in the separate statement of profit or lost and other comprehensive income during the year of occurrence thereof.

Impairment losses on a cash-generating unit are stated in a decrease in the carrying amount of that unit's assets. For all assets of the Company, management subsequently assesses whether there is any indication that the 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.

2.14. Lease

The company as a lessee

The company assesses whether the contract constitutes or contains elements of leasing if, under this contract, the right to control the use of an asset for a certain period of time is transferred for remuneration. Leasing is defined as "a contract or part of a contract that bears the right to use the asset (the underlying asset) for a period of time in return for payment." To apply this definition, the Company evaluates whether the contract meets three key evaluations that it has given:

- The contract contains a specific asset that is either explicitly identified in the contract or implicitly stated, being identified when the asset is made available to the Company;
- The Company is entitled to receive substantially all the economic benefits from the use of the specified asset over the entire period of use, taking into account its rights within the defined scope of the contract;
- The Company has the right to direct the use of the designated asset throughout the period of use. The Company assesses whether it is entitled to direct the "how and for what purpose" of the asset to use throughout the period of use.

If it is found that the lease agreement recognizes the Company as an asset with a right of use and a corresponding obligation at the date on which the leasing asset is available for use by the Company.

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.

The company has elected not to reassess whether a contract is, or contains a lease at the date of initial application. For contracts entered into before 01.01.2019 the Company relied on its assessment made applying IAS 17 and *Interpretation 4 Determining whether an Arrangement contains a Lease*.

Accounting for operating leases with a remaining lease term of less than 12 months as short-term leases. The costs are present as a hire service costs.

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 Company under guarantees of residual value;
- the cost of exercising a purchase option if the Company has reason to exercise that option, and
- payments of penalties for termination of the lease if the lease term reflects the fact that the Company 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 Company 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 this interest rate cannot be directly determined, the lessee's differential interest rate is used, which is the rate that the individual lessee would have to pay to obtain the funds needed to obtain an asset of similar value to an asset with a usable interest in similar economic environment with similar conditions, security and conditions.

The Company 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 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 - UK
Incremental borrowing rate	4,05 %	1,31 %

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

The company as a lessor

Classification of leases

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 agreement.

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 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 may 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 the realization of the residual value.

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

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

Classification of sublease contracts
A transaction in which the underlying asset is leased out by a lessee (the "intermediate lessor") to a third party and the lease agreement (the "principal lease") between the principal and the lessee remains in effect. In the classification of leasing contracts, the intermediate lessor classifies the leasing contract as a finance lease or an operating lease according to the following:

(a) if the principal lease is a short-term lease that the entity, as lessee, has reported using the exemption requirements, the sublease agreement is classified as an operating lease;

(b) in all other cases, the sublease agreement is classified according to the rights of use arising from the underlying lease and not depending on the underlying asset.

Operating lease

Recognition and evaluation
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 reduced.

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 recognized as an expense on the lease term on the same basis as the lease income.

Changes to the lease contract
The lessor considers the change in an operating lease as a new lease from the effective date of the change, taking into account any advance or accrued lease payments 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.

Operating lease income, when the company is a lessor, is recognized as income on a straight-line basis over the term of the lease. The Company did not require adjustments in accounting for the assets held as lessor as a result of the adoption of the new leasing standard. Eurohold Bulgaria AD does not have any assets for financial lease.

2.15. Employment Benefits

Other long-term employee benefits

Defined contribution plans
Defined contribution plan is a plan for post-employment benefits in accordance with which the Company pays contributions to another person and does not have any legal or constructive obligations to make further payments. The Bulgarian government is responsible for providing pensions under the defined contribution plans. The company’s engagement costs for transferring contributions under defined contribution plans are recognized currently in profit and loss.

Defined benefit plans
These are post-employment benefit plans other than defined contribution plans. The net payable of the Company with regard to defined benefit plans is calculated by estimating the amount of future benefits the employees are entitled to in return for their services during the current and previous years; and these benefits are discounted in order to define their present value.

The Company has the obligation to pay retirement benefits to those of its employees who retire in compliance with the requirements of article 222, § 3 of the Labour Code (LC) in Bulgaria. In accordance with these provisions of the LC, upon termination of the employment agreement of an employee who is entitled to pension, the employer pays them compensation in the amount of two monthly gross salaries. Provided the worker or employee has 10 or more years' length of service as at the date of retirement, such compensation is in the amount of six-monthly gross salaries. As at the date of the separate statement of financial position, the Company measures the approximate amount of potential expenses for all employees by using the estimate credit units.

Retirement benefits

Retirement benefits are recognized as an expense when the Company has clear engagements, without actual opportunity to withdraw, with an official detailed plan either for termination of employment relations before the normal retirement date, or for payment of compensation upon termination as a result of proposal for voluntary retirement.

Benefits upon voluntary retirement are recognized as an expense if the Company has made an official proposal for voluntary termination and the offer would be probably accepted, and the number of employees who has accepted the offer may be reliably measured. If compensations are payable for more than 12 months after the end of the reporting period, they are discounted up to their present value.

Short-term employee benefits

Payables for short-term employee benefits are measured on non-discounted basis and are stated as an expense when the related services are provided. Liability is recognized for the amount that is expected to be paid as a short-term bonus in cash or profit distribution plans, provided the Company has legal or constructive obligation to pay such amount as a result of previous services rendered by an employee, and such obligation may be reliably measured.

The company recognizes as payable the non-discounted amount of measured paid annual leave expenses that are expected to be paid to the employees in return of their services for the past reporting period.

2.16. Financial Instruments

2.16.1. Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company 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, canceled or expires.

2.16.2. Classification and initial measurement of the financial instrument

Initially, financial assets are carried at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not contain a material financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted for transaction costs, which are reported as current expenses. The initial measurement of trade receivables that do not contain a material financial component represents the transaction price under IFRS 15.

Depending on the method of subsequent reporting, financial assets are classified in 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 of profit or loss, whether debt or equity.

The classification of financial assets is determined on the basis of the following two conditions:

- the business model of the Company for the management of financial assets;
- the characteristics of the contractual cash flows of the financial asset.

All income and expenses related to financial assets that are recognized in profit or loss are included in financial expenses, financial income or other financial positions, except for the impairment of trade receivables, which is presented in the line (Accrued) / recovered loss from impairment of financial assets, net in the statement of profit or loss and other comprehensive income.

2.16.3. Subsequent measurement 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 at fair value through profit or loss:

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

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. Discounting is not done when its effect is insignificant. The Company classifies in this category cash and cash equivalents, trade and other receivables, as well as listed and unlisted bonds, which have previously been classified as held-to-maturity financial assets in accordance with IAS 39.

Trade receivables

Trade receivables are amounts owed by customers for goods or services sold in the ordinary course of business. They are usually due for settlement in the short term and are therefore classified as current. Trade receivables are recognized initially at the amount of the unconditional remuneration, unless they contain significant components of financing. The Company holds trade receivables to collect contractual cash flows and therefore measures them at amortized cost using the effective interest method. Discounting is not done when its effect is insignificant.

Financial assets at fair value through profit or loss

Financial assets for which a contractual "cash flow business model" or a "held-for-sale business model" is not applicable, as well as financial assets whose contractual cash flows are not solely principal and interest payments, are accounted for at fair value through profit or loss. All derivative financial instruments are reported in this category except those that are designated and effective as hedging instruments and to which the 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 by quoted prices in an active market or by using valuation techniques in the absence of an active market.

2.16.4. 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 that fall 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 financial 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.

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.

2.16.5. Classification and measurement of financial liabilities

Financial liabilities include loans, payables to suppliers and other counterparties.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs, unless the Company 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 at fair value through profit or loss (except for derivative financial instruments that are designated and effective as hedges tool).

Financial liabilities are recognized over the period of the loan with the amount of proceeds received, the principal less transaction costs. In subsequent periods, financial liabilities are measured at amortized cost equal to the capitalized value when the effective interest rate method is applied. In the separate financial statement of profit or loss and other comprehensive income, borrowing costs are recognized over the period of the loan.

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

2.16.6. Securities sale and repurchase agreements

Securities can be rented or sold with a commitment to repurchase them (repo). These securities continue to be recognized in the statement of financial position when all material risks and rewards of ownership remain at the expense of the Company. In this case, a liability to the other party to the contract is recognized in the statement of financial position when the Company receives cash consideration.

Similarly, when the Company borrows or purchases securities with a commitment to repurchase them (reverse repo), but does not acquire the risks and rewards of ownership of the transactions, the transactions are treated as collateralised loans when the cash consideration is paid. Securities are not recognized in the statement of financial position.

The difference between the sale price and the redemption price is recognized by installments over the period of the contract using the effective interest method. Leased-in securities continue to be recognized in the statement of financial position. Hired securities are not recognized in the statement of financial position unless they are sold to third parties, where the redemption obligation is recognized as a trade liability at fair value and the subsequent profit or loss is included in the net operating result.

2.17. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, current accounts and short-term deposits, including repos at banks whose original maturity is up to 3 months. For the purposes of the separate statement of cash flows, bank deposits are analyzed and presented in compliance with the Company’s purposes and intentions for earning therefrom, as well as the actual maintained duration of investing in such type of deposits.

2.18. Equity and reserves

Equity is presented at its nominal value pursuant to the court decisions for its registration.

The premium reserve includes premiums earned on the initial equity issue. All costs related to the issue of shares are deducted from the paid-in capital, net of tax relief.

Other reserves include statutory reserves, general reserves.

In accordance with the requirements of the Commerce Act and the Articles of Association, the Company is obliged to establish a Reserve Fund and the sources of such fund may be as follows:

- At least one tenth of the profit being allocated until the fund amount reaches one tenth or bigger part of the capital as set out in the Articles of Association;
- The received funds exceeding the nominal value of shares upon issue thereof (premium reserve);
- Other sources as set out by resolution of the general meeting.

The funds may be used for covering annual losses or losses from previous years only. When the fund reaches the minimum amount as set out in the Articles of Association, the excess may be used for capital increase.

Retained earnings include current financial results and accumulated profits and uncovered losses from previous years.

Dividend payment obligations to shareholders are included in the line Other short-term liabilities in the statement of financial position when the dividends are approved for distribution by the general meeting of shareholders before the end of the reporting period.

All transactions with the owners of the Company are presented separately in the statement of changes in equity.

2.19. Earnings per share

The basic earnings per share are calculated by dividing the net profit or loss for the period that is subject to distribution among shareholders – holders of ordinary shares, by the average weighted number of ordinary shares held during the period.

The average weighted number of shares is the number of ordinary shares held at the beginning of the period adjusted with the number of redeemed ordinary shares and the number of newly issued shares multiplied by the average time factor. Such factor expresses the number of days in which the respective shares have been held towards the total number of days during the period.

Upon capitalization, bonus issue or fractioning, the number of outstanding ordinary shares until the date of such event is adjusted to reflect the proportionate change in the number of outstanding ordinary shares as if the event has occurred at the beginning of the earliest period presented.

Earnings per shares with decreased value are not calculated as no potential shares with decreased value are issued.

2.20. Liability Provisions

Provisions are recognized when it is probable that current liabilities resulting from a past event will result in an outflow of resources from the Company 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 Company 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 an outflow of economic resources is unlikely to occur as a result of a current liability, a liability is not recognized. Contingent liabilities should subsequently be measured at the higher value between the comparable provision described above and the initially recognized amount, less accumulated depreciation.

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

2.21. Judgements that are crucial for the application of the Company’s accounting policy. Key estimates and assumptions with high uncertainty.

2.21.1. Significant management judgments in applying accounting policies

The management's significant judgments in applying the Company's accounting policies that have the most significant effect on the financial statements are set out below:

Deferred tax assets
The assessment of probability for future taxable income for the utilization of deferred tax assets is based on the last approved budget forecast adjusted with regard to material untaxable income and expenses and specific restrictions for carrying forward unused tax losses or credits. If a reliable estimate for taxable income suggests the probable use of deferred tax asset, in particular in case the asset may be used without time limit, then the deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to specific legal or economic restrictions or uncertainty should be judged by the management on case by case basis on the grounds of specific facts and circumstances.

On the basis of this approach and applying high level of conservatism, the management has judged not to recognize deferred tax asset for tax losses to be carried forward to the separate financial statement for the first quarter of 2020.

Debt instruments measured at amortized cost
Management's analysis and intentions are endorsed by the debt-holding business model, which is eligible to receive principal and interest payments only and the assets are held until the contractual cash flows of the bonds, which are classified as debt instruments, have been measured at amortized cost. This decision is consistent with the current liquidity and capital of the Company.

Leases
In accordance with IFRS 16 Leases, management classifies sublease contracts as operating leases. In some cases, the lease transaction is not straightforward and management assesses whether the contract is a finance lease in which all material risks and rewards of ownership are transferred to the lessee or an operating lease, where substantially all the risks and rewards of ownership are transferred the underlying asset.

2.21.2. Uncertainty of accounting estimates

In preparing of the financial statement, 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, may be fully consistent with previously estimated results.

In preparing the presented separate annual financial statements, the management's significant judgments in applying the accounting policies of the Company and the main sources of uncertainty of the accounting estimates do not differ from those disclosed in the annual financial statement of the Company as at 31 December 2019.

Impairment of investments in subsidiaries
The amount with which the book value of an asset or a cash flow generating unit exceeds their replacement cost, which is the higher of the fair value less the sale cost of an asset, and its value in use, is recognized as impairment loss. For the purposes of defining the value in use, the Company’s management calculates the expected future cash flows per cash flow generating unit and defines an appropriate discount factor for the

purposes of calculating the present value of these cash flows. Upon calculating the expected future cash flows, the management makes assumptions about the future gross profits. These assumptions are related with future events and facts. The actual results may differ and require significant adjustments in the Company's assets during the next reporting year.
In most cases, when defining the applicable discount factor, an assessment of appropriate adjustments with regard to the market risk and the risk factors inherent to different assets should be made.

The Company uses external appraisals to determine the fair values of investments in subsidiaries for each calendar year. The Company have not recognized impairment losses on investments in subsidiaries in 2019 and First Half of 2020.

Impairment of borrowings and receivables
The Company uses an adjustment account to report the impairment of difficultly collectible and uncollectible receivables from counterparties. The management judges the adequacy of this impairment on the basis of age analysis of receivables, previous experience about the level of derecognition of uncollectible receivables, and analysis of the counterparty's solvency, amendments of contractual payment terms and conditions, etc. If the financial position and performance of the counterparties become worse than the expected, the value of receivables that should be derecognized during the next reporting periods may be higher than the one expected as at the reporting date.

Fair value of financial instruments
The management uses techniques to measure the fair value of financial instruments if here are no quoted prices at active market. Detailed information about the assumptions used are presented in the explanatory notes to the financial assets and liabilities. When applying assessment techniques, to the maximum extent, the management uses market data and assumptions that market stakeholders would assume upon assessing a financial instrument. In case there are no applicable market data, the management uses its best estimate of assumptions that the market stakeholders would make. These assessments may differ from the actual prices that would be defined in an arm's length transaction between informed and willing parties at the end of the reporting period.

2.22 Financial risk management

Factors Determining Financial Risk
In the implementation of its activity, the Company is exposed to diverse financial risks: market risk (including currency risk, risk from change of financial instruments fair value under the impact of market interest rates and price risk), credit risk, liquidity risk and risk from change of future cash flows due to a change in market interest rates. The overall risk management program emphasizes the unpredictability of financial markets and is aimed at mitigating the possible adverse effects on the Company's financial result.

The most significant financial risks to which the Company is exposed are described below:

2.22.1. Market risk analysis
Due to the use of financial instruments, the Company is exposed to market risk and in particular to the risk of changes in the exchange rate, interest rate risk and the risk of changes in specific prices, which is due to the operational and investment activity of the Company.

Currency risk
The Company is exposed to currency risk as a result of the settlements in foreign currency and through its assets and liabilities denominated in foreign currency.

The majority of the Company's transactions are executed in Bulgarian leva. The Company's foreign transactions, denominated principally in Polish zloty and British pounds, expose the Company to foreign exchange risk.

The company owns bond investments in euro and polish zloty. Company has borrowings and lease liabilities in foreign currency – Euro and British pounds. As the BGN/ EUR exchange rate is pegged at 1.95583, the currency risk caused by the euro expositions of the Company is on its minimum.

The Company makes payments under a bond loan in polish zloty. There is a significant risk of change in the exchange rates under this borrowing. Therefore, the Company's exposition to changes in the polish zloty exchange rate is possible, although the Company could hedge its exposition through derivatives, such as swaps.

Interest Risk

The Company's policy is aimed at minimizing the interest risk with regard to long-term funding. Therefore, the long-term borrowings are with fixed interest rates. All investments in Company's bonds are paid on the basis of fixed interest rates. As of 31 December 2019, the Company is not exposed to the risk of changes in market interest rates on its bank loans, which have a constant interest rate. All other financial assets and liabilities of the Company have fixed interest rates. All investments in the Company's bonds are paid on the basis of fixed interest rates.

Other Risk - Covid-19 (Coronavirus)

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

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

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

Development of Covid-19 Pandemic (Coronavirus)

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

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

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

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

Effect on economic growth

The table below presents information on the expectations for economic growth of the Republic of Bulgaria, according to the data of the International Monetary Fund, including forecast data after the occurrence of the pandemic situation related to Covid-19 (Coronavirus).

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

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

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

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

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

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

Effect on credit ratings

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

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

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

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

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

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

Analysis of the expected effect on the IFRS model 9

The Group applies IFRS 9 from January 01, 2018.

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

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

The general conclusion of the Management of the Group is that at the time of issuing this consolidated financial statement in short term, no significant deterioration of the credit quality of the counterparties is expected due to:

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

With regard to the model (including the full and simplified one) for calculating the expected credit losses, the Management considers that due to the lack of stable data, it is still not possible to make a change in the general model. However, the Management recognizes the possible short-term risks to the overall economic development of the countries in which the Group operates, and that in some markets the expected reduction in Gross Domestic Product could be significant, but also takes into account the general expectations for a rapid recovery in the period 2021-2022 and the expectations of a return to average projected growth levels before Covid-19 (Coronavirus) and has therefore decided to review its model for the first half of the year and to update some of its expectations, namely - as Management believes that some of the Company's Counterparties may be affected by the deteriorating economic situation and in connection with these expectations has taken action to update some of the parameters in the model. As of June 30, 2020, both reliable macroeconomic statistics and information on medium-term levels of probability of default are not available, Management has decided to worsen its forecast of the amount of Loss Given Default (LGD), as follows:

- Increase of the Loss Given Default parameter in the assets that are subject to the calculation of Expected Credit Loss, of the exposures that are part of the simplified model (i.e. trade receivables)

- Increase of the Loss Given Default parameter for the assets that are subject to the calculation of the expected credit loss, of the exposures that are part of the full model (ie deposits and cash in banking institutions)

2.22.2. Credit risk analysis

Credit risk is the risk that a counterparty fails to pay its debt to the Company. The Company is exposed to this risk in connection with various financial instruments, such as the provision of loans, the occurrence of receivables from customers, deposit of funds and others.

The amounts presented in the separate statement of financial position are on a net basis excluding the provisions for doubtful receivables, assessed as such by management, based on previous experience and current economic conditions.
Credit risk on cash and cash equivalents, money market funds derivative financial instruments is considered insignificant as counterparties are banks with good repute and high external credit rating.

2.22.3. Liquidity risk analysis

Liquidity risk is the risk that the company may encounter difficulties in servicing its financial obligations when they become payable. Policy in this field is aimed at ensuring that there will be enough cash available to service its maturing obligations, including in exceptional and unforeseen conditions. The management's objective is to maintain continuous balance between continuity and flexibility of financial resources by using adequate forms of funding.

The company's management is responsible for managing the liquidity risk and involves maintaining enough cash available, arranging adequate credit lines, preparation of analysis and update of cash flows estimates.

2.23. Capital risk management

By managing its capital, the Company is aimed at creating and maintaining opportunities to continue operating as going concern and to ensure the respective return of invested funds for the shareholders and economic benefits for the other stakeholders and participants in its business, as well as at maintaining optimal capital structure.

The Company continuously monitors the availability and the structure of the capital based on the debt ratio, and namely the net debt capital to the total amount of capital.
Net debt includes all liabilities, loans, debentures, trade and other payables less the carrying amount of cash and cash equivalents.

2.24. Determination of fair values

2.24.1. Fair value measurement of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Determination of fair value

The valuation methods and techniques used to determine fair value have not changed from the previous reporting period.

Stock traded repurchase bonds
All marketable bonds are represented in Bulgarian Leva and are publicly traded on the Irish Stock Exchange, Debt Section. Fair values have been determined on the basis of their stock exchange price as of the reporting date.

2.24.2. Fair value measurement of non-financial assets

Fair value is the price that would have been obtained by selling an asset or paid by transferring a liability in the ordinary course of trade between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability is carried out:

- the main market for that asset or liability;
  or
- in the absence of a primary market, the most favorable market for that asset or liability.

The main or most favorable market must be accessible to the Company.
The measurement of the fair value of a non-financial asset takes into account 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 who will use it in such a way. The Company uses appropriate valuation methods for which there is sufficient data available to measure fair value, using the maximum relevant observable hypotheses and minimizing the use of the unobservable.

At each date of the statement of financial position, management makes an analysis and evaluation of whether there are any indicators of impairment of its investments in subsidiaries. The Company took into account the carrying amount of investments and their net assets, among other factors, when reviewing for impairment indications.

The main indicators for impairment are: significant reduction in the volume and / or termination of the investee, losses in the customer market or technological problems, reporting of losses over a longer period, reporting of negative net assets or assets below registered share capital, trends in deterioration of key financial indicators, and a decrease in market capitalization.
The company uses external evaluators to determine the fair values of investments in subsidiaries for each calendar year.

The company did not report any impairment losses on investments in subsidiaries during the First Half of 2020 and 2019.

2.25. Cash Flows

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

The operating cash flows are calculated as result for the year adjusted with the non-cash operating positions, changes in net turnover capital and corporate tax.

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

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

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

3. Dividend income

	30.06.2020 *BGN'000*	30.06.2019 *BGN'000*
Euro-Finance AD	547	669
	547	**669**

4. Gains from sale of investments and revaluations

	30.06.2020 *BGN'000*	30.06.2019 *BGN'000*
Gains from sale of investments	111	146
Income from revaluation of investments	666	120
	777	**266**

5. Interest income

	30.06.2020 *BGN'000*	30.06.2019 *BGN'000*
Interest income – from related parties loans	-	3
Interest income – from third parties loans	-	346
	-	**349**

5.1. Interest income on loans to related parties

	30.06.2020 *BGN'000*	30.06.2019 *BGN'000*
Euroins Insurance Group AD	-	2
Eurolease Group AD	-	1
	-	**3**

6. Other financial revenue

	30.06.2020 *BGN'000*	30.06.2019 *BGN'000*
Foreign exchange gains	1 507	5
	1 507	**5**

7. Interest expense

	30.06.2020 *BGN'000*	30.06.2019 *BGN'000*
Interest expense – loans and borrowings	1 290	1 615
Interest expense – bonds, EMTN program	5 532	5 451
Interest expense – from related parties loans	1 298	692
Interest expense – from third party loans	-	10
	8 120	**7 768**

7.1. Interest expense on borrowings and related parties leasing

	30.06.2020 BGN'000	30.06.2019 BGN'000
Starcom Holding AD	492	39
Euroins Insurance Group AD	413	20
Auto Union AD	96	-
Auto Union Service EOOD	5	-
Eurolease Group EAD	-	-
Eurolease Auto EAD	132	482
incl. Leasing	*4*	*2*
Motobul EAD	147	151
Star Motors EOOD	13	-
	1 298	**692**

8. Losses from transactions with financial instruments and revaluations

	30.06.2020 BGN'000	30.06.2019 BGN'000
Losses on transactions of investments, incl.	4	34
Losses on transactions of investments – related parties	*4*	*23*
Losses on transactions of debt reassessment measured at fair value	-	-
	4	**34**

8.1 Losses from transactions with financial instruments – related parties

	30.06.2020 BGN'000	30.06.2019 BGN'000
Euro-finance AD	4	23
	4	**23**

9. Other financial expenses

	30.06.2020 BGN'000	30.06.2019 BGN'000
Foreign exchange losses	60	282
Other financial expenses – related parties	5	5
Bank guarantee Fee	134	-
Other financial expenses	5	13
	204	**300**

9.1 Other financial expenses – related parties

	30.06.2020 BGN'000	30.06.2019 BGN'000
Euro-finance AD	5	5
	5	**5**

10. Hired services expenses

	30.06.2020 BGN'000	30.06.2019 BGN'000
Hired services expenses	1 228	769
Hired services expenses – related parties	-	-
	1 228	**769**

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

	30.06.2020	30.06.2019
	BGN'000	*BGN'000*
Recoverable loss from impairment of financial assets	13	-
Accrued loss from impairment of financial assets	(31)	-
	(18)	**-**

12. Other revenue/(expenses), net

	30.06.2020	30.06.2019
	BGN'000	*BGN'000*
Other (expenses)	(156)	(87)
Other (expenses) – related parties	(3)	(2)
(Interest expenses) on right-of-use assets	(39)	-
Other revenue, incl.	87	190
Rent income (sublease of right-of-use assets)	*54*	*-*
Revenues from discounts (on right-of-use assets)	*32*	*-*
Other revenue – related parties, incl.	251	135
Rent income (sublease of right-of-use assets)	*167*	*-*
	140	**236**

12.1 Other expenses – related parties

	30.06.2020	30.06.2019
	BGN'000	*BGN'000*
IC Euroins AD	(1)	(1)
Motobul EAD	(2)	(1)
	(3)	**(2)**

12.2 Other revenue – related parties

	30.06.2020	30.06.2019
	BGN'000	*BGN'000*
IC Euroins AD	25	32
Star Motors EOOD	-	3
Euroins Romania Asiguarare AD	53	68
Bulvaria Varna EOOD	-	3
Auto Union Service EOOD	2	13
Daru Car AD	2	13
Auto Italia EAD	-	3
Eurolease Auto EAD	-	-
Hanson Asset Management Ltd	167	-
Euroins Osigurovanje AD, North Macedonia	2	-
	251	**135**

13. Fixed assets
13.1 Property, machinery and equipment

	Right-of-use assets – Property*	Vehicles	Equipment	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Cost:				
At 1 January 2019	**-**	**110**	**68**	**178**
Additions	3 953	154	10	**4 117**
Disposals	(816)	(20)	-	**(836)**
At 31 December 2019	**3 137**	**244**	**78**	**3 459**
Additions	-	-	-	**-**
At 30 June 2020	**3 137**	**244**	**78**	**3 459**
Depreciation:				
At 1 January 2019	**-**	**30**	**66**	**96**
Accrued depreciation	662	41	5	**708**
Disposals	(124)	(14)	-	**(138)**
At 31 December 2019	**538**	**57**	**71**	**666**
Accrued depreciation	307	29	4	**340**
Other changes	-	-	-	**-**
At 30 June 2020	**845**	**86**	**75**	**1 006**
Carrying value:				
At 1 January 2019	**-**	**80**	**2**	**82**
At 31 December 2019	**2 599**	**187**	**7**	**2 793**
At 30 June 2020	**2 292**	**158**	**3**	**2 453**

13.2 Intangible assets

	Software	Acquisition costs	Total
	BGN'000	*BGN'000*	*BGN'000*
Cost:			
At 1 January 2019	**-**	**-**	**-**
Additions	3	11	**14**
At 31 December 2019	**3**	**11**	**14**
Additions	14	3	17
Written-of	-	(14)	(14)
At 30 June 2020	**17**	**-**	**17**
Depreciation:			
At 1 January 2019	**-**	**-**	**-**
Accrued depreciation	**-**	-	**-**
At 31 December 2019	-	-	**-**
Accrued depreciation	2	-	**2**
At 30 June 2020	**2**	-	**2**
Carrying value:			
At 1 January 2019	**-**	**-**	**-**
At 31 December 2019	**3**	**11**	**14**
At 30 June 2020	**15**	**-**	**15**

14. Investments in subsidiaries

	Value as at 1.1.2020	Increase	Decrease	Value as at 30.06.2020	Share capital of the subsidiary	% control in the subsidiary
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*%*
Euroins Insurance Group AD	464 952	3 451	-	468 403	543 446	95.13%
Avto Union AD	66 775	-	-	66 775	40 004	99.99%
Euro-Finance AD	24 645	-	-	24 645	14 100	99.99%
Eurolease Group EAD	24 635	-	-	24 635	27 241	90.01%
Eastern European Electric Company II B.V.	-	-	-	-	2	100.00%
	581 007	**3 451**	**-**	**584 458**	**-**	**-**

In 2018 Eurohold Bulgaria AD signed an agreement for the acquisition of the residual minority share of 10.64% of its subsidiary insurance holding company - Euroins Insurance Group AD. The Company has agreed to buy shares from South Eastern Europe Fund L.P. (SEEF), managed by the Greek investment company Global Finance. After finalizing the deal, Eurohold will own 100% of the capital of Euroins Insurance Group AD.

15. Receivables from related paries

15.1 Interest receivables	30.06.2020	31.12.2019
	BGN'000	BGN'000
Euroins Insurance Group AD	2	2
Eurolease Group EAD	-	-
	2	**2**
Impairment	-	-
	2	**2**

15.2 Other receivables	30.06.2020	31.12.2019
	BGN'000	BGN'000
Auto Union service EOOD	-	12
Auto Italia EAD	8	8
Bulvaria Varna EOOD	9	7
Daru car AD	2	46
IC Euroins AD	171	146
Eurolease Auto EAD	7	3
Star Motors EOOD	2	12
Autoplaza EAD	3	2
Euroins Osigurovanje AD, North Macedonia	8	2
Euro Insurance Group AD	10	84
Motobul EAD	-	11
Euroins Romania Asiguarare AD	9	-
Auto Union AD	74	58
Espas Auto OOD	1	2
Eurolease Group EAD	45	35
Auto Italia Sofia EAD	1	-
Hanson Asset Management Ltd	98	228
Eurolease Rent-a-Car EOOD	1	-
	449	**656**

Impairment	(31)	(7)
	418	**649**

16. Other receivables

	30.06.2020 BGN'000	31.12.2019 BGN'000
Tax receivables	322	262
Other receivables	1 086	1 131
*Receivable from Erste Bank, Novi Sad **	*734*	*734*
	1 408	**1 393**
Impairment	(28)	(34)
	1 380	**1 359**

**Note 27 Court Cases.*

17. Cash and cash equivalents

	30.06.2020 BGN'000	31.12.2019 BGN'000
Cash at banks	159	113
Cash in hand	24	25
Short-term deposits	9	-
	192	**138**
Impairment	-	-
	192	**138**

18. Share capital and reserves

18.1 Share capital

Share capital

	30.06.2020 BGN'000	31.12.2019 BGN'000
Issued shares	197 525 600	197 525 600

As at 30.06.2020 the share capital is distributed as follows:

Share holders	%	Number of shares	Par value
Starcom Holding AD	52.92%	104 527 871	104 527 871
KJK Fund II Sicav-Sif Balkan Discovery	14.23%	28 116 873	28 116 873
Blubeard Investments Limited	10.27%	20 295 126	20 295 126
SPECIALIZED LOGISTICS SYSTEMS AD	5.91%	11 665 809	11 665 809
Other legal entities	13.69%	27 035 201	27 035 201
Other individuals	2.98%	5 884 720	5 884 720
	100.00%	**197 525 600**	**197 525 600**

18.2 Reserves

	30.06.2020 BGN'000	31.12.2019 BGN'000
Share premium	49 568	49 568
General reserves	7 641	7 641
	57 209	**57 209**

19. Interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings

	30.06.2020	31.12.2019
	BGN'000	*BGN'000*
International Investment Bank	20 525	25 531
	20 525	**25 531**

Current interest-bearing loans and borrowings

	30.06.2020	31.12.2019
	BGN'000	*BGN'000*
International Investment Bank	10 412	10 509
Other*	36 988	32 130
	47 400	**42 639**

Analysis of interest-bearing loans and borrowings

Bank	Type	Currency	Size contracted	Principal as of 30.06.2020	Principal as of 31.12.2019	Interest rate	Maturity date	Security
International Investment Bank	Loan - Principal	EUR	15,000,000 €	7,200,000 €	9,000,000 €	6.0%+ EURIBOR	12.2021	Pledge on subsidiary shares; related party guarantee
International Investment Bank	Loan - Principal	EUR	10,000,000 €	8,470,000 €	9,240,000 €	6.0%+ EURIBOR	3.2025	Pledge on subsidiary shares

*As at 30.06.2020, the other loans are in the form of Euro Trading Papers (ECP), with a maturity of 03.2021-05.2021, with an annual interest rate of 2.0% and total nominal EUR 19 200 thousand.
As at 31.12.2019, the other loans are in the form of Euro Trading Papers (ECP), with a maturity of 03.2020-04.2020, with an annual interest rate of 2.0% and total nominal EUR 16 500 thousand.

20. Bond liabilities

Non - current bond liabilities

	30.06.2020	31.12.2019
	BGN'000	*BGN'000*
EMTN Programme in EUR	114 797	115 175
EMTN Programme in PLN	19 300	20 593
	134 097	**135 768**

Current bond liabilities

	30.06.2020	31.12.2019
	BGN'000	*BGN'000*
EMTN Programme in EUR	4 431	15
EMTN Programme in PLN	690	740
	5 121	**755**

Bond liabilities are recognized at amortized cost, net of redeemed own bonds measured at fair value through profit / (loss) based on information from Bloomberg and other sources. As at 31.12.2019 and 30.06.2020, the Company holds 10 500 repurchased own shares of the EMTN Program in EUR.

Detailed information about the bonds issued by Eurohold Bulgaria AD is available on the website of the Irish Stock Exchange, Debt section.

21. Non-current liabilities to related parties

Loans principal	30.06.2020 *BGN'000*	31.12.2019 *BGN'000*
Eurolease Auto EAD – loan granted	1 400	1 400
Eurolease Auto EAD – leases	121	138
	1 521	**1 538**

22. Other non-current liabilities

	30.06.2020 *BGN'000*	31.12.2019 *BGN'000*
Retirement benefit obligations	15	15
Lease liabilities – right-of use	1 778	2 137
	1 793	**2 152**

23. Trade payables

	30.06.2020 *BGN'000*	31.12.2019 *BGN'000*
Trade payables	1 228	1 799
	1 228	**1 799**

24. Current liabilities to related parties

24.1 Interest payables

	30.06.2020 *BGN'000*	31.12.2019 *BGN'000*
Starcom Holding AD	516	24
Auto Union AD	72	23
Eurolease Auto EAD	748	620
Euroins Insurance Group AD	778	365
Motobul EAD	216	153
Auto Union Service EOOD	9	5
Star Motors EOOD	17	14
	2 356	**1 204**

24.2. Current borrowings - principal

	30.06.2020 *BGN'000*	31.12.2019 *BGN'000*
Euroins Insurance Group AD	10 878	14 131
Starcom Holding AD	15 974	6 740
Eurolease Auto EAD*	2 113	2 113
Motobul EAD	4 800	5 323
Auto Union AD	4 047	1 200
	37 812	**29 507**

*Liabilities under receivables transfer agreements from 2018.

24.3 Other payables

	30.06.2020 BGN'000	31.12.2019 BGN'000
Starcom Holding AD	20 536	20 536
IC Euroins AD	175	47
Eurolease Auto EAD	466	453
Eurolease Auto EAD - leases	38	38
IC EIG RE EAD	54	32
Euroins Romania Asiguarare AD	-	-
Motobul EAD	1	3
Avto Union AD*	-	871
Avto Union Services EOOD*	314	314
Star Motors EOOD*	844	950
Auto Italia - Sofia EOOD	1	-
	22 429	**23 244**

*Liabilities under receivables transfer agreements from 2018.

25. Other current liabilities

	30.06.2020 BGN'000	31.12.2019 BGN'000
Payables for acquisition of investments	16	16
Interest payables	8	31
Commissions on bank guarantees	22	21
Tax payables	98	73
Payables to employees and social security institutions	72	82
Dividends payables	249	249
Dividends payables – related parties – Starcom Holding AD	101	101
Lease liabilities – right-of-use	713	665
Other liabilities	139	132
	1 418	**1 370**

26. Transactions and balances with related parties

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

The related parties of the Company are as follows:
- Starcom Holding AD – major shareholder in Eurohold Bulgaria AD.

Subsidiaries of Starcom Holding AD:
- First Investment Bank AD, Russia;

Companies under control of Starcom Holding AD:
- Hanson Asset Management Ltd, United Kingdom;

Subsidiaries of Eurohold Bulgaria AD:

- **Euroins Insurance Group AD (EIG) – subsidiary of Eurohold Bulgaria AD;**
- Euroins Insurance AD – subsidiary of EIG;
- Euroins Romania Asiguarare AD – subsidiary of EIG;
- Euroins Osigurovanje AD, North Macedonia – subsidiary of EIG;
- Insurance Company Euroins Life EAD – subsidiary of EIG;
- Insurance Company EIG Re AD – subsidiary of EIG;

- Euroins Ukraine AD – subsidiary of EIG;
- Euroins Claims I.K.E. Greece - subsidiary of EIG;
- IC Euroins Georgia JSC - subsidiary of EIG;
- European Travel Insurance - subsidiary of EIG;
- IC Euroins, Russian Federation - associated of EIG;

- **Avto Union AD (AU) – subsidiary of Eurohold Bulgaria AD;**
- Avto Union Service EOOD – subsidiary of AU;
- N Auto Sofia EAD – subsidiary of AU;
- Espace Auto OOD – through N Auto Sofia EAD - subsidiary of AU;
- EA Properties OOD – subsidiary of AU;
- Daru Car AD – subsidiary of AU;
- Auto Italia EAD – subsidiary of AU;
- Auto Italia - Sofia EOOD - through Auto Italia EAD (established on 16.01.2019) – subsidiary of AU;
- Bulvaria Varna EOOD – subsidiary of AU;
- Bulvaria Sofia EAD - subsidiary of AU;
- Star Motors EOOD – subsidiary of AU;
- Star Motors DOOEL, North Macedonia through Star Motors EOOD - subsidiary of AU;
- Star Motors SH.P.K., Kosovo through Star Motors EOOD - subsidiary of AU;
- Motohub OOD - subsidiary of AU;
- Motobul EAD – subsidiary of AU;
- Benzin Finance EAD - subsidiary of AU;
- Bopar Pro S.R.L Romania through Motobul EAD - subsidiary of AU;

- **Eurolease Group EAD (ELG) – subsidiary of Eurohold Bulgaria AD;**
- Eurolease Auto EAD – subsidiary of ELG;
- Eurolease Auto Romania AD, Romania – subsidiary of ELG;
- Eurolease Auto Romania AD through Euroins Romania Asiguarare AD – subsidiary of ELG;
- Eurolease Auto DOOEL, North Macedonia – subsidiary of ELG;
- Eurolease Rent-a-Car EOOD – subsidiary of ELG;
- Amigo Leasing EAD – subsidiary of ELG;
- AutoPlaza EAD – subsidiary of ELG;
- Sofia Motors EOOD – subsidiary of ELG;

- **Euro-Finance AD – subsidiary of Eurohold Bulgaria AD;**

- **Eastern European Electric Company II B.V, The Netherlands - subsidiary of Eurohold Bulgaria AD** (established on 26.07.2019);
- Eastern European Electric Company B.V, The Netherlands (established on 26.07.2019) – subsidiary of Eastern European Electric Company II B.V, The Netherlands.

The related parties' transactions for the First Half of 2020 and 2019 are disclosed in Notes 3, 4, 5.1, 7.1, 8.1, 9.1, 12.1 and 12.2.

Related party accounts are disclosed in the following Notes 15, 21, 24 and 26.

27. Contingent liabilities and commitments

Litigations

As at 30.06.2020 against the Company has no substantial legal proceedings instituted.

The company is a complainant against Decision No. 1169 / 24.10.2019 of the Commission On Protection of Competition, which prohibits the concentration between companies, which will be carried out by acquisition of indirect sole control by Eurohold Bulgaria AD, UIC 175187337. The case has no material interest.

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 will be returned to the company after a formal ruling in the above case. A final judgment is expected within the next 4 to 6 months. In view of the declared state of emergency in the country it is possible to extend the deadline.

Warranties and provided guarantees

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

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

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

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

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

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

28. Events after the end of the reporting period

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 Half 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 because of the coronavirus, which lasted until 13.05.2020 and was replaced by an emergency epidemic situation.

At this stage of the crisis, no significant impact on the Company was observed. The company 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 Company, but a fall in the prices of shares on the global stock exchanges could affect the fair value of the Company'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.

There are no other events after the reporting period that would require additional disclosure or adjustments in the financial statements of Eurohold Bulgaria AD as of 30.06.2020.

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 in respect of circumstances occurring during the reporting period

EUROHOLD BULGARIA AD has disclosed the following information:

17 June, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

12 June, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

10 June, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

5 June, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

20 May, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

15 May, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

5 May, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

4 May, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

1 May, 2020
Interim Financial Report for Q1'2020:
1. Interim Financial Statements as of 31st of March,2020, IFRS;
2. Notes to the Interim Financial Statements for Q1'2020;
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;

6 April, 2020
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;
6. Annual Financial Report – FSC forms;
7. Independent Auditor's Declaration;

8. Declaration from the responsible persons;

2 March, 2020
Eurohold reports record revenues in 2019 (News Release)

28 February, 2020
Interim Consolidated Financial Report for Q4’2019:
1. Interim Consolidated Financial Statements as of 31st of December,2019, IFRS;
2. Notes to the Interim Consolidated Financial Statements for Q4’2019;
3. Interim Consolidated Management Report;
4. Interim Consolidated Financial Statements – FSC forms;
5. Internal Information;
6. Additional Information;
7. Information according to Annex 9;
8. Declaration from the responsible persons;

25 February, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

20 February, 2020
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 Q4’2019:
1. Interim Financial Statements as of 31st of December,2019, IFRS;
2. Notes to the Interim Financial Statements for Q4’2019;
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;

14 January, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

14 January, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014;

3 January, 2020
Notification concerning Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014.

31.08.2020

Asen Minchev,

Executive Member of the Management Board
of Eurohold Bulgaria AD

ADDITIONAL INFORMATION
TO THE INTERIM FINANCIAL REPORT OF EUROHOLD BULGARIA FOR H1'2020

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 2020.

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	104 527 871	52.92%
2.	KJK Fund II Sicav-Sif Balkan Discovery	28 116 873	14.23%
3.	Blubeard Investments Limited	20 295 126	10.27%
4.	SLS AD	11 665 809	5.91%

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%

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 the first half of 2020.

Date:
21.09.2020 г. **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**

   No significant transactions were concluded during the reporting period.

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

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

   There has no change in company's auditors.

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. **There is no purchase, sale or pledge of shareholdings in commercial companies by the issuer or its subsidiary**

8. **There are no 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**

Date:31.08.2020

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. Kiril Boshov – Chairman of the Management Board of Eurohold Bulgaria AD
2. Asen Minchev – Executive member of the Management Board of Eurohold Bulgaria AD
3. Ivan Hristov – Financial controller of Eurohold Bulgaria AD (complier of the financial statements)
4. Hristo Stoev – Procurator of Eurohold Bulgaria AD

hereby DECLARE that to our best knowledge:

1. The set of interim financial statements for H1'2020, composed in accordance with the applicable accounting standards, contain true and fair information regarding the assets and liabilities, the financial standing and the profit of Eurohold Bulgaria AD;

2. The interim management report of Eurohold Bulgaria AD for H1'2020 contains credible review of the information under article 100o, paragraph 4, item 2 of Public Offering of Securities Act.

Declarers:

1. Kiril Boshov

2. Asen Minchev

3. Ivan Hristov

4. Hristo Stoev